



THE MEDICAL CITY
Where Patients are Partners

NAVIGATING CHANGE FOR A SUSTAINABLE FUTURE

ANNUAL REPORT 2023



ABOUT THE COVER

The theme of The Medical City Annual Report 2023, “**Navigating Change for a Sustainable Future,**” is vividly represented on the cover, which features the symbolism of lines, circles, and orange-yellow-purple-blue gradients of triangles and diamond shapes. These elements are set on a deep blue and purple background with a grainy texture. The lines signify journey and continuous growth, while the circles symbolize unity and inclusiveness. The orange-yellow-purple-blue triangles represent progress and stability, and the diamond shapes reflect excellence, and high standards.

This vibrant design embodies TMC’s culture of innovation and resilience, highlighting the convergence of diverse ideas and efforts towards a common goal, as well as the divergence of individual contributions that drive collective success. Together, these elements illustrate our commitment to navigating change and achieving a sustainable future.

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ORTIGAS • ILOILO • CLARK • SOUTH LUZON
PANGASINAN • GUAM • CLINICS

COMPANY PROFILE

The Medical City (“TMC”) is the largest healthcare network in the Philippines under a single brand. Its network of hospitals and clinics are owned and operated by Professional Services, Inc. (“PSI”).

The TMC Enterprise is composed of a flagship hospital in Pasig City, Metro Manila; four hospitals in the provinces of Iloilo in Western Visayas, and Laguna, Pampanga, and Pangasinan in Luzon; and over 60 stand-alone clinics nationwide.

TMC’s strategically located hospitals and clinics across the country is proof of PSI’s commitment to make high-quality healthcare accessible to its growing customer base, encapsulated in its guiding principle of **Quality Healthcare Anytime, Anywhere.**

TMC is also present in the U.S. territory of Guam, through PSI’s wholly-owned Guam Regional Medical City, the first and only private hospital in Guam.

VISION

To always be a leader in shaping how Filipinos think, feel, and behave about health and how health services are accessed by and delivered to them, and to use such leadership to serve equity in health, life, and development.

MISSION

The pursuit of our vision is animated by a passion to always keep our patient on center stage and deliver service of greater worth, engaging strategic partners who share our vision and passion, constantly proceeding from what we do best, and in the process of carrying these out, align the interests of our employees, our professional staff, and our shareholders with the interests of those we serve.

CORE VALUES

Excellent and Compassionate Service

We aspire to excellence in the provision of our services, achieving increasingly superior performance through organizational efficiency and synergy that is always animated with passion.

Client Partnership

We forge sustainable partnerships with enlightened and empowered clients—our patients, physicians, and payors—finding and creating opportunities for active engagement, informed participation, and shared responsibility.

Primacy of the Human Resource

We invest in the personal and professional development of our staff, providing them with the opportunity, capacity, voice, and the requisite technology to exercise their primacy as a resource in serving our customers, creating value for our stakeholders and the growing institution.

Integrity

We uphold personal and institutional integrity, consistently seeking alignment between the strategies, decisions, and actions that we pursue and the values that we espouse.

Innovation

As we learn from the past and observe the present, we encourage curiosity and inquisitiveness, the desire to experiment and take risks, and openness to creativity and new ideas, convinced that the way to the future is by embracing the innovator’s mindset for execution.

COMPONENT COMPANIES



Professional Services, Inc. (PSI), doing business under the name and style The Medical City, incorporated in the Philippines and registered with the Securities and Exchange Commission on January 24, 1964. PSI is the parent company of all TMC hospitals, PHSI, and GHDI.



Proser Health Services Inc. (PHSI), a wholly-owned subsidiary incorporated and registered with SEC on December 24, 1991, operating under the brand name The Medical City Clinic.



The Medical City Iloilo Hospital, Inc., a wholly-owned subsidiary, incorporated and registered with the SEC on May 10, 2022, operating under the brand name The Medical City Iloilo.



The Medical City Clark, Inc., 100%-owned, incorporated and registered with SEC on June 11, 2014, operating under the brand name The Medical City Clark.



South Luzon Medical Hospital and Medical Center, Inc. (SLMHMC), 48.34%-owned, incorporated and registered with SEC on January 30, 2004, operating under the brand name The Medical City South Luzon.



The Medical City Pangasinan, Inc., 67.36%-owned, registered with SEC on September 20, 1968, operating under the brand name The Medical City Pangasinan.



Guam Healthcare Development, Inc. (GHDI), 99.19%-owned, incorporated under the laws of Guam on August 20, 2009, operating under the brand name Guam Regional Medical City.



Medical Arts Tower, Inc. (MATI), a 55.05%-owned subsidiary, incorporated and registered with SEC on August 17, 2001.

CAPACITY AND STAFF HIGHLIGHTS

TMC ORTIGAS

Bed and Clinic Capacity
Number of Patients Served
DOH Classification: **Level 3**
Bed capacity: **464** (actual), **522** (registered)
In-patients served: **20,206**
Out-patients served: **426,900**

Medical Staff
(including interns)
1,841

Diversity-Gender
Female: **1,678**
Male: **724**

Diversity-Age
20-29 - **982**
30-39 - **794**
40-49 - **450**
50-59 - **173**
60 and above - **3**

Employees
Probationary **333**
Fixed term **1**
Regular **2,068**
Project-based **0**
Total 2,402

TMC CLINIC

Bed and Clinic Capacity
Number of Patients Served
No. of Clinics: **60**
Out-patients served: **1,612,300**

Medical Staff
(including interns)
1,385

Diversity-Gender
Female: **1,060**
Male: **334**

Diversity-Age
20-29 - **694**
30-39 - **559**
40-49 - **121**
50-59 - **20**
60 and above - **0**

Employees
Regular **1,109**
Probationary **272**
Fixed term **12**
Project-based **1**
Outsourced **90**
Total 1,394

TMC ILOILO

Bed and Clinic Capacity
Number of Patients Served
DOH Classification: **Level 2**
Bed capacity: **122**
In-patients served: **3,441**
Out-patients served: **47,452**

Medical Staff
(including interns)
209

Diversity-Gender
Female: **358**
Male: **140**

Diversity-Age
20-29 - **265**
30-39 - **151**
40-49 - **55**
50-59 - **21**
60 and above - **6**

Employees
Regular **428**
Probationary **68**
Fixed term **2**
Outsourced **132**
Total 498

TMC CLARK

Bed and Clinic Capacity
Number of Patients Served
DOH Classification: **Level 2**
Bed capacity: **103**
In-patients served: **3,030**
Out-patients served: **79,323**

Medical Staff
(including interns)
610

Diversity-Gender*
Female: **342**
Male: **140**

Diversity-Age*
20-29 - **298**
30-39 - **136**
40-49 - **41**
50-59 - **7**
60 and above - **0**
*excluding project-based

Employees
Regular **402**
Probationary **72**
Fixed term **8**
Project-based **8**
Outsourced **94**
Total 490

TMC SOUTH LUZON

Bed and Clinic Capacity
Number of Patients Served
DOH Classification: **Level 2**
Bed capacity: **100**
In-patients served: **3,265**
Out-patients served: **70,578**

Medical Staff
(including interns)
408

Diversity-Gender
Female: **141**
Male: **276**

Diversity-Age
20-29 - **194**
30-39 - **151**
40-49 - **51**
50-59 - **18**
60 and above - **3**

Employees
Regular **355**
Probationary **59**
Project-based **3**
Outsourced **5**
Total 417

TMC PANGASINAN

Bed and Clinic Capacity
Number of Patients Served
DOH Classification: **Level 2**
Bed capacity: **75**
In-patients served: **2,486**
Out-patients served: **21,324**

Medical Staff
(including interns)
577

Diversity-Gender*
Female: **138**
Male: **63**

Diversity-Age*
20-29 - **99**
30-39 - **62**
40-49 - **21**
50-59 - **19**
60 and above - **0**
*excluding project-based

Employees
Regular **154**
Probationary **47**
Project-based **3**
Outsourced **30**
Total 204



JOSE XAVIER B. GONZALES
Chairman of the Board

MESSAGE FROM THE CHAIRMAN

Creating a Better Healthcare Future

Dear Stakeholders,

The long haul has shortened, with a secular upswing now in the offing.

THE PROMISE OF HEALTHCARE TODAY

Emerging from the pandemic, PSI looked to restart growth with increased focus on Philippine operations. Thus, in the second quarter of 2023, it initiated steps that would eventually lead to a decoupling and spin-off of Guam Regional Medical City, allowing this subsidiary to chart its own way forward. Alongside this, PSI began further reinvesting in Philippine operations together with a new shareholder, CVC Capital Partners. As a result, Philippine net revenues and EBITDA (earnings before interest, taxes, depreciation, and amortization) grew by 10% and 23% to Php 10.5 billion and Php 2.3 billion in 2023,

respectively. EBITDA margins also improved to 22% in 2023 from 20% in 2022.

We are grateful to all our stakeholders for supporting PSI through a complex debt reduction exercise amidst the poverty of pandemic-driven stress. It has been a challenging seven years. We are confident that PSI will continue its growth path in 2024 with stronger momentum founded on three key platforms that will drive our growth story.

These platforms encompass:

- A sustainably integrated network of healthcare facilities;
- A convenient and efficient journey for patients and their doctors; and
- A resiliently empowered workforce.

A SUSTAINABLY INTEGRATED NETWORK OF HEALTHCARE FACILITIES

Let us reimagine how a national network blossoms. It begins with common operating templates to create synergy and scale—for financial reporting, procurement, human resource management, technology use, and development. A unified brand along with common quality standards for healthcare offerings creates trust across 5 hospitals, 60 clinics, and virtual channels, linked together with one patient view.

We are implementing hub-and-spoke models where polyclinics within a geographic area feed apex hospitals with patients. This structure optimally mixes and matches service delivery according to access and need, from subspecialty assessments down to primary care diagnostics. Customized services for addressing special segments are uniformly applied nationwide—from corporations to communities, medical travelers to seniors. Clinical-led network excellence is the tip of the care spear, with doctors accredited across all patient contact points. Partners in this healthcare ecosystem, from HMOs to the public sector, suppliers and secondary hospitals,

are seamlessly accommodated within the TMC patient management core.

To facilitate network integration, we formally created a lean Enterprise Head Office (EHO) in 2024. The EHO is led by a Group CEO and network heads for Finance, Human Resources, Information Technology, and Commercial & Marketing. It will also catalyze partner integration as PSI expands its national presence.

A CONVENIENT AND EFFICIENT JOURNEY FOR PATIENTS AND THEIR DOCTORS

A healthcare ecosystem is a natural operating mishmash, an amalgam of clinical job shops fitting awkwardly into a hodgepodge of healthcare work streams.

Patient demand is generated from various physical entry portals—outpatient clinics, specialized care institutes, the hospital Emergency Room, digitally-enabled traditional telephony, and social media. It's not easy to address their health needs through a mix of laboratory tests, diagnostic imaging, and pharmaceutical prescriptions, in simultaneous cadence with clinical point-of-care interventions.



A key growth platform in 2024: a resiliently empowered workforce.

MESSAGE FROM THE CHAIRMAN

“As we build for the future, we encourage all employees to see themselves as multipliers rather than diminishers of good ideas passionately implemented. Multipliers are the true leaders in the culture rebuilding of TMC.”



The lack of a streamlined integrated system causes delays in service, affecting admission and discharge, test scheduling, releasing, and billing of test results. To address this, we have initiated an intense two-year exercise of intra- and inter-facility integration. Technology and digital solutions strategies are anchored on the following key objectives:

- Giving patients flexibility through a hybrid care model (online and physical) that allows them to access healthcare services anytime anywhere;
- Facilitating the seamless exchange of patient information across different healthcare settings and providers to enhance continuity of care with a web portal and mobile app, separately optimized for doctors and their patients; and
- Uniting our medical practitioners and users in a natural convergence of technologies that will significantly reduce the need for long training and learning curve adoption as they care for our patients.

A RESILIENTLY EMPOWERED WORKFORCE

The humongous challenges of network integration and easing the patient and doctor journey require us to discard the attitude of “learned helplessness” that has permeated our evolving enterprise over the last seven years. As a learning organization, only a sense of empowerment, with urgency, will up patient engagement standards to world-class levels—a reputation best exemplified by the quality of Filipino nurses on the global stage.

This exercise is much more than just a simple hospital information system overlay on existing ways of working. It is a whole-of-TMC engagement in problem-solving, bringing in multiple hands and

feet to each part of this dynamic exercise, being adaptive rather than negative, and taking in the small workflow wins that cumulate into bigger triumphs. Achieving increased productivity is not about simplistically cutting costs, but rather redefining work to be smarter and more fulfilling for every employee.

To foment culture change, TMC has upgraded its continuous performance management system, and enhanced its leadership training, lifelong learning, and rewards and recognition programs in support of our employees’ professional development. As we build for the future, we encourage all employees to see themselves as multipliers rather than diminishers of good ideas passionately implemented. Multipliers are the true leaders in the culture rebuilding of TMC.

CREATING A BETTER HEALTHCARE FUTURE

Discretionary spend on health will inevitably increase as the country breaches upper middle-income economic thresholds of USD 4,000 per capita in the next 2-3 years. A TMC finely-tuned health orchestra churning out a grand symphony of continuing care will bring harmonious outcomes to our patient and doctor audience—with bountiful reward for engaged employees and stakeholders.

JOSE XAVIER B. GONZALES
Chairman of the Board
Professional Services, Inc. | The Medical City



PRESIDENT'S REPORT

Navigating Change for a Sustainable Future

To the TMC Community,

After years of impressive growth, two of those through the global pandemic, The Medical City reached a critical milestone in 2023: It was poised to join the ranks of the big leagues in the regional healthcare sector. An investment alliance between Professional Services, Inc., TMC's parent company, and CVC Capital Partners, a leading global private equity firm, bolstered our ambition to expand healthcare capacity by enhancing the resources of our five hospitals in the Philippines and network of over 60 clinics.

When its Mandatory Tender Offer was concluded in September 2023, CVC, through its affiliates Universal Healthcare Services Pte. Ltd. and Kambal Health Services Pte. Ltd., owned 63.4% of PSI, after a capital infusion of Php 12.7 billion into PSI. By partnering with CVC in global healthcare

initiatives, TMC is now in a far better position to pursue its goal of making a significant impact in medical advancements in Philippine healthcare. This partnership will capacitate TMC's healthcare professionals for a more robust engagement in medical practice and patient care upon which to raise the overall standard of Filipino healthcare practice.

This was the headline news. But what was happening on the ground?

There were ups and certainly, there were downs in 2023. During the ups, we experienced swiftness and movement forward, much like sailing in favorable winds. However, during the downs, we faced challenges, turbulence, and setbacks. Just as a skilled sailor would adjust strategy and tactics to brace against the storm, we persevered, adapted, and innovated to ride the waves of

change. By the standards that define grit, we have become stronger.

First of all, those waves came in the form of notable developments being experienced in the healthcare landscape in the Philippines, reflecting both global trends and local realities, including public health challenges (COVID-19 management, communicable diseases, mental health crisis), policy and regulatory changes (universal healthcare, health infrastructure development, health workforce challenges), and innovations in research and clinical management (novel therapies, better service delivery).



(From left) CVC Managing Partner at CVC Asia Pacific Limited and PSI Board Director Minki Brian Hong, PSI | TMC President and Group CEO Dr. Eugenio Jose F. Ramos, and PSI | TMC Chairman of the Board Jose Xavier B. Gonzales

Indeed, our growth has brought us up to a more competitive field with new sets of challenges, where rapidly evolving expectations from the healthcare ecosystem can be met. The North Star remains constant—to be a leader on how health services are accessed by and delivered to Filipinos, and to use such leadership to serve equity in health, life, and development. The rules of the game are changing, and it is essential for us to seize the opportunities that these changes offer. We must navigate these shifts skillfully and with audacity, always creating value for our patients, employees, and shareholders along the way. This is how we navigated change in 2023.

IMPROVING HEALTHCARE FACILITIES AND SERVICES

In 2023, the post-pandemic impact of COVID-19 led to an **increased focus on improving, expanding and accelerating healthcare facilities and services** across the country, to be more prepared for the next crises. With lessons learned, we did our best to provide high-standard and quality medical care better than before, and better than competition.

A critical advancement in neuro intensive care by TMC Ortigas significantly contributed to the Philippines earning its first **5-star rating for stroke care** from the Society of Vascular and Interventional Neurology (SVIN) Mission Thrombectomy. A team of neurocritical care specialists at TMC Ortigas, led by Dr. Erwin Jocson, an accomplished interventional neuroradiologist, not only set new benchmarks in time-sensitive stroke management but also increased the survival rate of stroke patients. This team registered an impressive average response time of three minutes for stroke intervention, exceeding the universal standard of five minutes. The hospital's Institute of Neurological Sciences (INS) handled a total of 14 mechanical thrombectomy cases in 2023 with remarkable recovery from neurological deficits.

Within the landscape of minimally invasive cardiac interventions, the TMC Ortigas Cardiovascular Institute (CVI) successfully conducted its **11th Transcatheter Aortic Valve Implantation (TAVI)**, qualifying the institute in due time to perform subsequent TAVI procedures without the presence and oversight of external proctors. Under the leadership of Dr. Paolo Prado, Director of the Acute Myocardial Infarction (AMI) Clinic Care Program, the team has achieved a total of 12 TAVI procedures with consistently high success rates.

In the same arena, CVI managed 24 cases of outpatient **Percutaneous Coronary Intervention (PCI)**, demonstrating the efficiency of the Cardiac Catheterization Laboratory. Patients undergoing PCI spend no more than seven hours in the hospital, shortening post-operative

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TMC Ortigas Physical Medicine and Rehabilitation (left) and outpatient Percutaneous Coronary Intervention (right)



recovery times, enabling same-day discharge, and facilitating a prompt return to daily activities. This patient-centric approach enhances cost efficiency.

The **demand for healthcare and wellness across age and gender groups** has significantly increased in recent years. The TMC network has responded to this shift in various ways.

At TMC Clark, the new **Pediatrics Emergency Department** now promptly addresses the critical needs of children, offering urgent care specifically tailored for them. In addition, in celebration of National Women’s Month in March, TMC Clark unveiled its new **Women’s Health Center** under the leadership of Dr. Doreen Tongo. This center is a significant addition to the hospital’s facilities, providing essential healthcare services for women at every stage of life, with a wide range of specialized services designed specifically for women’s needs.

The Medical City Clinic likewise unveiled its **Women’s Health Center** at SM Grand Central in Caloocan City, a state-of-the-art facility for the holistic healthcare that addresses the unique needs of women. A team of seasoned experts, versed in fields from obstetrics to pediatrics, converge to offer a sanctuary where every woman’s health journey is honored and empowered. Today, over 10,000 individuals

have been to the center since it was established, demonstrating how crucial specialized healthcare facilities are for the various health needs of women.

For men’s healthcare requirements, TMC Clark opened the **Kidney Stone and Prostate Cancer Center**. This center is dedicated to the comprehensive management of kidney, bladder, and prostate-related conditions. Equipped with advanced technology and staffed by specialized professionals, the center offers personalized care plans, early cancer detection, specialized bladder procedures, and urinary diversion procedures such as cystostomy and nephrostomy.

In Western Visayas, TMC Iloilo opened its **Heart Failure Clinic**, bringing together a multidisciplinary team of cardiologists, nurses, clinical dietitians, pharmacists, physiatrists, and physical therapists. Eight chronic heart failure patients immediately enrolled into the program when the clinic first opened, signifying an urgent need that was not previously recognized.

TMC Iloilo also launched two additional outpatient clinics: the **Hearing Center**, overseen by expert audiologists and ENT specialists, offering a range of hearing care services with cutting-edge technology; and the **Liver Center Satellite Clinic**, catering to patients with primary liver and liver-related conditions, with close collaboration with



(Left) TMC Clark Pediatrics Emergency Department; (Right) TMC Iloilo Hearing Center



the **Center for Liver Disease & Transplantation** in TMC Ortigas for cases who might need liver transplantation.

South of Metro Manila, TMC South Luzon launched the **Vivant Weight Wellness Center** under the leadership of Dr. Ma. Luisa Manlapaz. This center provides weight management programs that address both the physical and mental well-being of the otherwise healthy population. It offers meticulous supervision over six months for adult and pediatric clients, utilizing advanced Body Composition Analysis to accurately determine a patient’s body weight, composition, and fitness level, empowering individuals to achieve optimal health and sustainable transformation.

DEFINING HOW MEDICINE WILL BE PRACTICED IN THE FUTURE

For TMC, a **vital tool for navigating change** has been the **Clinical and Translational Research Institute (CTRI)**. This institute has charted the course for a path less taken by clinicians—becoming physician-scientists who pursue research that defines how medicine will be practiced in the future.

Under the leadership of Dr. Raul V. Destura, CTRI has enabled TMC to become the leading institution in clinical and translational research, producing patient- and community-centered researchers to develop innovative products

and services in Asia. CTRI leads the enterprise in tapping into the rich world of understanding disease processes, developing alternative cures, validating new diagnostics and therapeutics, and even translating the research products to clinical applications for patients.

As of 2023, TMC CTRI has had **100% translation of feasibility studies into awarded trials**, with a total of 27 clinical trials being awarded to hospitals in the enterprise. With double-digit increases in both clinical trials and biomedical research grants from 2022 to 2023, CTRI now has **32% of all clinical trials in the country** and remains the **preferred clinical trial site** in the Philippines. The institute’s publications, Physician-Scientist Research Fellowship graduates, and staff engagement increase year-on-year, leading the conversations in most research discussions and communities.

On the cutting edge of medical science and research, CTRI continues to be immersed in **developing the country’s first CAR T-cell production facility**, in collaboration with Spain’s Clínica Universidad de Navarra. In the institute’s Cellular Therapeutics Program, three scientists are aiming to create protocols and techniques of CAR T-cell generation. This treatment has immense potential in targeting hematological malignancies through gene-engineered CAR T-cells, possibly changing the landscape of

PRESIDENT’S REPORT



(Left) TMC CTRI scientists working on CAR T-cells generation; (Right) TMC Ortigas spine surgeons utilizing the O-arm and stealthstation navigation system

cancer treatment in the Philippines. If there is one area in cancer management where TMC is ahead, this is most likely it!

LEVERAGING TECHNOLOGY TO ADVANCE CARE AND TREATMENT

TMC once more invested in cutting-edge medical machines and technological advancements to deliver even more exceptional care and medical excellence.

TMC Ortigas became the first tertiary hospital in the Philippines to offer **ECO Based Med Microwave Ablation**, an advanced technique commonly used for non-cancerous thyroid nodules. This approach involves the use of an electromagnetic field that induces cellular death through coagulative necrosis via dipole and ionic mechanisms. Compared to conventional methods, Microwave Ablation’s precise targeting guided by ultrasound imagery results in minimal blood loss, cost-effective treatment, and reduced hospital stay.

Another technological milestone in the surgical arena is the hospital’s recent acquisition of the **O-arm and Stealthstation Navigation Systems**, blending cutting-edge technology and compassionate care for spine surgery. The



O-arm Imaging system, which provides real-time 3D insights thus eliminating the need to send patients for scanning in radiology, is seamlessly complemented by the Stealthstation Navigation system’s ability to meticulously track the positions of surgical instruments relative to the patient’s anatomy.

This offers multifaceted advantages that extend beyond the operating room to quality patient care delivery, through heightened precision, minimal incisions, and a notable reduction in complications, translating to shorter recovery times.

To optimize accuracy and streamline the interpretation and finalization of imaging services, particularly for chest X-rays, TMC Ortigas has adopted the **AI-powered Lunit Insight Chest X-ray**. This has enabled early detection of abnormalities and ensures more precise diagnosis of at least nine pulmonary conditions. The digitalization of the Radiology Department has achieved significantly positive outcomes, with both the finalization rate and turnaround time improving from 98% to 99.8% and 98% to 99.3%, respectively. This improvement has not only allowed the Radiology Department to better serve the patients but has also enabled the



(Left) TMC Ortigas AI-powered Lunit Insight Chest X-ray; (Right) TMC Iloilo Magnetom Sempra MRI

hospital to extend our care to more individuals, leading to the ability to accommodate more emergency room visits and inpatient/outpatient appointments.

TMC Iloilo (TMCI) introduced **Magnetom Sempra MRI** that offers top-notch image quality and faster scans, all at a more affordable cost to patients. This technology comes with workflow automations, reducing the average MRI exam slot, including hard-to-image patients. The technological upgrade has improved the experience of patients who go to the hospital for their imaging needs.

Picture Archiving and Communication System (PACS) was also adopted by TMCI, enabling medical professionals to easily and quickly share medical imaging reports electronically and remotely. This digital storage solution replaced the conventional film-based methods. PACS captures various types of medical images in digital format, leading to expedited retrieval of patient results, and seamlessly communicates with the centralized imaging storage. The system is equipped with robust data security and prioritizes compliance with healthcare regulations such as the US Health Insurance Portability and Accountability Act. Aside from streamlining workflows, TMCI’s adoption of PACS



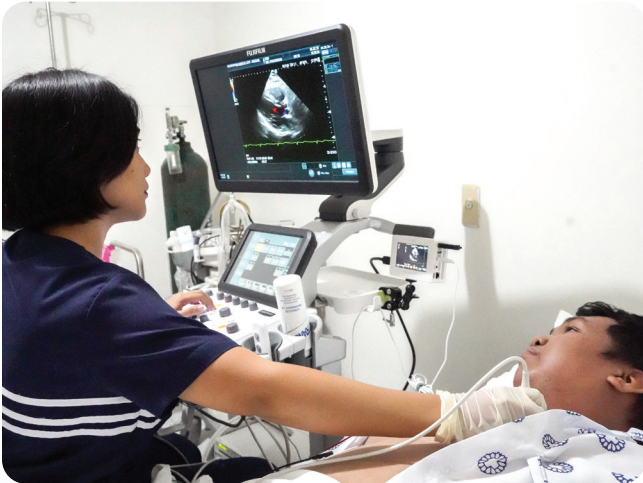
has resulted in improved operational efficiency, diagnostic accuracy, and reduced storage costs.

The Medical City Clinic is also embracing technological advancements, particularly focusing on internal processes by adopting **Streamlined Financial Processing (SAP)**. Phase 1 of this program is slated for implementation in the first month of the coming year, addressing spending processes from various cost centers to the back office, shedding light on their impact on the bottom line, whether positive or negative.

With SAP, TMC Clinic will be able to centralize financial transactions, supporting its operations across all TMC Clinic locations. This **initiative prioritizes financial accountability and optimizes operational performance**, aimed not just at improving the bottom line, but also creating a culture of excellence and responsibility across the entire clinic network.

TMC Clark, meanwhile, moved to ensure up-to-date technological adoption with recent upgrades, including **file server expansion** for better data storage and network bandwidth, and **system upgrades** from Windows 7 to Windows 10. These enhancements enable faster access to patient records, informed decision-making, and improved operational efficiency, while minimizing expenses.

PRESIDENT’S REPORT



TMC Pangasinan 2D Echocardiogram

TMC Pangasinan (TMCP) improved its services with the **introduction of the 2D Echocardiogram Machine**. This technological upgrade provides more precise illustrative images and measures speed and direction while screening for leaks and other abnormalities. This addition to the hospital addresses the significant need to build TMCP’s capabilities to attract and build the cardiovascular market which predominates the disease burden everywhere in the country.

EVOLVING CUSTOMER BEHAVIOR

TMC’s core value of excellent and compassionate service has animated its brand of care even amid changes in the external environment and Filipinos’ attitudes towards healthcare.

In 2023, the **Red Coat Moment Makers** program was launched by TMCO’s Center for Patient Experience (CPE) and cascaded to the rest of the network hospitals where the Red Coat Ambassadors Program has been in place for a couple of years. This Moment Makers program is designed to recognize TMC employees and doctors who receive valuable commendation from patients, guest, colleagues, and leaders for their exemplary behavior that personify empathy and compassion, or simply humanity.

A committee consisting of select heads from HR, Clinical Services, Nursing Service, Operations, and CPE identifies the awardees for the month based

on an agreed criteria. The awarded “moment makers” receive certificates of recognition and token gifts from TMC.

Since the launch of this program in January 2023, there has been a 13% decrease in the number of complaints received in 2023 (194) compared to 2022 (222). TMCO also received more commendations not only from patients but also from the internal community—proof that motivated employees reflect on how patients are treated and feel about their experience in TMC.

This program also changed the perspective of the internal community about the Center for Patient Experience, from a “complaints center” to a purveyor of positive experiences of both patients and staff.

TMCO has also tracked the hospital’s Top Box score (“How would you rate your overall experience with The Medical City?”) and Net Promoter score (“How likely are you to recommend The Medical City to your family and friends?”), recording the following scores in the past three years for both in-patients (IP) and out-patients (OP):

TMC ORTIGAS TB AND NPS SCORES 2021-2023		
	Top Box	Net Promoter
IP 2021	85%	82%
IP 2022	85%	85%
IP 2023	82%	81%
OP 2021	90%	91%
OP 2022	94%	95%
OP 2023	94%	95%

Meanwhile, TMC Iloilo launched the “**Empire Club**,” the first preferred club program in a healthcare setting in Western Visayas. The club targets identified high-value clients whose patronage is a valuable endorsement of the TMC Iloilo brand of healthcare.

The program uses an account management approach, with a specific account manager assigned to each Empire Club member to cater to all their health needs and service availability

specifications. Primary Empire Club members may request the inclusion of family members into the program.

The program to date has 60 members, mostly influential business and opinion leaders in the city. The program has also increased TMCI’s customer satisfaction ratings while making sure that preferred clients get a seamless patient journey while availing the hospital’s services.

TMC Iloilo also held a week-long celebration in December highlighting the importance of patient satisfaction through patient partnership and excellent customer care at TMC Iloilo. This program became a venue for updates and learning opportunities to enhance customer relationship skills among the hospital’s workforce. The program included a logo-making contest, patient-partnership stories, patient-champion rewards, patient-partnership conversations, and the Customer Service Excellence Award.

TMC Iloilo has consistently registered high customers satisfaction ratings and net promoter scores; in 2023, its overall patient satisfaction score was 97%, and its net promoter score, 98%.

INCREASING ESG EMPHASIS

Even while TMC navigated developments in the healthcare landscape, in 2023, it sought to **substantiate its commitment to ESG (Environmental, Social, and Governance)**, amid the global climate emergency and the pressing need to contribute more to social equity. While the health and well-being of patient partners remains at the core of its operations and programs, TMC took efforts to maximize its impact on the healthcare sector while contributing to the protection of the environment and welfare of the larger community.

TMC, through the Enterprise Corporate Communication team and with the support of the newly appointed Directors representing CVC, started to lay the foundation for the development of an enterprise-wide ESG framework. This includes the transformation of the Board’s Corporate Governance Committee into an



TMC Ortigas food waste management

ESCG (Environment, Social, and Corporate Governance) Committee and the formation of an **ESG Management Committee** that is expected to advise, steer, and foster TMC’s ESG strategy, focus areas, and business practices. Aside from committing to specific environmental and social targets, the envisioned strategy will put order and logic to the myriad environmental and social initiatives already being carried out across the enterprise.

On the Environmental front, TMC Iloilo became the first healthcare institution in Western Visayas to utilize **Oil-Based Thermal Disinfection (OBTD) technology** to treat infectious and pathological healthcare waste. With the technology undergoing development phase in Western Visayas, waste from TMCI currently undergoes standard third-party waste management processing and is then pre-treated using OBTD to drastically reduce waste weight by 50–70%.

TMC Ortigas pioneered the **Food Waste Sustainability Project**, a planned enterprise-wide implementation to manage, reduce, and properly dispose of food waste generated at various stages of its supply chain. Through a partnership with the Pasig City government, the hospital’s food leftovers from patient and employee meals, canteen food waste, and food trimmings were systematically hauled and then utilized by the local government in their composting program.

PRESIDENT'S REPORT



(Left) New TMC Clinic launch with mascot TIM CeeCee; (Right) TMC Ortigas Cardiovascular Institute's CPR Caravan

This project has since reduced the hospital's food waste going to landfills. TMCO also started an urban gardening program within its facility as an alternate way of sourcing vegetables for use in hospital meals.

TMC Clinic's **Lean Construction Management (LCM)** program now in place streamlines the process flow—from acquiring a space to construction and finally to clinic opening, helping keep the expansion both timely and leading to more cost and material savings throughout the year. The LCM program supported TMC Clinic's aggressive expansion plans, resulting in the successful completion of 10 new clinics and seven clinic expansions and renovations by the end-2023.

On the Social aspect, many different units across medical, operations, and administration drive initiatives to improve access to healthcare and conduct educational and engagement activities for the underserved.

The **Akbay Ginhawa Foundation, Inc.** continued to be the main organization dedicated to providing medical support for indigent patients of TMC. To date, the foundation has rendered

support to nearly 400 patients of TMCO through the Divine Mercy indigent-patient program and has provided educational, preventive, screening, diagnostic, and rehabilitative services through several community-based programs.

These programs include, among others, the **SCRAP Cancer and Hope Mobi Screening**, a cancer screening and prevention program spearheaded by the Augusto P. Sarmiento Cancer Institute for women in disadvantaged communities in the cities of Pasig and San Juan, Metro Manila, with the use of a mobile clinic with cancer-screening equipment; **CPR Caravan**, a series of community-based educational talks, hands-on training on cardio-pulmonary resuscitation, and consultations led by the Cardiovascular Institute; and **Lakad Multi-Mobility Restoration Program**, offering joint-reconstructive surgery for indigent patients with severe hip or knee osteoarthritis, through the Department of Orthopedics.

In TMC South Luzon, doctors, allied medical staff, and other health workers focused many of their CSR activities through programs such as **Balik-Linaw**, eye health and cataract screening and subsidized cataract surgeries; **donation drives**



(Left) TMC South Luzon Balik-Linaw eye health program; (Right) TMC Clinic Doctors' Night

for victims of the recent Taal Volcano eruptions and local calamities; and their **Friendship Golf Cup Tournament** that raises funds for Santa Rosa City's Women and Children Crisis Center.

Engagement-focused outreach programs included TMC Clark's initiative with Duyan ni Maria, which was organized by the Customer Patient Experience team for the children residing in Barangay Dapdap, Mabalacat, Pampanga; and the provision of essential medical services and recreational activities for the patient-residents of the non-profit Cottolengo Filipino, Inc. and children being rescued from child labor by Pasig City's Batang Malaya program during TMC's Founding Anniversary week in August.

TMC Iloilo supported Project ATlpan, primarily implemented by the University of San Agustin, to train Iloilo's indigenous people (*Ati's*), offering those who complete the training program with employment opportunities. Through a collaboration with the Technical Education and Skills Development Authority (TESDA), employment opportunities in the hospital operations are provided; furthermore, partnerships with the corporate sector promote the trade of indigenous products.

EQUIPPING TMCITIZENS TO NAVIGATE CHANGE

In today's dynamic and competitive landscape, the organizations with a strategic HR advantage will thrive. This is particularly true in hospitals, where diversity, heterogeneity, and the needs of a dynamic community amplify the critical importance of a progressive HR leadership. We need HR leaders who must act as strategic partners to the CEOs, ensuring that the empowered human resources align with the overall organizational design and goals. Additionally, these HR leaders must empower their teams to adapt to change and contribute to achieving sustainable business success.

It is only in the recent months that TMC Clark, Pangasinan, and South Luzon acquired talents to head their respective HR departments, indicating that shortfalls in the past could have been minimized had we acquired them earlier. With the three new HR leaders now in place, the three aforementioned hospitals with their respective CEOs can reasonably look forward to a more driven organization attuned to the changes at hand, including productive collaboration among themselves and the rest of the leaders across

PRESIDENT'S REPORT



(Left) TMC Enterprise Red Coat Summit; (Right) TMC Ortigas dorm for nurses and allied health professionals

the enterprise. Their HR expertise is vital to our aspirations as we scale up the potentials of TMC's human resource.

Nonetheless, the entire organization worked to successfully navigate 2023's challenges through the efforts of employees and staff who implemented the new ideas, programs, and technologies. Their engagement, creativity, and willingness to embrace change are fundamental to fostering a dynamic and responsive organizational culture.

In order to cultivate this valuable feedback loop, in January 2023, TMC embarked on a three-week-long enterprise-wide **culture transformation survey**, named "People in Focus Program" in collaboration with trusted external consultant, Willis Towers Watson. The survey aimed to lay down the culture blueprint upon which positive, people-focused changes could be implemented. Doctors and employees from all five TMC hospitals in the Philippines and the TMC clinic participated in this survey, which led to a comprehensive report providing cultural insights and target-areas for interventions. These baseline

scores offered the most context and perspective for the work that has yet to be done to address the need for cultural transformation.

While the training and organizational development units differed across the enterprise, programs such as the **enterprise-wide Red Coat Summit** in May 2023 and the launch of the **TMCitizen brand** to refer to the employees, medical professionals, community members as "citizens" of TMC, and the release of the associated training module in October 2023 sought to provide a common cultural starting point and introduction to the core values they were expected to share with every other individual affiliated with the enterprise brand.

The construction and renovation of shared recreational spaces for TMCO's medical staff also boosted morale, creativity, and camaraderie among nurses, doctors, and trainees. The **TMC Dorm**, a 144-bed capacity dorm facility located in TMCO opened its doors in April 2023 and serves as temporary home for nurses and allied health professionals from the provinces who move to Metro Manila to join TMCO's workforce.



(Left) TMC South Luzon Education-to-Empower program; (Right) TMC Ortigas graduation of residents and fellows

Recognition and thanksgiving events, as in past years, were organized for the TMC community—a direct product of TMC's culture of patient partnership, innovation, and empathy. Doctors, nurses, and allied health professionals each had their respective celebration weeks across the enterprise, with awards given to those who excel in customer centricity, patient experience, creativity, and innovation.

Notable enterprise-wide training programs included the **Anaplan Finance Planning Refresher** led by TMCO for the other subsidiaries, as well as the 6-month **Lean Six Sigma** and **Operations Excellence Leads (OPEX)** programs sponsored by TMC Clinic. These programs have directly impacted the successful standardization of certain processes and platforms across the enterprise.

To equip the TMC staff with training resources, **LinkedIn Learning** memberships were initiated across the TMCO community, while **ClinicalKey** access was cascaded by The Medical Library to the whole enterprise for use in clinical practice, further education, and research purposes. Providing free access to materials covering medical knowledge, professional skills courses, and creative education aims to ensure that all

TMCitizens would be able to pursue life-long learning aligned with their own preferences and aspirations, a departure from the past when completing learning modules was more for compliance purposes.

Finally, to support the career aspirations of TMCitizens especially amid manpower shortages and post-pandemic quarantine attrition, Human Capital and Medical Training leads worked together to strengthen career pathways across different roles in the organization.

In TMC South Luzon, the **Education-to-Empower (E2E) Program** supported nurses' education and on-the-job training and post-graduate studies through financial subsidies. TMC Iloilo, in partnership with Guam Regional Medical City, initiated the **International Nursing Career Pathway Program** to help nurses pursue careers abroad while remaining within the TMC network.

The **residency and fellowship programs** in TMCO continue to be some of the most sought-after training opportunities for young doctors in the country, producing top graduates who provide the expertise for the future of TMC enterprise, and who inhabit the 60 clinics of TMC Clinic and the enterprise hospitals across the land.

PRESIDENT’S REPORT

STRUCTURES FOR A CHANGING WORLD

As I write this report, TMC as an enterprise is in fact undergoing changes in its overall organizational structure brought about by the imperatives of growth. Our organization’s experience over the past six years has shown that organic growth alone is insufficient to enable TMC to be a leader in a continuously evolving and increasingly competitive healthcare landscape.

We have started steps to **centralize four key functions—Human Resource, Finance, IT and Informatics, and Commercial—into the recently created EHO, or Enterprise Head Office.** With these centralized functions in the EHO, we seek to enjoy the advantages of both operating on a large scale and being able to act quickly despite our size. This means moving away from a culture where everyone works independently to one that emphasizes collaboration. In this new collaborative environment, skills and knowledge

are valued most, information is freely shared, and achievements are rewarded. There’s also clear accountability for those who underperform.

EHO HR will work with top management to align HR strategies with business goals and support organizational growth. **EHO Finance** will oversee enterprise-wide financial planning, budgeting, and risk management, offering vital insights for strategic decision-making, supporting bold investments in patient care and medical research and the organization’s long-term sustainability. **EHO IT** will facilitate setting up the enterprise IT architecture and standards for all IT systems and applications of the group, promoting information transparency, seamless data exchange, collaboration, and data security. **EHO Commercial** will act as a strategic driver of revenue growth, market expansion, and customer satisfaction across the enterprise, ensuring that the TMC brand is protected.



TMC Enterprise Medical Advisory Council at work

This new organizational design also provides for the **transformation of PSI’s subsidiaries into Business Units (BUs).** Because the new structure acknowledges their unique needs and market conditions, these BUs can now address the specific challenges of their regions. Each BU will have the freedom to make decisions and exercise their imperatives based on what their local customers require. The EHO will still be there to provide a foundation of consistent and efficient logistical support. By offering standardized and cost-effective solutions, the EHO ensures a smooth operation even as BUs cater to local needs.

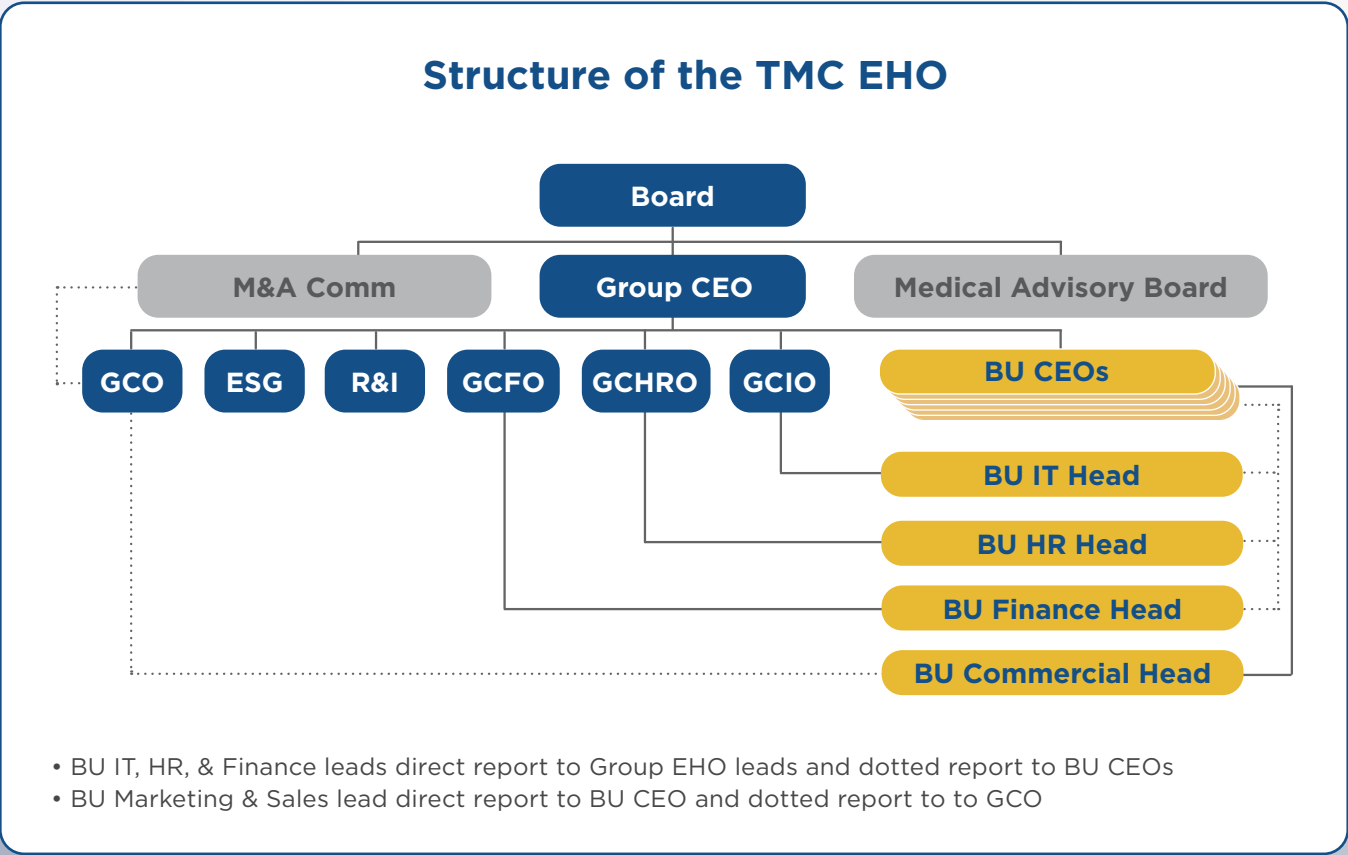
We are also strengthening and further elevating our stature in the healthcare industry by acknowledging the central roles of **Research & Innovation** and **ESG** in placing us on equal footing with valued peers globally. The centralized Research & Innovation will harness the collective expertise of the Clinical and Translational Research Institute and the Institute for Personalized Molecular Medicine, fostering a dynamic environment ripe for innovation. Together, they are now known as the TMC Institutes for Research & Innovation (TMC IRI). Meanwhile, establishing an Environmental, Social, and Governance (ESG) function as a centralized entity will provide comprehensive

oversight, strategic planning, and implementation of initiatives, a corporate mandate aimed at improving our environmental footprint, enhancing social welfare, and upholding ethical organizational standards.

NAVIGATING THE FUTURE WITH STRATEGIC FORESIGHT

Navigating the dynamic healthcare landscape, we aim to boldly chart a transformative course for the enterprise beyond “business as usual.” This year, a significant milestone was reached with the **creation of the Medical Advisory Council (MAC),** designed to provide advice to the PSI Board on medical issues of relevance to TMC’s participation in the health industry. This small group of key opinion leaders with diverse healthcare focus and expertise serves to identify, study, and provide strategic frameworks for gaps in Philippine healthcare that TMC is in a position to narrow or eliminate, in alignment with our vision of leadership in healthcare.

The members of this council are Dr. Kenneth Hartigan-Go, former Department of Health Undersecretary and Head, Food and Drug Administration; Dr. Cenon Alfonso, Dean, Ateneo School of Medicine and Public Health; Dr. Beatrice Tiangco, former President, Philippine Society of Medical Oncology; Dr. Rafael Claudio, former



PRESIDENT’S REPORT



(From left) MAC Members Dr. Rafael S. Claudio, Dr. Beatrice J. Tiangco and MAC Chairman Dr. Eugenio Jose F. Ramos

Chief Medical Officer, The Medical City; and Dr. Ester Bitanga, former President, Philippine Neurological Association. They are entrusted with providing groundbreaking insights and perspectives that will drive TMC’s growth and fortify our competitive advantage. They are tasked with crafting strategic frameworks that encompass health policies, cutting-edge science and technology trends, quality enhancements in clinical care, and pioneering investments in research and innovation.

As Chairman of the Medical Advisory Council, I provide the impetus and guide the council members in identifying five critical gaps and

strategic challenges that demand innovative and sustainable solutions, and must not be overlooked as TMC goes about its usual endeavors. These challenges involve **strengthening healthcare access** to a greater number of people, **future-proofing our workforce** in the face of artificial intelligence and healthcare worker diaspora, **addressing the growing need for strategic management of the ageing demographic profile**, **leveraging partnerships with best-in-class health-related institutions and industries**, and **developing physician leaders** to catalyze healthcare transformation in alignment with the future as envisioned by TMC as one big entity.

Medical Advisory Council identified strategic gaps

Access to healthcare by greater number of people	Future-proofing human capital amid HCW diaspora and AI	Increasing need for strategic care of elderly	Leveraging partnerships with best-in-class health-related institutions	Developing physician leaders to catalyze healthcare transformation
How can we provide access to a greater number of people, as stated in the TMC vision to be a leader in healthcare?	What is the future of human resource management in this age of Artificial Intelligence and the exodus of healthcare workers?	What are the challenges in the care of the elderly as the profile of the aging population changes?	What are the opportunities in healthcare ecosystem development that are best explored in partnership with best-in-class healthcare-related industry? Which industry leaders must TMC partner with?	What career pathways must be designed to develop Physician-Leaders for the future? How are they going to be integrated into the overall organizational design to ensure sustainability?



(From left) MAC Members Dr. Cenon R. Alfonso, Dr. Kenneth Hartigan-Go, and Dr. Ester S. Bitanga

As we refine, scale up, and animate our new organizational structure, attune it to both the internal and external challenges with which its full potential and impact can achieve resonance, **we remain committed to forge a leaner, more agile organization, a winner both by intent and design.** This principle guides us: **Centralize strategy for maximum effectiveness, and decentralize execution where customization empowers local success.**

Redesigning an organizational structure can be a powerful tool for growth, but it can also backfire—this we regrettably know through missteps earlier in 2023. An attempt at restructuring was conducted in the second quarter, focusing on the wrong issues and neglecting the human element. This led to confusion, decreased morale, and a vocal part of TMC’s middle management expressing their dismay over what was perceived to be an ill-conceived plan. Through that period, we learned that when the restructuring itself becomes the problem, it can cripple an organization’s ability to function and achieve its goals.

The **current redesign process is an attempt to correct that recent chapter in TMC’s history**, as we now try, in earnest and with transparency, to consolidate and leverage our collective strength, removing the imbalances and inconsistencies in our expanding enterprise, and most importantly, recognizing the primacy of our human resource.

As we navigate this exciting yet challenging period of transformation, **embracing change is not just an option, it is the cornerstone of our future success.** By acquiring a clear vision of the future, harnessing the best in us and among ourselves, working together with competence and discipline, and fostering an all-inclusive collaborative spirit, we can build a more agile and adaptable organization. In fact, we can achieve so much more!

I want to express my sincere gratitude to all our stakeholders—employees, patients and their families, shareholders, and the larger community that we belong to—for your continued support for what is best for TMC, and what TMC, in fact, truly deserves. With your unwavering commitment and our shared vision, I have confidence that we will not only ride the changes but emerge stronger, more sustainable, and positioned for long-term prosperity.

EUGENIO JOSE F. RAMOS, MD, MBA
President & Group CEO
Professional Services, Inc. | The Medical City

ACCREDITATIONS AND AWARDS

TMC ORTIGAS

**Joint Commission International (JCI)
Gold Seal of Approval**
Valid until 2024

JCI – AMI Clinical Care Program
Valid until 2024

Hospital of the Year 2023 - Philippines
Healthcare Asia Awards 2023 by
Healthcare Asia Magazine

**5-star Rating for Mechanical
Thrombectomy**
Institute of Neurological Sciences
Society of Vascular and Interventional
Neurology (SVIN)

**Level IV Accreditation
(2023-2027)**
Institute of Pediatrics
Philippine Pediatric Society, Inc.

Asia's Best Employer Brand Award
18th Employer Branding Awards by
Employer Branding Institute - India

**Marketing Initiative of the Year -
Philippines**
Healthcare Asia Awards 2023 by
Healthcare Asia Magazine

TMC ILOILO

**Best in Management of Infection
Prevention Among Healthcare Workers
for Level 2 Hospitals**
Philippine Hospital Association

**Best in Medication Safety Program; Best
in Fall Prevention Program; Overall Best
in Patient Safety Surveillance System**
Department of Health – Center for Health
Development Western Visayas

**Efficient and Effective Implementation
in Compliance with the Standards
of Integrated Hospital Operations
Management Program for Level II
Category; 4-Star Rating Under Green
Viability Assessment System**
Department of Health – Center for Health
Development Western Visayas

Star Awardee
Department of Health

Silver and Pearl Special Citations
Philippine National Red Cross – Iloilo
Chapter

TMC CLARK

ISO 9001:2015
Medical Facility for Overseas Workers
and Seafarers (MFOWS) for the
KaBayani Center

TMC SOUTH LUZON

**Health Equity and Inclusion Award –
Philippines**
ESG Business Awards 2023

**Community Health Outreach
Programme Award – Philippines**
ESG Business Awards 2023

ESG Program of the Year - Philippines
Healthcare Asia Awards 2023

TMC PANGASINAN

Pasidungog (Tribute) Award
Philippine Hospital Association

**Pamirbir Tan Pamagalang
Diamond Award of Recognition**
Municipality of Dagupan City

TMC CLINIC

Great Place to Work - Recertified
Great Place to Work
December 2022 to November 2023

Primary Care Provider of the Year
Healthcare Asia Awards 2023,
Healthcare Asia Magazine

FINANCIAL HIGHLIGHTS

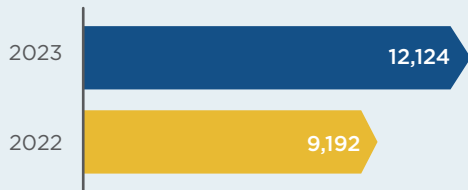
2023 Consolidated Net Revenue Performance

Net Revenues - PH Operations (Php mils)



Net revenues for Philippine operations grew +10% vs prior year behind increased patient census and higher case mix complexities.

Net Revenues - Guam (Php mils)



Net revenues for Guam operations grew +32% prior year behind increased patient census and higher average case mix.

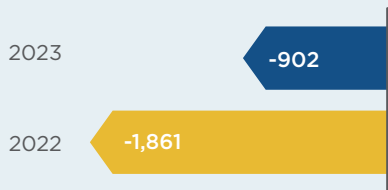
2023 Consolidated Net Profit Performance

Net Profit - Philippines (Php mils)



Net profit for Philippines improved by +Php 82 million vs. prior year driven by revenue growth offsetting higher operating expenses and accretion of interest expense related to a Convertible Loan drawn in 2022 and 2023.

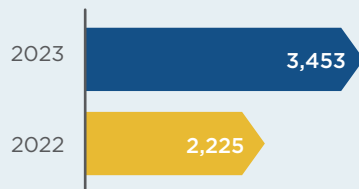
Net Profit - Guam (Php mils)



Net loss for Guam decreased by Php 959 million vs. prior year driven by revenue growth, reduction in provision for bad debts and lower interest expenses offsetting higher operating costs.

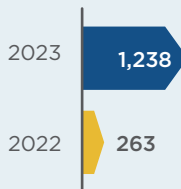
2023 Consolidated Cash Flow

Total Cash and Cash Equivalents (Php mils)



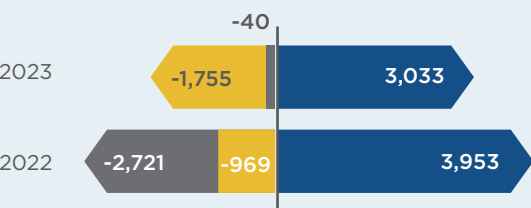
Total cash & cash equivalents inclusive of Philippines and Guam. Total increased by Php 1.23 billion vs. prior year.

Net Cash Flow (Php mils)



Net cash flow increased +Php 975 million vs. prior year. Net cash flow from operating activities decreased Php 920 million vs. prior year driven by settlement of aging payables and higher operating expenses. Net cash flows used in investing activities increased Php 786 million vs. prior year notably in medical equipment & tools, leasehold improvements and furniture & fixtures. Net cash flows used in financing activities decreased Php 2,681 million vs. prior year with payment of debt.

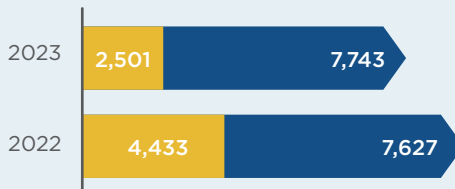
Cash Flows Provided (Php mils)



	2022	2023
Financing	-2,721	-40
Investing	-969	-1,755
Operating	3,953	3,033

2023 Bank Debt

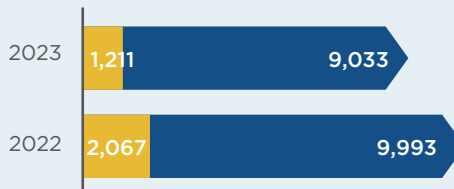
Total Bank Debt (Php mils)



	2022	2023
Total Guam	7,627	7,743
Total PH	4,433	2,501

Total bank debt decreased by Php 1,816 million vs. prior year following payment of loans supported by capital infusion proceeds from investor Universal Healthcare Services.

Short and Long Term Debt (Php mils)



	2022	2023
LT Debt	9,993	9,033
ST Debt	2,067	1,211

Total long-term and short-term debts decreased by Php 960 million and Php 856 million respectively vs. prior year due to loan amortization and settlement of matured loans.

BOARD OF DIRECTORS



JOSE XAVIER B. GONZALES
Chairman of the Board

JOSE XAVIER B. GONZALES has served as Chairman of The Medical City's Board of Directors and of the Medical Arts Tower, Inc. since September 2018; Chairman and CEO of PSI Healthcare Development Services, Corp.; Chairman and Director of Proser Health Services, Inc., The Medical City Clark, Inc., Guam Healthcare Development, Inc., and The Medical City Iloilo Hospital, Inc.; Director of The Medical City South Luzon and PG Health Ventures Corporation.

Mr. Gonzales is the Chairman and President of Felicitas Antoinette, Inc.; Chairman of The NutriGanics Farm, Inc.; President of Universal Storefront Services Corporation and Fountel Corp.; Director of Creative Hotel Concepts, Inc., and Chairman and Trustee of Akbay Ginhawa Foundation, Inc.

Mr. Gonzales holds a Masters' degree in Business Administration from the Harvard Business School, and a Bachelor of Science degree magna cum laude in Business Economics from the University of the Philippines.



DR. EUGENIO JOSE F. RAMOS
President and Group CEO

DR. EUGENIO JOSE F. RAMOS has been the President and Chief Executive Officer of The Medical City since September 2018. In April 2023, Dr. Ramos was officially appointed as Group CEO of TMC.

Dr. Ramos has served TMC in various Director and Officer positions since 2006—President of PSI Healthcare Development Services Corp. and the Medical Arts Tower, Inc.; Director of Proser Health Services Inc., The Medical City Clark, Inc., Guam Healthcare Development, Inc., The Medical City Pangasinan, Inc., The Medical City Iloilo Hospital, Inc., and The Medical City South Luzon; President and Director of PG Health Ventures Corporation.

He had also served as Chairman and Trustee of Philippine Foundation for Health and Development, Inc. and Trustee of Akbay Ginhawa Foundation, Inc.

Dr. Ramos was a former President of the Philippine College of Physicians, becoming its 45th president in 2009.

Dr. Ramos earned his medicine degree from the University of Santo Tomas Faculty of Medicine and Surgery in 1980. He took up his internship and residency in Internal Medicine at The Medical City (1980-1984) and his fellowship training in adult cardiology at the UP-PGH (1985-1986). He is a diplomate and fellow of the Philippine College of Physicians (PCP) and of the Philippine College of Cardiology. He was awarded Distinguished Fellow of the PCP in 1999. Dr. Ramos obtained his MBA in Health, gold medalist, at the Ateneo Graduate School of Business in 2008.

He was named Most Inspiring Executive at the Asia Corporate Excellence & Sustainability Awards 2022 and CEO of the Year at the Healthcare Asia Awards 2019.



DR. RUBEN G. KASALA
Executive Vice President and
CEO - TMC Ortigas

DR. RUBEN G. KASALA was named EVP and CEO of TMC Ortigas in April 2023. Previously, he was Treasurer Director and Chief Medical Officer of the hospital, positions he held from 2018 to March 2023.

Dr. Kasala is Director of PSI Healthcare Development Services Corp., Guam Healthcare Development, Inc., The Medical City Clark, Inc., Proser Health Services, Inc., The Medical City Iloilo Hospital, Inc., and PG Health Ventures Corporation. He is also a Trustee of Philippine Foundation for Health and Development, Inc.

He was the Training Officer of the Quirino Memorial Medical Center and was an Assistant Professor in the UERMMM College of Medicine Department of Medicine. He is also a Diplomate and Fellow of the Philippine College of Physicians and Philippine Society of Endocrinology and Metabolism.

Dr. Kasala holds degrees in Bachelor of Science in Zoology from the University of the Philippines, Diliman and a Doctor of Medicine from the UE Ramon Magsaysay Memorial Medical Center.



SEAN GARDINER
Director

SEAN GARDINER has been a member of The Medical City's Board of Directors since 2021.

Mr. Gardiner is currently a Managing Director of Clermont Capital based in Singapore.

He had worked in Morgan Stanley Equity Research as Head of Equity Research for South East Asia and ASEAN Equity Strategist across two locations, Singapore and Jakarta. He also sat on the Morgan Stanley Singapore Executive Committee and represented the equity research industry on the Singapore Capital Markets Committee.

Mr. Gardiner is also a Director of Guam Healthcare Development, Inc. and PG Health Ventures Corporation.

He trained and qualified as a Chartered Accountant in South Africa. He holds a Bachelor of Commerce and a Post Graduate Diploma in Accounting from the University of Cape Town.

BOARD OF DIRECTORS



ATTY. LEROY JAMES LANGEVELD
Director

ATTY. LEROY JAMES LANGEVELD has been a member of The Medical City's Board of Directors since 2020.

Atty. Langeveld is the Assistant General Counsel of Clermont Group based in Singapore. Prior to this, he worked as an Associate of Milbank LLP in Singapore and Simpson Grierson in New Zealand. He was admitted to the New York Bar and to the High Court of New Zealand.

He is also a Director of Guam Healthcare Development, Inc. and PG Health Ventures Corporation.

Atty. Langeveld received his Bachelor of Laws (First Class Honours) and Bachelor of Management Studies (First Class Honours) from the University of Waikato, New Zealand.



BRICE KEVIN P. CU
Director

BRICE KEVIN PUA CU has been a member of The Medical City's Board of Directors since 2022.

Mr. Cu is the Philippine country head and a Senior Managing Director at CVC Capital Partners.

He also currently serves on the boards of Southeastasia Retail Inc. and Fast Logistics Group. Prior to CVC, Mr Cu held several roles in UBS AG's Investment Banking division in Singapore.

Mr. Cu holds a Bachelor of Science in Quantitative Finance and Bachelor of Arts in Economics from the National University of Singapore.



MINKI BRIAN HONG
Director

MINKI BRIAN HONG has been a member of The Medical City's Board of Directors since 2022.

Mr. Hong is Managing Partner at CVC Asia Pacific Limited. He is a Co-Head of CVC's private equity business in Southeast Asia and also leads CVC's regional industry group.

He is a director of Asia Outsourcing Alpha Limited, Asia Outsourcing Beta Limited, Asia Outsourcing Gamma Limited, Montage Company Limited, CVC Asia Pacific Limited, Starlight TopCo Limited, Starlight Universe Limited, Southeastasia Retail Inc., Universal Healthcare Holding Inc., Asia Link Dewa Pte. Ltd., Asia Outsourcing Singapore Pte. Ltd., Ngern Tid Lor Company Limited, and Phuong Chau Investment and Commercial Joint Stock Company.

Mr. Hong holds a BA degree in Business Economics and Political Science from Brown University, USA.



ROSALIE R. MONTENEGRO
Director

ROSALIE R. MONTENEGRO is a new member of The Medical City's Board of Directors elected in 2023.

Ms. Montenegro has extensive experience in marketing and finance in the telecommunications, business process outsourcing, and banking industries in various Philippine and foreign companies.

She previously served as the President and Chief Executive Officer of Makati Medical Center from 2009 to 2018.

Ms. Montenegro likewise served as President of ePLDT Ventus, Inc. from 2000 to 2007, Vice President of the Dutch bank ABN AMRO from 1997 to 2000.

BOARD OF DIRECTORS



JAMES JOHN BEVANS
Director

JAMES JOHN BEVANS is a new member of The Medical City's Board of Directors elected in 2023.

Mr. Bevans has over 25 years of experience in international hotel management and luxury residences, holding General Manager and Group Director positions.

He is currently the General Manager Property Operations of Colliers International, District 8 in Jakarta, Indonesia.

Mr. Bevans has served as the General Manager of Taal Vista Hotel from 2015 to 2017, Hotel Manager of Raffles and Fairmont Makati from 2012 to 2014, and Director of Rooms of The Peninsula Manila from 2006 to 2007.



BOON-KEAN HUAN
Director

BOON-KEAN HUAN is a new member of The Medical City's Board of Directors elected in 2023.

Mr. Huan has over 30 years of experience in implementing digital transformation in the healthcare industry. He implemented the electronic medical records migration for Tan Tock Seng Hospital in Singapore. He likewise deployed critical IT systems for the National Center for Infectious Disease in Singapore.

He has served as the Group Chief Information Officer of the National Healthcare Group in Singapore, which manages six hospitals with over 4,500 beds, eight full-service polyclinics and three national specialist centers.

Mr. Huan had also served as the General Manager for Toshiba Singapore, Hewlett-Packard Singapore, and France Telecom-Silicomp.



ANDREW BALDWIN MEADOWS
Director

ANDREW BALDWIN MEADOWS is a new member of The Medical City's Board of Directors elected in 2023.

Mr. Meadows is an experienced advisor, operator, and Chief Executive Officer with over 27 years of experience in the healthcare industry, and 8 years of experience in the C-Suite of multiple large, international medical organizations.

He serves as an Industry Advisor for CVC Capital Partners, and Board Observer/Special Advisor for Operations, Quality and Patient Safety for Phuong Chau International Hospital in Vietnam.

Mr. Meadows has served as Interim Chief Executive Officer/Chief Operating Officer of City International Hospital in Vietnam, Senior Quality Management Consultant for Gia An 115 Hospital in Vietnam. He has previously served as Hospital CEO (Commander) for various medical institutions/facilities of the U.S. Armed Forces.



WONBAE LEE
Director

WONBAE LEE is a new member of The Medical City's Board of Directors elected in 2023.

Mr. Lee is a Principal of CVC Capital Partners. He has more than 15 years of experience in the healthcare and pharmaceutical industry.

He has served as the General Manager for Asia-Pacific of GE Healthcare, and as President of AstraZeneca Indonesia.

Mr. Lee had also served as Consultant for McKinsey & Company, Asset Manager for Hudson Advisors LLC, and Trader for Hyundai International Merchant Bank.

BOARD OF DIRECTORS



MA. AURORA D. GEOTINA-GARCIA
Independent Director

MA. AURORA D. GEOTINA-GARCIA has been an Independent Director of The Medical City since 2022.

Ms. Geotina-Garcia has been a consultant for corporate finance to the private and public sector for over 40 years—Alumni Partner and Head Global Corporate Finance, SGV & Co/ Ernst & Young; Director and former Chairperson of the Bases Conversion and Development Authority (BCDA); currently Independent Director of ACEN Corp., ACE Enexor Inc., and Cebu Landmasters Inc.; Vice Chairperson / President / Fellow of the Institute of Corporate Directors (ICD); Vice Chairperson of the Shareholders Association of the Philippines (Sharephil); and member of the Management Association of the Philippines (MAP); Founding Chairperson and President, Philippine Women's Economic Network (PhilWEN); Co-Chair, the Philippine Business Coalition for Women Empowerment (PBCWE); Co-Convenor, Champions

of Change Philippines; Chairperson the NextGen Organization of Women Corporate Directors Philippines (NOWCD), former Co-Chair, ASEAN Women's Entrepreneurs' Network (AWEN); long-time Trustee of Women's Business Council Phils., Inc, Business & Professional Women's, Makati (BPW), and the Samahan ng Pilipinas para sa Reporma at Kaunlaran (Spark! Philippines); Director, PG Health Ventures Corporation.

Ms. Garcia received a Bachelor of Science Degree in Business Administration and Accountancy from the University of the Philippines (UP Diliman). She later completed her Master of Business Administration from the same university. She is a Certified Public Accountant.



DR. MICHAEL L. TAN
Independent Director

DR. MICHAEL L. TAN has been an Independent Director of The Medical City since 2015.

Dr. Tan is currently a Professor Emeritus of the University of the Philippines (appointed 2018) and was a former Chancellor of the University of the Philippines-Diliman (appointed 2014); Professor XII, College of Social Sciences and Medicine; and Clinical Professor, UP College of Medicine.

Dr. Tan obtained his Doctor of Veterinary Medicine from the University of the Philippines-Diliman, Masters in Anthropology from Texas A&M University in Texas, USA, and Doctor of Philosophy in Anthropology from the University of Amsterdam in Netherlands. He is a Medical Anthropologist.



SALVADOR G. TIRONA
Independent Director

SALVADOR G. TIRONA has been an Independent Director of The Medical City since 2018.

Mr. Tirona is also President, Chief Operating Officer, and Chief Finance Officer, Lopez Holdings Corp.; Director, ABS-CBN Corp.; Chairman, President and Chief Executive Officer, ABS-CBN Holdings Corp.; Trustee and Treasurer, Eugenio Lopez Foundation, Inc.; Treasurer, Lopez Group Foundation, Inc.; Vice Chairman/Trustee, Meralco Employees Savings and Loan Association, Inc.; Member, Management Association of the Philippines; Fellow, Institute of Corporate Directors; Independent Director of Guam Healthcare Development, Inc.

Mr. Tirona holds both a Bachelor of Arts degree in Economics and Master of Business Administration from Ateneo de Manila University.



ATTY. NORMAN P. SERAPIO
Corporate Secretary



ATTY. LINUS V. MADAMBA
Assistant Corporate Secretary

CEOs OF PHILIPPINE OPERATIONS



DR. RUBEN G. KASALA
The Medical City Ortigas



DR. FELIX RAY VILLA
The Medical City Iloilo



DR. CESAR RAMON G. ESPIRITU
The Medical City South Luzon



DR. NOELITO M. LACSAMANA
The Medical City Clark



**DR. JUAN ANTONIO MAXIMIANO
R. ESCANO**
The Medical City Pangasinan



ROBERTO A. MUÑOZ
The Medical City Clinic



CORPORATE GOVERNANCE

Ensuring the promise of delivering innovative and sustainable healthcare solutions

The Medical City is guided by the principles of good corporate governance to deliver on its promise of innovative and sustainable healthcare solutions.

CORPORATE GOVERNANCE STRUCTURE

Board of Directors. The Board of Directors is the corporation's supreme authority in matters of governance and in managing the business of the corporation. The Board periodically reviews the corporation's purpose, vision and mission, and is responsible for overseeing the development of and monitoring the implementation of The Medical

City's business objectives, policies, and strategy. The Board also ensures an effective succession planning program for directors, key officers, and management to promote continuous and consistent growth of the corporation.

Board Committees. The Board has established six board committees to delegate some of its official functions, particularly with respect to audit, risk management, compliance, and other key corporate governance concerns, such as nomination and remuneration.

Executive Committee. The Executive Committee is responsible for seeing the day-to-day operations of the corporation, with the duty to provide management with sensible guidance and sound policies on capital expenditures, acquisitions, and disposal of ordinary assets, and implementation of operational strategies in furtherance of the goals and purposes of the corporation.

Audit Committee. The Audit Committee is responsible for performing Board oversight functions over the corporation's internal and external audit, development of accounting systems and processes, financial reporting processes, and the development of internal control systems. The Audit Committee also assumes the functions of a **Related Party Transaction Committee**, which is responsible for ensuring that there is an effective TMC Enterprise-wide corporate policy and system governing related party transactions.

Human Resources, Compensation and Nomination Committee. The Human Resources, Compensation and Nomination Committee ("HRCN Committee") is responsible for overseeing human resources policies, benefit plans, programs, and performance management strategy as it connects with the Enterprise's overall business strategy. The HRCN Committee also performs the function of the Board in relation to remuneration and compensation of CEOs, senior and executive officers and of the members of the Board, as well as setting policies and procedures in relation to nominations of the best-qualified candidates for membership of the Board. The guiding principle of the Committee is to provide a compensation program that shall enable the corporation to retain and motivate a team of high-quality executives who will create long-term shareholder value.

Board Risk Oversight Committee. The Board Risk Oversight Committee is responsible for ensuring that the Board is properly aligned with Management as it embarks on an integrated risk management program for the Enterprise. It fulfills the Board's oversight responsibility with respect to overall enterprise-wide risk management policies, strategies, and practices especially in relation to Information Technology and Cybersecurity; quality assurance and hospital operations; issues regarding nurses and other allied

health services; and financial risks and business risks.

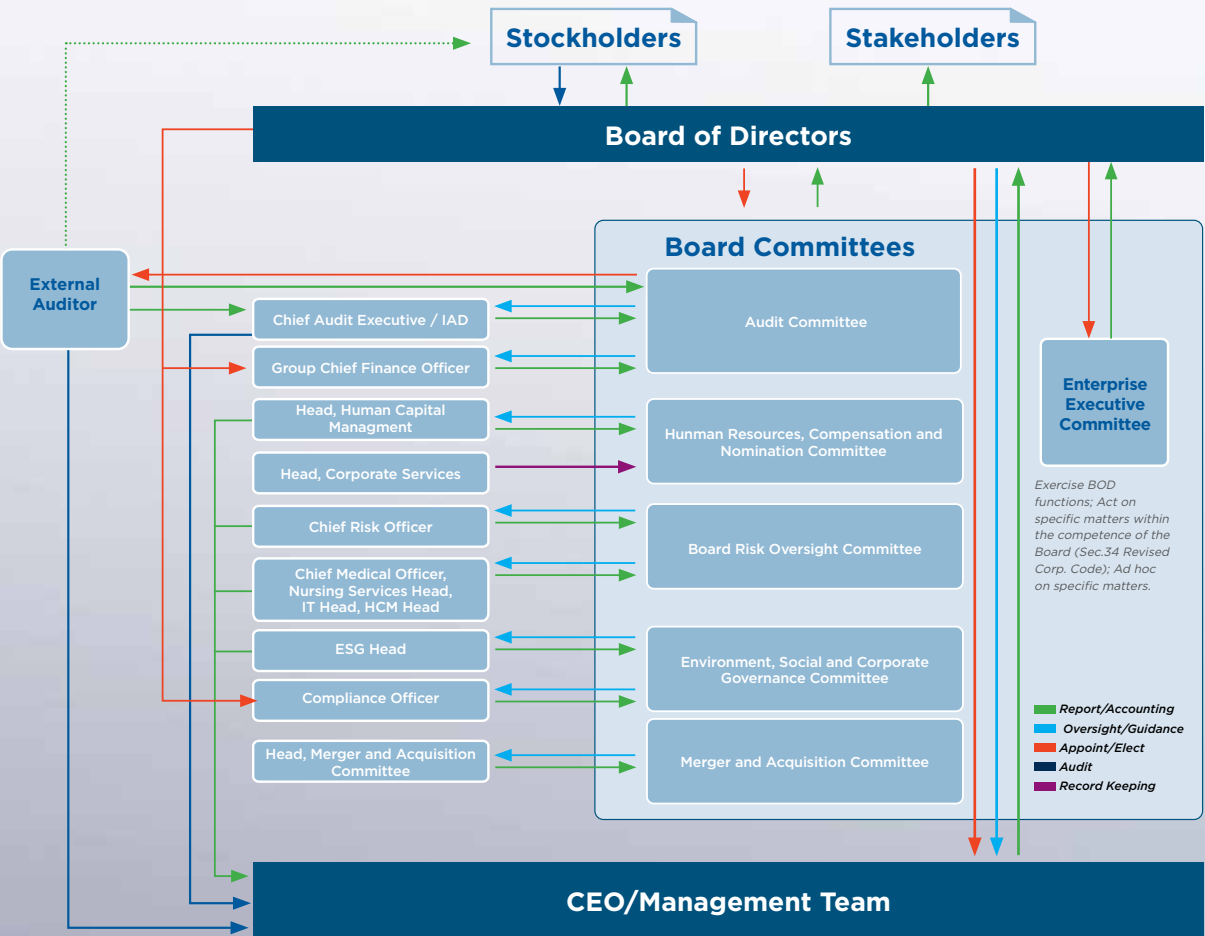
Environmental, Social, and Corporate Governance Committee. The Environmental, Social, and Governance Committee ("ESCG Committee") is established to support the Enterprise in fulfilling its responsibilities and commitment to environmental stewardship, health and safety, corporate social responsibility, and sustainability. The ESCG Committee is also responsible for ensuring that the corporation is fully compliant and properly observing the corporate governance principles and practices. In discharging its responsibilities and fulfillment, of its functions, the committee is guided by the TMC's mission and vision.

Merger and Acquisition Committee. The Merger and Acquisition Committee provides directors a formal forum to review, discuss, evaluate, and assess matters and issues regarding acquisitions, mergers and investment opportunities, and the corresponding risks involved. The objective of the Committee is to present recommendations to the Board of such proposed acquisitions, mergers, or investment opportunities upon assessment of the Committee in accordance with the Enterprise's overall strategic plans.

Medical Advisory Council. The Medical Advisory Board Council ("Board Advisory") is comprised of past and current directors and officers of the Corporation and its network, representatives of stakeholders, and external advisors. The Board Advisory is established to provide guidance to the Board on the strategy and progress of the Enterprise.

CORPORATE OFFICERS

Chairperson. The Chairperson presides over all board meetings, facilitates discussions, and ascertains that the meeting's agenda focuses on strategic matters, including the overall risk appetite of the corporation, considering the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect the operations. The Chairperson of the Board is Jose Xavier B. Gonzales; he has served in this capacity since September 2018.



President. The President assumes and performs the duties and responsibilities of the Group Chief Executive Officer (Group CEO). The President appoints staff and employees of the corporation and signs and executes all authorized contracts and obligations in the name of the corporation. The Group CEO is the overall in-charge of implementing the Enterprise's operational business strategy and for alignment of the network into one strategic direction. The President and Group CEO of the corporation is Dr. Eugenio Jose F. Ramos; he has served as President since September 2018, and formally as Group CEO in April 2023.

To avoid conflict or a split board and to foster an appropriate balance of power, increased accountability and better capacity for independent decision-making, the corporation adopted the policy that the positions of Chairperson and President shall be held by different individuals.

Executive Vice President. The Executive Vice President assumes and performs the duties and responsibilities of the Chief Executive Officer of The Medical City-Ortigas (CEO). The CEO is the overall-in-charge of the management of the business and affairs of the corporation, governed by the strategic direction and risk appetite approved by the Board. Dr. Ruben G. Kasala has been the corporation's EVP since April 2023.

Treasurer. The Treasurer is in charge of the funds of the corporation. The Treasurer shall also be the Group Chief Finance Officer. The Treasurer shall be responsible to render to the President and to the Board the financial condition of the corporation.

Corporate Secretary. The Corporate Secretary assists the Board and the board committees in the conduct of their meetings, and safekeeps and preserves the integrity of the minutes of the meetings of the Board, the board committees, and the stockholders. The Corporate Secretary countersigns the certificates of shares of stocks, keeps a register of all outstanding certificates, and performs all required administrative functions. The Corporate Secretary is aided by an **Assistant Corporate Secretary**, who is also considered a corporate officer. Atty. Norman P. Serapio has been the corporation's Corporate Secretary since

February 2022, while Atty. Linus V. Madamba has been the Assistant Corporate Secretary since September 2018.

Compliance Officer. The Compliance Officer ensures proper on-boarding of new directors, and ensures the compliance of the corporation, its directors, and officers, with relevant laws, rules and regulations, and all governance issuances by the SEC and other regulatory agencies. The corporation's Compliance Officer is Atty. Edison T. Flores, Jr., who has served in this capacity since February 2022.

To ensure adherence to corporate principles and best practices, the corporation adopted the policy that the positions of Corporate Secretary and Compliance Officer shall be held by different individuals.

Group Chief Finance Officer. The Group CFO is a member of the corporation's management team and is responsible for directing and overseeing the financial activities of the corporation and its network subsidiaries, directing the preparation of the financial reports and summaries, and creating forecasts predicting the future growth of the corporation. The corporation's GCFO is Michael S. Pineda, who has served in this capacity since November 2018.

Chief Audit Executive. The Chief Audit Executive (CAE) is a member of the corporation's management team and is responsible for managing the internal audit activity in accordance with the internal audit charter. The CAE monitors and verifies the adequacy, effectiveness, and correct operation of the internal control system and reports the most critical issues to the Audit Committee, along with management's progress towards resolving them. The corporation's CAE is the head of Internal Audit, Joseph S. Carballo, who has served in this capacity since March 2010.

Chief Risk Officer. The Chief Risk Officer (CRO) is a member of the corporation's management team in charge of risk management functions. The CRO monitors management's activities in managing credit, market, liquidity, operational, legal, and other risk exposures of the corporation. The CRO likewise provides the Board with information on risk exposures and risk management activities from management. Michael S. Pineda, GCFO, has served concurrently as CRO since December 2021.

BOARD MATTERS

Composition. The Board is composed of directors with a collective working knowledge, experience, and expertise in the hospital, medical and healthcare industry. The individual members of the Board are qualified and competent to discharge his or her roles and responsibilities and able to respond to the needs of the organization based on the evolving business environment and strategic direction.

The corporation has 15 members of the Board, an optimum combination of Executive and Non-Executive directors, which include three Independent Directors, designed so that no director or small group of directors can dominate the decision-making process.

Board Diversity. The corporation recognizes that diversity among its directors will foster critical discussion and promote balanced decision-making by the Board by utilizing the differences in perspectives of its directors. It views diversity at the Board level, which includes difference in skills, experience, gender, sexual orientation, age, religion, education, race, business, and other related expertise, as an essential element in maintaining an effective Board for strong corporate governance.

In determining the optimum composition of the Board and in filling vacancies, the Nominations Committee considers all aspects of diversity to maintain an appropriate balance of skills, background, experience, and knowledge on the Board. Since the corporation belongs to the healthcare industry, it recognizes the important role of doctors with appropriate and relevant skills and experience that can contribute to the diversity of perspectives in the Board.

ANTI-CORRUPTION PROGRAMS AND POLICIES

The Medical City does not tolerate corruption in its ranks. Its anti-corruption programs and policies are embedded in the following documents:

Mandatory Standard Provision. All commercial contracts have an anti-bribery provision to discourage and prevent corruption on the corporate

level. The provision enforces an undertaking to both parties of the contract that its directors, officers, or employees shall not offer, promise, give or solicit, receive or accept any advantage or gift of any kind in connection with the contract, and that any such offer, promise, gift, or consideration shall constitute corrupt and unethical practice and be a ground for the termination of the contemplated contract.

Code of Business Conduct. TMC aims to be a model of good business conduct by striving to comply with all laws and regulations applicable to it. Employees of TMC shall likewise uphold the law while working with the company. It is the policy of TMC—the company itself and its employees—that it shall not engage, directly or indirectly, in any corrupt business practice or illegal activity. Such activities include, but are not limited to, fraud, embezzlement, kickback arrangement, and illegal drug use. A kickback arrangement involves accepting or offering bribes or payoffs intended to include, influence or reward favorable decisions of any person or entity in a position to benefit the company. Such persons or entities include customers, contractors, vendors, suppliers, and government personnel.

Additionally, TMC holds high standards in its marketing, sales, and advertising activities. It is the policy of TMC to not engage in corrupt marketing practices, including misrepresentation of covered services and “red-lining” which refers to a discriminatory practice of putting services out of reach for residents of specific geographic areas or neighborhoods based on race or ethnicity. In advertising its products and services, TMC shall present only truthful and non-deceptive information.

Whistleblowing Policy. TMC has adopted a whistleblowing policy where employees and medical staff are encouraged to report suspected violations, malpractice, irregularities, complaints or concerns involving financial disclosures, accounting, internal control, code of conduct and ethics or policies. Whistleblowing encourages employees to expose or bring unethical or illegal practices to the forefront and address them before they become harmful to the company. Whistleblowing is a key defense against override of internal controls which can help improve corporate governance.

FINANCIAL REVIEW

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STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The Management of **Professional Services, Inc. and Subsidiaries** (the "Group") is responsible for the preparation and fair presentation of the consolidated financial statements, including the schedules attached therein, as at December 31, 2023 and 2022 and for the three years ended December 31, 2023, 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

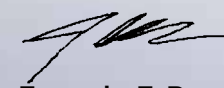
In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the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

The Board of Directors is responsible for overseeing the Group's financial reporting process. The Board of Directors reviews and approves the consolidated financial statements and submits the same to the Stockholders.

R. G. Manabat & Co., the independent auditor appointed by the Stockholders, has audited the consolidated financial statements of the Group 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 audits.



Jose Xavier B. Gonzales
Chairman of the Board



Dr. Eugenio F. Ramos
President and Group CEO



Michael S. Pineda
Treasurer and Group CFO

REPORT OF INDEPENDENT AUDITORS



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The Board of Directors and Stockholders
Professional Services, Inc. and Subsidiaries
The Medical City, Don Eugenio Lopez Sr. Medical Complex
Ortigas Ave., Brgy. Ugong, Pasig City

Opinion

We have audited the consolidated financial statements of Professional Services, Inc. and Subsidiaries (the “Group”), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2023, and notes, comprising material accounting policies and other explanatory information.

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

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditors’ Responsibilities for the Audits of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audits of the consolidated 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.

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until September 20, 2026
IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)
BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause)

R.G. Manabat & Co., a Philippine partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.



Other Information

Management is responsible for the other information. The other information comprises the information included in the Philippine Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023, but does not include the consolidated 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, 2023 are expected to be made available to us after the date of this auditors’ report.

Our opinion on the consolidated 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 consolidated 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 consolidated 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 Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group’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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group’s financial reporting process.

Auditors’ Responsibilities for the Audits of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



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

- Identify and assess the risks of material misstatement of the consolidated 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 audits 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 Group'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 Group'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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audits. We remain solely responsible for our audit opinion.



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

R.G. MANABAT & CO.

WARREN R. ANGELES

Partner

CPA License No. 0109356

Tax Identification No. 300-507-672

BIR Accreditation No. 08-001987-043-2021

Issued September 2, 2021; valid until September 1, 2024

PTR No. MKT 10075168

Issued January 2, 2024 at Makati City

April 24, 2024

Makati City, Metro Manila

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31			
	Note	2023	2022
ASSETS			
Current Assets			
Cash and cash equivalents	5, 35	P2,402,269,328	P1,284,339,991
Receivables - net	6, 26, 35	1,805,684,668	1,621,554,087
Notes receivable	9, 35	160,273	271,468
Inventories	7	510,660,787	440,738,284
Assets classified as held-for-disposal	10	31,198,607,076	32,764,771,526
Other current assets	8, 35	194,658,348	266,079,260
Total Current Assets		36,112,040,480	36,377,754,616
Noncurrent Assets			
Investment property - net	11	704,891,742	726,244,509
Property and equipment - net	12	7,958,384,140	7,501,471,907
Right-of-use assets - net	31	2,096,100,189	1,733,585,091
Intangible assets and goodwill - net	14	300,741,697	321,674,460
Loans receivable	16, 35	1,991,603	2,020,489
Deferred tax assets - net	33	484,653,677	420,861,091
Other noncurrent assets - net	17, 31, 35	514,092,051	532,854,273
Total Noncurrent Assets		12,060,855,099	11,238,711,820
		P48,172,895,579	P47,616,466,436

LIABILITIES AND EQUITY

Current Liabilities

Trade and other payables	18, 35	P2,777,035,731	P3,116,545,312
Short-term debt	19, 35	1,210,846,108	10,157,188,363
Long-term debt - current portion	19, 35	436,615,676	405,171,516
Lease liabilities - current portion	31, 35	569,122,111	469,772,752
Income tax payable		89,241,503	18,813,790
Liabilities directly associated with the assets classified as held-for-disposal	10	9,938,271,813	10,972,397,652
Total Current Liabilities		15,021,132,942	25,139,889,385

Noncurrent Liabilities

Long-term debt - net of current portion	19, 35	852,687,364	2,088,924,129
Deposits from doctors	20	68,402,452	99,010,738
Pension liabilities	30	567,066,691	400,032,183
Lease liabilities - net of current portion	31, 35	2,361,437,451	2,303,059,638
Advance rentals	21	706,200	706,200
Deferred tax liabilities - net	33	8,491,776	18,231,449
Other noncurrent liabilities	35	25,444,053	31,926,399

Total Noncurrent Liabilities		3,884,235,987	4,941,890,736
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Total Liabilities		18,905,368,929	30,081,780,121
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Forward

December 31			
	Note	2023	2022
Equity			
Equity Attributable to Equity Holders of the Parent Company			
Share capital	23	P21,504,602,899	P8,860,103,976
Treasury share	23	(129,992,900)	(129,993,400)
Gain from changes in ownership interest in subsidiaries	20	147,725,833	123,398,722
Employee benefits reserve	30	(123,668,604)	(13,742,605)
Revaluation increment on property and equipment	12	11,308,029,557	11,943,203,857
Cumulative foreign currency translation differences	24	2,571,877,326	2,556,228,458
Other equity reserves	19	-	364,855,847
Deficit	24	(7,192,641,738)	(7,423,675,191)
Total Equity Attributable to Equity Holders of the Parent Company		28,085,932,373	16,280,379,664
Noncontrolling interests	25	1,181,594,277	1,254,306,651
Total Equity		29,267,526,650	17,534,686,315
		P48,172,895,579	P47,616,466,436

See Notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

Years Ended December 31				
	Note	2023	2022	2021
CONTINUING OPERATIONS				
NET REVENUES	27	P10,542,571,844	P9,547,987,649	P9,055,352,681
COSTS OF SALES AND SERVICES	28	6,572,640,208	6,101,117,990	6,154,658,695
GROSS PROFIT		3,969,931,636	3,446,869,659	2,900,693,986
ADMINISTRATIVE EXPENSES	29	3,292,715,107	3,162,462,903	2,700,865,776
PROFIT FROM CONTINUING OPERATIONS		677,216,529	284,406,756	199,828,210
OTHER INCOME	32	254,020,299	323,676,337	241,782,276
OTHER EXPENSES	32	(57,960,528)	(15,461,370)	-
PROFIT BEFORE FINANCE COSTS		873,276,300	592,621,723	441,610,486
FINANCE COSTS - Net				
Interest income	5, 9, 16, 17	55,303,942	7,625,722	2,960,072
Foreign exchange gains (losses) - net	35	(10,645,316)	146,106,564	56,508,576
Interest expense	19, 31	(82,187,859)	(333,588,629)	(346,642,219)
		(37,529,233)	(179,856,343)	(287,173,571)
PROFIT BEFORE INCOME TAX & ACCRETION OF INTEREST EXPENSE FROM CONVERTIBLE LOAN FROM CONTINUING OPERATIONS		835,747,067	412,765,380	154,436,915
ACCRETION OF INTEREST EXPENSE FROM CONVERTIBLE LOAN	19	386,192,173	38,547,729	-
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS		449,554,894	374,217,651	154,436,915
INCOME TAX EXPENSE	33	352,299,851	358,746,739	291,413,086
PROFIT (LOSS) FROM CONTINUING OPERATIONS		97,255,043	15,470,912	(136,976,171)
DISCONTINUED OPERATIONS		-	-	-
LOSS FROM DISCONTINUED OPERATIONS, NET OF TAX	10	(901,553,787)	(1,861,187,564)	(233,608,911)
LOSS FOR THE YEAR		(P804,298,744)	(P1,845,716,652)	(P370,585,082)
Profit (Loss) Attributable to:				
Equity holders of the Parent Company		(P832,809,010)	(P1,858,521,598)	(P373,118,831)
Noncontrolling interests	25	28,510,266	12,804,946	2,533,749
		(P804,298,744)	(P1,845,716,652)	(P370,585,082)
LOSS PER SHARE				
Basic	34	(P157.17)	(P448.75)	(P90.10)
Diluted	34	(P116.87)	(P404.43)	(P90.10)
EARNINGS (LOSSES) PER SHARE FROM CONTINUING OPERATIONS				
Basic	34	P11.60	(P2.05)	(P34.84)
Diluted	34	P8.62	(P1.85)	(P34.84)

See Notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Years Ended December 31				
	Note	2023	2022	2021
LOSS FOR THE YEAR		(P804,298,744)	(P1,845,716,652)	(P370,585,082)
OTHER COMPREHENSIVE INCOME (LOSS) FROM CONTINUING OPERATIONS				
Items that will never be reclassified to profit or loss				
Revaluation increment on property and equipment - net of deferred tax	12	-	96,058,388	132,146,334
Remeasurement gain (loss) on net retirement benefit liability - net of deferred tax	30	(111,139,891)	128,284,712	67,417,521
OTHER COMPREHENSIVE INCOME (LOSS) FROM CONTINUING OPERATIONS		(111,139,891)	224,343,100	199,563,855
OTHER COMPREHENSIVE INCOME FROM DISCONTINUED OPERATIONS	10	28,413,354	2,027,417,580	5,859,510,571
TOTAL COMPREHENSIVE INCOME (LOSS)		(P887,025,281)	P406,044,028	P5,688,489,344
Total Comprehensive Income (Loss) Attributable to:				
Equity holders of the Parent Company		(P927,086,141)	P533,564,046	P5,486,654,308
Noncontrolling interests	25	40,060,860	(127,520,018)	201,835,036
		(P887,025,281)	P406,044,028	P5,688,489,344

See Notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Years Ended December 31																
Note	Share Capital				Treasury Shares (Note 23)	Gain from Ownership Interest in Subsidiaries (Note 20)	Employee Benefits Reserve (Note 30)	Revaluation Increment on Property and Equipment (Note 12)	Cumulative Foreign Currency Translation Differences (Note 24)	Other Equity Reserves (Note 19)	Retained Earnings (Deficit)		Attributable to Equity Holders of the Parent	Non controlling Interests (Note 25)	Total Equity	
	Common Shares Issued (Note 23)	Preferred Shares Issued (Note 23)	Additional Paid-in Capital	Total							Appropriated	Unappropriated				
Balances at December 31, 2021	P414,128,200	P90,000	P124,971,250	P8,193,414,526	P8,732,603,976	P115,757,535	P144,078,080	P11,577,395,141	P1,269,425,123	P -	P3,915,700,000	(P10,087,570,370)	(P6,171,870,370)	P15,249,239,925	P1,373,502,523	P16,622,742,448
Total comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-	12,804,946	(1,845,716,652)	
Loss for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other comprehensive income (loss):																
Remeasurement income (loss):																
- net defined pension retirement benefit liability during the year - net of tax	-	-	-	-	-	-	125,681,555	-	-	-	-	-	-	125,681,555	2,603,157	128,284,712
Revaluation increment in property and equipment	-	-	-	-	-	-	-	979,600,754	-	-	-	-	-	979,600,754	5,333,254	984,934,008
Foreign currency translation differences	-	-	-	-	-	-	-	-	1,286,803,335	-	-	-	-	1,286,803,335	(148,261,375)	1,138,541,960
Total comprehensive income	-	-	-	-	-	-	125,681,555	979,600,754	1,286,803,335	-	-	(1,858,521,598)	(1,858,521,598)	533,564,046	(127,520,018)	406,044,028
Transactions with owners																
Appropriation of retained earnings	-	-	-	-	-	-	-	-	-	-	700,250,000	(700,250,000)	-	-	-	-
Reversal of appropriation of retained earnings	-	-	-	-	-	-	-	-	-	-	(3,119,000,000)	3,119,000,000	-	-	-	-
Subscription of common shares of common shares on prior year subscriptions during the year	-	127,500,000	-	-	127,500,000	-	-	-	-	-	-	-	-	127,500,000	-	127,500,000
Non-dilutive gain on sale of common shares of a subsidiary	30,000	(30,000)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Effect of change in ownership percentage	-	-	-	-	-	7,641,187	-	-	-	-	-	-	-	7,641,187	-	7,641,187
Total transactions with owners	30,000	127,470,000	-	-	127,500,000	-	7,641,187	-	-	-	(2,418,750,000)	2,418,750,000	-	135,141,187	8,324,146	143,465,333
Forward																

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Years Ended December 31																
	Share Capital					Treasury Shares (Note 23)	Gain from Changes in Interest in Subsidiaries (Note 20)	Employee Benefits Reserve (Note 30)	Revaluation Increment on Property and Equipment (Note 12)	Cumulative Foreign Currency Translation Differences (Note 24)	Other Equity Reserves (Note 13)	Retained Earnings (Deficit)		Attributable to Non-controlling Interests of the Parent (Note 25)	Total Equity	
	Common Shares (Note 23)	Preferred Shares (Note 23)		Additional Paid-in Capital	Total							Appropriated	Unappropriated			
		Issued	Subscribed													Issued
Others																
Deferred tax on derecognized assets																
Transfer of revaluation increment																
Equity portion of convertible loan																
Transfer of cumulative losses on derecognized assets through OCI																
Revaluation loss on disposal of property and equipment - net of deferred tax																

Years Ended December 31															
	Share Capital				Treasury Shares (Note 23)	Gain from Changes in Ownership of Subsidiaries (Note 20)	Employee Benefits Reserve (Note 30)	Revaluation Increment on Property and Equipment (Note 12)	Cumulative Translation Differences (Note 24)	Retained Earnings (Deficit)		Attributable to Equity Holders of the Parent	Non controlling Interests (Note 25)	Total Equity	
	Common Shares (Note 23)		Preferred Shares (Note 23)	Additional Paid-in Capital						Unappropriated	Appropriated				
	Note	Issued	Subscribed	Issued								Total			
Balances at December 31, 2020	P414,128,200	P60,000	P124,971,250	P8,191,549,126	P8,730,709,576	(P129,893,400)	P104,383,215	(P212,447,047)	P6,718,477,994	P765,171,269	P3,612,000,000	(P9,839,984,710)	P9,749,315,897	P1,161,665,514	P10,910,981,411
Total comprehensive income															
Less for the year															
Other comprehensive income (loss):															
Revaluation increment on property and equipment															
Revaluation increment on foreign currency translation differences															
Revaluation increment on sale of subsidiary															
Revaluation increment in property and equipment															
Foreign currency translation differences															
Total comprehensive income															
Transactions with owners															
Appropriation of retained earnings															
Reversal of appropriation of retained earnings															
Subscription of common shares															
Non-dividend gain on sale of common shares of a subsidiary															
Effect of change in ownership percentage															
Total transactions with owners															
Transfer of revaluation increment															
Balances at December 31, 2021	P414,128,200	P60,000	P124,971,250	P8,193,414,526	P8,732,603,976	(P129,893,400)	P115,757,535	(P144,078,080)	P11,577,395,141	P1,289,425,123	P3,915,700,000	(P10,087,570,370)	P15,249,239,925	P1,373,502,523	P16,622,742,448
See Notes to the Consolidated Financial Statements.															

See Notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Note	Years Ended December 31		
	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax*	(P809,449,510)	(P2,090,944,400)	(P105,377,069)
Adjustments for:			
Depreciation and amortization 11, 12, 14, 17, 29, 31	2,915,133,365	2,781,666,141	2,480,322,426
Interest expense 19, 31	2,612,769,931	2,770,540,561	2,386,029,191
Expected credit losses on receivables 6, 29	321,447,426	1,626,211,310	384,285,899
Pension cost 28, 29, 30	96,095,700	107,196,002	100,325,705
Loss on early conversion of loan 32	36,168,262	-	-
Loss (gain) on disposal of property and equipment 12, 32	21,792,266	14,073,012	(1,409,243)
Unrealized foreign exchange losses (gains) 35	10,645,316	(146,106,565)	(56,508,576)
Write-off of payables 32	-	(45,998,326)	(9,233,369)
Gain on lease termination 31, 32	(1,197,135)	(40,170,767)	-
Reversal of written-off receivables 32	(13,027,638)	(12,028,247)	(8,452,000)
Interest income 5, 9, 16, 17	(55,303,942)	(7,625,722)	(2,960,072)
Reversal of impairment loss on property and equipment 12, 32	-	(24,282,232)	-
Gain on rent concessions 31, 32	-	(17,441,468)	(51,962,444)
Loss from lease modifications 32	-	1,388,358	-
Operating profit before working capital changes	5,135,074,041	4,916,477,657	5,115,060,448
Decrease (increase) in:			
Trade and other receivables - net	25,649,460	747,239,558	(3,091,311,291)
Inventories	(23,637,756)	(89,687,276)	(73,749,210)
Other current assets	(23,191,732)	(795,487)	(67,660,855)
Increase (decrease) in:			
Trade and other payables	(1,244,823,156)	(786,500,604)	533,530,846
Medicare settlement dues	(491,663,545)	(148,931,981)	35,174,582
Deferred revenue	-	(361,294,132)	(296,928,886)
Cash generated from operations	3,377,407,312	4,276,507,735	2,154,115,634
Interest received	55,303,942	6,430,093	2,960,072
Benefits paid 30	(721,072)	(115,935)	(522,087)
Contributions to retirement plan 30	(65,923,789)	(1,398,027)	(6,455,441)
Income taxes paid	(333,321,371)	(328,191,209)	(232,797,018)
Net cash flows provided by operating activities	3,032,745,022	3,953,232,657	1,917,301,160

Forward

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Years Ended December 31		
	Note	2023	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from:				
Sale of investments	20	P4,720,065	P4,368,501	P3,755,922
Disposals of property and equipment	12	3,355,289	2,505,466	4,113,641
Increase in:				
Notes receivable		111,195	445,577	722,033
Loans receivable		28,886	75,541	167,512
Additions to:				
Property and equipment	12	(1,706,952,697)	(917,774,094)	(655,372,848)
Intangible assets	14	(22,665,844)	(8,811,636)	(128,328,156)
Investment property	11	(3,199,990)	(724,679)	(540,377)
Payment of deposit for stock subscription	17	(8,780,400)	(31,373,490)	(69,917,400)
Decrease (increase) in other noncurrent assets		(21,744,586)	(17,523,187)	13,056,679
Net cash flows used in investing activities		(1,755,128,082)	(968,812,001)	(832,342,994)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from:				
Borrowings	19, 37	4,575,918,850	8,598,207,900	1,855,519,128
Subscriptions of share capital	23, 37	-	31,875,000	1,895,400
Dividends paid	24, 37	(15,948,000)	-	(13,350)
Payments of principal and interest of lease liabilities	31, 37	(741,414,995)	(1,011,446,717)	(407,746,812)
Repayments of borrowings	19, 37	(2,325,604,603)	(8,788,562,664)	(1,235,770,519)
Interest paid on borrowings	19, 37	(1,524,455,677)	(1,559,909,491)	(1,797,903,433)
Increase (decrease) in other noncurrent liabilities	37	(12,816,723)	432,743	160,113
Increase in deposits from doctors	20, 37	4,591,878	8,086,208	12,441,764
Net cash flows provided by (used in) financing activities	37	(39,729,270)	(2,721,317,021)	(1,571,417,709)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		1,237,887,670	263,103,635	(486,459,543)
EFFECT OF MOVEMENTS ON EXCHANGE RATES CHANGES ON CASH AND CASH EQUIVALENTS		780,984	5,684,468	(349,375)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		1,284,339,991	1,956,245,801	2,443,054,719
CASH AND CASH EQUIVALENTS, INCLUDING AMOUNTS CLASSIFIED AS HELD-FOR-DISPOSAL, AT END OF YEAR	5	2,523,008,645	2,225,033,904	1,956,245,801
CASH AND CASH EQUIVALENTS HELD-FOR-DISPOSAL	10	(120,739,317)	(940,693,913)	-
CASH AND CASH EQUIVALENTS, AFTER AMOUNTS CLASSIFIED AS HELD-FOR-DISPOSAL, AT END OF YEAR		P2,402,269,328	P1,284,339,991	P1,956,245,801

*Total of profit (loss) before income tax from continuing operations amounted to P449.55 million, P374.22 million and P154.44 and profit (loss) before income tax from discontinued operations amounted to (P1.26 billion), (P2.47 billion) and (P259.81 million) in 2023, 2022 and 2021, respectively.

See Notes to the Consolidated Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Reporting Entity

Professional Services, Inc. (PSI or the Parent Company), doing business under the name and style “The Medical City” (TMC) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on January 24, 1964. The Parent Company's registered office address is located at The Medical City, Don Eugenio Lopez Sr., Medical Complex, Ortigas Ave., Brgy. Ugong, Pasig City. The Parent Company is a public company under Part I Section 2 (A)(i)(b) of the Revised Securities Regulation Code.

PSI's major shareholders who hold an aggregate of 90.31% of the PSI's shares are Universal Healthcare Services Pte Ltd (53.87%) (Singapore) Viva Holdings (Philippines) Pte. Ltd. (14.18%), Kambal Healthcare Services Pte. Ltd. (10.00%), Felicitas Antoinette, Inc. (FAI) (8.90%), and Fountel Corporation (3.36%). These shareholders were organized and incorporated in the Philippines, except for Universal Healthcare Services Pte Ltd, Viva Holdings (Philippines) Pte. Ltd. and Kambal Healthcare Services Pte. Ltd. which were all organized in Singapore. Universal Healthcare Services Pte. Ltd exercise control over PSI.

The Parent Company and Subsidiaries (collectively referred to as the Group) is incorporated primarily to establish, operate, manage and own a hospital or hospitals, medical and chemical clinics and/or laboratories and such other enterprise that may have similar undertaking.

Legal Merger

On August 3, 2022, PSI and PHDSC executed a plan of merger whereas a merger between PSI and PHDSC with PSI as the surviving corporation is desirable and advantageous to both PSI and PHDSC as well as their respective stockholders for the following business reasons:

- integration of the two (2) corporations will result in economies of scale and efficiency of operations; and
- the consolidation of assets of the two (2) corporations will provide the merged corporation with more financial capacity. The merger will make more productive use of the facilities of both parties.

On November 23, 2022, the Philippine SEC has approved the merger between PSI and PHDSC, with PSI as the surviving entity (the “Merger”). All of the shares of PHDSC prior to the Merger shall be redeemed by PSI in exchange for the assets and liabilities of PHDSC. The carrying amounts of the identifiable assets and liabilities of PHDSC follow:

	Carrying Amount	
Current Assets		
Cash	P11,163,851	
Receivables - net	1,025,177,210	
Other current assets	15,664,239	P1,052,005,300
Non-current assets		
Investments in subsidiaries	14,219,232,193	
Other noncurrent asset	2,686,812	14,221,919,005
Total Assets		15,273,924,305
Current liabilities		
Accounts payable and other current liabilities	1,712,097,057	
Note payable	8,403,005,336	10,115,102,393
Non-current liability		
Deferred tax liability	5,799,053	5,799,053
Total Liabilities		10,120,901,446
Net Assets		P5,153,022,859

The merger is accounted for in the separate financial statements of PSI as a noncash transaction, except for the cash transferred to PSI. The merger has no impact in the consolidated financial statements.

2. Basis of Preparation

Basis of Accounting

The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs). PFRSs are based on International Financial Reporting Standards issued by the International Accounting Standards Board. PFRSs which are issued by the Philippine Financial and Sustainability Reporting Standards Council (FSRSC) consist of PFRSs, Philippine Accounting Standards (PASs), and Philippine Interpretations.

The accompanying consolidated financial statements were authorized for issue by the Board of Directors (BOD) on April 15, 2024.

Basis of Measurement

The consolidated financial statements of the Group have been prepared on a historical cost basis of accounting, except for the following:

Items	Measurement Bases
Pension liability	Present value of defined benefit obligations (DBO) less fair value of plan assets (FVPA)
Land, building and building improvements, leasehold improvements	Revalued amounts

Basis of Consolidation

The consolidated financial statements include the accounts of the Parent Company and the following subsidiaries:

Name of Subsidiary	Place of Incorporation	Principal Activity	Percentage (%) of Ownership		
			2023	2022	2021
Proser Health Services, Inc. (PHSI)	Philippines	Operation of pharmacy, selling/providing quality health, medical and/or pharmaceutical products, selling of health plans, and operations and maintenance of satellite clinics	100.00	100.00	100.00
PSI Healthcare Development Services, Corp. (PHDSC)	Philippines	Establishment, operation, administration and management of healthcare facilities	-	-	100.00
The Medical City Iloilo, Inc. (TMCI)**	Philippines	Establishment and operation of a hospital, medical and clinical services	100.00	100.00	-
PSI Healthcare Development Services (Guam), LLC (PSI Guam)	Guam, USA	Establishment, construction, operation and management of medical clinics	100.00	100.00	100.00
The Medical City Clark, Inc. (TMCC)	Philippines	Establishment, operation, management, acquisition and maintenance of hospitals, medical clinics and laboratories	100.00	100.00	100.00
Guam Healthcare Development, Inc. (GHD)**	Guam, USA	Establishment, construction, operation and management of healthcare facilities*	99.19	99.40	97.96
The Medical City Pangasinan, Inc. (TMCP)	Philippines	Establishment and operation of a hospital, research, medical and clinical services	67.36	67.36	67.36
Medical Arts Tower, Inc. (MATI)	Philippines	Operation, management and administration of Medical Arts Tower Building	52.97	53.92	54.43
South Luzon Hospital & Medical Center, Inc. (SLHMC)	Philippines	Establishment and operation of a hospital, medical and clinical services	48.34	45.51	45.51
PSI International Healthcare Staffing Inc. (PIHSI)	Philippines	Engaged in the recruitment, placement, introduction, promotion, assistance, processing and deployment of workers for overseas and local employment	59.00	59.00	59.00
PG Health Ventures, Corporation (PG Health)***	Philippines	Engaged in activities of holding Company	100.00	100.00	-
PSI Management, Inc.	Delaware, USA	Management and operation of a medical facility	100.00	100.00	100.00

*The medical facility constructed by GHD in Guam is referred to as the Guam Regional Medical City (GRMC).

**TMCI was incorporated as a subsidiary of PHDSC on May 10, 2022 to undertake PHDSC's hospital operations effective July 29, 2022.

***PG Health was incorporated as a subsidiary of PSI on December 16, 2022 (Note 10).

Functional and Presentation Currency

The consolidated financial statements are presented in Philippine peso (Php), which is the functional currency of the Parent Company. All financial information presented in Php has been rounded off to the nearest peso, unless otherwise indicated.

Use of Judgments and Estimates

The preparation of the accompanying consolidated financial statements in conformity with PFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts reported in the consolidated financial statements. The judgments, estimates and assumptions used in preparing the accompanying consolidated financial statements are based on management's evaluation of relevant facts and circumstances as at the date of the consolidated financial statements. Actual results may differ from these estimates.

Judgments, estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Judgments

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

Determining Functional Currency

Based on the economic substance of the underlying circumstances relevant to the Group, the functional currency of the Parent Company has been determined to be the Php. It is the currency that mainly influences the sales price of services and pharmaceutical products and the cost of providing these products and services.

Determination of Whether the Group is Acting as a Principal or an Agent

The Group is acting as a principal when it has exposure to the significant risks and rewards associated with a revenue transaction. The Group assesses its revenue arrangements against the following criteria to determine whether it is acting as a principal or an agent:

- whether the Group has primary responsibility for providing the services and pharmaceutical products;
- whether the Group has inventory risk;
- whether the Group has discretion in establishing prices; and
- whether the Group bears the credit risk.

If the Group has determined it is acting as a principal, the Group recognizes revenue on a gross basis with the amount remitted to the other party being accounted for as part of costs and expenses. If the Group has determined it is acting as an agent, only the net amount retained is recognized as revenue.

The Group assessed its revenue arrangements and concluded that it is acting as principal in all of its arrangements.

Classification of Assets as Held-for-Disposal and Discontinued Operations

Pursuant to PSI's internal reorganization plan to spin-off GHD, which shall result in the distribution of all of the common equity interests held by PSI to the stockholders of PSI, PSI's BOD, on December 16, 2022, authorized to distribute as property dividend all PSI's rights, title and interests in and to all of the shares of stock of PG Health Ventures Corporation ("PG Health"), which will subsequently acquire PSI's remaining shares in GHD, in favor of shareholders of the Company as of July 31, 2022 within five (5) business days from issuance of the approval by the Securities and Exchange Commission of such property dividends (see Note 10).

On November 10, 2023, PSI subscribed to one common share of PG Health with par value of one peso payable by way of assignment by PSI to PG Health of equivalent value of P97.4 million common shares of GHD.

PG Health and GHD are considered as assets held-for-disposal at that date for the following reasons:

- Management has been committed to the distribution of the investments to its stockholders;
- The investments are available for immediate distribution and can be distributed to the Company's stockholders in its current condition; and

- The actions to complete the distribution were initiated and expected to be completed within one year from the date of initial classification.

Furthermore, GHDI's net assets and hospital operations are accounted for as discontinued operations as these have been classified as assets held-for-disposal and represent a separate geographical area of the Group's hospital operations as at December 31, 2023.

For more details on the asset classified as held-for-disposal and discontinued operation, refer to Note 10.

Distinction between Investment Property and Owner-occupied Property

The Group determines whether a property qualifies as an investment property. In making its judgment, the Group considers whether the property is not occupied substantially for use by, or in operations of the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. Owner-occupied properties generate cash flows that are attributable not only to the property but also to the other assets used in the production or supply process. The Group has determined that the building and building improvements owned by MATI is an investment property while the building and building improvements owned by PSI and other subsidiaries are owner-occupied properties.

Determination of Whether an Arrangement Contains a Lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract 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, the Group assessed whether:

- the contract involves the use of an identified asset;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

Classification of Lease Arrangements

Group as a Lessor

The Group has entered into various lease arrangements as a lessor. In determining whether all significant risks and rewards of ownership remain with the lessor or transferred to the lessee, the following factors are considered:

- the ownership of the assets does not transfer at the end of the lease term;
- the Group has no option to purchase the assets at a price that is expected to be sufficiently lower than the fair value at the date the option becomes exercisable such that, at the inception of the lease, it is reasonably certain that the option will be exercised;
- the lease terms are not for the major part of the economic lives of the assets even if titles are not transferred;
- at the inception of the lease, the present values of the minimum lease payments do not amount to at least substantially all of the fair values of the leased assets; and
- the leased assets are not of a specialized nature that only the lessee can use them without major modifications.

The Group determined that it retains all the significant risks and rewards on commercial spaces leased out under an operating lease arrangement.

PSI entered into various lease agreements for the commercial spaces located in its hospital complex. PHSI subleases various clinic spaces in its satellite clinics under operating lease agreements. MATI entered into various lease agreements with its shareholders for its office space and parking units with terms of less than one year to 25 years. MATI also entered into various lease agreement for its commercial areas with terms of less than one year. The Group determined that it retains all the significant risks and rewards on commercial spaces leased out under an operating lease arrangement.

Recognition of Government Grant

As at December 31, 2022, GHDI received USD27.91million (P1.52 billion) relating to the Coronavirus Aid, Relief & Economic Security (CARES) Act. Such payments are accounted for as government grants and are recognized as other non-operating income since there is reasonable assurance that the applicable terms and conditions required to retain the funds are met and the related costs which the grants compensate were already recognized as expenses. Management believes that it has complied with the terms and conditions imposed by the government, including reporting and compliance requirement.

Determination of Control over an Investee Company

The Group uses judgment in determining control over an investee company. The Group controls the entity when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The principle of control sets out the following three elements of control:

- power over the investee;
- exposure, or rights, to variable returns from involvement with the investee; and the ability to use power over the investee to affect the amount of the investor's returns.

PSI has control over SLHMC even though it only owns 48.34% as it exercises control over SLHMC by having the highest percentage of voting rights among its shareholders and the highest number of representatives in the BOD of SLHMC.

Determination on the Classification of Loans Payable as Current or Noncurrent

A breach of a covenant of a long-term loan on or before the reporting date with the effect that the liability becomes payable on demand results to the classification of the liability as current if the entity does not have an unconditional right to defer settlement for at least twelve months after that date. The classification as either current or noncurrent is based on the rights of the parties existing at the reporting date.

Determination of Discount Rate of Lease Arrangement and Lease Term

Where the Group is the lessee, management is required to make judgments about whether an arrangement contains a lease, the lease term and the appropriate discount rate to calculate the present value of the lease payments.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases entered into by the Group as lessee, management uses the incremental borrowing rate, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. To determine the incremental borrowing rate, the Group uses an approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group and makes adjustments specific to the lease.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if it is reasonably certain that the lease will be extended (or not terminated) and, as such, included within lease liabilities.

Estimates

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

Estimation of Net Patients Revenue

Patient revenue is reported at the amount that reflects the consideration to which the Group expects to be entitled in exchange for providing patient care. the Group determines the transaction price based on the gross charges for the services provided, reduced by contractual adjustments provided to third-party payors and uninsured patients in accordance with the Group's policy, and implicit price concessions provided to uninsured patients. the Group determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies, and historical experience.

Fixed discounts are generally determined based upon regulatory authorities in the case of Medicare and Medicaid and negotiated in the case of commercial payors. The Group determines its estimate of implicit price concessions based on its historical collection experience with these classes of patients using a portfolio approach as a practical expedient. The portfolio approach is being used as the Group has a large volume of similar contracts with similar classes of patients. Management's judgment to group the contracts by portfolio is based on the payment behavior expected in each portfolio category. The Group reasonably expects that the effect of applying a portfolio approach to a group of contracts would not differ materially from considering each contract separately.

Estimates on the contractual adjustments and allowances of GHDI are determined based on the following:

- Federal insurance payors - the estimate is based on the percentage of the expected net revenues based on the established Medicare rate over the total historical collection.
- Government of Guam and CNMI payors - the estimate is based on the percentage of the expected net revenues based on the established Medicare rate over the total historical collection.
- Commercial private payors - the estimate of the transaction price is based on the percentage of the total actual adjustments (based on the latest historical data) to the total receivables per payor.
- Self-pay payors - the estimate is based on the historical actual collection of the transaction price from self-pay patients.

Estimation of Allowance for Expected Credit Loss (ECL) on Receivables

The loss allowances for financial assets are based on assumptions about risk of default and ECL rates. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. Expected credit losses on receivables amounted to P299.73 million, P263.73 million and P384.29 million for the years ended December 31, 2023, 2022 and 2021, respectively (see Notes 6 and 29). Write-off of receivables against allowance for expected credit losses amounted to P44.50 million and P62.71 million in 2023 and 2022, respectively. As at December 31, 2023 and 2022, allowance for expected credit losses on patients account receivables amounted to P1.60 billion and P1.34 billion, respectively. Receivables, net of allowance for expected credit losses, amounted to P1.81 billion and P1.62 billion as at December 31, 2023 and 2022, respectively (see Note 6).

As at December 31, 2023 and 2022, due from related parties amounted to P55.12 million and P55.12 million, respectively (see Notes 6 and 26). As at December 31, 2023 and 2022, the allowance for expected credit losses on due from related parties amounted to P55.12 million and P55.12 million, respectively (see Note 6).

Estimation of the Net Realizable Value (NRV) of Inventories

The Group carries inventory at NRV whenever the selling price less costs to sell becomes lower than cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes (i.e., pre-termination of contracts). The estimates of the NRV are reviewed regularly.

Estimates of NRV are based on the most reliable evidence available at the time the estimates are made on the amount the inventories are expected to be realized. These estimates take into consideration fluctuations of prices or costs directly relating to events occurring after reporting date to the extent that such events confirm conditions existing at reporting date. The NRV is reviewed periodically to reflect the accurate valuation in the financial records.

The carrying amount of Group's inventory amounted to P510.66 million and P440.74 million as at December 31, 2023 and 2022, respectively (see Note 7).

Estimation of Impairment Losses on Goodwill

The Group performs impairment testing of goodwill annually. The Group's impairment test for goodwill is based on value in use calculations that use a discounted cash flow model for the patient service units, (SLHMC and TMCP) and fair value less cost of disposal to real property unit (MATI).

The cash flows in value in use are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset base of the cash-generating unit (CGU) being tested. CGUs are identified as the entity for which the goodwill relates. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

The Company relied on accredited independent appraisers to determine the fair value of the investment property, which mainly consists of the real property unit. The fair value was determined using the cost approach. The cost approach considers as a substitute for the purchase of a given property, the possibility of constructing another property that is an equivalent to the original or one that could furnish equal utility with no undue cost resulting from delay. The appraiser particularly used the Reproduction Cost (New) less depreciation. In the context of the valuation, the depreciation refers to the adjustments made to the cost of reproducing or replacing the asset to reflect physical deterioration and functional, and economic obsolescence in order to estimate the value of the asset in a hypothetical exchange in the market when there is no direct sales evidence available. Reproduction cost of each replaceable asset in accordance with current market prices of materials, labor, manufactured equipment, contractor's overhead, profit and fees, and all other attendant costs associated with its acquisition and installation in place but without provision for overtime or bonuses for labor and premiums for materials.

For purposes of testing CGUs where goodwill is allocated, the Group used its most recent calculation of recoverable amount. There are no impairment indicators as at December 31, 2023 and 2022. Based on analysis of recent events and circumstances, the likelihood that the current recoverable amount would not be less than the carrying amount of the goodwill is not probable. As at December 31, 2023 and 2022, the carrying amount of goodwill amounted to P195.86 million (see Note 14). The fair value measurement for all of the CGUs has been categorized as a level 3 fair value-based inputs to the valuation technique used.

Estimation of Impairment of Nonfinancial Assets Other than Goodwill

The Group assesses at each reporting date whether there is an indication that the carrying amount of nonfinancial assets other than goodwill may be impaired.

The factors that the Group considers important which could trigger an impairment review include the following: (a) significant underperformance relative to the expected historical or projected future operating results; (b) significant changes in the manner of use of the acquired assets or the strategy for overall business; and (c) significant negative industry or economic trends.

An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The estimated recoverable amount is computed using the asset's value in use (VIU). The VIU is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

Any resulting impairment loss could have material adverse impact on the financial position and results of operations. While management believes that the assumptions are appropriate and reasonable, significant changes in the assumption may materially affect the assessment of recoverable values and may lead to future additional impairment loss.

Based on management's assessment, the carrying amounts of the Group's nonfinancial assets are not impaired as at December 31, 2023 and 2022. The estimated carrying amounts of nonfinancial assets are as follows:

	Note	2023	2022
Investment property - net	11	P704,891,742	P726,244,509
Property and equipment - net	12	7,958,384,140	7,501,471,907
ROU assets - net	31	2,096,100,189	1,733,585,091
Intangible assets – net	14	104,877,917	125,810,680
Other nonfinancial assets*	8, 17	438,960,133	443,679,312
		P11,303,214,121	P10,530,791,499

*Includes "Other current assets" except rent and subscription receivables and "Other noncurrent assets" except rental and security deposits and others.

Estimation on Useful Lives of Property and Equipment, Right-of-Use Assets (ROU), Investment Property and Intangible Assets

The Group estimates the useful lives of property and equipment, right of use assets, investment property and intangible assets based on the period over which the assets are expected to be available for use and are updated if expectations differ from previous estimates due to physical wear and tear, and technical and commercial obsolescence. The useful lives and depreciation and amortization method are reviewed periodically to ensure that the method and period of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment and intangible assets.

The combined carrying amounts of property and equipment, ROU assets, investment property, and intangible assets amounted to P10.86 billion and P10.09 billion as at December 31, 2023 and 2022, respectively (see Notes 11, 12, 14 and 31).

Estimation on the Fair Value of Revalued Land and Land Improvements, Building and Building Improvements and Leasehold Improvements

The Group measures land and land improvements, building and building improvements and leasehold improvements at revalued amounts with changes in fair value recognized in OCI. The Group opted to rely on independent appraisers to determine the fair values of these properties using the cost approach for land improvements, building and building improvements and leaseholds improvements and market approach for land.

The cost approach considers as a substitute for the purchase of a given property, the possibility of constructing another property that is an equivalent to the original or one that could furnish equal utility with no undue cost resulting from delay. The appraiser particularly used the Reproduction Cost (New) less depreciation. In the context of the valuation, the depreciation refers to the adjustments made to the cost of reproducing or replacing the asset to reflect physical deterioration and functional, and economic obsolescence in order to estimate the value of the asset in a hypothetical exchange in the market when there is no direct sales evidence available. Reproduction cost of each replaceable asset in accordance with current market prices of materials, labor, manufactured equipment, contractor's overhead, profit and fees, and all other attendant costs associated with its acquisition and installation in place but without provision for overtime or bonuses for labor and premiums for materials.

The amounts and timing of recorded changes in fair value for any period would differ if the Group made difference judgments and estimates or utilized different basis for determining fair value. Accounting for changes in fair value of revalued property and equipment are discussed in material accounting policies (see Note 3). The fair value of the building and building improvements are measured using the level 3 of the fair value hierarchy.

While the value of land was determined using the market approach (see Notes 12 and 35). This is a comparative approach that considers the sales of similar or substitute assets and related market data. In general, an asset being valued is compared with similar items that have been transacted in the market or that are listed or offered for sale, with appropriate adjustment to reflect different properties or characteristics.

The carrying amount of the Group's land and land improvements, building and building improvements and leasehold improvements amounted to P5.57 billion and P5.47 billion as at December 31, 2023 and 2022, respectively (see Note 12).

Recognition of Deferred Tax Assets

The Group reviews its deferred tax assets at each reporting date and reduces it 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 Group's assessment on the recognition of deferred tax assets is based on the projected taxable income in the following periods.

The Group has unrecognized deferred tax assets amounting to P1.23 billion, P1.03 billion and P735.34 million, pertaining to carry forward benefits of minimum corporate income tax (MCIT), unused net operating loss carry-over (NOLCO) and impairment loss on property and equipment as at December 31, 2023, 2022 and 2021, respectively. As at December 31, 2023 and 2022, the Group's deferred tax assets amounted to P484.65 million and P420.86 million, respectively, and deferred tax liabilities amounted to P8.49 million and P18.23 million, respectively (see Note 33).

Fair Value Measurement of Financial Instruments

If the fair value of financial instruments is not traded in an active market, the fair value is determined using valuation techniques. Where valuation techniques are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them. All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data, however areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect reported fair values of financial instruments.

For the convertible loan, in its initial recognition, the fair value of the liability component is determined first, which is the contractual future cash flows discounted at the rate of interest that would apply to an identical financial instrument that is, a stand-alone debt instrument. The equity component is then assigned as the residual amount, by deducting the amount calculated for the liability component from the fair value of the convertible loan as a whole. The fair value of the liability component is categorized as Level 2.

The specific methods and assumptions used by the Group in estimating the fair values of its financial instruments are disclosed in Note 35.

Estimation of Pension Liabilities

The present value of the defined benefits obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining pension cost include the discount rate and future salary rate increase. Any changes in these assumptions will impact the carrying amount of the pension liability.

As at December 31, 2023 and 2022, the Group has net pension liability amounting to P567.07 million and P400.03 million, respectively. Further details on pension liabilities are disclosed in Note 30.

Estimation of Provisions and Contingencies

The Group is currently involved in various legal proceedings and tax assessments. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the Group's defense in these matters and is based on an analysis of potential results. The Group currently does not believe that these proceedings will have a material adverse effect on its consolidated financial position. It is possible, however, that future consolidated financial performance could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings (see Note 36).

3. Material Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements, except for the changes in accounting policies as explained below.

Adoption of Amendments to Standards

The Group has adopted the following amendments to standards starting January 1, 2023 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption did not have any material impact on the Group's consolidated financial statements.

- *Definition of Accounting Estimates (Amendments to PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors).* To clarify the distinction between changes in accounting policies and changes in accounting estimates, the amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an accounting estimate is developed to achieve the objective set out by an accounting policy. Developing an accounting estimate includes both selecting a measurement technique and choosing the inputs to be used when applying the chosen measurement technique.

The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged. The amendments also provide examples on the application of the new definition. The amendments will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the amendments are applied.

- *Disclosure of Accounting Policies (Amendments to PAS 1, Presentation of Financial Statements and PFRS Practice Statement 2, Making Materiality Judgements).* The amendments are intended to help companies provide useful accounting policy disclosures. The key amendments to PAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The amendments to PFRS Practice Statement 2 includes guidance and additional examples on the application of materiality to accounting policy disclosures, assisting companies to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements. The Group reviewed the accounting policies and although the amendments did not result in any changes to the accounting policies themselves, updates were made to the accounting policy information in certain instances in line with the amendments.

- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to PAS 12, Income Taxes).* The amendments clarify that the initial recognition exemption does not apply to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning obligations.

For leases and decommissioning liabilities, the associated deferred tax assets and liabilities will be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other appropriate component of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

- *International Tax Reform – Pillar Two Model Rules (Amendments to PAS 12, Income Taxes).* The amendments provide a temporary mandatory exception from accounting for deferred tax that arises from legislation implementing the Pillar Two model rules published by the Organization for Economic Co-operation and Development, including tax law that implements qualified domestic minimum top-up taxes described in those rules. Under the relief, a company:

- discloses that it has applied the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes;
- discloses separately its current tax expense (income) related to Pillar Two income taxes; and
- in periods in which Pillar Two legislation is enacted or substantively enacted but not yet in effect, discloses known or reasonably estimable information that helps users of financial statements understand the entity's exposure to Pillar Two income taxes arising from that legislation.

Financial Instruments - Policies on Classification, Measurement and Impairment

Initial Recognition and Measurement

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

The classification at initial recognition depends on the contractual cash flow characteristics of financial assets and the Group's business model for managing them. The initial measurement of financial assets, except for those classified as FVTPL, includes the transaction cost. The exception is for trade receivables that do not contain a significant financing component. These are measured at the transaction price determined under PFRS 15, *Revenue from Contracts with Customers*.

The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective 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 SPPI on the principal amount outstanding.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

As at December 31, 2023 and 2022, the Group's financial assets are measured at amortized cost.

Subsequent Measurement

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

As at December 31, 2023 and 2022, the Group's financial assets at amortized cost consist of cash and cash equivalents, receivables - net, notes receivable, loans receivable, rent and subscription receivables and rental and security deposits and other noncurrent assets.

Impairment

The Group recognizes an allowance for ECLs for all debt instruments not held at FVPTL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

Financial assets are written off when there is no reasonable expectation of recovery. The Group categorizes a financial asset for write off when a debtor fails to make payments or when it is probable that the receivable will not be collected. Where financial assets have been written off, the Group continues to engage in enforcement activity to attempt to recover the amount due. Where recoveries are made, these are recognized in profit or loss.

Financial Liabilities

Initial Recognition and Measurement

The Group's financial liabilities include trade and other payables (excluding unearned revenue, medical benefits, local and other taxes and payable to government agencies), borrowings, lease liabilities and other noncurrent liabilities. These are recognized initially at fair value, less directly attributable transaction cost and subsequently measured at their amortized cost. Interest accrued on financial instruments is recognized in the consolidated statement of financial position under "Trade and other payables" account. These are classified by the Group as other financial liabilities.

Direct costs incurred in debt issuances or borrowings are deducted from the fair value of the financial liability at initial recognition and amortized as interest expense as part of the effective interest rate of each transaction over its maturity. When a loan is repaid, the related unamortized debt issuance costs at the date of repayment are charged against profit or loss.

Business Model Assessment of Financial Assets

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- subdividing as necessary loans and receivables into separate groups or portfolios according to the way they are managed;
- identifying the objectives that the entity is using in the course of its business to manage each grouping or portfolio;
- based on those objectives, classifying each group or portfolio as held to collect, held to collect and to sell, or other; and
- for assets classified as being held to collect, evaluating the appropriateness of the classification by back-testing against past activities.

SPPI Assessment of Financial Assets

The standard defines principal as the fair value of a financial asset at initial recognition, which may change over the life of a financial instrument (for example, if there are repayments of principal). Interest is the consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks (e.g., liquidity risks) and costs (e.g., administrative costs), as well as a profit margin.

The Group considers the following factors that have been identified as being relevant in applying the SPPI test:

- whether payment terms are “not genuine” or “de minimis”;
- rights in bankruptcy or when non-payment happens;
- arrangements denominated in a foreign currency;
- prepayment and term extending options;
- other contingent payment features;
- non-recourse arrangements;
- the time value of money element of interest; or
- contractually linked instruments (tranches) and negative interest rates.

Derecognition of Financial Assets and Financial Liabilities

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 rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the 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 Group has transferred its rights to receive cash flows from the 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.

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

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. Where 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 at fair value, and the difference in the respective carrying amounts is recognized in the consolidated statement of profit or loss.

Determination and Measurement of Fair Values

A number of the Group’s accounting policies and disclosures requires the determination of fair values, for both financial and nonfinancial assets and liabilities. Determination of fair values requires evaluation, among others, of whether the asset or liability is quoted or not in an active market. Included in the evaluation on whether an asset or liability is quoted in an active market is the determination of the principal market or, in the absence of a principal market, the most advantageous market, and whether the Group can enter into a transaction at the price in that market at the measurement date.

Fair values have been determined for measurement and/or disclosure purposes, when necessary, based on the estimated amounts that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using another valuation technique. When applicable, the Group 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. Information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation technique as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of fair value hierarchy as the lowest level input that is significant to the entire measurement. The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Inventories

Inventories, which substantially consist of pharmaceutical products and medical supplies, are valued at the lower of cost and NRV. Cost is determined using the first-in, first-out method and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. NRV of pharmaceutical products and medical supplies is the current replacement cost. In determining the NRV, the Group considers any adjustment necessary to write-down inventories to NRV for slow-moving and near expiry products based on physical inspection and management evaluation.

When inventories are sold, the carrying amounts of those inventories are recognized under “Costs of sales and services” account in the consolidated statement of profit or loss in the period when the related revenue is recognized.

Assets Classified as Held-for-Disposal and Discontinued Operations

Noncurrent assets, or disposal groups comprising assets and liabilities, are classified as held-for-disposal when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. Sale is determined to be highly probable, if management is committed to a plan to sell the asset (or disposal group), and an active program to locate a buyer and complete the plan have been initiated.

Further, the asset (or disposal group) is actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale is expected to qualify for recognition as a completed sale within one year from the date of classification, except as when the delay is caused by events or circumstances beyond the Group’s control and there is sufficient evidence that the Group remains committed to its plan to sell the asset (or disposal group). Further, actions required to complete the sale indicate that it is unlikely that significant changes to the sale will be made or that the sale will be withdrawn. The probability of shareholders’ approval (if required in the jurisdiction) should be considered as part of the assessment of whether the sale is highly probable.

A noncurrent asset or disposal group is classified as held-for-distribution when the Group is committed to distributing the asset or disposal group to its owners. Distribution is highly probable when actions to complete the distribution have been initiated and is expected to be completed within one year from the date of classification. Further, actions required to complete the distribution indicate that it is unlikely that significant changes to the distribution will be made or that the distribution will be withdrawn. The probability of shareholders’ approval (if required in the jurisdiction) should be considered as part of the assessment of whether the distribution is highly probable. Such assets are generally measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held-for-sale or distribution and subsequent gains and losses on remeasurement are recognized in consolidated profit or loss. Once classified as held-for-sale or distribution, property and equipment and ROU assets are no longer depreciated.

Assets classified as held-for-disposal and liabilities directly associated with the assets classified as held-for-disposal are presented separately as current items in the consolidated statement of financial position.

Discontinued operation is a component of an entity that has been disposed of and is classified as held-for-sale and represents a separate major line of business or geographical area of operations, part of plan to dispose of or a subsidiary acquired solely with view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statement of profit or loss.

The Group opted to present the cash flows from the discontinued operations together with the continuing operations in the statement of cash flows which includes the analysis of all cash flows in total. Amounts related to discontinued operations by operating, investing, and financing activities are disclosed in the notes.

Reclassification as Held-for-Use and Changes in Method of Disposal

Non-current assets and disposal groups are reclassified from held-for-sale or from held-for-distribution to held-for-use if they no longer meet the criteria to be classified as held-for-sale or held-for-distribution.

On reclassification from held-for-sale or held-for-distribution to held-for-use, a non-current asset is remeasured at the lower of its recoverable amount and the carrying amount that would have been recognized had the asset never been classified as held-for-sale or held-for-distribution. The calculation of this carrying amount includes any depreciation that would have been recognized had the asset not been classified as held-for-sale or held-for-distribution.

If an entity changes the method of disposal of non-current assets or disposal groups - e.g., reclassifies them from held-for-distribution to held-for-sale (or vice versa) without any time lag - then it continues to apply held-for-distribution or held-for-sale accounting. At the time of the change in method, an entity measures the non-current asset or a disposal group at the lower of its carrying amount and fair value less costs to sell/distribute and recognizes any write-down or subsequent increase in their fair value less costs to sell or distribute.

Investment Property

Investment properties pertain to buildings and building improvements held to earn rental or for capital appreciation, or both. Investment properties are initially measured at cost. At the end of each reporting period items of investment properties are measured at cost less any accumulated depreciation and amortization and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

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

Depreciation and amortization of investment properties commences from the time the assets are available for use. Depreciation and amortization of investment properties is computed using the straight-line method over their expected useful lives (EUL) as follows:

	Number of Years
Building	50
Building improvements	5

The EUL, residual value and depreciation and amortization method are reviewed periodically to ensure that these are consistent with the expected pattern of economic benefits from items of the investment property.

Property and Equipment

Property and equipment, except for land and land improvements, building and building improvements and leasehold improvements, are carried at cost less accumulated depreciation and amortization and impairment losses, if any.

The initial cost of property and equipment consists of its purchase price, including any applicable import duties, capitalized borrowing cost and other directly attributable cost of bringing the asset to its working condition and location for its intended use. Subsequent costs (including costs of replacing a part of an item of property and equipment) that can be measured reliably are added to the carrying amount of the asset when it is probable that future economic benefits associated with the asset will flow to the Group. The carrying amount of the replaced part is derecognized. The costs of day-to-day servicing of an asset are recognized as an expense in the period in which they are incurred.

Land and land improvements, building and building improvements and leasehold improvements are carried at revalued amounts. Revaluations are performed with sufficient regularity to ensure that the carrying amounts of the revalued assets do not differ materially from that which would be determined using fair values at the reporting date.

In the revaluation of the Group's land and land improvements, building and building improvements and leasehold improvements, any accumulated depreciation is eliminated against the gross carrying amount of the land and land improvements, building, and building improvements and leasehold improvements and the net amount is restated to the revalued amount of the building and building improvements. Any increase in revaluation is credited to the revaluation increment unless it offsets a previous decrease in value of the same asset recognized in the consolidated statement of profit or loss. A decrease in value is recognized in the consolidated statement of profit or loss when it exceeds the increase previously recognized in the revaluation increment. Upon disposal, any related revaluation increment is transferred to retained earnings and is not taken into account in arriving at the gain or loss on disposal.

Depreciation charge or expense is computed using the straight-line basis over the EUL of the assets.

The EUL of the property and equipment are as follows:

	Number of Years
Land improvements, building and building improvements	5 - 50
Medical equipment, tools and instruments	5 - 10
Furniture, fixtures and others	3 - 5
Leasehold improvements	3 or lease term, whichever is shorter

The assets' residual values, EUL, depreciation method are reviewed at each reporting date and adjusted, if appropriate, to ensure that the period and method of depreciation are consistent with the expected pattern of consumption of economic benefits from items of property and equipment. Any change in the expected residual values, EUL and methods of depreciation and amortization is adjusted prospectively from the time the change was determined necessary.

Depreciation ceases at the earlier of the date that the item is classified as held-for-sale in accordance with PFRS 5, *Noncurrent Assets Held-for-sale and Discontinued Operations*, and the date the asset is derecognized.

Construction-in-progress represents assets under construction and is stated at cost. This includes the costs 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. Assets under construction are transferred to the related property and equipment account when the construction or installation and related activities necessary to prepare the property and equipment for their intended use are complete, and the property and equipment are ready for use. Assets under construction are not depreciated until such time that the relevant assets are ready for use.

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

Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation is credited or charged to current operations.

Goodwill

Goodwill is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities, and contingent liabilities of the acquiree. Transaction costs, other than those associated with the issue of debt or equity securities that the Group incurred in connection with business combination are expensed as part of the cost of acquisition. Subsequent to initial recognition, goodwill is stated at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGU or group of CGUs that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or group of units.

Impairment is determined by assessing the recoverable amount of the CGU or group of CGUs to which the goodwill relates. The recoverable amount is the greater of fair value less cost of disposal and value in use. Where the recoverable amount of the CGU or group of CGUs is less than the carrying amount, an impairment loss is recognized. Where goodwill forms part of a CGU or group of CGUs and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the CGU retained. An impairment loss with respect to goodwill is not reversed.

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Subsequently, intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is recognized in the consolidated statement of profit or loss in the year in which the related expenditure is incurred.

The EUL of the intangible asset is reassessed to be either finite or indefinite. Intangible asset with finite life is amortized over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and method for an intangible asset with a finite useful life are reviewed at least at each reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible asset with finite life is recognized in the consolidated statement of profit or loss in the expense category consistent with the function of the intangible asset. The Group's intangible asset consists of computer application software and licenses. Software cost is treated as intangible asset because it is not an integral part of the hardware. Amortization of application software and license cost is computed using the straight-line method over two (2) to five (5) years.

Impairment of Nonfinancial Assets Other Than Goodwill

The carrying amounts of nonfinancial assets such as property and equipment, interest in joint venture, intangible asset, and certain other noncurrent assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, and if the carrying amount exceeds the estimated recoverable amount, the assets or CGU are written down to their recoverable amounts. The recoverable amount is the greater of fair value less costs of disposal and value in use.

Fair value is the amount obtainable from the sale of an asset in an orderly transaction between market participants at a measurement date. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. 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 CGU to which the asset belongs. Impairment losses are recognized in the consolidated statement of profit or loss in those expense categories consistent with the function of the impaired asset.

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. An impairment loss is reversed only if there has been a change in estimates used to determine the recoverable amount of an asset, however, only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized. A reversal of an impairment loss is recognized in the consolidated statement of profit or loss. After such a reversal, the depreciation and amortization charge is adjusted in future periods to allocate the asset's residual carrying amounts less any residual value, on a systematic basis over its remaining life.

Equity

Share Capital and Additional Paid-in Capital. "Share Capital" and "Additional Paid-in Capital" are classified as equity. Share capital consists of common and preferred shares. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity, net of any tax effect. When shares are sold at a premium, the difference between the proceeds and the par value is credited to "Additional Paid-in Capital" account.

Preferred Shares. Holders of these shares earn dividend per annum payable annually and shall earn cumulative dividends if not declared in the previous year. They do not have the right to participate in any additional dividends declared for common shareholders. These shares do not have voting rights.

Retained Earnings (Deficit). The amount included in retained earnings includes earnings attributable to the equity holders of the Parent Company and reduced by dividends, if any, on share capital. Dividends on share capital are deducted from equity when they are declared by the Parent Company's BOD. Interim dividends are deducted from equity when they are declared. Dividends for the year that are declared and approved after the reporting date are dealt with as a non-adjusting event.

Retained earnings may also include prior year adjustments and the effect of changes in accounting policies as may be required by the standards' transitional provisions.

Treasury Share. Treasury shares are recorded at cost and are presented as a deduction from equity. When the shares are retired, the share capital account is reduced by its par value. The excess of cost over par value upon retirement is debited to the following accounts in the order given: (a) additional paid-in capital to the extent of the specific or average additional paid-in capital when the shares were issued, and (b) retained earnings for the remaining balance. No gain or loss is recognized in the consolidated statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Gain on Sale of Investments include partial disposal of an investment in a subsidiary that do not result in a loss of control.

Revaluation Increment on Property and Equipment. Revaluation gains are recognized when there are incremental changes in the fair value of the items of property and equipment. The increase shall be recognized to the extent that it reverses a revaluation decrease of the same items of property and equipment previously recognized. If the carrying amount of the items of property and equipment is decreased as a result of a revaluation, the decrease shall be recognized in the consolidated statement of profit or loss. However, the decrease shall be debited directly to revaluation increment to the extent of any credit balance existing in the revaluation amount in respect of the items of property and equipment.

Employee Benefits Reserve. Remeasurement gains and losses consist of remeasurement of retirement benefits obligation, which comprises actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest).

Cumulative Foreign Currency Translation Differences. This is the translation reserve which comprises all foreign currency differences arising from the translation of the financial statements of GHD and PSI Guam to the Group's presentation currency.

Other Equity Reserves. The amount pertains to (a) the difference between the consideration transferred and the net assets acquired in a common control business combination and (b) the equity component of the compound financial instrument which is the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component.

Compound Financial Instruments

Compound financial instruments issued by the Company comprise convertible loans denominated in Philippine Peso that can be converted to common shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instrument is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognized in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognized.

Discontinued Operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

Revenue Recognition from Contracts with Customers

Revenue from contracts with customers is recognized when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Company assesses its revenue arrangements against specific criteria to determine if acting as a principal or as an agent. The Company has concluded that it is acting as principal in all its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognized:

Revenue Within the Scope of PFRS 15 are the following:

Patient Service Income. Patient service income comprises the invoiced value of the sale of services, net of discounts and allowances. Revenue is recognized when it is probable that the Group will collect the transaction price, based on the evaluation of the patient's ability and intent to pay.

GHDI has agreements with third-party payors that provide for payments to GHDI at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

- a. Medicare - Inpatient acute care services and outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. Rates for the long-term care facility vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Inpatient nonacute services and defined capital and medical education costs related to Medicare beneficiaries are paid based on a cost reimbursement methodology.
- b. GHDI is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by GRMC and audits thereof by the Medicare fiscal intermediary.
- c. Medicaid Assistance Program and Medically Indigent Program (MIP) - GHDI is reimbursed for the cost of inpatient and outpatient services rendered under the programs administered by the Government of Guam Department of Public Health and Social Services. During each year, GHDI is reimbursed on a per diem rate for in-patient and a percentage charge for out-patient.
- d. Commercial Private Insurance Payors - GHDI also has entered into payment agreements with certain commercial insurance carriers and the basis for payment to GHDI under these agreements include discounts from established charges and/or a combination of case rates for certain disease related groups.

Pharmacy Income. Revenue from sale of goods is recognized when control of goods has passed to the buyer and the amount of revenue can be measured reliably, which is normally upon delivery.

Room and Board Revenue. Room and board revenue arises from confinement of patients which is charged on a daily basis during the duration of stay.

Special Services Income. Special service income is composed of inpatient revenue and outpatient revenue. Inpatient revenue refers to the revenue from consultations, hospital procedures and other hospital services availed during confinement of a patient while outpatient revenue refers to those availed by outpatients. Included as part of special services income is pharmacy income, which pertains to medical supplies used in performing special services and medicines consumed by inpatients.

Other Medical Services. This include the continuity of care project which involves post procedural monitoring of patients after they have been discharged in the hospital (i.e. PSI). Procedures vary depending on the patient's needs together with the cost associated with it.

Other Income. All other income items are recognized as earned.

The Group considers the terms of the contract and its customary business practices to determine the transaction price. The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both.

If the consideration promised in a contract includes a variable amount, the Group estimates the transaction price. The variability may be explicitly stated in the contract. In addition, the consideration is variable if either (a) the customer has a valid expectation arising from the Group's customary business practices, published policies or specific statements that the entity will accept an amount of consideration that is less than the price stated in the contract – i.e. it is expected that the entity will offer a price concession; or (b) other facts and circumstances indicate that the Group's intention, when entering into the contract with the customer, is to offer a price concession to the customer.

The Group has patient revenues that are subject to contractual adjustments provided to third-party payors and uninsured patients in accordance with the Group's policy, and implicit price concessions provided to uninsured patients (see Note 2).

Disaggregation of the Group's revenue is based on the type of services which the Group provides.

Revenue from the above revenue streams is recognized over time as the Group transfers control of healthcare services over time (i.e. over the in-patient stay or from admission into the hospital to the point when the medical condition upon admission has been resolved and it is no longer required to provide services to the patient, usually at the time of discharge) because the patient simultaneously receives and consumes the benefits provided by the Group as it performs. Revenue for performance obligations satisfied over time is recognized pro-rata based on the actual charges incurred in relation to the total expected (or actual) charges upon discharge.

For outpatient services, performance obligations are satisfied at a point in time and revenue is recognized when goods or services are provided.

Contract Balances

Receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract Assets

Contract assets primarily relate to the Group's rights to consideration for completed but not billed services at the reporting date. These pertains to unbilled revenue from undischarged patients as of the reporting date. The contract assets are transferred to receivables when the right becomes unconditional and usually occurs when the Group issues an invoice to the patients.

Contract Liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

The Group enters into transactions with customers where contract liabilities result from consideration being received from the customer prior to the Group satisfying its performance obligations. These contract liabilities are presented on the consolidated statement of financial position as "Deferred revenue".

Revenue Outside the Scope of PFRS 15:

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

Interest Income. Interest income on deposits with banks is recognized in the consolidated statement of profit or loss when it is determined that such income accrues using the effective interest method. The amounts included in the consolidated statement of profit or loss are presented net of final tax withheld by the banks.

Relief Fund. Relief funds are accounted for as government grants and are recognized in the consolidated statement of profit or loss when the Group is reasonably assured that it will or has complied with and substantially met the conditions associated with the grant and the grant will be received. Relief funds are recognized under "Other income" of Discontinued Operations on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate.

Other Income. All other income items are recognized as earned.

Cost and Expense Recognition

Expenses are generally recognized when the services are used or the expenses are incurred.

Costs of Sales and Services. Expenses incurred which are directly related to the earned revenues and income by the Group are generally recognized when the expense is incurred.

Administrative Expenses. Expenses incurred in the direction and general administration of day-to-day operations of the Group are generally recognized when the services are used, or the expenses are incurred.

Interest Expense. Interest expense pertains to interest incurred by the Group from the credit facilities availed from third party financial institutions. Interest expense is recognized using the effective interest method, when incurred.

Other Expenses. All other expenses are recognized when incurred.

Borrowing Costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs are capitalized if they are directly attributable to the acquisition or construction of a qualifying asset. The capitalization of borrowing costs: (a) commences when the activities to prepare the assets are in progress and expenditures and borrowing costs are being incurred; (b) is suspended during extended periods in which active development, improvement and construction of the assets are interrupted; and (c) ceases when substantially all the activities necessary to prepare the assets are complete. These costs are amortized using the straight-line method over the EUL of the related property and equipment to which it is capitalized.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in the consolidated statement of profit or loss in the period in which these are incurred using the effective interest method.

Leases

At the inception of the contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in PFRS 16.

Group as Lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Variable lease payments that depend on sales or usage of the underlying asset are excluded from the lease liability. Instead, these payments are recognized in profit or loss in the period in which the performance or use occurs.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financial sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the 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 Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the consolidated statement of profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Lease Modification

The Group considers the changes in the contract as a lease modification when there is a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease - e.g. adding or terminating the right to use one or more underlying assets.

The Group accounts for a lease modification as a separate lease if both of the following conditions exist:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the lease increases by an amount equivalent to the standalone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not a separate lease, at the effective date of the modification, the lessee accounts for the lease modification by remeasuring the lease liability using a discount rate determined at that date and:

- for lease modifications that decrease the scope of the lease, the lessee decreases the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognizes a gain or loss that reflects the proportionate decrease in scope; and
- for all other lease modifications, the lessee makes a corresponding adjustment to the right-of-use asset.

Lease of Low-value Assets and Short-term Leases

The Group has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Group as Lessor

As a lessor, the Group classifies its leases as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not. Rental income from operating leases is recognized on a straight-line basis over the lease term. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Employee Benefits

Short-term Employee Benefits. Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group 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.

Retirement Obligation. The Group has funded, noncontributory retirement plans, administered by a trustee, covering all permanent employees. The Group's net obligation in respect of the defined benefits plan is calculated by estimating the amount of the future benefits that employees have earned in the current and prior periods, discounting the amounts and deducting the fair value of any plan assets.

The calculation of the defined benefits obligation is performed on a periodic basis by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Remeasurements of the net defined benefits liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in OCI. The Group determines the net interest expense (income) on the pension liability for the period by applying the discount rate used to measure the defined benefits obligation at the beginning of the annual period to the then pension liability, taking into account any changes in the pension liability during the period as a result of contributions and benefits payments. Net interest expense and other expenses related to defined benefits plans are recognized in the consolidated statement of profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognized immediately in the consolidated statement of profit or loss. The Group recognizes gains and losses on the settlement of a defined benefits plan when the settlement occurs.

Taxes

Income tax expense is composed of current and deferred income tax. Income tax expense is recognized in the consolidated statement of profit or loss, except to the extent that it relates to items recognized directly in equity or in OCI, in which case it is recognized in equity or OCI.

Current Income Tax. Current income tax assets and current income tax liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as at reporting date.

Deferred Income Tax. Deferred income tax assets and deferred income tax liabilities are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes and the carry forward tax benefits of unused NOLCO and unused tax credits from excess MCIT over the regular corporate income tax (RCIT). Deferred income tax is not recognized for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; temporary differences related to investments in jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and taxable temporary differences arising on the initial recognition of goodwill.

A deferred income tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and the carryforward tax benefits of unused NOLCO and unused tax credits from excess MCIT can be utilized. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary difference is insufficient to recognize a deferred income tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans of the Group.

Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improved. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow the deferred income tax assets to be recognized.

Deferred income tax assets and deferred income tax liabilities are measured at the tax rates that are expected to apply to the year 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.

In determining the amount of current and deferred income tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax laws and prior year experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that may cause the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such determination is made.

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

Final Tax. Final tax represents tax on interest income derived from bank deposits and short-term investments. Final tax is recognized in profit or loss in the same period when the related interest income is recognized and is withheld by the depository bank for remittance to the taxing authority.

Value-added Tax (VAT). Revenue, expenses and assets are recognized net of the amount of VAT, except:

- where the VAT incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with amount of VAT included.

The net amount of VAT recoverable from, or payable to, the tax authority is included as part of receivables or payables in the consolidated statement of financial position.

Foreign Currency-denominated Transactions and Translations

The consolidated financial statements are presented in Php, which is the Parent Company's functional and presentation currency. The Parent Company and each of its subsidiaries determine its own functional currency and items included in the consolidated financial statements are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency rate at the date of the transaction. Monetary assets and monetary liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange prevailing at the reporting date.

Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction and are not subsequently restated. Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined. All foreign exchange differences are taken to the consolidated statement of profit or loss, except where it relates to equity securities where gains or losses are recognized directly in OCI.

The assets and liabilities of foreign operations, with functional currency other than the functional currency of the Parent Company, are translated into the presentation currency of the Parent Company at the rate of exchange prevailing at the end of reporting period and their respective profit or loss is translated at the monthly weighted average exchange rates during the year. The exchange differences arising on the translation are recognized in OCI and accumulated in equity under “Cumulative foreign currency translation differences”, except to the extent that the translation difference is allocated to noncontrolling interests.

When a foreign operation is disposed of in its entirety or partially such that control is lost, the cumulative amount under “Cumulative foreign currency translation differences” related to that foreign operation is reclassified to the consolidated statement of profit or loss as part of the gain or loss on disposal. If the Group disposes part of its interest in foreign operations but retains control, then the relevant proportion of the cumulative amount is reattributed to the noncontrolling interests.

If the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, then foreign currency differences arising from such item form part of the net investment in the foreign operation. Accordingly, such differences are recognized in OCI and accumulated in equity under “Cumulative foreign currency translation differences”.

Earnings (Loss) Per Share

Basic earnings per share (EPS) is computed by dividing the profit (loss) applicable to common shares (profit attributable to equity holders of the Parent Company) by the weighted average number of common shares outstanding during the period, with retroactive adjustments for any stock dividends declared.

Diluted EPS is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for own shares held, for the effects of all dilutive potential common shares.

Provisions and Contingencies

Provisions

A provision is a liability of uncertain timing or amount. It is recognized when the Group has a legal or constructive obligation as a result of a past event; it is probable that an outflow of economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the receipt of the reimbursement is virtually certain. The amount recognized for the reimbursement shall not exceed the amount of provision.

Contingencies

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

Events After the Reporting Period

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

Standards Issued But Not Yet Adopted

A number of amendments to standards are effective for annual periods beginning after January 1, 2023. However, the Group has not early adopted the following new or amended standards in preparing these consolidated financial statements. Unless otherwise stated, none of these are expected to have a significant impact on the Group’s consolidated financial statements.

Effective January 1, 2024

- *Classification of Liabilities as Current or Noncurrent – 2020 amendments and Non-Current Liabilities with Covenants – 2022 amendments (Amendments to PAS 1, Presentation of Financial Statements)*. To promote consistency in application and clarify the requirements on determining whether a liability is current or noncurrent, the amendments:
 - removed the requirement for a right to defer settlement of a liability for at least twelve months after the reporting period to be unconditional and instead requires that the right must have substance and exist at the end of the reporting period;
 - clarified that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current and covenants with which the entity must comply after the reporting date do not affect a liability’s classification at that date;
 - provided additional disclosure requirements for non-current liabilities subject to conditions within twelve months after the reporting period to enable the assessment of the risk that the liability could become repayable within twelve months; and
 - clarified that settlement of a liability includes transferring an entity’s own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or noncurrent.

The amendments will apply retrospectively for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. Entities that have early applied the 2020 amendments may retain application until the 2022 amendments are applied. Entities that will early apply the 2020 amendments after issue of the 2022 amendments must apply both amendments at the same time.

Effective January 1, 2025

- *Lack of Exchangeability (Amendments to PAS 21 The Effects of Changes in Foreign Exchange Rates)*. The amendments clarify that a currency is exchangeable into another currency when a company is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

When a currency is not exchangeable, a company needs to estimate a spot rate. The objective in estimating the spot rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments do not specify how to estimate the spot exchange rate to meet the objective and an entity can use an observable exchange rate without adjustment or another estimation technique.

The amendments require new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements, including the nature and financial impacts of the currency not being exchangeable, the spot exchange rate used, the estimation process, and risks to the company because the currency is not exchangeable.

The amendments apply for annual reporting periods beginning on or after January 1, 2025. Earlier application is permitted. Comparative information is not restated and the effect of initially applying the amendments are adjusted to the opening balance of retained earnings, or to the cumulative amount of translation differences if the company uses a presentation currency other than its functional currency.

Originally, the amendments apply prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. However, on January 13, 2016, the Financial Reporting Standards Council decided to postpone the effective date of these amendments until the International Accounting Standards Board has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

4. Financial Risk and Capital Management Objectives and Policies

The Group has exposure to the following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included in these consolidated financial statements (see Note 35).

The main purpose of the Group's dealings in financial instruments is to fund its operations and capital expenditures.

The BOD has overall responsibility for the establishment and oversight of the Group's risk management framework. The BOD is responsible for developing and monitoring the Group's risk management policies and identifies all issues affecting the operations of the Group.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies are reviewed regularly to reflect changes in market conditions and the Group's activities. All risks faced by the Group are incorporated in the annual operating budget.

Mitigating strategies and procedures are also devised to address the risks that inevitably occur so as not to affect the Group's operations and forecasted results. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The BOD performs oversight over financial management functions, specifically in the areas of managing credit, liquidity, market and other risks of the Group. The BOD directly coordinates with the internal audit function, which undertakes reviews of risk management controls and procedures and ensures the integrity of internal control activities which affect the financial management system of the Group. The results of procedures performed by the Group's Internal Audit are reported to the BOD.

There were no changes in the Group's objectives, policies and processes for managing the risks and the methods used to measure the risks from previous year.

Credit Risk

Credit risk represents the risk of loss the Group would incur if counterparties fail to perform their contractual obligations. The Group's credit risk arises principally from the Group's cash and cash equivalents, receivables, rent and subscription receivables, notes receivable, loans receivable, rent and security deposits and other noncurrent assets.

Being a tertiary hospital, the Group attends to the immediate needs of patients without immediate regard of the creditworthiness of these patients. The Collection Department monitors the level of receivables on an ongoing basis for possible impairment of receivables from patients. At the time of discharge, receivables from patients who cannot settle their accounts are converted into promissory notes. Impairment loss is calculated considering the historical data, current conditions and forecasted gross domestic product (see Note 36). The Group's management and the BOD perform annual reviews of outstanding receivables for write-off.

Corporate accounts comprise a significant portion of the Group's patient portfolio. These accounts include private companies (self-managed health plan), health maintenance organizations (HMOs) and insurance companies where credit terms and limits are established and pre-agreed. The demographics of these corporate accounts have less of an influence on credit risk.

With respect to credit risk arising from other financial assets of the Group, which comprise rental and security deposits under "Other noncurrent assets" account in the consolidated statement of financial position, the Group's exposure to credit risk arises from default of the counterparty, with maximum exposure equal to the carrying amounts of these instruments.

The Group has no concentration of credit risk.

Liquidity Risk

Liquidity risk is the risk that the Group will have difficulty in meeting its financial obligations as they fall due.

As part of the Group's prudent liquidity risk management policies and procedures, management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flows. Financing requirements for working capital, loan repayments, and capital expenditures are reviewed on a monthly basis and where deemed necessary, short-term loans are availed of to cover immediate expenses and maturing obligations. Results of management's review are reported to the BOD on a regular basis.

The Group's ability to make payments on its indebtedness and to fund its operations depend on its future performance and financial results, which to a certain extent, are subject to general economic, financial, competitive and interest rate environment that are beyond its control. In 2023 and 2022, the Group generated sufficient cash from its operating activities.

These developments reduce the Group's exposure to liquidity risk. Furthermore, the Group projects monthly cash flows from operating, investing and financing activities and evaluates actual cash flow information to ensure that the immediate requirements of the Group are attended to.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other market prices, will affect the Group's income or the amount of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Group is subject to various market risks, including risks from changes in interest rates and foreign currency exchange rates.

Interest Rate Risk

The Group's cash flow interest rate risk arises from its long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. For 2023 and 2022, all of the Group's long-term borrowings are issued at fixed annual rates and are denominated in Php and United States Dollar. The details of the Group's long-term borrowings are discussed in Note 19 to the consolidated financial statements.

The Group manages its interest rate risk by limiting its borrowings from third parties with either fixed interest rates or interest rates closely monitored in the financial market in order to minimize its cash flow interest rate risk exposure.

Foreign Currency Risk

The Group's exposure to foreign currency risk arises mainly from exchange rate fluctuations of its foreign-currency denominated cash and cash equivalents and lease liabilities. Foreign exchange risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Group's functional currency. This risk is managed through rationalized placements in foreign currency denominated deposits.

Capital Management

The Group's objectives when managing capital are to increase the value of shareholders' investment and maintain high growth by applying free cash flow to selective investments. The Group sets strategies for the Group with the objective of establishing a versatile and resourceful financial management and capital structure.

The Group considers capital to include share capital, gain on sale on investments, employee benefits reserve, revaluation increment on property and equipment, cumulative foreign currency translation differences, other equity reserves and retained earnings. There were no changes in the Group's approach to capital management during the year. The Group monitors capital structure and related risks on the basis of its debt-to-equity ratio. This ratio is calculated as total debt divided by the total equity. Total debt shall mean the aggregate amount of all short-term and long-term liabilities. Total equity is calculated as the "Total equity" shown in the consolidated statements of financial position.

The debt-to-equity ratio of the consolidated financial statements at the reporting dates is as follows:

	2023	2022
Debt	P18,905,368,929	P30,081,780,121
Equity	29,267,526,650	17,534,686,315
Debt-to-equity ratio	0.65:1	1.72:1

5. Cash and Cash Equivalents

This account consists of:

	Note	2023	2022
Cash in banks		P1,730,155,550	P727,653,912
Cash on hand		6,598,410	15,885,648
Short-term investments		665,515,368	540,800,431
	35	P2,402,269,328	P1,284,339,991

Cash in banks earns an average interest at the respective bank deposit rates. Short-term investments represent money market placements in functional and foreign currencies with maturities of three (3) months or less from the date of investment and earn interest at the respective short-term investment rates.

Interest income derived from cash in banks and short-term investments amounted to P53.24 million, P6.68 million and P0.79 million for the years ended December 31, 2023, 2022 and 2021, respectively.

GHDl has pledged its cash in bank with a total carrying amount of P1.06 billion and P940.69 million to secure its long-term debts as at December 31, 2023 and 2022, respectively. These are presented as part of "Assets classified as held-for-disposal" account (see Note 10).

6. Receivables - net

This account consists of:

	Note	2023	2022
Patients' accounts - billed		P3,181,453,132	P2,730,364,883
Patients' accounts - unbilled		56,796,587	87,171,351
		3,238,249,719	2,817,536,234
Less allowance for ECL		1,541,230,015	1,286,009,803
		1,697,019,704	1,531,526,431
Due from related parties	26	55,122,730	55,122,730
Less allowance for ECL	26	55,122,730	55,122,730
		-	-
Advances to employees		51,475,204	37,129,145
Others		57,189,760	52,898,511
	35	P1,805,684,668	P1,621,554,087

Patients' accounts are non-interest-bearing and are generally on a 15 to 90 days credit term.

Advances to employees pertain mainly to maternity and sickness advances, which will be paid to the Group upon receipt of funds from Social Security System.

Others refer to claims against contractors, medical management services, membership fees, parking fees, rentals from lessees and other expenses advanced by the Group to its employees.

The movements in the allowance for ECL are shown below:

	Note	2023	2022
Balances at beginning of year		P1,341,132,533	P8,914,520,378
ECL for the year	29	299,725,140	263,728,387
Write-off during the year		(44,504,928)	(62,707,456)
Reclassified as held-for-disposal		-	(7,774,408,776)
Balances at end of year		P1,596,352,745	P1,341,132,533

GHDl has pledged its receivables with carrying amounts of P4.19 billion and P4.76 billion to secure its long-term debts as at December 31, 2023 and 2022, respectively (see Note 19). These receivables are presented as part of "Assets classified as held-for-disposal" account (see Note 10).

7. Inventories

This account consists of:

	2023	2022
Medical supplies	P342,900,680	P251,191,719
Pharmaceuticals	112,391,689	132,324,482
Linens and beddings	15,360,180	14,040,778
Other supplies	40,008,238	43,181,305
	P510,660,787	P440,738,284

The cost of inventories from continuing operations recognized as expense and included in "Costs of sales and services" account in the consolidated statements of profit or loss amounted to P2.33 billion, P2.40 billion and P2.59 billion for the years ended December 31, 2023, 2022 and 2021, respectively (see Note 28). The total cost of inventories recognized as expense included in discontinued operations amounted to P1.55 billion, P2.84 billion and P3.59 billion for the years ended December 31, 2023, 2022 and 2021, respectively.

Linens and beddings pertain to bed sheets and pillowcases inventory which will be used for the Group's hospital rooms.

As at December 31, 2023 and 2022, all inventories are carried at cost.

No inventory write-down was recognized in 2023, 2022 and 2021. The Group has no inventories pledged as security for liabilities as at December 31, 2023 and 2022.

8. Other Current Assets

This account consists of:

	Note	2023	2022
Prepaid services		P91,129,266	P55,554,428
Advances to suppliers		34,310,406	37,632,001
Prepaid taxes		18,745,056	26,674,973
Input VAT		15,971,348	12,196,397
Rent receivable	31, 35	14,327,327	18,357,811
Subscription receivable	23, 35	2,527,170	98,152,170
Prepaid insurance		1,826,953	2,189,550
Others		15,820,822	15,321,930
		P194,658,348	P266,079,260

Prepaid services represent advance payments to various service providers.

Subscription receivable represents uncollected portion related to the stockholders' subscription of shares of stock of PSI (see Note 23). On September 20, 2023, the convertible loan from Universal Healthcare Services was converted into 3,080,313 common shares at P100 par value amounting P308.03 million in favor of Universal Healthcare Services and into 1,275,000 common shares at P100 par value amounting to P127.50 million in favor of FAI which subsequently assigned its subscription rights to Universal Healthcare Services upon conversion.

Advances to suppliers represent advance payments to various suppliers and contractors for hospital inventory supplies and maintenance. These advances will be applied against the purchase cost and service fees invoiced to the Group.

Prepaid taxes refer to taxes withheld by HMOs, local companies, and lessees either for patient services or rentals.

Rent receivable pertains to the outstanding collectible from various tenants on the leased commercial spaces within the Group's hospital complex.

Others include advance payments for journal subscriptions and taxes and prepaid rent.

9. Notes Receivable

Notes receivable pertains to loans granted to the Parent Company's employees starting 2014, earning an average interest rate of 8.00% per annum payable in one (1) to five (5) years. Interest income earned for the years ended December 31, 2023, 2022 and 2021 amounted to P0.16 million, P0.27 million and P0.20 million, respectively.

The Company's exposure to credit risk is disclosed in Note 35 to the consolidated financial statements.

10. Assets Classified as Held-for-Disposal

In 2022, pursuant to PSI's internal reorganization plan to spin-off GHDI, which shall result in the distribution of all of the common equity interests held by PSI to the stockholders of PSI, the PSI's BOD, on December 16, 2022, authorized to distribute as property dividend all PSI's rights, title and interests in and to all of the shares of stock of PG Health Ventures Corporation ("PG Health"), which will subsequently acquire PSI's remaining shares in GHDI, in favor of shareholders of PSI as at July 31, 2022 within five (5) business days from issuance of the approval by the Philippine Securities and Exchange Commission of such property dividends. Further, as part of the reorganization, PSI also entered into an investment agreement with PG Health which provides, among other things, that:

- PG Health shall issue, and PSI shall subscribe to, additional common shares of PG Health (in such number and at such value equivalent to the then current book value of the GHDI common shares) at the same time as and in consideration for PSI assigning to PG Health all of its rights, title and interest in and to the common shares of GHDI, on a tax-free basis under Section 40I(2) of the Tax Code, as amended;
- PG Health be appointed as proxy to act on behalf of PSI in respect of the shares held by PSI in GHDI, and for PSI to cause the board of GHDI to have the same composition as the board of PG Health, or as otherwise instructed by PG Health;
- PSI shall procure that GHDI's profits are not distributed to any other subsidiaries or affiliates of PSI and are retained by GHDI or PG Health and that only PG Health shall receive all of the rights and interests in the assets of GHDI and shall assume all of the liabilities of GHDI; and
- PSI shall declare as property dividends the additional common shares of PG Health issued to PSI at the time of such assignment for the benefit of PSI's shareholders of record as at July 31, 2022 and, following its receipt of requisite approvals from the Philippine SEC, shall distribute as property dividends all of the common shares of PG Health to PSI's shareholders of record as at July 31, 2022.

On September 1, 2023, GHDI redeemed the preferred shares with a long-term note with a principal amount of P11.17 billion and with a fair value of P8.95 billion. The term of the note is ten (10) years with maturity date of August 31, 2033. The note bears interest rate of 0.5% from Year 1 to Year 3, 2.5% from Year 4 to Year 6, 4.5% from Year 7 to Year 9 and 7.0% on Year 10 and thereafter.

On November 10, 2023, PSI subscribed to one common share of PG Health with par value of one peso, payable by way of assignment by PSI to PG Health of equivalent value of 97.4 million common shares of GHDI. PG Health filed an application to the SEC on February 15, 2024 for the confirmation of the valuation of the assigned shares. The SEC's approval is still pending as at the date of BOD approval of the consolidated financial statements.

As at December 31, 2023 and 2022, the disposal group was stated at its carrying amount and comprised the following assets and liabilities.

	2023	2022
Assets		
Cash and cash equivalents	P1,061,433,229	P940,693,913
Trade and other receivables	4,193,946,332	4,756,406,176
Inventories	323,047,849	371,716,153
Other current assets	127,395,947	129,307,985
Property and equipment	23,554,100,695	24,788,040,419
Right-of-use assets - net	276,545,763	468,482,673
Other noncurrent assets	1,662,137,261	1,310,124,207
Assets classified as held-for-disposal	P31,198,607,076	P32,764,771,526
Liabilities		
Trade and other payables	P1,982,663,315	P2,487,375,170
Borrowings	7,743,161,290	7,627,158,249
Medicare settlement dues	59,799,600	553,033,298
Lease liabilities	152,647,608	304,830,935
Liabilities directly associated with the assets classified as held-for-disposal	P9,938,271,813	P10,972,397,652

The cumulative income (expense) included in other comprehensive income recognized in equity relating to the disposal group amounted to P28.41 million, P2.03 billion and P5.86 billion for the years ended 2023, 2022 and 2021, respectively.

In 2023 and 2022, loss from write-down of the carrying amount of assets held-for-disposal to its fair value less costs to dispose amounted to nil and P54.85 million, respectively.

In 2021, the GHDI hospital operations are classified as discontinued operations. Although intra-group transactions have been fully eliminated in the consolidated financial results, management has elected to attribute the elimination of transactions between the continuing operations and the discontinued operation before the disposal in a way that reflects the continuance of these transactions subsequent to the disposal, because management believes this is useful to the users of the consolidated financial statements.

To achieve this presentation, management has eliminated from the results of the discontinued operation the inter-segment sales and purchases (and costs thereof, less unrealized profits) made before its disposal. Because purchases from the discontinued operation will continue after the disposal, inter-segment purchases made by the continuing operations before the disposal are retained in continuing operations.

Results of discontinued operations is as follow:

	2023	2022	2021
Revenue	P12,123,768,746	P9,192,314,854	P9,187,194,269
Costs and expenses	14,151,711,352	13,749,085,532	10,392,216,782
Elimination of expenses related to inter-group sales	(725,728,374)	(493,857,923)	(494,500,068)
External expenses	13,425,982,978	13,255,227,609	9,897,716,714
Results from operating activities	(1,302,214,232)	(4,062,912,755)	(710,522,445)
Other income	43,209,824	1,597,750,705	450,708,461
Income tax benefit	357,450,621	603,974,487	26,205,073
Loss from discontinued operations, net of tax	(P901,553,787)	(P1,861,187,564)	(P233,608,911)
Loss Attributable to:			
Equity holders of the Parent Company	(P894,251,201)	(P1,850,020,439)	(P228,843,289)
Non-controlling interests	(7,302,586)	(11,167,125)	(4,765,622)
	(P901,553,787)	(P1,861,187,564)	(P233,608,911)
LOSS PER SHARE			
Basic	(P168.76)	(P446.70)	(P55.26)
Diluted	(P125.50)	(P402.58)	(P55.26)
Other Comprehensive Income from Discontinued Operations - net of deferred tax	P28,413,354	P2,027,417,580	P5,859,510,571

Cash flows from (used in) discontinued operation is as follows:

	2023	2022	2021
Net cash from (used in) operating activities	P269,532,688	P401,996,813	(P1,304,453,799)
Net cash from investing activities	340,866,136	423,049,336	513,238,993
Net cash from (used in) financing activities	(494,273,705)	(1,409,086,258)	31,453,225
Translation gain (loss)	4,614,198	130,187,595	125,712,662
Net increase (decrease) in cash for the year	P120,739,317	(P453,852,514)	(P634,048,919)

11. Investment Property

The movements for this account are as follows:

	Building	Building Improvements	Total
Cost			
At December 31, 2021	P1,087,617,561	P60,173,996	P1,147,791,557
Additions	-	724,679	724,679
At December 31, 2022	1,087,617,561	60,898,675	1,148,516,236
Additions	-	3,199,990	3,199,990
At December 31, 2023	1,087,617,561	64,098,665	1,151,716,226
Accumulated Depreciation			
At December 31, 2021	370,184,196	27,540,645	397,724,841
Depreciation	21,753,002	2,793,884	24,546,886
At December 31, 2022	391,937,198	30,334,529	422,271,727
Depreciation	21,753,002	2,799,755	24,552,757
At December 31, 2023	413,690,200	33,134,284	446,824,484
Net Carrying Value			
At December 31, 2023	P673,927,361	P30,964,381	P704,891,742
At December 31, 2022	P695,680,363	P30,564,146	P726,244,509

Investment property pertains to the buildings and building improvements of MATI.

Rental income from the properties held under lease are recognized as part of "Rent income" under "Other income - net" in the consolidated statements of profit or loss amounting to P93.81 million, P74.84 million and P67.43 million for the years ended December 31, 2023, 2022 and 2021, respectively (see Note 32).

The Group has incurred direct operating expenses (including repairs and maintenance but excluding depreciation) arising from investment property amounting to P4.80 million, P4.04 million and P5.10 million for the years ended December 31, 2023, 2022 and 2021, respectively. Other costs incurred pertains to real property taxes which amounted to P1.09 million in 2023, and P1.56 million both in 2022 and 2021.

The estimated fair market value (FMV) of the investment property amounted to P1.24 billion as at December 31, 2021. The FMV was based on the valuations performed by accredited independent appraiser on April 7, 2022.

FMV was estimated using the Cost approach which considers a substitute for the purchase of a given property, the possibility of constructing another property that is an equivalent to the original or one that could furnish equal utility with no undue cost resulting from delay. The appraiser particularly used the Reproduction Cost (New). Unobservable market data includes reproduction cost of each replaceable asset in accordance with current market prices of materials, labor, manufactured equipment, contractor's overhead, profit and fees, and all other attendant costs associated with its acquisition and installation in place but without provision for overtime or bonuses for labor and premiums for materials. The fair value of investment properties based on the unobservable inputs range from P112,155 to P82,994 per square meter in 2022 and 2021. The fair value measurement for all of the investment properties has been categorized as a level 3 fair value-based inputs to the valuation technique used.

Management believed that the fair values of investment properties as at December 31, 2023 and 2022 does not significantly differ from the fair value determined last December 31, 2021 as there were no events between these periods that may cause significant changes in the fair values of the investment properties.

There is no item of investment properties that has restricted title or is pledged as security for liabilities as at December 31, 2023 and 2022. MATI did not have any contractual commitments to purchase, construct or develop investment properties for repairs, maintenance or any enhancements.

MATI's fully depreciated investment properties still in use and in records amounted to P18.22 million and P16.44 million as at December 31, 2023 and 2022, respectively.

The Group has reviewed the carrying values of the investment properties as at December 31, 2023 and 2022 and there were no indications that these assets were impaired.

12. Property and Equipment - net

The movements for each class of property and equipment are as follows:

Note	Land and Land Improvements (at Revalued Amount)	Building and Building Improvements (at Revalued Amount)	Medical Equipment, Tools, and Instruments (at Cost)	Furniture, Fixtures, and Others (at Cost)	Leasehold Improvements (at Revalued Amount)	Construction-in-Progress (at Cost)	Total
Cost							
January 1, 2022	P791,514,700	P5,893,544,203	P7,566,137,037	P874,851,660	542,845,106	P86,461,822	P15,755,354,528
Additions	-	1,703,908,460	546,907,888	84,037,299	186,975,158	91,072,648	2,612,901,453
Reclassification	-	9,320,831	17,969,529	(17,969,529)	18,379,229	(27,700,060)	-
Revaluation surplus	-	127,633,573	-	-	-	-	127,633,573
Reclassified from held-for-sale	(174,276,891)	(24,652,110,447)	(2,989,598,738)	(1,690,617,937)	(644,130)	-	(29,507,248,143)
Reclassified as held-for-disposal	174,276,891	25,855,941,483	2,989,598,738	1,690,617,937	644,130	-	30,711,079,179
Adjustment/disposals/write-off	-	(836,069,771)	(726,808,960)	(51,147,108)	(45,091,280)	(2,058,149)	(1,661,175,268)
Translation gain	(420,658,870)	(1,231,828,958)	125,660,069	210,876,299	-	-	(1,315,951,460)
December 31, 2022	370,855,830	6,870,339,374	7,529,865,563	1,100,648,621	703,108,213	147,776,261	16,722,593,862
Additions	-	31,989,804	838,273,527	188,834,176	382,142,526	75,699,279	1,516,939,312
Reclassification	(97,520,830)	(606,895,045)	579,568,219	(330,134,429)	89,557,965	(84,556,789)	(449,980,909)
Adjustment/disposals/write-off	-	(31,303,949)	(353,657,838)	(55,178,375)	(43,394,398.00)	-	(483,534,560)
December 31, 2023	273,335,000	6,264,130,184	8,594,049,471	904,169,993	1,131,414,306	138,918,751	17,306,017,705

Forward

Note	Land and Land Improvements (at Revalued Amount)	Building and Building Improvements (at Revalued Amount)	Medical Equipment, Tools, and Instruments (at Cost)	Furniture, Fixtures, and Others (at Cost)	Leasehold Improvements (at Revalued Amount)	Construction-in-Progress (at Cost)	Total
Accumulated Depreciation							
January 1, 2022	P87,081,168	P1,205,632,354	P5,787,055,087	P720,704,226	P124,837,114	P -	P7,925,309,949
Depreciation	-	159,645,956	548,844,166	60,467,688	127,253,154	-	896,210,964
Reclassified as held-for-sale	10	10,439,662	860,877,616	139,408,302	185,912,143	-	1,196,637,723
Reversal of impairment loss	-	(24,282,232)	-	-	-	-	(24,282,232)
Adjustment/disposals/write-off	-	(67,363,024)	(639,901,644)	(56,663,875)	(8,825,906)	-	(772,754,449)
December 31, 2022	97,520,830	2,134,510,670	5,835,405,911	910,420,182	243,264,362	-	9,221,121,955
Depreciation	-	148,440,615	575,912,295	108,747,933	212,957,940	-	1,046,058,783
Reclassification	(97,520,830)	(613,317,829)	457,624,062	(215,442,969)	243,468	-	(468,414,098)
Adjustment/disposals/write-off	-	(2,646,919)	(378,560,710)	(47,821,844)	(22,103,602)	-	(451,133,075)
December 31, 2023	-	1,666,986,537	6,490,381,558	755,903,302	434,362,168	-	9,347,633,565
Carrying Amount							
December 31, 2022	P273,335,000	P4,735,828,704	P1,694,459,652	P190,228,439	P459,843,851	P147,776,261	P7,501,471,907
December 31, 2023	P273,335,000	P4,597,143,647	P2,103,667,913	P148,266,691	P697,052,138	P138,918,751	P7,958,384,140

PSI's building and building improvements were constructed on a 15,000 square meter land donated by Manila Electric Company to Philippine Foundation for Health and Development, Inc. (PFHDI), an entity under common control of PSI, with a restriction that the donated property should be exclusively used as a site for a tertiary care hospital facility. By virtue of a Memorandum of Agreement (MOA) between PSI and PFHDI dated March 17, 1998, PFHDI allowed PSI to use the donated property for an initial period of 50 years, renewable for such period as may be agreed by both parties. The MOA provides that PSI shall not incur any asset retirement obligation relating to the use of the said land.

Construction-in-progress includes ongoing renovations and construction of satellite clinics which are expected to be completed on the succeeding years. No borrowing costs were capitalized in 2023, 2022 and 2021.

In 2022, PSI and PHDSC assessed again the value of building and building improvements, which resulted to a P95.08 million gain on revaluation, net of deferred tax and a reversal of impairment allowance amounting to P24.28 million (see Note 32). The independent appraisals were performed by Vitale Valuation Services, Inc. The last appraisal report was issued on October 10, 2022. The valuation included in the report, was determined by reference to Sales Comparison Approach for land and Cost Approach for building and building improvements and leasehold improvements.

The fair value of the land is measured using Level 1 (quoted prices in active markets). The key input to valuation of the land is determined to be the selling price per square meter. The fair value of the building and building improvements and leasehold improvements is measured using Level 3 (significant unobservable inputs).

Management believes that there are no indications that the other classes of property and equipment are impaired or their carrying amounts may not be recoverable. The Group recorded a reversal of impairment loss on property and equipment, as part of "Other income - net" account in the consolidated statements of profit or loss, which amounted to nil, P24.28 million, and nil in 2023, 2022 and 2021, respectively (see Note 32).

In 2023 and 2022, GHDl assessed the value of the land, building and building improvements. The revalued amount was based on appraisal report issued by a third party qualified appraiser on the basis of market value. The fair value is measured using Level 3 (significant unobservable inputs). The last appraisal report was issued on February 9, 2023.

The description of valuation techniques used and key inputs to valuation on property and equipment as at December 31, 2023 and 2022 are as follows:

	Valuation Technique	Significant Unobservable Inputs	Range
Land, building and building improvements	Income Capitalization Approach	6% Discount Rate	- Stabilized revenue and EBITDA ranges from USD348.20 million to USD405.90 million. - Average gross revenue and EBITDA ranges from USD321.90 million to USD375.30 million

In arriving at the revalued amount of land, building and building improvements GHDl used the Income Capitalization Approach method of valuation which considers the business based upon a 7-year projection of free cash flow. The valuation was based on 2021-2027 average and median average and median price-to-revenue multiples and average and median price-to-EBITDA multiples. The valuation also accounts for the net revenue which considers write-off and discount services.

The land, building and building improvements mentioned above are recorded as part of "Assets classified as held-for-disposal" account.

The revaluation increment from continuing operations resulted from the revaluation of the Group's land and land improvements, building and building improvements and leasehold improvements amounted to nil, P96.06 million and P132.15 million in 2023, 2022 and 2021, respectively, which was presented under "Revaluation increment on property and equipment - net of deferred tax" account in the consolidated statements of comprehensive income. The revaluation increment from discontinued operations amounted to nil, P888.88 million and P5.33 billion in 2023, 2022 and 2021, respectively.

The carrying amounts of land and land improvements, building and building improvements and leasehold improvements, had these been carried under the cost model are P273.34 million, P4.60 billion and P697.05 million respectively, as at December 31, 2023 and P273.34 million, P4.74 billion and P459.84 million, respectively, as at December 31, 2022.

As at December 31, 2023 and 2022, the aggregate acquisition cost of the fully depreciated property which are still in use are P5.16 billion and P4.36 billion, respectively.

Depreciation from continuing and discontinued operations are as follows:

	2023	2022	2021
Continuing operation	P1,046,058,783	P896,210,961	P925,782,106
Discontinued operation	1,451,789,740	1,276,427,556	981,867,358
	P2,497,848,523	P2,172,638,517	P1,907,649,464

Depreciation charge from continuing operations is recognized in the following line items in the consolidated statements of profit or loss:

Note	2023	2022	2021
Costs of sales and services	28 P822,314,308	P630,264,157	P675,950,800
Administrative expenses	29 223,744,475	265,946,804	249,831,306
	P1,046,058,783	P896,210,961	P925,782,106

In 2023, 2022 and 2021, the Group disposed its property and equipment with a total carrying amount of P26.87 million, P37.5 million and P2.70 million for a total proceeds of P3.36 million, P3.87 million and P4.11 million and recognized a loss of P21.79 million, a loss of P14.07 million and a gain of P1.41 million, presented as "Gain/loss on disposal and retirement of property and equipment" under "Other income - net" account in the consolidated statements of profit or loss (see Note 32).

As at December 31, 2023 and 2022, the Group's outstanding liabilities for the acquisition of various property and equipment amounted to P311.60 million and P182.06 million, respectively. These liabilities are presented as part of "Trade and other payables" account in the consolidated statements of financial position.

Mortgaged Properties

The Group mortgaged its property and equipment with a total carrying amount of P7.96 billion and P7.50 billion as at December 31, 2023 and 2022, respectively, to secure its long-term debts (see Note 19).

13. Acquisition of Businesses, Establishment and Subsidiaries

- a. On October 24, 2014, PHDSC paid P200.00 million to SLHMC as deposit for future stock subscription. On June 19, 2015 (acquisition date), PHDSC acquired and fully paid the 350,000 unissued common shares of SLHMC, which represents a 43.75% interest in SLHMC, at a price of P1,500.00 per share or a total acquisition cost of P525.00 million. On October 27, 2015, SLHMC's application for the increase in authorized capital stock was approved by the SEC and on December 28, 2015, PHDSC subscribed and fully paid additional 24,006 shares of SLHMC at a price of P1,500.00 per share or a total acquisition cost of P36.01 million. The above acquisitions gave PHDSC a 45.38% interest in SLHMC. As a result of the acquisition, SLHMC became a partially owned subsidiary of PHDSC and is now operating under the trade name, The Medical City South Luzon.

The following summarizes the recognized amounts of assets acquired and liabilities assumed at the acquisition date:

Assets	
Cash	P167,160,406
Trade and other receivables	20,498,248
Inventories	15,169,045
Prepayments and other current assets	11,852,085
Property and equipment - net	893,649,700
Other noncurrent assets	10,704,829
	1,119,034,313
Liabilities	
Trade and other payables	49,474,955
Advances from a related party	150,866,684
Income tax payable	1,958,481
	202,300,120
Net Assets at Fair Value	P916,734,193

Goodwill was recognized as follows:

Total cash consideration transferred	P525,000,000
Noncontrolling interest measured at proportionate interest (56.25%) in identifiable net assets	515,662,984
Total identifiable net assets at fair value	(916,734,193)
Goodwill	P123,928,791

There was no adjustment on net assets acquired and goodwill upon finalization of the purchased price allocation exercise in 2016. The recoverable amount of goodwill from the acquisition of SLHMC was determined based on value in use calculations using actual past results and observable market data such as growth rates, operating margins, among others. The Group reviewed the valuation performed as part of the impairment testing of goodwill from SLHMC acquisition as at December 31, 2023 and 2022.

Growth rates and operating margins used to estimate future performance are equally based on past performance and experience of growth rates and operating margins achievable in the relevant industry. The expected cash flows are discounted by applying a suitable weighted average cost of capital (WACC). The discount rate applied to pre-tax five year cash flow projections is 11.35% and 7.85% in 2023 and 2022, respectively and the terminal growth rate is 6.18% and 5.90% in 2023 and 2022, respectively.

Management believes that no reasonably possible change in the key assumptions would cause the carrying amount of the CGU to which goodwill relates to materially exceed its recoverable amount. The fair value measurement for the CGU has been categorized as a level 3 fair value based inputs to the valuation technique used.

- b. On May 15, 2015 (acquisition date), PHDSC acquired 67.36% of the issued and outstanding shares of TMCP from University of Pangasinan, Inc. and Dr. Francisco L. Viray, for a total acquisition cost of P63.62 million. PHDSC has already paid the 50% of the total acquisition cost as at December 31, 2015 and the remaining 50% was paid on May 15, 2016. As a result of the acquisition, TMCP became a partially owned subsidiary of PHDSC and is now operating under trade name, The Medical City Pangasinan.

The following summarizes the recognized amounts of assets acquired and liabilities assumed at the acquisition date:

Assets	
Cash	P1,274,428
Trade and other receivables	10,072,188
Inventories	6,250,044
Prepayments and other current assets	2,912,117
Property and equipment	122,535,000
Other noncurrent assets	573,658
	143,617,435
Liabilities	
Trade and other payables	28,433,169
Deferred tax liabilities	15,465,000
Income tax payable	2,166,909
	46,065,078
Net Assets at Fair Value	P97,552,357

Goodwill was recognized as follows:

Total cash consideration transferred	P63,621,318
Noncontrolling interest measured at proportionate interest (32.64%) in identifiable net assets	31,841,089
Total identifiable net assets at fair value	(97,552,357)
	P2,089,950

There was no adjustment on net assets acquired upon finalization of the purchased price allocation exercise in 2016.

The recoverable amount of goodwill from the acquisition of TMCP was determined based on value in use calculations using actual past results and observable market data such as growth rates, operating margins, among others. The Group reviewed the valuation performed as part of the impairment testing of goodwill from TMCP acquisition as at December 31, 2023 and 2022.

Growth rates and operating margins used to estimate future performance are equally based on past performance and experience of growth rates and operating margins achievable in the relevant industry. The expected cash flows are discounted by applying a suitable weighted average cost of capital (WACC). The discount rate applied to after tax five year cash flow projections is 9.75% and 7.85% in 2023 and 2022, respectively and the terminal growth rate is 6.18% and 5.90% in 2023 and 2022, respectively.

Management believes that no reasonably possible change in the key assumptions would cause the carrying amount of the CGU to which goodwill relates to materially exceed its recoverable amount.

The fair value measurement for the CGU has been categorized as a level 3 fair value based inputs to the valuation technique used.

- c. PSI's increased participation in MATI's financial and operating policies and decisions and the change in its intention to hold the available for sale financial assets indefinitely in 2010 resulted in an increase in PSI's equity interest in MATI from 29% in 2009 to 62.35% in 2010. Goodwill amounting to P69.85 million was recognized based on the carrying amount of MATI's net assets as a result of the change in PSI's equity interest in MATI.

The recoverable amount of goodwill from increase in interest in MATI was determined based on fair value less cost of disposal using the cost approach, specifically the Reproduction Cost (New) less depreciation, which Group believes as the most relevant approach relative to the nature of the CGU. The fair value is measured using unobservable market data such current cost of the assets, and various elements of depreciation which includes physical deterioration, functional and external or economic obsolescence. The Group reviewed the valuation performed as part of the impairment testing of goodwill from MATI as at December 31, 2023 and 2022. Management believes that no reasonably possible change in the key assumptions would cause the carrying amount of the CGU to which goodwill relates to materially exceed its recoverable amount.

The fair value measurement for the CGU has been categorized as a level 3 fair value based inputs to the valuation technique used.

14. Intangible Assets and Goodwill - net

This account consists of:

	Note	2023	2022
Goodwill	13	P195,863,780	P195,863,780
Application software and licenses - net		104,877,917	125,810,680
		P300,741,697	P321,674,460

Goodwill is allocated to the following CGUs:

	Note	2023	2022
SLHMC	13a	P123,928,791	P123,928,791
MATI	13c	69,845,039	69,845,039
TMCP	13b	2,089,950	2,089,950
		P195,863,780	P195,863,780

The movements in the application software and license cost are shown below:

	2023	2022
Cost		
Balance at beginning of year	P354,158,538	P340,861,845
Additions	22,665,844	13,296,693
Balance at the end of year	376,824,382	354,158,538
Accumulated Amortization		
Balance at beginning of year	228,347,858	185,718,559
Amortization	43,598,607	42,629,299
Balance at the end of year	271,946,465	228,347,858
Carrying Amount	P104,877,917	P125,810,680

Amortization for continuing operations is recognized in the following line items in the consolidated statements of profit or loss:

	Note	2023	2022	2021
Costs of sales and services	28	P1,399,082	P1,002,820	P4,074,907
Administrative expenses	29	42,199,525	41,626,479	26,240,007
		P43,598,607	P42,629,299	P30,314,914

15. Interest in Joint Venture

The Group has 49% interest in SAMA TMC Medical Services - LLC (SAMATMC) with initial investment of P170.00 million. The investment is fully impaired as at December 31, 2023 and 2022.

In 2013, PHDSC and SAMA Medical Services WLL., Kuwait (SAMA) entered into a joint venture agreement whereby both parties expressed their wish to join their respective efforts and create a joint venture company for the purpose of establishing and operating a healthcare services company serving the Filipino Community in United Arab Emirates (UAE) and other Gulf Cooperation Council countries.

The joint venture company, SAMATMC, has an authorized capital stock of United Arab Emirates Dirham (AED) 15 million, divided into 15,000 shares at AED1,000 par value per share. In accordance with the joint venture agreement, as amended on May 30, 2015, PHDSC subscribed 4,900 shares of SAMATMC at AED1,000 per share for an aggregate amount of P58.80 million (AED4.90 million), which represents 49% interest in joint venture.

SAMATMC was incorporated in the UAE and started its commercial operations in 2015. The principal office address of SAMATMC is at PO Box 214684, Dubai, UAE.

On December 22, 2017, PHDSC's BOD approved the conversion of P111.30 million advances into investments.

In 2019, the Group recognized equity in net losses for the remaining amount of the investment as the management expects that the cost of the investment may not be recovered as SAMATMC incurred substantial operating losses during the year brought about by the closure of three of its clinics.

On April 15, 2020, the BOD approved the liquidation and cancellation of SAMATMC. As of December 31, 2023, it is still in the process of final closure.

The following table summarizes the financial information of SAMATMC, including the reconciliation of the summarized financial information to the carrying amount of the Group's interest in SAMATMC.

	2023	2022
Current assets	P8,470,777	P8,470,777
Noncurrent assets	32,715,253	32,715,253
Current liabilities	(175,860,849)	(175,860,849)
Noncurrent liabilities	(10,838,716)	(10,838,716)
Net liabilities (100%)	(P145,513,535)	(P145,513,535)
Group's share in net assets (49%)	(P71,301,632)	(P71,301,632)
Revenue	P -	P -
Net loss and total comprehensive loss (100%)	-	-
Group's share in net profit and total comprehensive income (49%)	P -	P -

There are no contingent liabilities in relation to these joint venture projects as there are no or even remote possibility that an outflow of economic resources will be incurred.

16. Loans Receivable

MATI entered into a MOA with certain doctors wherein, MATI shall undertake, supervise and advance the construction of said doctors' clinics, for a contract price of P0.80 million per unit and with interest rate of 8.00% per annum, payable in 10 to 15 years. The carrying amount of loans receivable as at December 31, 2023 and 2022 amounted to P1.99 million and P2.02 million, respectively (see Note 35).

Interest income earned from the above loan amounted to P1.26 million, P0.17 million and P0.18 million for the years ended December 31, 2023, 2022 and 2021, respectively.

17. Other Noncurrent Assets - net

This account consists of:

	Note	2023	2022
Rent and security deposits	31, 35	P237,630,338	P217,855,723
Advance payments to suppliers of medical equipment		194,986,992	192,819,143
Deposit for stock subscription		66,169,290	101,290,890
Others	35	15,305,431	20,888,517
		P514,092,051	P532,854,273

Rent and security deposits mainly represent payments related to the lease of various commercial spaces which are noninterest bearing. Security deposits also pertains to lease of hospital, clinics, land and deposit to contractors for renovation and construction of hospitals. These deposits will be refunded to the Group after the lease term. The difference between the original amount of noninterest-bearing deposits and their present values was recognized as discount on the refundable deposits which is also capitalized to the right of use asset of the Group (see Note 31). Amortization of discount amounting to P0.88 million, P0.64 million, and P0.62 million in 2023, 2022 and 2021, respectively, is presented as part of "Interest income" account in the consolidated statements of profit or loss.

Advance payments to suppliers of medical equipment pertain to advance payments to various suppliers for medical equipment to be used for the Group's expansion projects.

On July 26, 2021, PHDSC entered into a share purchase agreement to acquire the 38,843 common shares of all the other shareholders of SLHMC at a price of P18,000 per share or a total acquisition cost of P699.17 million. Per agreement, a non-refundable deposit (NRD) amounting to 10% of the purchase price or P69.92 million shall be paid by PHDSC to the shareholders on execution date.

The 70% balance (the "Second Tranche") of the purchase price amounting to P452.77 million shall be paid by PHDSC on or before December 31, 2021 (the "Sunset date") and the final balance of 20% of the purchase price amounting to P129.36 million shall be placed by PHDSC in Escrow. PHDSC is obligated to start to pay the shareholders an interest of 1.5% per month on the unpaid balance until the Sunset Date in the event that PHDSC fails to pay the Second Tranche and deposit the balance in Escrow by October 31, 2021. As at December 31, 2021, PHDSC paid the 10% NRD amounting to P69.92 million which was recorded under "Deposit for future stock subscription". In 2022, the Company paid the 70% balance amounting to 31.36 million. Total interest expense incurred amounted to P41.29 million in 2022. In 2023, PSI paid the 20.00% final balance amounting to P8.78 million. In 2023, deposits for future stock subscription amounting to P43.90 million were converted to investment of PSI in SLHMC upon full payment.

Others include construction bonds and utility deposits.

18. Trade and Other Payables

This account consists of:

	Note	2023	2022
Trade payables		P1,372,479,808	P1,724,138,920
Accrued expenses		693,676,251	716,948,195
Doctors' fees		242,529,074	247,059,389
Deposits from HMOs		168,627,062	108,623,194
Withholding tax payable		90,827,864	33,792,797
Deposit from patients		73,393,003	61,640,324
Employee benefits payable		17,659,456	5,408,710
Dividends payable	24	13,462,825	29,410,825
Medicare benefits payable		2,522,916	2,522,916
Advances from stockholders and individuals		2,408,332	102,992,668
Others		99,449,140	84,007,374
	35	P2,777,035,731	P3,116,545,312

The average credit period on purchases of goods and services from suppliers is 30 to 90 days. No interest is charged on the trade payables of the Group.

Trade payables pertains to outstanding balance to its suppliers of medical supplies, medicine, reagent and others.

Doctors' fees consist of unpaid professional fees and readers' fees of medical doctors which are settled within one year.

Deposit from HMOs pertains to funding from HMOs, private and other international companies.

Accrued expenses relate to the following:

	2023	2022
Taxes and licenses	P331,281,310	P322,182,184
Personnel costs	93,249,076	87,672,370
Repairs and maintenance	83,304,929	49,169,596
Heat, light and power	56,113,407	58,865,241
Contracted labor and professional fees	50,028,450	68,089,305
Interest expense	27,024,154	79,841,955
Security and janitorial services	14,139,994	18,121,644
Rent	2,679,541	2,265,159
Dues and subscriptions	593,945	3,311,354
Others	35,261,445	27,429,387
	P693,676,251	P716,948,195

Taxes and licenses include accrued taxes and payables to SSS and HDMF.

Accrued expenses normally reverse within one year from the reporting date.

Others include various accruals that are individually immaterial.

19. Long-term and Short-term Debt

a. Long-term Debt

Details of the Group's long-term debt are as follows:

	2023	2022
Chinabank Corporation (CBC)	P775,500,000	P1,001,000,000
Rizal Commercial Banking Corporation (RCBC)	520,000,000	680,000,000
Metrobank	426,588	1,366,446
Banco de Oro Unibank, Inc. (BDO)	-	800,000,000
Asia United Bank (AUB)	-	26,328,621
	1,295,926,588	2,508,695,067
Debt issuance costs	(6,623,548)	(14,599,422)
	P1,289,303,040	P2,494,095,645
Long-term debt - current portion	P436,615,676	P405,171,516
Long-term debt - net of current portion	852,687,364	2,088,924,129
	P1,289,303,040	P2,494,095,645

P885 Million Term Loan Facility of PSI (Tranche B Loan)

This loan facility was obtained to finance up to 60% of the capital expenditures on the expansion of The Medical City in Pasig, including fit-out of additional beds and replacement and maintenance of old equipment, tools and furniture and fixtures.

The term of the loan is eight years from drawdown date and bears a fixed interest rate at 6.25% per annum. The principal amount of P576.13 million shall be payable in 20 quarterly amortizations, beginning at the end of the 12th quarter from initial drawdown date. The balance of P308.87 million shall be payable in one lump sum on May 13, 2022. In 2022, the loan was subsequently extended with a final maturity date of January 31, 2023. The loan was fully paid in December 2022.

In January 2018, the repayment schedule has been amended. The new schedule per Deed of Second Amendment is as follows:

Principal Repayment Date	Principal Amortization (% of Total Amount Drawn)
End of 18 th quarter	3.255%
End of 19 th quarter	0.098%
End of 20 th quarter	0.098%
End of 21 st quarter	0.098%
End of 22 nd quarter	0.098%
End of 23 rd quarter	0.911%
End of 24 th quarter	0.911%
End of 25 th quarter	0.911%
End of 26 th quarter	0.911%
End of 27 th quarter	4.753%
End of 28 th quarter	4.753%
End of 29 th quarter	4.753%
End of 30 th quarter	4.753%
End of 31 st quarter	3.255%
Final Maturity Date	50.912%

The loan was fully drawn as at December 31, 2014 amounting to P885.00 million, of which P531.00 million was from BDO and P354.00 million was from RCBC.

A balance of two quarters' interest and principal loan amortizations due to be paid for the next two succeeding interest and repayment dates shall be maintained in a DSRA.

PSI paid the principal loan amortization amounting to nil, P357.33 million and P164.11 million in 2023, 2022 and 2021, respectively.

Interest expense recognized on the above loan for the years ended December 31, 2023, 2022 and 2021 amounted to nil, P16.97 million and P27.61 million, respectively, which is presented as part of "Interest expense" account in the consolidated statements of profit or loss.

The OLA also provides certain covenants, the more significant of which are as follows:

- Maintain a debt-to-equity ratio of not more than 70:30, which shall be calculated on a semi-annual basis based on their respective unaudited (or as applicable, audited) financial statements;
- Maintain a combined DSCR of at least 1.2:1, which shall be calculated on a semi-annual basis based on the combined (or as applicable, audited) financial statements of PSI and GHDI, provided that the debt service for the Tranche C USD 125 million loan shall not be included in the computation of the combined DSCR of GHDI and PSI.
- PSI and GHDI shall not declare or pay any distribution, or any return of capital to its shareholders or, redeem, retire, purchase or otherwise acquire, directly or indirectly, for consideration any of its capital now or hereafter outstanding, or set aside any funds for any such distribution, return of capital, redemption, retirement, purchase or acquisition of capital, issuance of options or warrants with respect to capital, unless: (a) such distribution or other action is permitted by applicable law, (b) no event of default is then in existence, (c) such distribution is paid only on a payment date out of the distribution account and in accordance with Part E-2 of the OLA and only if: (1) GHDI's historical DSCR is not less than 1.2:1; and (2) the Tranche A DSRA, Tranche B DSRA, debt service accrual account and DSRA are fully funded.
- Except as allowed by the loan agreement, PSI shall not, from the date of the agreement, extend any loans, advances or subsidies to any of its directors, officers, stockholders or subsidiaries or affiliates or to any other person, firm or corporation other than in the regular course of business. Any stockholder advances made, whether or not in the regular course of business, exceeding P5 million, either in one transaction or a series of transactions made within one (1) fiscal year, shall require a prior written consent from BDO and RCBC.

- Indebtedness due in 12 months or less which is incurred for money borrowed from commercial banks in the ordinary course of business in the aggregate should not exceed at any one time outstanding the equivalent of P2.00 billion or its dollar equivalent. In January 2018, the limit was increased to P4.00 billion under Section 5 of Deed of Second Amendment.

As at December 31, 2021, the DSRA account for Tranche B loan amounted to nil and waiver of DSRA for Tranche B was granted to the Company before December 31, 2021.

On December 5, 2022, PSI fully paid the remaining balance of Tranche B of P357.33 million.

P1 Billion Term Loan Facility of PSI

In February 2016, PSI obtained P1 billion loan from BDO. This loan facility was used to finance various short-term loans used to bridge finance the expansion of The Medical City in Pasig networks.

The loan has a term of five (5) years from the initial drawdown date, bearing a fixed interest rate at 5.25% per annum. The P1 billion principal amount shall be payable in 16 quarterly amortizations, beginning at the end of the 4th quarter from initial drawdown date and up to the final maturity date on May 13, 2022.

In 2022, the loan was subsequently extended with a final maturity date of January 31, 2023. The loan was fully paid in December 2022.

PSI paid the principal loan amortization amounting to nil, P559.56 million and P70.00 million in 2023, 2022 and 2021, respectively.

Interest expense recognized on the above loan for the years ended December 31, 2023, 2022 and 2021 amounted to nil, P29.81 million, and P30.93 million, respectively, which is presented as part of "Interest expense" account in the consolidated statements of profit or loss.

P500 Million STL Conversion

In November 2019, PSI obtained P500.00 million loan from BDO. This loan was a conversion of a short-term loan that was used to finance GHDI's operating expenses.

The loan was originally drawn in November 2019 with maturity date on January 21, 2025. The loan was fully paid on August 7, 2023. The loan charged an interest at 7.50% per annum.

Interest expense incurred amounted to P24.11 million, P38.25 million, and P38.19 million in 2023, 2022 and 2021, respectively, which is presented as part of "Interest expense" account in the consolidated statements of profit or loss.

P300 Million STL Conversion

In December 2019, PSI obtained P300.00 million loan from BDO. This loan was a conversion of a short-term loan that was used to finance GHDI's operating expenses.

The loan was originally drawn in December 2019 with maturity date on January 21, 2025. The loan was fully paid on August 7, 2023. The loan charged an interest at 7.50% per annum.

Interest expense incurred amounted to P14.51 million, P22.95 million, and P22.91 million in 2023, 2022 and 2021, respectively, which is presented as part of "Interest expense" account in the consolidated statements of profit or loss.

P800 Million STL Conversion

In October 2020, PSI obtained P800.00 million secured loan from RCBC. This loan was a conversion of a PHDSC short-term loan that was used to finance GHDI's operating expenses.

The loan was originally drawn in October 2020 with maturity date on October 9, 2025. The loan charged an interest at 6.84% per annum.

The loan agreement is secured by the following:

- Mortgage Trust Indenture (MTI) over the properties of PSI and registered in the appropriate Registry of Deeds; and
- Insurance cover of at least 100% of the market value on the existing improvements on the properties to be issued by Malayan Company Inc.

The loan agreement provides certain negative covenants, which without prior consent of the creditor does not allow PSI to:

- Have its total debt-to-equity ratio, computed in accordance with generally accepted accounting principles consistently applied, exceed 2.33x based on its consolidated audited financial statements;
- Have its debt service coverage ratio (DSCR), computed in accordance with generally accepted accounting principles consistently applied, be less than 1.2x based on its consolidated audited financial statements;
- Have its current ratio, computed in accordance with generally accepted accounting principles consistently applied, be less than 1.0x based on its consolidated audited financial statements.

As at December 31, 2023 and 2022, PSI did not meet the minimum debt-to-equity ratio of not more than 70:30 or 2.33x and current ratio of 1:1, as described in Section 6.021(e), Negative Covenants under Article VI Covenants of the loan agreement. As at December 31, 2023 and 2022, waiver for both covenants was granted. Thus, the noted breach did not result in an event of default and did not have the effect of rendering the Group's long-term loan immediately due and demandable as at December 31, 2023 and 2022. PSI also obtained waivers for anticipated breach in nonfinancial covenants, arising from internal reorganization, before December 31, 2023 and 2022.

Interest expense incurred amounted to P41.20 million, P50.18 million and P54.62 million in 2023, 2022 and 2021, respectively which is presented as part of "Interest expense" account in the consolidated statements of profit or loss.

PSI paid the principal loan amortization amounting to P160.00 million and P80.00 million in 2023 and 2022, respectively.

P1.10 Billion Loan

In September 2021, PSI obtained P1.10 billion loan from CBC. This loan was used to refinance the Company's existing P500.00 million short-term loan from the lender and to fund capital expenditures of The Medical City, Pasig.

The loan was originally drawn on September 28, 2021 with maturity date on September 28, 2026. The loan charged an interest at 6.50% per annum.

The loan agreement provides certain negative covenants, which without prior consent of the creditor does not allow the Company to:

- Have its total debt-to-equity ratio, computed in accordance with generally accepted accounting principles consistently applied, exceed 2.33x based on the Company's unaudited financial statements;
- Have its debt service coverage ratio (DSCR), computed in accordance with generally accepted accounting principles consistently applied, be less than 1.2x based on the Company's unaudited financial statements;

As at December 31, 2023 and 2022, PSI did not meet the required DSCR ratio of 1.2:1 as described in Section 17.01 DSCR of the OLA. PSI's "debt-to-equity" ratio did not exceed the required 2.33x based on the separate financial statements of PSI. In relation to this, waiver for the covenants were subsequently granted by the Lender for the said breaches. Thus, the noted breach did not result in an event of default and did not have the effect of rendering PSI's long-term loan immediately due and demandable. PSI also obtained waivers for anticipated breach in nonfinancial covenants, arising from internal reorganization, before December 31, 2023 and 2022.

Interest expense incurred amounted to P69.52 million, P77.84 million and P20.79 million in 2023, 2022, and 2021, respectively, which is presented as part of "Interest expense" account in the consolidated statements of profit or loss.

PSI paid the principal loan amortization amounting to P225.50 million and P84.33 million in 2023 and 2022, respectively.

P200 Million Loan

In March 2021, PSI obtained P200 million loan from AUB. This loan was used to partially finance the Company's working capital requirements, and to refinance the existing P80.0 million loan of PHDSC with the lender.

The loan was originally drawn in March 24, 2021 with maturity date on March 24, 2023. The loan charged an interest at 6.00% per annum.

Interest expense incurred amounted to P0.23 million, P4.79 million, and P7.72 million in 2023, 2022, and 2021, respectively, which is presented as part of "Interest expense" account in the consolidated statements of profit or loss.

PSI paid the principal loan amortization amounting to P26.33 million and P101.46 million in 2023 and 2022, respectively.

PSI mortgaged its property and equipment with a total carrying amount of P4.32 billion and P4.29 billion as at December 31, 2023 and 2022, respectively, to secure its long-term debt (see Note 12).

Debt issuance costs are deducted from the carrying amount of the loans and amortized using effective interest method over the term of the loan.

Loan Agreement with RCBC of PHDSC

On April 27, 2016, PHDSC entered into a loan agreement with RCBC to finance the renovation and expansion of The Medical City Iloilo (TMCI), the satellite hospital of PHDSC located in Iloilo City. The loan has a term of seven (7) years from the initial drawdown date, bearing an interest either be fixed based on the 2% spread over applicable Philippine Dealing System Treasury Reference Rate (PDST-R2), subject to a floor rate of 5.50% per annum, or floating based on a 2% spread over 3-month PDST-R2, subject to a floor rate based on Bangko Sentral ng Pilipinas overnight rate plus 0.875% per annum. The loan is payable in 20 quarterly installments in the amount of P15.75 million after the two (2) year grace period from the initial drawdown date with balloon payment in the amount of P210.00 million payable on final maturity.

The loan agreement is secured by the following:

- Real estate mortgage over any and all the buildings and improvements of PHDSC located in TMCI.
- Chattel mortgage on the equipment purchased by PHDSC and registered in the appropriate Registry of Deeds.
- Upon completion of the renovation and expansion, insurance cover of at least 100% of the market value of the improvements of the property to be issued by Malayan Insurance Company Inc.
- Insurance cover of at least 100% of the market value on the existing improvements of the mortgaged properties.

The loan has been fully drawn as at December 31, 2016 amounting to P525.00 million.

The loan agreement also provides certain covenants, the more significant of which are as follows:

- Maintain PHDSC's total debt-to-equity, computed in accordance with generally accepted accounting principles consistently applied, to not exceed 70:30 or 2.33:1.
- Maintain PHDSC's DSCR, computed in accordance with generally accepted accounting principles consistently applied, to not be less than 1.2:1.
- Maintain adequate insurance on all the insurable properties and assets with Malayan Insurance Company, Inc., and keep itself adequately insured against liability on account of injury or damage to persons or property.
- Not to declare dividends until the loan, its accrued interests, charges and other obligations provided for in the loan agreement are fully paid, unless the dividends shall be used by the guarantor to repay the principal of the loan.
- Not to incur any additional obligation and/or obligation with a maturity of more than one year, or purchase to treasury, or redeem any of its subscribed and outstanding capital stock, unless the redemption by PHDSC of the shares it issued to PSI, the guarantor, is for the purpose of providing the guarantor with funds to repay, in part or in full, the principal of the loan.

Interest expense recognized on the above loan for the years ended December 31, 2023, 2022 and 2021 amounted to nil, P10.16 million, and P20.45 million, respectively.

The portion of the long-term loan obtained amounting to P442.21 million is collateralized by a real estate mortgage over the building and improvements, and a chattel mortgage over certain equipment owned by the PHDSC. Total carrying amount of the mortgage properties amounted to P761.65 million as at December 31, 2021 (see Note 12).

Debt issuance costs are deducted from the carrying amount of the loan and amortized using effective interest method over the term of the loan.

In November 2022, due to the merger of PSI & PHDSC, the loan was assumed by PSI. On December 5, 2022, PSI fully paid the remaining balance of the RCBC loan of P257.25 million.

As at December 31, 2021, PHDSC did not meet the minimum DSCR of 1.2:1 as described in Section 6.02(d), *Negative Covenants* under Article VI of the loan agreement.

While there was such non-compliance in the prescribed financial ratio and restriction for additional loans, the terms of the agreement provide a process including notifications between the Company and the bank prior to a declaration of default. In relation to this, waiver 2021 for the said covenants were granted by the Lender for the said breaches. Thus, the noted breach did not result in an event of default and did not have the effect of rendering PHDSC's long-term loan immediately due and demandable. The carrying amount of these loans as at December 31, 2021 amounted to P304.13 million.

On July 26, 2020, the loan agreement with RCBC was amended pursuant to Republic Act No. 11494, otherwise known as the "Bayanihan to Recover As One Act" (BARO Act). The loan shall be payable in quarterly installments each principal payment date, beginning on April 27, 2018, except (i) the quarterly installment due on July 26, 2020, which shall be paid on the last principal payment date and form part of the balloon payment in the amount of P225.75 million, and (ii) the quarterly installment due on October 26, 2020, which shall be paid on December 25, 2020 pursuant to the application of the provisions of the BARO Act. As such, the payment due date of the entire loan shall be moved to June 27, 2023 which shall be the last principal payment date as shown in the amortization schedule. The modification on the terms of the loan is not substantial, hence, the amortized cost of the financial liability is adjusted in the period of change to reflect the revised actual and estimated cash flows. The non-substantial modification resulted to a P0.61 million gain recognized in consolidated statements of profit or loss for the year ended December 31, 2020.

Loan Agreement with Robinsons of PHDSC

On April 27, 2017, PHDSC entered in a loan agreement with Robinsons with principal amount of P0.77 million with a term of three (3) years matured on April 27, 2020. This was subsequently renewed extending the term until January 2021 and was fully paid. The agreement does not indicate any interest rate but is subject to monthly payment of P0.02 million which includes principal and interest components. The loan was used to purchase a vehicle for operational use in TMCI.

Interest expense recognized on the above loan for the years ended December 31, 2021 and 2020 amounted to P1.81 thousand and P3.94 thousand, respectively, which is presented as part of "Interest expense" account in the consolidated statements of profit or loss.

P600 Million STL Conversion of Proser

Proser secured short term loans payable with Security Bank for working capital requirements of planned clinic expansions for 2020 amounting to P290.00 million which remained outstanding as at December 31, 2020. Drawdowns were made from February 14, 2020, to June 2, 2020 with interest rates of 5.00% to 6.25%. In June 2021, partial payment was made amounting to P30.00 million for the outstanding loans payable.

In July 2021, Proser was granted and fully availed of a term loan amounting to P600.00 million by the same bank, to refinance the outstanding balance of the short-term promissory notes amounting to P260.00 million. In July 2021, a drawdown amounting to P340.00 million was made. The loan has a term of two (2) years from the initial drawdown date, bearing a fixed interest rate at 5.00% per annum. The principal amount is subject to equal monthly principal amortization payments starting on the 13th month from the initial drawdown date up to the maturity date.

The loan facility is secured by shares of stock of the Company that are owned by PSI amounting to P61.59 million (615,878 shares at 100 per share) as at December 31, 2021. At first, the loan is secured by a time deposit on staggered basis, initially at P30.00 million on the first month to accumulate to P90.00 million from the second until the sixth month. The assignment of time deposit shall fall-away after the successful registration of the pledge of shares. The restricted cash amounted to P80.00 million as at December 31, 2021.

Interest expense recognized and paid on the above loan in 2023, 2022, and 2021 amounted to nil, P28.66 million, and P20.74 million, respectively, which is presented as part of "Interest expense" account in the consolidated statements of profit or loss.

The loan agreement also provides certain covenants, the more significant of which are as follows:

- Maintain a debt-to-equity ratio not exceeding 2.00x based on the total liabilities and stockholders' equity
- Maintain a debt service coverage ratio of 1.00x
- Maintain a maximum bank debt to EBITDA ratio of 2.9x

These covenants will be tested after one year from the initial drawdown date, based on the audited financial statements.

The loan was fully paid in December 2022.

P1.37 Million Loan from Metrobank

In August 27, 2020 and February 23, 2022 TMCSL obtained P2.89 million and P 0.82 million loan from Metrobank, respectively. This loan was used to finance an ambulance and 3 other vehicles for general use. The loan was originally drawn in August 27, 2020 and February 23, 2022 with maturity date on July 27, 2025 and January 31, 2025, respectively. The loan charged an interest at 8.14% per annum. Interest expense incurred amounted to P0.15 million, P0.22 million, and P0.20 million in 2023, 2022, and 2021, respectively which is presented as part of "Interest expense" account in the consolidated statements of profit or loss. TMCSL paid the principal loan amortization amounting to P0.87 million and P0.78 million in 2023 and 2022, respectively.

Interest expense related to long-term debts of PSI which were undertaken on behalf of GHDI are presented under discontinued operations amounting to P422.04 million, P353.70 million and P353.89 million, respectively.

Maturity of Long-term Loans

The annual maturities of long-term debt as at December 31 are as follows:

Year	Gross Amount	2023	Net
		Amortization of Debt Issuance Cost	
2024	P440,500,000	P3,884,324	P436,615,676
2025	621,676,588	2,199,186	619,477,402
2026 and beyond	233,750,000	540,038	233,209,962
December 31, 2023	P1,295,926,588	P6,623,548	P1,289,303,040

Year	Gross Amount	2022	Net
		Amortization of Debt Issuance Cost	
2023	P411,828,621	P6,657,105	P405,171,516
2024	440,500,000	5,203,093	435,296,907
2025 and beyond	1,656,366,446	2,739,224	1,653,627,222
December 31, 2022	P2,508,695,067	P14,599,422	P2,494,095,645

Loan Agreements of GHDI

In May 2018, the BOD of GHDI approved the refinancing take-out loan facility and proposed refinancing structure of GHDI to obtain loans from one or more lenders in the maximum aggregate amount of P14.46 billion (USD275 million), the proceeds of which shall be used to make existing loans repayments. This consists of two refinancing facilities as follows.

- a. A syndicated facility (the R/E Facility) up to P11.83 billion (USD225 million), with KIM Private Placement Guam Medical Center Investment Trust 1 (KIM1), as the Administrative Agent. All the lenders under this facility are individual syndicate lenders holding loans under the R/E Facility. The R/E Facility is secured by: (i) a first priority lien in all of GRMC's assets, including a mortgage on real estate assets, other than accounts receivable and related deposit accounts, and (ii) a second priority lien on accounts receivable and related deposit accounts, in each case, subject to certain exceptions.

The Administrative Agent (KIM) acted as lead arranger and bookrunner of the R/E Facility, through the arranger fees they have received have varied at each upsizing bringing in new lenders.

- b. A bilateral facility (the A/R Facility) up to P2.63 billion (USD50 million) by Kiwoom Milestone GRMC Professional Private Trust 1. The A/R Facility is secured by: (i) a first priority lien on accounts receivable and related deposit accounts and (ii) a second priority lien in all of GRMC's assets, including a mortgage on real estate assets, other than accounts receivable and related deposit accounts, in each case, subject to certain exceptions.

Therefore, the A/R Facility and the R/E Facility share the same collateral but have the opposite lien priority structure from one another. The Intercreditor Agreement, among other things, governs the priority and terms and conditions of the shared liens on the collateral that secure both the R/E Facility and the A/R Facility.

On May 18, 2018, GHDI obtained a loan in the amount of P8.15 billion (USD155 million) from the syndicated facility (R/E Facility) and paid off P7.21 million (USD142.49 million) in principal and interest of the Omnibus loan tranches A and C to both BDO and RCBC and the P303.81 million (USD6 million) loan with Bank of Guam.

The P8.15 billion consists of the following loans:

	in Php	in USD
KIM 1	5,783,800,000	110,000,000
YESCO	1,577,400,000	30,000,000
Money 360	788,700,000	15,000,000
	8,149,900,000	155,000,000

On September 13, 2018, another syndicated facility (R/E Facility) was obtained from KIM 1 for P646.21 million (USD12.29 million).

On November 2, 2018, a third syndicated facility (R/E Facility) was obtained from KIM 1 for P441.06 million (USD12.29 million).

On November 30, 2018, a bilateral loan (A/R Facility) was obtained from Kiwoom Milestone GRMC Professional Private Trust 1 for P2.63 billion (USD50 million) which was used to pay off the YESCO loan obtained last May 18, 2018.

On March 13, 2019, a fourth syndicated facility (R/E Facility) was obtained through KIM for P2.23 billion (USD44 million).

November 15, 2019 another syndicated facility (R/E Facility) was obtained through KIM for P253.18 million (USD5 million).

December 12, 2019, the last syndicated facility (R/E Facility) was obtained through KIM for P266.34 million (USD5.26 million).

All of the abovementioned loans as at December 31, 2023 are subject to a 12.10% interest rate payable every 18th of the last month of each quarter. Total interest expenses paid amounted to P1.27 billion (USD23.33 million), P1.04 billion (USD21.09 million) and P889.61 million (USD17.93 million) for the years ended December 31, 2022, 2021 and 2020, respectively, relating to these facilities.

The financial assets pledged as collateral by GHDI as at December 31, 2023 and 2022 amounted to P1.06 billion and P940.69 billion for cash and cash equivalents and P4.19 billion and P4.76 billion for receivables, respectively, (see Notes 5 and 6).

Pursuant to Section 2.7 of the loan agreements, GHDI has used the option to extend the maturity date of May 18, 2021 on its loans for an additional 365 days to May 18, 2022. By doing so, GHDI incurred waiver fees of P178.70 million (USD3.20 million). During the year 2022, the same loan was extended until August 18, 2022 and GHDI incurred extension fees of P111.49 million (USD2.00 million). The same loan facility was further extended until November 18, 2022 where it incurred extension fees of P222.97 million (USD4.00 million).

On November 18, 2022, the loan was further extended until May 3, 2023. In the process, PSI made a capital infusion in the amount of USD95.00 million of common stocks, which GHDI used to pay off a portion of the loan amount. Furthermore, GHDI and Kiwoom mutually agreed to utilize the restricted cash collateral in the amount of USD15.00 million to pay off a portion of the AR loan facility as one of the conditions to the extension until May 3, 2023.

Prior to the May 3, 2023 maturity date of the aforementioned credit facilities, GHDI paid a total of \$3.00 million in principal payments to the AR facility.

As at June 14, 2023, GHDI secured a refinancing arrangement with Pacific General Capital Management (Cayman) Ltd., lead arranger and lender, with a total loan amount of USD146.00 million (equivalent to P8.08 billion) at an interest rate of 11.75% for two-year period with the option to extend for another year. Proceeds of this loan was used to pay-off the principal and remaining interest expense of the aforementioned facility in the total amount of USD137.57 million (P7.86 billion).

As at December 31, 2023, the remaining balance of GHDI's loan is USD146 million (equivalent to P8.08 billion).

Both the syndicated and bilateral loan facilities contain certain financial covenants that require, among other things, maintenance of minimum amounts and ratios of working capital, maximum ratio of indebtedness for debt coverage and debt-to-equity ratios which is calculated and reviewed on a semi-annual basis. GHDI is in compliance with its financial covenant requirements for the years ended December 31, 2023 and 2022.

GHDI has committed its receivables valued at P4.19 billion and P4.76 billion as of December 31, 2023, and 2022, respectively, to guarantee its long-term debts.

The above loan facilities have negative covenants imposed on GHDI as follows:

Financial Covenants

- **Interest Coverage Ratio**
GHDI shall not permit its interest coverage ratio for the consecutive twelve-month period ending on any computation period to be less than 1.25:1 measured as of the last day of such computation period.
- **Debt Ratio**
GHDI shall not permit its debt ratio as of the last day of any computation period to exceed 0.75:1.
- **Accounts Receivable Coverage Percentage**
GHDI must ensure that the principal amount of the Loan outstanding as of the last day of any computation period is no more than 40% of the aggregate net value of all of its accounts receivable as of such day.

▪ **Cash Collateral Test**

GHDI must not permit its cash balance of the sweep deposit account to be less than the required cash collateral amount, computed monthly on the 15th business day of each month (or, if earlier, on the date on which the monthly receivables report is delivered) based, as applicable, on: (i) the most recent monthly receivables report or (ii) the most recent month-end payment processor data (either in the form of Company-provided data or Company-accessed data). GHDI may not transfer any amounts on deposit in the sweep deposit Account if, after making such transfer, the cash balance of the sweep deposit account would be less than the required cash collateral amount then in effect. For the avoidance of doubt, the lender shall allow, and take any action or give instructions reasonably necessary to transfer, or allow transfer, of amounts on deposit in the sweep deposit account which are in excess of the required cash collateral amount then in effect.

Indebtedness

GHDI shall not, and shall not permit any subsidiary to, create, incur, assume or permit to exist any indebtedness with certain exceptions set forth in its loan documents. Indebtedness in respect of permitted R/E loans, provided that: (i) the aggregate principal amount thereof at any one time outstanding shall not exceed USD225 million and (ii) on or before the date of incurrence of any such indebtedness. If secured, the holders of such indebtedness shall have entered into an intercreditor agreement with the lender, in form and substance reasonably satisfactory to the lender and the lender shall have received a compliance certificate delivered by a Financial Officer of GHDI certifying, among other things, compliance with the requirements set forth in clauses in the loan document; and extensions, refinancing, renewals and replacements of any such indebtedness that do not increase the outstanding principal amount thereof and which are subject to intercreditor terms and conditions that are at least as favorable to the Lender as those that were applicable to the extended, refinanced, renewed or replaced Indebtedness; and such other indebtedness so long as GHDI remains in compliance with the financial covenants on a pro-forma basis after incurring such indebtedness.

Liens

GHDI shall not, and shall not permit any Subsidiary to create, incur, assume or permit to exist any Lien on any property or asset now owned or hereafter acquired by it, or assign or sell any rights to income or revenues (including accounts receivable), including without limitation any right to receive any such income or revenues with certain exceptions set for the in-loan documents.

Fundamental Changes

GHDI shall not, and shall not permit any Subsidiary to, merge into or consolidate with any other person, or permit any other person to merge into or consolidate with it, or sell, transfer, lease or otherwise dispose of (in one transaction or in a series of transactions) all or substantially all of its assets, or the majority of the equity interests of any Subsidiary (in each case, whether now owned or hereafter acquired), or liquidate or dissolve, or purchase or otherwise acquire all or substantially all of the assets or any equity interests of any class of, or any partnership or joint venture interest in, any other person, or change its jurisdiction of incorporation or organization or the form or type of its organization, except that, if at the time thereof and immediately after giving effect thereto no default shall have occurred and be continuing.

Disposition of Property

GHDI shall not and shall not permit any Subsidiary to dispose of any of its property, whether now owned or hereafter acquired, or in the case of any Subsidiary, issue or sell any of such Subsidiary's equity interests to any person, except for certain instances included in its loan documents.

Investments, Loans, Advances, Guarantees and Acquisitions

GHDI shall not, and shall not permit any Subsidiary to purchase, hold or acquire (including pursuant to any merger with any Person that was not a wholly owned Subsidiary prior to such merger) any investment, except for among others outlined in the loan document: cash equivalent investments; loans or advances made by GHDI to any Subsidiary and made by any Subsidiary to GHDI or any other Subsidiary; advances to officers, directors and employees of the Borrower and Subsidiaries in an aggregate amount not to exceed USD50,000 for any one officer, director or employee at any time outstanding, for travel, entertainment, relocation and similar ordinary business purposes; and other investments not in excess of USD1,000,000 in the aggregate at any one time outstanding.

Hedging Agreements

GHDI shall not, and shall not permit any Subsidiary to enter into any Hedging Agreement, except hedging agreements entered into to hedge or mitigate risks to which the Borrower or any Subsidiary has actual exposure (other than those in respect of equity interests of GHDI or any Subsidiary), and not for speculative purposes, and hedging agreements entered into in order to effectively cap, collar or exchange interest rates (from fixed to floating rates, from one floating rate to another floating rate or otherwise) with respect to any interest-bearing liability or investment of the Borrower or any Subsidiary.

Restricted Payments

GHDI may not and shall not permit any Subsidiary to declare or make, or agree to pay or make, directly or indirectly, any restricted payment, however; GHDI may declare and pay dividends with respect to its equity interests payable solely in additional shares of its common share. GHDI is permitted to pay dividends or make distributions for purposes of making the payments in respect of overhead of GHDI or its direct or indirect owners.

Transactions with Affiliates

GHDI shall not, and shall not permit any subsidiary to sell, lease or otherwise transfer any property or assets to, or purchase, lease or otherwise acquire any property or assets from, or otherwise engage in any other transactions with any of its Affiliates, with certain allowable circumstances as outline in its loan document.

Restrictive Agreements

GHDI shall not, and shall not permit any subsidiary to directly or indirectly enter into, incur or permit to exist any agreement or other arrangement that prohibits, restricts or imposes any condition upon the ability of GHDI or any subsidiary to create, incur or permit to exist any lien upon any of its property or the ability of any subsidiary to pay dividends or other distributions with respect to any shares of its equity interests or to make or repay loans or advances to GHDI or any other subsidiary or to guarantee Indebtedness of GHDI or any other Subsidiary or transfer any of its properties to GHDI provided certain provision outlined in its loan document.

Restriction on Use of Proceeds

GHDI will not use the proceeds of the loan, whether directly or indirectly, and whether immediately, incidentally, or ultimately, to purchase or carry margin stock, or to extend credit to others for the purpose of purchasing or carrying margin stock or to refund indebtedness originally incurred for such purpose.

The outstanding balances of the loans are presented as part of the "Liabilities directly associated with the assets classified as held-for-disposal" account in the consolidated statement of financial position as at December 31, 2023, and 2022. (see Note 10).

As at December 31, 2023, the Group has complied with all non-financial loan covenants.

The long-term debts are mortgaged by the Group's property and equipment with a total carrying amount of P7.96 billion and P7.50 billion as at December 31, 2022 and 2021, respectively (see Note 12).

b. Short-term Debt

This account consists of the Group's borrowings from the following:

	2023	2022
SBC	P587,000,000	P615,000,000
Bank of the Philippine Islands (BPI)	582,906,250	630,000,000
Philippine Bank of Communication (PBCom)	40,000,000	76,481,250
Metrobank Corporation	939,858	864,781
Universal Healthcare Services, PTE. LTD	-	8,146,451,881
UBP	-	550,000,000
Shareholders and individuals	-	71,850,000
Bank of Makati (BM)	-	66,540,451
	P1,210,846,108	P10,157,188,363

In 2022, PSI entered into a Convertible Loan Agreement (CLA) with Universal Healthcare Services (the Investor). The proceeds of the loan shall be used in accordance with the terms of the Loan Disbursement Plan detailing how the proceeds of the loan will be utilized which includes the repayment of existing debt, permitted Guam Capital Injection and the Guam transaction, among others.

The Investor agrees to make the first loan facility amounting to P7.04 billion available to PSI during the period on and from the 5th business day following the condition precedent ("CP") completion date, the date on which the Investor notifies the Company that it has received satisfactory evidence from PSI that each of the loan completion conditions have been satisfied, which includes the execution of GHDI transaction documents, finalization of documentation required for GHDI proceeds distribution, internal reorganization and PHDSC share distribution, repayment of shareholder loans provided by sellers to GHDI in relation to GHDI transaction, and SEC approval of Amended Articles of Incorporation for removal of pre-emptive rights and other transfer restrictions, among others. In respect of the first loan facility, PSI shall pay to the Investor a fee equal to P32.24 million. The Investor also agrees to make an additional loan facility amounting to P5.70 billion available to PSI on the 5th business day following the CP completion date. The maturity date of these loans is the date falling 11 calendar months after the first utilization date. There shall be no interest accrued and payable on the loans if the conversion occurs and PSI completes its obligations.

On the conversion date, the outstanding principal amount of the loan shall be deemed to become immediately due and payable and shall be applied as (a) payment for the subscription price of the subscription shares and (b) subject to the execution of the Deed of Assignment, the unpaid Felicita Antoinette, Inc. (FAI) subscription price on the FAI subscription shares and the unpaid FAI additional subscription price on the FAI additional subscriptions shares. If the Investor notifies PSI that it will not exercise the conversion of all of the outstanding principal amount of the loans by the maturity date, interest shall be deemed to accrue on the outstanding loans at the rate of 13% per annum, which shall be calculated on and from the relevant utilization date of each loan. The loan will be converted for a fixed conversion price per share as provided in Section 9.4 of the Amendment Agreement to the CLA.

On November 17, 2022, PSI made a utilization request for the loan amounting to P5.70 billion. Subsequently on November 25, 2022, PSI made another utilization request for the first loan facility amounting to P2.81 billion. The drawn convertible loan of P8.51 million as at December 31, 2022 is convertible into 2,900,246 shares, equivalent to 34.87% of the fully diluted shares of PSI.

The proceeds of the convertible loan, net of issuance cost of P32.18 million amounted to P8.47 billion. The liability and equity components of the convertible loan amounted to P8.11 billion and P0.36 billion, respectively, as at December 31, 2022. Finance cost recognized from the accretion of the liability component, which is initially recognized at the present value of the future cash flows, amounted to P38.55 million in 2022.

On July 17, 2023, PSI made a utilization request for the last tranche amounting to P4.24 billion. The liability and equity components of the convertible loan amounted to P4.17 billion and P63.81 million, respectively. Subsequently on September 20, 2023, the entire loan was converted into 3,080,313 common shares in favor of Universal Healthcare Services amounting to P9.03 billion and into 1,275,000 common shares equivalent to the unpaid FAI subscription amounting to P3.71 billion. PSI recognized a loss on early conversion of P36.17 million in 2023 due to conversion of the loan before maturity date. The conversion of convertible loan is accounted for as a non-cash transaction.

Borrowings from SBC, PBCom, UBP, BM, BPI

In 2022 and 2021, PSI entered into various unsecured short-term loans with various local banks to finance PSI's working capital requirements.

Borrowings from BPI, UBP

As at December 31, 2021, PHDSC has an unsecured, short-term loans from various financial institutions payable in full in various maturity dates. These credit facilities were obtained by PHDSC to finance its working capital requirements and expansion projects. Such loans bear an interest ranging from 6.75% to 12% per annum. In November 2022, these loans were assumed by PSI as a result of the merger.

Borrowings from PBCom, BPI, Metrobank

In 2016, SLHMC entered into various unsecured short-term loans with various local banks for operating cash flow purposes. The loans have maturity of three (3) months and bear an annual interest rate of 5%.

The interest expense from continuing operations incurred from short-term debt amounted to P160.83 million, P152.44 million and P179.97 million in 2023, 2022 and 2021, respectively.

20. Deposits from Doctors

The Parent Company holds two (2) founder shares, 19,990 Class A common shares, 2,838 Class B common shares, and 14,250 Class C common shares.

In 2023, 2022 and 2021, the disposal of MATI shares resulted in a gain of P24.33 million, P7.64 million and P11.37 million, which caused the equity interest of the Parent Company in MATI to change from to 54.43% in 2021 to 53.92% in 2022 to 52.97% in 2023.

The change in the Parent Company's ownership in MATI did not result in a loss of control and accordingly, the recognized gain on sale of MATI shares is considered as an equity transaction, which is presented under "Equity" as "Gain from changes in ownership interest in subsidiaries" in the consolidated statements of financial position.

The Parent Company receives advance payments from doctors for the subscriptions of MATI shares, which is recognized as "Deposits from doctors" account in the consolidated statements of financial position.

The movements in the related deposits from doctors are as follows:

	2023	2022
Balances at beginning of year	P99,010,738	P102,521,129
Deposits received during the year	9,311,943	12,454,942
Applications during the year	(39,920,229)	(15,965,333)
Balances at the end of year	P68,402,452	P99,010,738

21. Advance Rentals

The account pertains to the advance rental payments received from various lessees for certain units in MATI building owned by PSI, with a term of five (5) to 10 years. As at December 31, 2023 and 2022, advance rentals amounted to P0.71 million and is presented under "Noncurrent liabilities" in the consolidated statements of financial position.

22. Deferred Revenue

On March 11, 2020, the World Health Organization declared the disease resulting from a novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. In response to the national emergency declared by the U.S. President, on March 14, 2020, the Governor of Guam issued Executive Order 2020-03 declaring a state of emergency in response to COVID-19. Further, Executive Order 2020-04 ordered the closure of all non-essential Government of Guam offices, prohibited large gatherings, and restricted entry into the Territory of Guam from countries with confirmed COVID-19 cases. As a result, schools and non-essential businesses and government agencies were closed. GHDI, being an essential component, has not closed but has implemented staggered staffing to address social distancing and restricted visitation, elective and outpatient services. While the disruption is currently expected to be temporary, there is uncertainty around the duration. Due to the uncertainty, the consolidated financial statements do not reflect any adjustments, which may ultimately arise from these matters.

In March 2020, the CARES Act was signed into law providing, among other provisions, financial relief to hospitals and healthcare providers during the COVID-19 pandemic. The CARES Act Provider Relief Fund provides funding from the U.S. Department of Health and Human Services (HHS) to support healthcare-related expenses or lost revenue attributable to the COVID-19 pandemic.

The CARES Act makes other forms of financial assistance available to healthcare providers, including through Medicare and Medicaid payment adjustments and an expansion of the Medicare Accelerated and Advance Payment Program (MAAPP), which makes available accelerated payments of Medicare funds in order to increase cash flow to providers. In March 2020, GHDI applied for and received approximately USD13.20 million from the MAAPP provided under the CARES Act. These funds are required to be offset to future Medicare revenues earned by rendering services to Medicare-covered patients. As at December 31, 2021, these funds remain in the MAAPP as deferred revenues in the consolidated statement of financial position. The remaining balance was recognized as revenue under discontinued operations in 2022.

23. Share Capital

Share capital consists of (in thousands of peso, except number of shares and par value):

	2023		2022		2021	
	Shares	Amount	Shares	Amount	Shares	Amount
Authorized Share Capital						
Common shares at P100 par value per share	9,600,000	P960,000	9,600,000	P960,000	4,500,000	P450,000
Preferred shares at P4,250 par value per share	50,000	212,500	50,000	212,500	50,000	212,500
Issued						
Common shares at P100 par value per share	8,496,895	P849,689	4,141,582	P414,158	4,141,282	P414,128
Preferred shares at P4,250 par value per share	29,405	124,971	29,405	124,971	29,405	124,971
Treasury Shares, at cost						
Common shares at P100 par value per share	(18)	(1.8)	(23)	(2.3)	(23)	(2.3)
Preferred shares at P4,250 par value per share	(29,405)	(124,971)	(29,405)	(124,971)	(29,405)	(124,971)
Issued and Outstanding						
Common shares at P100 par value per share	8,496,877	P849,688	4,141,559	P414,156	4,141,259	P414,156
Subscribed Share Capital						
Common shares at P100 par value per share	600	P60	1,275,600	P127,560	900	P90

The movements in share capital are as follows (in thousand peso, except number of shares):

	2023				2022				2021			
	Common Shares		Preferred Shares		Common Shares		Preferred Shares		Common Shares		Preferred Shares	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
Authorized Share Capital												
Balance at beginning of year	9,600,000	P960,000	50,000	P212,500	4,500,000	P450,000	50,000	P212,500	4,500,000	P450,000	50,000	P212,500
Increase in authorized capital stock	-	-	-	-	5,100,000	510,000	-	-	-	-	-	-
Balance at end of year	9,600,000	P960,000	50,000	P212,500	9,600,000	P960,000	50,000	P212,500	4,500,000	P450,000	50,000	P212,500
Issued Share Capital												
Balance at beginning of year	4,141,582	P414,158	29,405	P124,971	4,141,282	P414,128	29,405	P124,971	4,141,282	P414,128	29,405	P124,971
Issued - at par value	4,355,313	435,531	-	-	300	30	-	-	-	-	-	-
Balance at end of year	8,496,895	P849,689	29,405	P124,971	4,141,582	P414,158	29,405	P124,971	4,141,282	P414,128	29,405	P124,971
Treasury Shares												
Balance at beginning of year	23	P2.3	29,405	P124,971	23	P2.3	29,405	P124,971	23	P2.3	29,405	P124,971
Reissued	(5)	(0.50)	-	-	-	-	-	-	-	-	-	-
Balance at end of year	18	P1.8	29,405	P124,971	23	P2.3	29,405	P124,971	23	P2.3	29,405	P124,971
Issued and Outstanding Share Capital												
Balance at beginning of year	4,141,559	P414,155	-	P -	4,141,259	P414,126	-	P -	4,141,259	P414,125	-	P -
Issued - at par value	4,355,313	435,531	-	-	300	30	-	-	-	-	-	-
Reissued treasury shares	5	.5	-	-	-	-	-	-	-	-	-	-
Balance at end of year	8,496,877	P849,686	-	P -	4,141,559	P414,156	-	P -	4,141,259	P414,125	-	P -
Subscribed Share Capital												
Balance at beginning of year	1,275,600	P127,560	-	P -	900	P90	-	P -	600	P60	-	P -
Subscribed - at par value	-	-	-	-	1,275,000	127,500	-	-	300	30	-	-
Issued - at par value	(1,275,000)	(127,500)	-	-	(300)	(30)	-	-	-	-	-	-
Balance at end of year	600	P60	-	P -	1,275,600	P127,560	-	P -	900	P90	-	P -

Increase in Authorized Share Capital of PSI

On March 9, 2022, the BOD of PSI approved the increase of PSI's authorized capital stock from 4,500,000 common shares with par value of P100.00 per share to 6,500,000 common shares with par value of P100.00 per share. The stockholders of PSI approved the increase in authorized share capital on May 2, 2022. This was subsequently approved by the SEC on August 5, 2022.

Further on September 30, 2022, the BOD of PSI approved the increase of PSI's authorized capital stock from 6,500,000 common shares with par value of P100.00 per share to 9,600,000 common shares with par value of P100.00 per share. The stockholders of PSI approved the increase in authorized share capital on May 2, 2022. The SEC approved the increase in authorized capital stock on December 16, 2022.

Common Share Subscriptions

On May 25, 2022, PSI entered into a subscription agreement with Felicitas Antoinette, Inc., a Philippine corporation, with principal office address at RCPI Bldg., 117, EDSA, Barangay Pinagkaisahan, D4, Quezon City and received a deposit for future stock subscription for 500,000 common shares, with par value of P100, amounting to P12.50 million. Subsequently on November 2, 2022, PSI entered into another subscription agreement with Felicitas Antoinette, Inc., and received a deposit of P19.38 million for 775,000 common shares, with par value of P100. The uncollected portion of the subscription is presented as "Subscription receivable" under "Other current assets" account in the consolidated statements of financial position.

On September 20, 2023, the convertible loan was converted into 3,080,313 common shares in favor of Universal Healthcare Services amounting to P9.03 billion and into 1,275,000 common shares equivalent to the unpaid FAI subscription amounting to P3.71 billion.

Preferred Shares

In 2005, preferred shares were offered to common shareholders of record equivalent to not more than 15% of their common shareholdings, with the remaining unsubscribed portion to be offered to institutional investors.

The preferred shares were issued under the following terms and conditions:

- Preferred as to dividend declared and assets of the Parent Company upon its liquidation;
- Earn 10% dividend per annum payable annually and shall earn cumulative dividends if not declared the previous year;
- Convertible to common shares at the option of the preferred shareholders on 'he 3rd year and onwards at a conversion escalation price of 8% per year or latest selling price of common share, whichever is lower, but not less than its par value; and
- Redeemable at the option of the Parent Company at a premium of 4% after the first year, 3% after the second year, 2% after the third year, 1% after the fourth year, and none after the fifth year.

On July 25, 2007, the BOD of PSI approved the redemption of all issued and outstanding preferred shares totaling 29,405 shares amounting to P129.99 million. The redeemed preferred shares are presented as part of "Treasury shares" account in the consolidated statements of changes in equity.

On September 20, 2023, the Company issued 5 treasury shares at P100 per share. There were no movements in the amount of preferred treasury shares in 2022 and 2021.

24. Retained Earnings and Cumulative Foreign Currency Translation Differences

Retained Earnings

The BOD of PSI approved several declarations of cash dividends. Details of the declaration are as follows:

Date of Declaration	Dividend Per Share		Amount		Payable to Stockholders of Record as at	Date of Payment
	Preferred	Common	Preferred	Common		
March 30, 2016	P -	P50.00	P -	P99,639,200	December 31, 2015	June 10, 2016
April 30, 2014	-	100.00	-	139,997,600	December 31, 2013	June 13, 2014
April 5, 2013	-	150.00	-	130,672,350	December 31, 2012	June 14, 2013

As at December 31, 2023 and 2022, dividends payable amounted to P13.46 million and P29.41 million, respectively, as disclosed in Note 18.

On December 16, 2022, the BOD of PSI approved and authorized PSI to distribute as property dividends all of PSI's rights, title and interests in and to all of the shares of stock of PG Health in favor of shareholders of PSI. PSI has yet to apply for property dividend declaration to SEC.

In 2023 and prior years, the PHSI's BOD approved the appropriation of retained earnings which will be used for expansion projects. These projects are expected to be completed in 2023. On December 29, 2023, the PHSI's BOD approved the reversal of its appropriated retained earnings previously earmarked for ongoing and planned renovation, expansion, and machine acquisitions back to unappropriated retained earnings. This will be used for future dividend declarations of the Company in 2024.

The equity in cumulative foreign currency translation differences represents exchange differences arising from the translation of financial statements of the Group's foreign operations, whose functional currency is other than Php.

The following table summarizes the financial information relating to each of the Group's subsidiaries that has material noncontrolling interest:

	December 31, 2023					December 31, 2022					Total
	MATI	GNDI	SHWC	TMCP	PISHI	MATI	GNDI	SHWC	TMCP	PISHI	
Noncontrolling interest percentage	47.03%	0.81%	51.66%	32.64%	41.00%						
Current assets	P487,576,638	P5,694,629,694	P374,432,842	P92,362,136	P3,920,480	P6,542,921,590	P6,108,124,227	P309,397,625	P56,081,510	P3,920,480	P6,896,426,688
Noncurrent assets	744,765,960	25,687,587,143	1,115,664,416	246,587,143	963	27,596,413,796	26,561,450,730	1,141,843,297	224,110,504	963	28,702,519,853
Current liabilities	29,922,616	4,975,011,804	1,490,097,058	212,485,549	8,762,823	6,616,259,850	12,284,840,224	303,014,995	157,402,866	8,762,823	12,775,074,211
Noncurrent liabilities	7,051,537	18,575,716,839	74,318,252	19,874,280		19,079,560,908	733,869,501	104,423,057	20,443,703		863,794,840
Net assets	P1,095,368,345	P7,328,488,194	(P74,318,252)	P98,417,721	(P4,841,380)	P 8,443,114,628	P19,740,865,232	P1,043,797,870	P102,346,445	(P4,841,380)	P21,956,077,490
Carrying amount of noncontrolling interests	P515,151,733	P59,360,754	(P38,392,809)	P32,123,544	(P1,984,966)	P566,258,256	P18,445,190	P588,765,459	P33,405,553	(P1,984,966)	P1,213,489,113
Intercompany eliminations	76,777,798	27,746,575	514,529,547	(7,613,049)	3,895,150	615,336,021	44,245,174	(75,328,585)	(8,272,309)	3,895,154	40,817,538
Total noncontrolling interests	P591,929,531	P87,107,329	P476,136,738	P24,510,495	P1,910,184	P1,181,594,277	P571,135,981	P162,690,364	P493,436,874	P25,133,244	P1,254,306,651
Revenue	P -	P12,123,768,746	P754,445,053	P951,489,034	P -	P13,729,702,834	P9,192,314,954	P675,768,804	P903,919,481	P -	P10,672,003,139
Profit (loss)	21,977,243	(1,205,131,563)	51,232,370	(2,970,767)	-	(1,134,892,717)	7,556,794	(2,001,245,205)	44,642,753	-	(1,565,378,974)
Other comprehensive income (loss)	(519,221)	28,413,355	(1,272,459)	(956,956)	-	25,664,719	581,163	2,026,978,245	1,923,303	-	2,032,616,480
Total profit attributable to noncontrolling interests*	P5,444,620	P3,883,166	P27,259,212	(P310,400)	P -	P28,510,266	(P1,075,948)	P25,272,073	(P2,346,853)	P -	P12,804,946
Other comprehensive income (loss) attributable to noncontrolling interests*	(P244,190)	P12,764,486	(P657,355)	(P312,347)	P -	P11,550,594	(P142,928,121)	P1,707,591	P627,766	P -	(P140,324,964)
Total comprehensive income (loss) attributable to noncontrolling interests	P5,200,430	P8,881,320	P26,601,857	(P622,747)	P -	P40,060,860	(P151,972,447)	P26,979,664	(P1,719,087)	P -	(P127,520,018)

PSI holds two (2) founder shares, 19,990 Class A common shares, 2,838 Class B common shares, and 14,250 Class C common shares. In 2023, 2022 and 2021, the disposal of MATI shares resulted in a gain of P24.32 million, P87.64 million, and P11.37 million, respectively, which caused the equity interest of PSI in MATI to change from to 53.92% in 2022 to 52.97% in 2023.

The changes in PSI's ownership in MATI did not result in a loss of control and accordingly, the recognized gain on sale of MATI shares is considered as an equity transaction, which is presented under "Equity" as "Gain from changes in ownership interest in subsidiaries" in the consolidated statements of financial position.

26. Related Party Transactions

Related party relationship exists when one party has the ability to control, directly or indirectly, through one or more intermediaries, the other party or exercise significant influence over the other party in making the financial and operating decisions. Such relationship also exists between and/or among entities under common control with the reporting enterprises and their key management personnel (KMP), directors, or its stockholders. Related parties may be individuals or corporate entities.

In the normal course of business, the Group has the following transactions and balances with related parties:

Related Parties/Category/Transaction	Year	Note	Amount of the Transactions	Outstanding Balance		Terms	Conditions
				Due from Related Parties (Note 6)	Due to Related Parties (Note 6)		
Associate of PHDSC SLHMC Dermatological Center, Inc. Advances	2023	b	P -		P5,499,768	Due and demandable; interest bearing	Unsecured; with recognized impairment P5.50 million
	2022	b	-		5,499,768	Due and demandable; interest bearing	Unsecured; with recognized impairment P5.50 million
Joint Venture in which the Subsidiary is a Venture SAMATMC Advances	2023	a	-		45,770,186	Due and demandable; noninterest bearing	Unsecured; with recognized impairment P45.77 million
	2022	a	-		45,770,186	Due and demandable; noninterest bearing	Unsecured; with recognized impairment P45.77 million
Others Neurodevelopmental Center, Inc. Advances	2023	b	-		3,852,776	Due and demandable; interest bearing	Unsecured; with recognized impairment P3.85 million
	2022	b	-		3,852,776	Due and demandable; interest bearing	Unsecured; with recognized impairment P3.85 million
KMP Short-term benefits Long-term benefits	2023		93,444,315		-		
	2022		83,850,996		-		
	2023		9,504,656		-		
TOTAL	2023				P55,122,730		
	2022				P55,122,730		

- a. In 2021 and prior year, the Group made advances to SAMATMC with total amount of P45.77 million.

As at December 31, 2023 and 2022, the Group recognized full allowance for impairment loss on the advances to SAMATMC, as the management expects that the advances may not be liquidated as SAMATMC incurred substantial operating losses during the year.

- b. As at December 31, 2023 and 2022, the Group has provided full allowance for its outstanding advances made to SLHMC Dermatological Center, Inc. and Neurodevelopmental Center, Inc. amounting to a total of P9.35 million in relation to its advances made in prior years (see Note 6).
- c. Total short-term employee benefits for KMP were presented as part of "Salaries and wages" under "Administrative expenses" account in the consolidated statements of profit or loss in 2023 and 2022. The Group has post-employment benefits for KMP amounting to P9.50 million and P16.09 million presented as "Pension cost" under "Administrative expenses" account in the consolidated statements of profit or loss in 2023 and 2022, respectively (see Note 30).

All related party transactions are generally settled in cash.

Related Party Transactions and Balances Eliminated During Consolidation

The terms, conditions, balances and the volume of related party transactions which were eliminated during consolidation in 2023 and 2022 are as follows:

- a. Advances from the Parent Company to its subsidiaries

	Outstanding Balance
2023	P2,842,079,195
2022	1,850,802,875

- b. Receivables from subsidiaries to their fellow subsidiaries

	Outstanding Balance
2023	P86,908,859
2022	127,215,348

These advances are unsecured and with various terms. These are payable in cash.

- c. Management fees charged by the Parent Company to its subsidiaries

	Amount of Transactions	Outstanding Balance
2023	P309,541,467	P1,230,812,924
2022	145,479,182	932,901,962

Receivables from management and arrangement fees are non-interest bearing and are due and demandable and payable in cash.

- d. Guaranty fees charged by the Parent Company to its subsidiaries.

	Amount of Transactions	Outstanding Balance
2023	P -	P199,374,612
2022	22,458,920	200,760,908

- e. Notes receivable issued by Parent to its subsidiaries.

	Outstanding Balance
2023	P9,099,397,911
2022	-

- f. Notes receivable issued by subsidiaries to its Parent.

	Outstanding Balance
2023	P253,821,933
2022	439,020,540

- g. Loans receivables from subsidiaries to their fellow subsidiaries

	Outstanding Balance
2023	P219,907,062
2022	265,593,188

The Group's related party transactions have no limits on the amount and extent and are not subject to further approval except for advances which are required to be approved by senior management.

27. Revenues

This account consists of:

	2023	2022	2021
Patient service income	P11,939,070,583	P10,731,523,514	P10,032,894,934
Pharmacy income	144,570,514	156,259,197	306,157,973
	12,083,641,097	10,887,782,711	10,339,052,907
Less: discounts and allowances	1,541,069,253	1,339,795,062	1,283,700,226
	P10,542,571,844	P9,547,987,649	P9,055,352,681

The Group's hospital operations are exposed to a certain degree of pressure in obtaining new patients and retaining loyal patients due to heavy competition among local hospitals offering competitive prices. The Group's management and the BOD perform regular reviews of patient profiles and charge rates to assess performance and status of the Group with respect to competition. The Group offers packages for certain hospital services at lower prices. Management and the BOD also conduct studies on how to retain best doctors and hospital staff to further enhance loyalty of patients in the hospital.

The Group is also exposed to certain government regulations in terms of drugs and medicine pricing. Accordingly, the Group reviews and assesses its pricing strategy to mitigate the negative effects that certain regulations may bring without compromising the quality of service to its patients.

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	2023	2022	2021
Revenue source:			
Special services - outpatient	P4,530,678,721	P5,987,690,800	P5,207,075,479
Special services - inpatient	6,892,130,542	4,172,435,626	4,248,300,021
Room and board	635,265,428	588,236,318	631,158,475
Other medical services	25,566,406	139,419,967	252,518,932
	12,083,641,097	10,887,782,711	10,339,052,907
Discounts and allowances	(1,541,069,253)	(1,339,795,062)	(1,283,700,226)
	P10,542,571,844	P9,547,987,649	P9,055,352,681
Timing of recognition:			
Services transferred over time	P10,398,001,329	P9,391,728,452	P8,749,194,708
Goods transferred at a point in time	144,570,515	156,259,197	306,157,973

Special services - inpatient revenue refers to the revenue from consultations, hospital procedures and other hospital services availed during confinement of a patient while special services - outpatient refers to those availed by outpatients.

Room and board revenue arises from confinement of patients which is charged on a daily basis during the duration of stay.

Other medical services include the continuity of care project which involves post-procedural monitoring of patients after they have been discharged in the hospital (i.e. PSI). Procedures vary depending on the patient's needs together with the cost associated with it.

Revenue from in-patient services is recognized over time as the Group transfers control of healthcare services over time (i.e. over the in-patient stay) because the patient simultaneously receives and consumes the benefits provided by the Group as it performs. For outpatient services, performance obligations are satisfied at a point in time and revenue is recognized when goods or services are provided.

28. Costs of Sales and Services

This account consists of:

	Note	2023	2022	2021
Medical and laboratory supplies	7	P2,333,435,048	P2,399,464,665	P2,589,078,434
Salaries and wages		1,558,921,441	1,334,364,844	1,262,336,967
Depreciation	12, 31	1,111,025,498	919,262,451	902,341,288
Employee benefits		404,920,959	257,754,098	273,597,016
Doctors' commission and professional fees		307,655,846	283,731,240	255,775,601
Heat, light and power		301,585,810	328,845,029	222,441,154
Repairs and maintenance		160,911,221	208,440,357	153,201,779
Contracted labor		122,111,521	86,187,321	141,491,909
Pension cost	30	48,230,349	65,332,560	63,612,244
Rent	31	24,122,832	34,725,858	63,367,697
Application software and licenses amortization	14	1,399,082	1,002,820	4,074,907
Others		198,320,601	182,006,747	223,339,699
		P6,572,640,208	P6,101,117,990	P6,154,658,695

Salaries and wages primarily pertain to compensation given to medical personnel such as nurses, medical technologists, radiologic technologists and physical therapists who provide medical services to the patients.

Employee benefits pertain to various types of non-wage compensation provided to employees in addition to their normal salaries.

Doctor's commissions and professional fees pertain to the fees charged by the doctors for the services rendered to patients.

Heat, light and power pertains to consumption of power expenses incurred by the Group.

Repairs and maintenance pertain to various expenses incurred by the Group to keep its assets working in its optimal condition.

Contracted labor pertains to all expenses requiring services such as technical and manpower services, catering, and all other contracted labors.

Others account includes expenses for security and janitorial services, telephone, telegram and postage insurance, garbage collection and termite control, transportation, laundry, representation, and entertainment, and among others.

The Group reclassified portion of the heat, light and power, security and janitorial expenses from Administrative expenses to Cost of Sales and Services in 2022 and 2021 to conform with the current year presentation, as management believes that the reclassification provides a more relevant information. Total Cost of Sales and Services increased by P93.20 million and P70.33 million while Total Administrative expenses decreased by the same amount in 2022 and 2021, respectively. The reclassification did not have an impact to the consolidated statements of financial position and consolidated statements of cash flows in 2022 and 2021.

29. Administrative Expenses

This account consists of:

	Note	2023	2022	2021
Salaries and wages		P668,246,409	P615,262,861	P540,233,913
Commission and professional fees		343,861,019	378,229,597	131,343,852
Depreciation	11, 12, 31	308,719,490	352,738,693	348,492,896
Expected credit losses on receivables	6	299,725,140	263,728,387	384,285,899
Taxes and licenses		234,631,782	256,939,339	137,057,761
Employee benefits		182,856,447	150,524,962	114,601,865
Repairs and maintenance		170,196,507	167,505,699	147,442,609
Contracted labor		146,153,919	122,162,218	131,835,689
Supplies		145,027,005	127,279,184	124,120,955
Subscription fees		135,354,967	98,245,274	96,618,442
Heat, light and power		134,086,093	125,201,592	91,532,047
Security and janitorial services		121,464,467	104,547,874	100,416,101
Rent	31	75,452,230	61,843,461	54,205,176
Advertising		49,076,683	33,794,788	29,065,671
Pension cost	26, 30	47,865,351	41,863,442	36,713,461
Application software and licenses amortization	14	42,199,525	41,626,479	26,240,007
Insurance		22,378,612	23,251,846	18,517,913
Telephone, telegram and postage		15,764,093	28,154,237	29,195,048
Human resource capacity		18,001,665	18,505,033	11,208,946
Legal and audit fee		9,889,967	20,281,996	38,856,279
Others		121,763,736	130,775,941	108,881,246
		P3,292,715,107	P3,162,462,903	P2,700,865,776

Taxes and licenses represent expenses of the Group to local government agencies.

Heat, light and power pertains to consumption of power expenses incurred by the Group.

Repairs and maintenance pertain to various expenses incurred by the Group to keep its assets working in its optimal condition.

Employee benefits pertains to various types of non-wage compensation provided to employees in addition to their normal salaries.

Subscription fees pertains to subscription to various system applications being utilized by the Group.

Others account consists of expenses incurred for advertising, representation and entertainment, transportation, bank charges, BOD allowances, contributions and donations, garbage collection and journal subscription and among others.

The Group reclassified portion of the heat, light and power, security and janitorial expenses from Administrative expenses to Cost of Sales and Services in 2022 and 2021 to conform with the current year presentation, as management believes that the reclassification provides a more relevant information. Total Cost of Sales and Services increased by P93.20 million and P70.33 million while Total Administrative expenses decreased by the same amount in 2022 and 2021, respectively. The reclassification did not have an impact to the consolidated statements of financial position and consolidated statements of cash flows in 2022 and 2021.

30. Pension Plans

Parent Company

The Parent Company has a funded, noncontributory pension plans covering all of its permanent employees. The normal retirement age is 60 and early retirement is at age 50 with a minimum of 10 years of service. The fund is administered by BPI, a corporation duly established to manage funds and a trustee bank. The retirement plans are intended to provide benefit payments to employees up to a maximum of 150% of monthly final pay for every year of credited service based on the final basic salary at the time of retirement. Contributions and costs are determined in accordance with the actuarial studies made for the plans.

Actuarial valuations were obtained from an independent actuary as at December 31, 2023. The pension liability is determined using the PUC. Under the PUC method, the annual normal cost for the portion of the retirement is determined as the amount necessary to provide for the portion of the retirement benefit accruing during the year. The annual normal cost is calculated as the value of the change in the member's accrued benefit in the ensuring year allowing for salary increase and the probability of earlier exit due to early retirement, separation, death and disability.

The annual contribution to the retirement plans consists of payments covering the current service cost and amortization of past service liability.

PHSI

PHSI has a funded, noncontributory, defined benefit retirement plan covering all of its permanent employees. Contributions and costs are determined in accordance with the actuarial studies made for the plan. PHSI's latest actuarial valuation date was made on December 31, 2023 using the PUC method in accordance with the amended PAS 19, *Employee Benefits*. Valuations are obtained on a periodic basis.

The plan entitles a retired employee to receive an annual pension payment. On September 1, 2019, PHSI enhanced its retirement policy covering all permanent employees as at effectivity date of revised plan. In the revised plan, employees who retire at age 60, with at least 5 years of continuous service, are entitled to receive pension payments up to 100% of their final monthly basic salary multiplied by the number of credited years of service.

The revised retirement plan of PHSI entitles a regular and permanent employee to avail of the "Normal Retirement and Early Retirement Benefit" and "Voluntary Separation Benefit." In addition, the retirement plan also provides "Disability Benefit and Death Benefit" for the qualified employees and beneficiaries. An employee shall be entitled to a certain percentage of the final plan salary, which is final monthly basic salary for other employees, for each year of service.

MATI

MATI has a funded, noncontributory defined benefit plan covering its permanent employees administered by INS. The employees' normal retirement benefit shall be a lump sum equal to a percentage of the plan salary for every year of credited services ranging from 50% to 75% payable to an employee who retires at the age of 60 with at least 10 years of service. However, an employee may elect, prior to retirement date, to receive benefits in an equivalent monthly annuity for as long as the employee is alive. In such event, the lump sum benefit of the employee shall be applied to the purchase of the annuity.

The funding of the plan and payments of benefits shall be solely provided by MATI through a comprehensive group policy.

TMCP

TMCP has a funded, noncontributory defined benefit retirement plan, which covers all of its regular employees. The plan is funded by contributions in accordance with an independent actuary's recommendation based on periodic actuarial valuations. The plan assets are held by an independent trustee. The latest actuarial valuation was made on December 31, 2023, prepared by an independent actuary, using the PUC method in accordance with the amended PAS 19.

TMCII

TMCII has an unfunded, noncontributory defined benefit retirement plan, which covers all of its regular employees. The valuation results are based on the employee data as of the valuation dates as provided by TMCII. The discount rate assumption is based on the Philippine Bloomberg Valuation Service (BVAL) benchmark market yields on government bonds as of the valuation dates considering the average years or remaining working life of the employees as the estimated term of benefit obligation. Benefit claims under the retirement obligation are paid directly by TMCII when they become due.

SLHMC

SLHMC does not have a formal retirement plan, benefit claims under the retirement obligation are paid directly by the SLHMC when they become due. SLHMC does not expect to contribute to the retirement plan in 2024.

TMCC

TMCC does not have a formal retirement plan, benefit claims under the retirement obligation are paid directly by the TMCC when they become due. TMCC does not expect to contribute to the retirement plan in 2024.

The retirement plan entitles a regular and permanent employee to avail of the “Normal Retirement and Early Retirement Benefit” and “Voluntary Separation Benefit”. In addition, the retirement plan also provides “Disability Benefit and Death Benefit” for the qualified employees and beneficiaries.

Defined Benefits Plans

The following table shows reconciliation from the opening balances to the closing balances for net defined benefit liability and its components:

	Defined Benefit Obligation		Fair Value of Plan Assets		Net Defined Benefit Liability	
	2023	2022	2023	2022	2023	2022
Balances at January 1	P862,757,513	P973,842,148	(P462,725,330)	(P507,889,499)	P400,032,183	P465,952,649
Included in Profit or Loss						
Current service cost	67,158,927	85,205,067	-	-	67,158,927	85,205,067
Interest cost (income)	62,791,368	47,895,029	(33,854,595)	(25,904,094)	28,936,773	21,990,935
	129,950,295	133,100,096	(33,854,595)	(25,904,094)	96,095,700	107,196,002
Included in OCI						
Remeasurement losses (gains):						
Actuarial losses (gains) arising from:						
Changes in financial assumptions	108,621,710	(209,722,002)	4,270,390	46,261,010	112,892,100	(163,460,992)
Return on plan assets, excluding interest income	-	-	907,695	439,307	907,695	439,307
Deviation of experience adjustment	23,783,874	(8,580,821)	-	-	23,783,874	(8,580,821)
	132,405,584	(218,302,823)	5,178,085	46,700,317	137,583,669	(171,602,506)
Others						
Contributions paid by the employer	(1,225,866)	-	(64,697,923)	(1,398,027)	(65,923,789)	(1,398,027)
Benefits paid	(48,908,530)	(25,881,908)	48,187,458	25,765,973	(721,072)	(115,935)
	(50,134,396)	(25,881,908)	(16,510,465)	24,367,946	(66,644,861)	(1,513,962)
Balances at December 31	P1,074,978,996	P862,757,513	(P507,912,305)	(P462,725,330)	P567,066,691	P400,032,183

The retirement benefit cost is recognized in the following line items in the consolidated statements of profit or loss:

	Note	2023	2022	2021
Costs of sales and services	28	P48,230,349	P65,332,560	P63,612,244
Administrative expenses	29	47,865,351	41,863,442	36,713,461
		P96,095,700	P107,196,002	P100,325,705

The plan assets are in the form of trust maintained by BPI and INS. The fair value of plan assets amounted to P507.91 million and P462.73 million as at December 31, 2023 and 2022, respectively.

The details of the plan assets are as follows:

	2023	2022
Cash and cash equivalents	P82,204	P2,711
Real estate:		
Land	50,000,000	50,000,000
Equity instruments:		
Listed Common Shares		
Holding company	22,148,084	28,489,697
Financial institutions	13,105,950	11,884,142
Real estate	14,833,366	6,816,090
Energy	7,940,788	5,779,051
Consumer market	4,722,762	5,410,682
Telecommunications	4,120,593	3,601,379
	66,871,543	61,981,041
Debt instruments:		
Government bonds	308,860,239	219,904,056
Private bonds	42,447,621	54,484,865
	351,307,860	274,388,921

Forward

	2023	2022
Investment funds:		
Unit investment trust fund (UITF)	P8,531,113	P33,147,879
Others	31,119,585	43,204,778
	P507,912,305	P462,725,330

Equity and debt instruments have quoted prices in active markets. Mutual funds and UITF investments are generally concentrated and listed in various holding firms and equity instruments which are mostly traded in globally developed markets. All government bonds are issued by the Philippine government. Debt instruments are rated “Baa2” by credit rating agencies.

The amount accumulated in remeasurements of defined benefits plan as at December 31, 2023, 2022, and 2021 amounted to (P123.67 million), (P13.74 million), and (P144.08 million), respectively. The amount charged to OCI for the years ended December 31, 2023, 2022, and 2021 amounted to (P111.14 million), P128.28 million, and P67.42 million, respectively.

“Employee benefits reserve” attributable to noncontrolling interests as at December 31, 2023, 2022 and 2021 amounted to (P1.21 million), P2.60 million, and (P0.95 million) million, respectively.

The principal actuarial assumptions used to determine the retirement benefit cost are as follows (expressed as weighted averages):

2023	PSI	PHSI	MATI	TMCP	TMCII	TMCSL
Discount rate	6.10	6.70	6.10	6.09	7.40	6.20
Salary increase rate	7.00	6.00	6.00	3.50	6.00	4.00
Weighted average duration	9	5	12	11.12	14	14
2022	PSI	PHSI	MATI	TMCP	TMCII	TMCSL
Discount rate	7.30	7.20	7.40	7.14	7.4	7.40
Salary increase rate	7.00	6.00	6.00	3.30	6.00	4.00
Weighted average duration	9	5	14	9.69	14	14

Assumptions regarding future mortality have been based on published statistics and mortality tables. The mortality rates used by the actuaries were taken from “The 1985 Unisex Annuity Table”, while the disability rate is based on “The 1952 Disability Table” of the Society of Actuaries.

The retirement plan is exposed to both financial and demographic risks. Risks associated to the retirement plan are as follows:

- Liquidity risk - the inability to meet benefit obligation payout when due.
- Interest rate risk - the present value of defined benefit obligation is relatively sensitive and inversely related to the discount rate. In particular, if the discount rate, which is referenced to government bonds, decreases then, the defined benefit obligation increases.
- Salary risk - the present value of DBO is relatively sensitive and directly related to future salary increases. In particular, if the actual salary increases in the future are higher than expected then the DBO and benefits are higher as well.
- Persistency risk - the present value of DBO is relatively sensitive and inversely related to the turnover rates. In particular, lower turnover rates, which means employees persist or stay with the Group longer, correspond to higher DBO and benefit payouts.

Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the pension liability by the amounts shown below:

2023	Defined Benefit Obligation	
	Increase	Decrease
Discount rate (0.50%-1% movement)	(P52,203,038)	P56,897,505
Future salary growth (0.50%-1% movement)	52,876,337	(48,997,548)
2022	Defined Benefit Obligation	
	Increase	Decrease
Discount rate (0.50%-1% movement)	(P39,883,485)	P41,936,333
Future salary growth (0.50%-1% movement)	40,574,794	(37,716,006)

Although the analysis does not take account of the full distribution of cash flows expected under the plans, it does provide an approximation of the sensitivity of the assumption shown.

Asset-liability Matching

The Group does not perform asset-liability matching study. The overall investment policy and strategy of the retirement plans are based on the Group suitability assessment, as provided by its trust bank, in compliance with the BSP requirements. It does not, however, ensure that there will be sufficient assets to pay the retirement benefits as they fall due while attempting to mitigate the various risks of the plans.

Funding

The Group funds the retirement plans based on the funding requirements in the retirement funds' actuarial valuation.

The Group's expected contribution for the retirement plan in 2024 is P77.11 million.

The retirement plan of the Group is tax-qualified registered to BIR under Republic Act No. 4917, as Amended. Since the Group is subject to income tax, Group contributions for current service cost are considered 100% tax deductible, while those pertaining to past service (transition liability, past service cost and actuarial gains or losses; interest cost; and the expected return on plan assets) are deductible to the extent of 10%, the other 90% being spread equally over the next succeeding nine (9) years. Further, the income of the trust fund from its investments is fully exempt from income tax (Sec. 32(B)(6)(a) of the Tax Code of 1997). Ultimately, when the benefits are distributed to the retirees, these benefits are tax-exempt under certain conditions.

Maturity analysis of the benefit payments:

	Defined Benefit Obligation				
	Carrying Amount	Contractual Cash Flows	Within 0 - 5 Years	Within 6 - 10 Years	More than 10 Years
2023	P1,074,978,996	P6,304,963,181	P432,016,997	P697,690,866	P5,175,255,318
2022	862,757,513	5,681,264,826	391,439,880	601,886,989	4,687,937,957

31. Lease Arrangements

The Group as Lessee

At the reporting date, the Group has outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2023	2022	2021
Not later than one year	P111,868,087	P94,798,045	P133,758,217
Later than one year but not later than five years	-	-	-
	P111,868,087	P94,798,045	P133,758,217

PSI entered into lease agreements for the Company's offsite stockroom and shuttle services with contract terms of one (1) to two (2) years. Payments for these leases varies depending on usage. PSI has not recognized right-of-use assets and lease liabilities for these leases. Total lease payments recognized as expense in 2023, 2022 and 2021 which are also equal to the total cash outflows amounted to P22.39 million, P20.30 million, and P18.63 million, respectively.

Rental expense from continuing operations is recognized in the following line items in the consolidated statements of profit or loss:

	Note	2023	2022	2021
Costs of sales and services	28	P24,122,832	P34,725,858	P63,367,697
Administrative expenses	29	75,452,230	61,843,461	54,205,176
		P99,575,062	P96,569,319	P117,572,873

PSI

In January 2021, PSI entered into an agreement containing a lease, with Microgenesis Software, Inc. for the supply, delivery and implementation of device as a service project wherein the latter shall provide various IT services. All equipment, tools, implements, and materials necessary for the performance of the IT services shall be provided by Microgenesis Software, Inc. for lease to PSI. The term of the lease is four (4) years with commencement date on June 2021.

In February 2021, PSI entered into an agreement with Trends and Technologies, Inc. for the supply and delivery of equipment on which ownership will only be transferred upon full payment of PSI. Trends and Technologies, Inc. services will also include installation, configuration and commissioning of the equipment. The term of the lease is three (3) years with commencement date in May 2021. In June 2022, PSI entered into another agreement with Trends and Technologies, Inc. for the supply and delivery of more equipment. The term of the lease is three (3) years with commencement date in June 2022.

In June 2022, PSI also entered into an agreement with Assurance Controls Technologies Co. Inc. for the supply and delivery of 1 unit of Cath Lab System on which ownership will only be transferred upon full payment of PSI. The term of the lease is five (5) years with commencement date in June 2022.

In March 2023, the Company entered into another agreement with Assurance Controls Technologies Co. Inc. for the supply and delivery of 1 unit of Siemens Somatom Drive Dual Source CT Scan System. The term of the lease is five (5) years with commencement date on May 2023.

TMCC

On February 20, 2015, TMCC entered into a Deed Assignment of Sub-Lease Agreement with PHDSC (assignor), wherein TMCC (assignee) is entitled to all the rights, obligations, interests, and liabilities under the sub-lease agreement (as amended), originally entered into by PHDSC with Global Gateway Development Corporation - Philippine Branch (GGDC-PB) on September 6, 2012, as amended, for a hospital building and land with a term of 25 years starting on March 1, 2015.

The lease agreement requires TMCC to pay advance rental and security deposits amounting to P25.98 million each, for a total amount of P51.96 million. Security deposits are refundable upon termination of the lease agreement. Monthly rental amounted to P13.62 million, with escalation rates of 4% annually starting on the third year of the lease term and 5% annually starting on the sixth year of the lease term. The lease agreement also requires TMCC to pay additional advance rental and security deposit starting on the third year of the lease term which is in line with the agreed escalation rates of 4% and 5% annually starting on the third year and sixth year, respectively.

On the same date, the original sub-lease agreement between PHDSC and GGDC-PB was subsequently amended. Under the new Sub-Lease Agreement, TMCC replaced PHDSC as the "Sub-lessee" of the hospital building and undertakes to secure written guarantee of PHDSC and PSI to bind themselves to be jointly and severally liable with TMCC. All other provisions of the Sub-Lease Agreement between PHDSC and GGDC-PB dated December 7, 2010, as superseded by the Amendment to the Sub-Lease Agreement dated September 6, 2012, shall remain unchanged.

In August 2022, the sub-lease agreement between TMCC and GGDC-PH was amended. The lease term was extended up to April 20, 2085, and the monthly rental was reduced to P8.00 million with annual escalation rate of 1.25% effective January 1, 2023. The changes in the lease agreement are accounted for as lease modification.

PHSI

Proser leases commercial spaces for its satellite clinic operations. Leases are negotiated for an average term of one (1) to five (5) years. Proser as the lessee shall not assign or transfer rights in this contract, nor sublease or sublet all or any part of the leased premises without the prior written consent of the lessor and no rights, title or interest thereto or therein shall be conferred on or vested to anyone other than the lessee without such prior written consent.

Security and rental deposits paid by Proser for the lease of commercial spaces amounted to P157.13 million and P155.01 million as at December 31, 2023 and 2022, respectively.

In 2023 and 2022, the Group recognized right-of-use assets and its related lease liabilities in accordance with PFRS 16. In 2023 and 2022, the movement of right-of-use assets and lease liabilities are as follows:

I. Right-of-Use Assets

Right-of-use assets related to leased properties with lease terms of more than 12 months:

	Land and Building	Office Spaces	IT Systems	Equipment	Other Assets	Total
Balances at January 1, 2023	P808,707,854	P604,481,008	P77,799,314	P242,596,915	P -	P1,733,585,091
Additions	200,942,562	265,781,360	-	128,235,486	-	594,959,408
Reclassified to PPE	-	-	-	(9,205,061)	-	(9,205,061)
Modifications to right-of-use assets	-	135,824,277	-	-	-	135,824,277
Termination of lease	-	(9,930,078)	-	-	-	(9,930,078)
Depreciation	(19,887,439)	(240,409,210)	(24,750,161)	(64,086,638)	-	(349,133,448)
Balances at December 31, 2023	P989,762,977	P755,747,357	P53,049,153	P297,540,702	P -	P2,096,100,189

	Land and Building	Office Spaces	IT Systems	Equipment	Other Assets	Total
Balances at January 1, 2022	P2,091,004,835	P730,122,479	P82,594,252	P88,261,656	P -	P2,991,983,222
Additions	3,868,765	157,503,663	22,945,002	205,326,105	15,659,312	405,302,847
Reclassified from assets classified as held-for-disposal	-	-	-	-	576,564,904	576,564,904
Reclassified to assets classified as held-for-disposal	-	-	-	-	(592,224,216)	(592,224,216)
Modifications to right-of-use assets	(988,222,145)	6,029,420	-	(263,534)	-	(982,456,259)
Termination of lease	(223,310,742)	(91,031,366)	-	-	-	(314,342,108)
Depreciation	(74,632,859)	(198,143,188)	(27,739,940)	(50,727,312)	-	(351,243,299)
Balances at December 31, 2022	P808,707,854	P604,481,008	P77,799,314	242,596,915	P -	P1,733,585,091

Depreciation from continuing operations amounting to P349.13 million and P351.24 million in 2023 and 2022, respectively, are presented as part of "Depreciation and amortization" account in the consolidated statements of profit or loss.

	Note	2023	2022
Costs of sales and services	28	P288,711,190	P288,998,293
Administrative expenses	29	60,422,258	62,245,006
		P349,133,448	P351,243,299

II. Lease Liabilities

	Note	2023	2022
Balances at beginning of year		P2,772,832,390	P4,233,429,799
Additions		430,009,873	389,643,534
Modifications		135,824,276	(981,075,614)
Interest expense		193,679,378	255,018,774
Rent concession		-	(17,441,468)
Payments made to principal and interest		(590,659,141)	(774,303,776)
Termination of lease		(11,127,214)	(354,512,876)
Foreign exchange gain		-	22,074,017
Balances at end of year	37	P2,930,559,562	P2,772,832,390

Contractual undiscounted cash flows are as follows:

	2023	2022
Less than one year	P638,022,672	P577,234,011
One to five years	1,707,644,365	899,885,449
More than five years	9,070,961,998	15,863,855,249
	P11,416,629,035	P17,340,974,709

Lease liabilities included in the consolidated statements of financial position as at December 31 are as follows:

	2023	2022
Current	P569,122,111	P469,772,752
Noncurrent	2,361,437,451	2,303,059,638
	P2,930,559,562	P2,772,832,390

III. Amounts recognized in Profit or Loss

	Note	2023	2022
Leases under PFRS 16			
Expenses relating to short-term leases	28, 29	P122,015,768	P109,788,203
Depreciation expense		547,338,242	578,687,273
Interest on lease liabilities		231,607,856	275,199,364
Gain from termination of lease		(1,197,135)	(40,170,767)
Loss on modification		-	1,388,358
Gain on rent concessions		-	(17,441,468)
Foreign exchange gain		-	22,074,017
Total		P899,764,731	P929,524,980
Total Cash Outflow of Leases		P590,659,141	P774,303,776

	2023	2022
Continuing operation	P641,190,751	P703,746,078
Discontinued operation	258,573,980	225,778,902
	P899,764,731	P929,524,980

Rent Concessions

The Group was granted rent concessions by the lessor for its leases for commercial spaces for its satellite clinic operations. The Group has applied the practical expedient for COVID-19-related rent concessions and recognized gain on rent concessions amounting to nil, P17.44 million, and P51.96 million in 2023, 2022, and 2021, respectively.

The interest expense associated with lease liabilities for continuing operations in 2023, 2022 and 2021 amounted to P193.68 million, P255.02 million, and P276.40 million, respectively, is presented under "Interest expense" in the consolidated statement of profit or loss.

The Group as Lessor

The Group leased out various commercial spaces within the hospital complex under operating lease arrangements for a period ranging from one (1) to five (5) years. The Group also subleases clinic spaces to doctors in its satellite clinics. The escalation clause for the lease of the commercial spaces is fixed in the lease agreement between the Group and the lessees. Some lease agreements provide an option to renew the lease at the end of the lease term and are subject to review to reflect current market rentals.

Rent income from continuing operations presented as part of "Other income - net" in the consolidated statements of profit or loss amounted to P201.46 million, P150.72 million and P129.41 million for the years ended December 31, 2023, 2022 and 2021, respectively (see Note 32). Rent receivable included under "Other current assets" account in the consolidated statements of financial position amounted to P14.33 million and P18.36 million as at December 31, 2023 and 2022, respectively (see Note 8).

At the reporting date, the Group had contracts with tenants for the following future minimum lease receivables:

	2023	2022
Less than one year	P39,345,092	P20,207,027
One to two years	37,862,414	4,813,659
	P77,207,506	P25,020,686

Although the risks associated with rights that the Group retains in underlying assets are not considered to be significant, the Group employs strategies to further minimize these risks. These include ensuring all contracts include clauses requiring the lessees to compensate the Group when a property has been subjected to excess wear-and-tear during the lease term.

32. Other Income (Expenses)

Other Income

This account consists of:

	Note	2023	2022	2021
Rent income	11, 31	P201,460,517	P150,720,098	P129,414,749
Reversal of written-off receivables		13,027,638	12,028,247	8,452,000
Affiliation fees		7,442,309	13,337,538	3,818,400
Gain on lease termination		1,197,135	40,170,767	-
Cash rebates		23,112	3,104,000	5,461,163
Write-off of payables		-	45,998,326	16,403,806
Reversal of impairment loss on property and equipment	12	-	24,282,232	-
Gain on rent concessions	31	-	17,441,468	51,962,444
Healthcare services fee		-	-	2,062,500
Gain on disposal and retirement of property and equipment	12	-	-	1,409,243
Others		30,869,588	16,593,661	22,797,971
		P254,020,299	P323,676,337	P241,782,276

Rent income includes rental income from investment property, rental of spaces to business establishment.

Others account pertains primarily to insurance claims and MATI - service income and Group's accreditation income fees received from doctors, room transfer fees earned from patients, internship fees, among others.

Other Expenses

This account consists of:

	Note	2023	2022	2021
Loss on early conversion of loan	8, 19, 23	P36,168,262	P -	P -
Loss on disposal and retirement of property and equipment	12	21,792,266	14,073,012	-
Loss from lease modifications		-	1,388,358	-
		P57,960,528	P15,461,370	P -

Loss on early conversion refers to the loss from the conversion of the convertible loan before the maturity date.

33. Income Taxes

The components of the Group's income tax expense from continuing operations are as follows:

	2023	2022	2021
Current	P403,749,081	P286,294,695	P261,155,914
Deferred	(51,449,230)	72,452,044	30,257,172
	P352,299,851	P358,746,739	P291,413,086

There is no current tax expense from discontinued operations in 2023, 2022 and 2021.

Deferred tax benefit from discontinued operations amounted to P357.45 million, P603.97 million, and P26.21 million in 2023, 2022 and 2021, respectively.

The composition of current and deferred income tax expense from continuing operations in 2021 are as follows:

	Current	Deferred	Total
Income tax expense for the taxable year December 31, 2021	P274,956,904	(P74,685,812)	P200,271,092
Effect of change in income tax rate in 2020 income tax expense	(13,800,990)	104,942,984	91,141,994
	P261,155,914	P30,257,172	P291,413,086

The reconciliation of the income tax expense computed at the statutory tax rates to income tax expense shown in the consolidated statements of profit or loss is as follows:

	2023	2022	2021
Profit before income tax	P449,554,894	P374,217,651	P154,436,915
Income tax expense at statutory tax rates	P112,388,724	P93,554,413	P38,609,229
Adjustments for:			
Nondeductible interest expense	108,587,154	31,857,544	24,744,509
Movement in unrecognized deferred tax assets	67,412,796	105,139,435	62,338,035
Nondeductible expenses	11,428,382	32,409,714	55,076,779
Tax penalties	8,025,493	9,178,753	137,411
Expiration of MCIT	2,718,730	123,643	873,438
Interest income subject to final tax	(12,790,434)	(959,223)	(373,425)
NOLCO	-	87,442,460	26,030,826
Change in tax rate	-	-	91,141,994
Others	54,529,006	-	(7,165,710)
Income tax expense	P352,299,851	P358,746,739	P291,413,086

As at December 31, 2023, net deferred tax assets are attributable to the following:

2023	Note	Balances at January 1	Recognized in Profit or Loss	Recognized in OCI	Balances at December 31
Expected credit losses on receivables	6	P279,978,118	P60,864,394	P -	P340,842,512
Lease liabilities - net		285,551,920	(53,483,533)	-	232,068,387
Retirement benefit liability	30	72,879,718	6,496,471	730,620	80,106,809
Remeasurements on net defined benefits liability	30	20,916,274	(73,110)	33,665,297	54,508,461
NOLCO		13,767,834	339,021	-	14,106,855
Unamortized past service cost		5,902,464	(1,024,636)	-	4,877,828
MCIT		2,015,642	307,918	-	2,323,560
Advance rentals		370,074	-	-	370,074
Unamortized debt issuance costs		(11,699,246)	9,713,669	-	(1,985,577)
Unearned rental income		(4,209,687)	-	-	(4,209,687)
Allowance for impairment of property and equipment	12	(29,394,145)	(213,298)	-	(29,607,443)
Unrealized foreign exchange gain - net		(49,331,561)	5,829,082	-	(43,502,479)
Undepreciated capitalized borrowing cost		(62,156,191)	1,971,960	-	(60,184,231)
Revaluation of property and equipment		(125,012,922)	10,950,630	-	(114,062,292)
Others		3,051,350	9,770,662	(12,312,888)	509,124
Net Deferred Tax Assets		P402,629,642	P51,449,230	P22,083,029	P476,161,901

As at December 31, 2022, net deferred tax assets are attributable to the following:

2022	Note	Balances at January 1	Reclassified as Held-for-Disposal	Recognized in Profit or Loss	Recognized in OCI	Recognized in Retained Earnings	Balances at December 31
Expected credit losses on receivables	6	P287,416,291	P -	(P7,438,172)	P -	P -	P279,978,119
Lease liabilities - net		308,290,658	-	(22,738,739)	-	-	285,551,919
Retirement benefit liability	30	56,862,982	-	21,127,428	-	(2,852,594)	75,137,816
Remeasurements on net defined benefits liability	30	58,518,012	-	2,552,121	(42,900,628)	-	18,169,505
NOLCO		422,277,704	(418,601,090)	10,177,826	-	-	13,854,440
Unamortized past service cost		7,543,886	-	(1,641,421)	-	-	5,902,465
MCIT		1,348,634	-	481,574	-	-	1,830,208
Advance rentals		370,074	-	-	-	-	370,074
Translation gain		22,096,183	(22,096,183)	-	-	-	-
Write down of inventories to NRV		822,932	-	(822,932)	-	-	-
Unearned rental income		(4,209,687)	-	-	-	-	(4,209,687)
Unamortized debt issuance costs		(5,459,768)	-	(6,239,479)	-	-	(11,699,247)
Allowance for impairment of property and equipment	12	16,362,925	-	(45,757,069)	-	-	(29,394,144)
Unrealized foreign exchange loss (gain) - net		(8,338,137)	-	(40,993,422)	-	-	(49,331,559)
Undepreciated capitalized borrowing cost		(66,876,791)	-	4,720,600	-	-	(62,156,191)
Revaluation of property and equipment		(52,499,546)	(51,084,908)	9,747,309	(31,693,642)	431,253	(125,099,534)
Others		(743,768)	-	4,372,332	96,894	-	3,725,458
Net Deferred Tax Assets		P1,043,782,584	(P491,782,181)	(P72,452,044)	(P74,497,376)	(P2,421,341)	P402,629,642

Net deferred tax assets (liabilities) presented in the consolidated statements of financial position on a net basis by entity are as follows:

Net Deferred Tax Assets	2023	2022
Net deferred tax assets (TMCC)	P258,140,128	P281,627,352
Net deferred tax assets (PSI)	185,384,159	115,439,609
Net deferred tax assets (PHSI)	27,232,733	-
Net deferred tax assets (TMCII)	10,936,555	22,647,415
Net deferred tax assets (MATI)	1,640,770	1,146,715
Net deferred tax assets (SLHMC)	1,319,332	-
	P484,653,677	P420,861,091

Net Deferred Tax Liabilities	2023	2022
Net deferred tax liabilities (TMCP)	(P8,491,776)	(P9,918,976)
Net deferred tax assets (SLHMC)	-	(5,704,598)
Net deferred tax liabilities (PHSI)	-	(2,607,875)
	(P8,491,776)	(P18,231,449)

As at December 31, 2023, 2022 and 2021, the Group has unrecognized deferred tax assets with respect to the following:

	2023	2022	2021
NOLCO	P1,210,665,884	P996,228,342	P701,889,536
Impairment loss on property and equipment	20,109,994	20,109,994	20,109,994
MCIT	3,563,718	9,038,668	13,344,881
	P1,234,339,596	P1,025,377,004	P735,344,411

The BIR issued Revenue Regulations (RR) No. 25-2020 to implement Section 4 of R.A. No. 11494, *Bayanihan to Recover as One Act*, which provides that the NOLCO incurred for taxable years 2021 and 2020 can be carried over as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss. The said RR also defined taxable years 2021 and 2022 to include those corporations with fiscal years ending on or before June 30, 2022 and June 30, 2023, respectively.

The details of NOLCO, which are available for offsetting against future taxable income, are shown below:

Year Incurred	Amount Incurred	Utilized During the Year	Expired During the Year	Balance	Expiry Date
2020	P256,342,633	P -	P -	P256,342,633	December 31, 2025
2021	164,468,754	-	-	164,468,754	December 31, 2026
2022	575,416,955	-	-	575,416,955	December 31, 2025
2023	216,132,647	-	-	216,132,647	December 31, 2026
	P1,212,360,989	P -	P -	P1,212,360,989	

NOLCO has expiration of three (3) years from the year incurred. However, for NOLCO incurred by the Group in 2020, Section 4 of RR No. 25-2020 provides that businesses or enterprises which incurred net operating loss for taxable years 2021 and 2020 shall be allowed to carry over the same as a deduction from gross income for the next five (5) consecutive taxable years, immediately following the year of such loss, unless otherwise disqualified.

The details of MCIT, which can be claimed as tax credits against future RCIT liabilities, are as follows:

Year Incurred	Amount Incurred	Applied During the Year	Expired During the Year	Balance	Expiry Date
2020	P4,248,157	P -	(P4,248,157)	P -	December 31, 2023
2021	4,817,686	-	-	4,817,686	December 31, 2024
2022	4,707,193	-	-	4,707,193	December 31, 2025
2023	1,787,889	-	-	1,787,889	December 31, 2026
	P15,560,925	P -	(P4,248,157)	P11,312,768	

On March 26, 2021, the President of the Philippines has approved the Corporate Recovery and Tax Incentives for Enterprises or the CREATE Act, with nine (9) provisions vetoed by the President. Below are the salient features of the Act that are relevant to the Group

- Corporate income tax rate is reduced from 30% to 20% for domestic corporations with net taxable income not exceeding P5million and with total assets not exceeding P100million. All other domestic corporations and resident foreign corporations will be subject to 25% income tax. Said reductions are effective July 1, 2020.
- Minimum corporate income tax (MCIT) rate is reduced from 2% to 1% effective July 1, 2020 to June 30, 2023.
- The imposition of improperly accumulated earnings tax has been repealed.

Further, the Bureau of Internal Revenue has issued its Revenue Regulation No. 5-2021 to promulgate the implementation of the new income tax rates on the regular income of corporations as provided for in CREATE Law. The corporate income tax of the Philippine entities within the Group will be lowered from 30% to 25% for large corporations on which the Group would qualify, effective July 1, 2020.

34. Loss Per Share

The following table presents information necessary to calculate earnings (loss) per share based on the Group's operations.

Basic EPS

The calculation of basic EPS has been based on the following profit (loss) attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

	2023	2022	2021
Profit (loss) attributable to equity holders of the Parent Company			
Continuing operations	P61,442,191	(P8,501,160)	(P144,275,542)
Discontinued operations	(894,251,201)	(1,850,020,438)	(228,843,289)
	(832,809,010)	(1,858,521,598)	(373,118,831)
Divided by weighted average number of common shares outstanding	5,298,926	4,141,559	4,141,259
Total Basic EPS	(P157.17)	(P448.75)	(P90.10)
Basic EPS			
Continuing operations	11.60	(P2.05)	(P34.84)
Discontinued operations	(168.76)	(446.70)	(55.26)
Total Basic EPS	(P157.17)	(P448.75)	(P90.10)

The weighted average number of common shares outstanding is as follows:

	Note	2023	2022	2021
Outstanding common shares at beginning of year	23	4,141,559	4,141,259	4,141,259
Effect of issuance of common shares	23	1,157,367	300	-
Total weighted average number of common shares outstanding at end of year		5,298,926	4,141,559	4,141,259

Diluted EPS

The calculation of diluted EPS has been based on the following profit (loss) attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

	2023	2022	2021
Profit (loss) attributable to equity holders of the Parent Company (basic)			
Continuing operations	P61,442,191	(P8,501,160)	(P144,275,542)
Discontinued operations	(894,251,201)	(1,850,020,438)	(228,843,289)
	(832,809,010)	(1,858,521,598)	(373,118,831)
Interest expense from convertible loan, net of tax	386,192,173	38,547,729	-
Loss attributable to common shares (diluted)	(446,616,837)	(1,819,973,869)	(373,118,831)
Divided by weighted average number of common shares outstanding (diluted)	7,125,751	4,595,428	4,141,259
Total Diluted EPS	(P116.87)	(P404.43)	(P90.10)
Diluted EPS			
Continuing operations	P8.62	(P1.85)	(P34.84)
Discontinued operations	(125.50)	(402.58)	(55.26)
Total Diluted EPS	(P116.87)	(P404.43)	(P90.10)

The weighted average number of common shares is as follows:

	Note	2023	2022	2021
Weighted average number of outstanding ordinary shares (basic)	23	4,141,559	4,141,559	4,141,259
Effect of conversion of convertible loan	19	2,984,192	453,869	-
Total weighted average number of common shares outstanding (diluted) at end of year		7,125,751	4,595,428	4,141,259

35. Financial Risk Management

Credit Risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at December 31 is as follows:

	Note	2023	2022
Cash and cash equivalents (excluding cash on hand)	5	P2,395,670,918	P1,268,454,343
Receivables - net	6	1,805,684,668	1,621,554,087
Rent and subscription receivables	8	16,854,497	116,509,981
Notes receivable	9	160,273	271,468
Loans receivable	16	1,991,603	2,020,489
Other noncurrent assets - net*	17	252,935,769	238,744,240
		P4,473,297,728	P3,247,554,608

*Composed of rental and security deposits and others.

Expected credit losses on financial assets recognized in the consolidated statements of profit or loss amounted to P299.73 million, P263.73 million and P384.29 million as at December 31, 2023, 2022 and 2021, respectively (see Note 29).

The credit qualities of financial assets were determined as follows:

- Cash in banks, including restricted cash, are deposited to banks that qualify as universal banks as defined by the Philippine Banking System. Universal banks represent the largest single group, resource-wise, of financial institutions in the country and hence, considered stable. They offer the widest variety of banking services among financial institutions. Universal banks are also authorized to engage in underwriting and other functions of investment houses, and to invest in equities of non-allied undertakings.
- Rental and subscription receivable and other noncurrent assets based on the nature of the counterparty and the Group's internal rating system. Other current assets and noncurrent assets are of standard grade quality. Standard grade quality pertains to financial instruments with satisfactory financial capability and credit standing but with some element of risk where certain measure of control is necessary in order to mitigate risk of default.
- Notes receivable pertains to notes granted to employees and officers of the Group and loans receivable pertains to the memorandum of agreement with certain doctors to undertake, supervise and advance the construction of the doctor's clinic. Notes receivable and loans receivable are of standard grade quality.
- Trade receivables exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customers base, including the default risk associated with the industry and country in which customer operate.

The risk management committee has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information and in some cases bank references.

The Group limits its exposure to credit risk from trade receivables by establishing a maximum payment period of one and three months for individual and corporate customers, respectively.

The Group requires collateral in respect of trade and other receivables. The Group does not have trade receivable for which no loss allowance is recognized because of collateral.

At December 31, 2023, the exposure to credit risk for patients' accounts and advances to employees by type of accounts are as follows:

	Carrying Amount	
	2023	2022
Government programs	P971,389,361	P1,082,724,426
Individual/self-pay	844,203,263	710,595,099
HMOs	733,551,891	439,308,634
International companies	257,597,731	219,602,142
Unbilled patients' accounts	135,864,449	161,640,910
Private payors	129,299,359	88,000,789
Employees	79,128,385	65,633,945
Credit cards	23,837,675	22,269,168
Stockholders	27,813,331	17,203,850
Others	35,564,274	10,557,271
	P3,238,249,719	P2,817,536,234

The Group uses an allowance matrix to measure the ECLs of trade receivables from individual customers, which comprise a very large number of small balances.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the following common credit risk characteristics - type of account.

Loss rates are based on actual credit loss experience over the three-year period ended December 31, 2023. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data have been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Scalar factors are based on the Philippines' actual and forecast GDP rates in 2023 and 2022.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets for corporate customers as at December 31, 2023 and 2022.

	2023		2022	
	Gross Amount	Impairment	Gross Amount	Impairment
Current	P414,893,188	P9,923,034	P386,287,580	P14,056,447
Past due 1 - 30 days	340,684,413	59,639,624	171,967,816	51,661,765
Past due 31 - 90 days	287,445,285	85,107,266	213,051,014	67,447,161
Past due 91 - 180 days	176,938,310	61,131,112	230,828,354	68,685,988
Past due 181 - 360 days	178,866,648	266,400,022	187,634,317	79,449,289
More than 360 days	1,839,421,875	1,059,028,957	1,627,767,153	1,004,709,153
	P3,238,249,719	P1,541,230,015	P2,817,536,234	P1,286,009,803

Movements in the Allowance for Expected Credit Losses in Respect of Trade Receivables and Due from Related Parties

The movements in the allowance for expected credit losses in respect of trade receivables and due from related parties during the year are as follows.

	2023	2022	2021
Balances as at January 1	P1,341,132,533	P8,914,520,378	P8,156,867,580
Amounts written off	(44,504,928)	(62,707,456)	(80,301,606)
Expected credit losses*	299,725,140	263,728,387	384,285,899
Reclassified as held-for-disposal	-	(7,774,408,776)	-
Translation gain	-	-	453,668,505
Balances as at December 31	P1,596,352,745	P1,341,132,533	P8,914,520,378

*The ECL from discontinued operations amounted to P21.72 million, P1.36 billion and nil in 2023, 2022 and 2021, respectively.

Cash and Cash Equivalents

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

Loans Receivable, Notes Receivable, Rent and Subscription Receivables and Other Noncurrent Assets

Impairment on these financial assets have been measured on a 12-month expected loss basis. The Group considers that such financial assets have low credit risk based on the external credit ratings of the counterparties.

Liquidity Risk

The following are the contractual maturities of financial liabilities as at December 31, including estimated interest payments and excluding the impact of netting agreements:

	Carrying Amount	Contractual Cash Flow	12 Months or Less	1 - 5 Years
2023				
Financial Assets				
Cash and cash equivalents*	P2,395,670,918	P2,395,670,918	P2,395,670,918	P -
Receivables - net	1,805,684,668	1,805,684,668	1,805,684,668	-
Rent and subscription receivables	16,854,497	16,854,497	16,854,497	-
Notes receivable	160,273	160,273	160,273	-
Loans receivable	1,991,603	1,991,603	-	1,991,603
Other noncurrent assets - net**	252,935,769	252,935,769	-	252,935,769
	P4,473,297,728	P4,473,297,728	P4,218,370,356	P254,927,372
Financial Liabilities				
Trade and other payables***	P2,683,684,952	P2,683,684,952	P2,683,684,952	P -
Borrowings	2,500,149,148	2,795,088,032	1,938,698,049	856,389,983
Lease liabilities	2,930,559,562	11,416,629,035	638,022,672	10,778,606,363
Other noncurrent liabilities	25,444,053	25,444,053	-	25,444,053
	P8,139,837,715	P16,920,846,072	P5,260,405,673	P11,660,440,399

*Excluding cash on hand

**Composed of rental and security deposits and others.

***Excluding medical benefits, local and other taxes and payable to government agencies

	Carrying Amount	Contractual Cash Flow	12 Months or Less	1 - 5 Years
2022				
Financial Assets				
Cash and cash equivalents*	P1,268,454,343	P1,268,454,343	P1,268,454,343	P -
Receivables - net	1,621,554,087	1,621,554,087	1,621,554,087	-
Rent and subscription receivables	116,506,981	116,506,981	116,506,981	-
Notes receivable	271,468	271,468	271,468	-
Loans receivable	2,020,489	2,020,489	-	2,020,489
Other noncurrent assets - net**	238,744,240	238,744,240	-	238,744,240
	P3,247,551,608	P3,247,551,608	P3,006,786,879	P240,764,729
Financial Liabilities				
Trade and other payables***	P3,080,229,599	P3,080,229,599	P3,080,229,599	P -
Borrowings	12,651,284,008	13,782,805,125	11,618,365,501	2,164,439,624
Lease liabilities	2,772,832,390	17,340,974,709	577,234,011	16,763,740,698
Other noncurrent liabilities	31,926,399	31,926,399	-	31,926,399
	P18,536,272,396	P34,235,935,832	P15,275,829,111	P18,960,106,721

*Excluding cash on hand

**Composed of rental and security deposits and others.

***Excluding medical benefits, local and other taxes and payable to government agencies

The above table represents the contractual cash inflows and outflows of the Group's financial assets and financial liabilities as at December 31, 2023 and 2022. As disclosed in Note 19, the Group has a secured bank loans that require compliance with loan covenants. A future breach of covenants may require the Group to repay the loan earlier than indicated in the above table. As discussed in Note 4, the Group's liquidity risk management policies and procedures include monitoring of the rolling forecast of the Group's liquidity reserve on the basis of its expected cash flows.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Foreign Currency Risk

The Group's exposures to foreign currency risk based on notional amounts are as follows:

Amounts in US dollars (USD)	2023	2022	2021
Cash and cash equivalents and restricted cash	\$300,402	\$187,655	\$449,874
Lease liabilities	-	-	(4,711,568)
Net foreign currency denominated assets (liabilities)	\$300,402	\$187,655	(\$4,261,694)

The applicable foreign exchange rates are as follows:

USD	2023	2022	2021
Average exchange rate	55.63	54.48	49.25
Closing rate	55.37	55.76	50.99

Net foreign exchange gains (losses) presented in the consolidated statements of profit or loss for the years ended December 31, 2023, 2022 and 2021 amounted to (P10.65 million), P146.12 million and P56.51 million, respectively.

Sensitivity Analysis

The following table demonstrates the sensitivity to a reasonably possible change in USD exchange rate, with all other variables held constant, of the Group's income before income tax and equity in 2023, 2022 and 2021:

Increase/Decrease in USD Exchange Rate	2023		2022		2021	
	Effect on Income before Tax	Effect in Equity	Effect on Income before Tax	Effect in Equity	Effect on Income before Tax	Effect in Equity
+0.4%	+66,533	+49,900	+41,855	+31,390	-869,215	-651,911
-0.4%	-66,533	-49,900	-41,855	-31,390	+869,215	+651,911

The foreign currency sensitivity is based on fluctuation that management estimated to be reasonably possible at the end of the reporting date.

Interest Rate Risk

The interest rate profile of the Group's interest-bearing financial instruments mainly pertains to its long-term borrowings from local banks amounting to P1.29 billion and P2.49 billion in 2023 and 2022, respectively (see Note 19).

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments is:

Note	2023	2022
Financial asset:		
Cash and cash equivalent*	5	P1,268,454,343
Notes receivable	9	271,468
Loans receivable	16	2,020,489
	2,397,822,794	1,270,746,300
Financial liabilities:		
Borrowings	2,500,149,148	12,651,284,008
Lease liabilities	2,930,559,562	2,772,832,390
	5,430,708,710	15,424,116,398
	(P3,032,885,916)	(P14,153,370,098)

*Excluding cash on hand

Sensitivity Analysis

It is estimated that a general increase in 1% basis point in interest rate, with all other variables held constant, would decrease the Group's equity and profit by approximately P25.34 million, P115.17 million, and P239.29 million where the effect on variable interest-bearing borrowings is concerned, as at December 31, 2023, 2022, and 2021, respectively. A 1% basis point decrease in interest rates for the years ended December 31, 2023, 2022 and 2021 would have had the equal but opposite effect, on the basis that all variables remain constant.

The interest rate risk's sensitivity analysis is based on interest rate variance that the Group considered to be reasonably possible at the end of reporting period.

Fair Value Estimation of Financial Assets and Financial Liabilities

The following summarizes the major methods and assumptions used in determining the fair values of the following major financial instruments:

- **Cash and Cash Equivalents.** The carrying amount of cash and cash equivalents approximates its fair value, since it can be readily withdrawn and used for operations at any time.
- **Receivables, Advance Rentals, Trade and Other Payables.** These financial assets are reported at their amortized cost, which is the total amount less any allowance for expected credit losses, while these financial liabilities are stated at nominal amounts which approximate fair values. These amounts are reasonably expected to be collected and settled within 12 months from the reporting date.
- **Rental and Security Deposits.** Other noncurrent assets pertain to rental and security deposits. Rental and security deposits are to be refunded to the Group at the end of the lease term. The fair values of the rental and security deposits reasonably approximate their carrying amounts considering the lease term of two (2) to five (5) years. Any difference between the original amounts and fair values is considered immaterial.
- **Notes Receivable and Loans Receivable.** The carrying amount approximates its fair value as the effect of discounting using the prevailing market rate is not significant.
- **Long-term Debt.** The table below shows the carrying amount and fair value of the Group's long-term debt, including its level in the fair value hierarchy. The table below does not include the fair value information for financial liability not measured at fair value if the carrying amount is the reasonable approximation of their fair value.

2023	Valuation Technique	Significant Unobservable Inputs	Carrying Amount	Level 1	Level 2	Level 3	Total
Type							
Long-term Debt	Discounted cash flows	Not applicable	P852,687,364	P -	P738,572,393	P -	P738,572,393
Convertible loan	Discounted cash flows	Not applicable	-	-	-	-	-

2022	Valuation Technique	Significant Unobservable Inputs	Carrying Amount	Level 1	Level 2	Level 3	Total
Type							
Long-term Debt	Discounted cash flows	Not applicable	P2,088,924,129	P -	P1,780,941,937	P -	P1,780,941,937
Convertible loan	Discounted cash flows	Not applicable	8,146,451,881	-	8,146,451,881	-	8,146,451,881

As at December 31, 2023 and 2022, the Group has no financial instruments classified under levels 1 and 3.

There were no transfers between Levels 1, 2, and 3 of the fair value hierarchy as at December 31, 2023 and 2022.

36. Contingencies

In March 2016, PSI received a Final Assessment Notice (FAN) from the BIR on deficiency income tax and value-added tax for the year 2007 regarding the sale of its old site. PSI elevated the case to the Court of Tax Appeals (CTA). On August 13, 2019, the 2nd Division of CTA rendered a Decision granting the petition of PSI and ordered the cancellation of the FAN. The Motion for Reconsideration filed by the BIR was denied. Thereafter, BIR appealed the decision to the CTA *en banc*.

On February 24, 2022, the CTA *en banc* affirmed the decision of the 2nd Division and denied the appeal of the BIR due to lack of merit. On April 11, 2022, the BIR elevated the case by filing a "Petition for Review" with the Supreme Court. There has been no resolution yet on the part of the Supreme Court. Management and its legal counsels are intent in defending the favorable judgment issued by the CTA 2nd Division and CTA *En Banc*, as there is no legal basis to hold the Company liable for any deficiency tax obligation. Management expects the Supreme Court to deny the Petition for Review.

PSI, PHDSC and certain shareholders of the Group have been engaged in litigation filed in the Philippines with the SEC, the Regional Trial Court and the Court of Appeals involving the ownership, issuance of the shares, capitalization, and/or governance, of PSI and PHDSC.

On July 21, 2021, the involved parties entered into a universal settlement to resolve their pending disputes. Among the terms of the settlement include the dismissal with prejudice of all pending cases against each of the parties, a mutual release, waiver and quitclaim against all of the parties.

The parties to such cases have in each case made all necessary filings for the withdrawal and/or final dismissal for each of those cases, and the courts have issued resolutions or orders granting the withdrawal and/or dismissal of the majority of such cases, and entries of judgments have also been issued for some of these resolutions or orders.

Upon issuance of the resolutions or orders granting the withdrawal and/or dismissal and entries of judgments by each applicable court in all of the cases, all such proceedings in the Philippines relating to the ownership, issuance of the shares, capitalization, and/or governance, of PSI have been dismissed and are not subject to appeal.

In the opinion of management and its legal counsel, any adverse decision on these cases will not materially affect the Group's consolidated financial position and financial performance. In the opinion of management, based on advice of legal counsels, the ultimate disposition of these contingencies will not have any significant effects on the consolidated financial position, financial performance and cash flows as at and for the years ended December 31, 2023, 2022 and 2021.

37. Reconciliation of Movements of Liabilities to Cash Flows Arising from Financing Activities

Changes in Liabilities and Share Capital Arising from Financing Activities
The movements and balances of this accounts are as follows:

	Short-term Debt (Note 19)	Long-term Debt - current portion (Note 19)	Long-term Debt - net of current portion (Note 19)	Accrued Interest (Notes 18 and 19)	Deposits from Doctors (Note 20)	Dividend Payable (Notes 18 and 24)	Lease Liabilities (Note 31)	Other Noncurrent Liabilities	Share Capital (Note 23)	Total
Balances as at January 1, 2023	P10,157,188,363	P405,171,516	P2,088,924,129	P79,841,955	P99,010,738	P29,410,825	P2,772,832,390	P31,926,399	P8,860,103,976	P24,524,410,291
Changes from financing cash flows:										
Payment of: Principal	(946,885,982)	(1,378,718,621)	-	-	-	-	-	-	-	(2,325,604,603)
Interest	-	-	-	(1,524,455,677)	-	-	-	-	-	(1,524,455,677)
Proceeds from: Borrowings	4,253,231,750	322,687,100	-	-	-	-	-	-	-	4,575,918,850
Increase (decrease) in noncurrent liabilities	-	-	-	-	-	-	-	(12,816,723)	-	(12,816,723)
Increase (decrease) in deposits from doctors	-	-	-	-	4,591,878	-	-	-	-	4,591,878
Payment of lease liabilities	-	-	-	-	-	-	(741,414,995)	-	-	(741,414,995)
Payment of dividends	-	-	-	-	-	(15,948,000)	-	-	-	(15,948,000)
Total changes from financing cash flows	3,306,345,768	(1,056,031,521)	-	(1,524,455,677)	4,591,878	(15,948,000)	(741,414,995)	(12,816,723)	-	(39,729,270)
Other changes										
Interest expense	-	-	-	2,381,162,075	-	-	193,679,378	-	-	2,574,841,453
Accretion of interest expense	386,192,173	-	-	-	-	-	-	-	-	386,192,173
Equity portion of convertible loan	(63,812,316)	-	-	-	-	-	-	-	-	(63,812,316)
Conversion of loan to equity	(12,740,125,000)	-	-	-	-	-	-	-	-	(12,740,125,000)
Loss on early conversion	36,168,262	-	-	-	-	-	-	-	-	36,168,262
Cash flows classified as held-for-sale	127,949,000	(155,797,100)	-	(909,524,199)	-	-	150,755,856	-	-	(786,616,443)
Additions to lease liabilities	-	-	-	-	-	-	394,016,846	-	-	394,016,846
Lease remeasurement	-	-	-	-	-	-	35,993,025	-	-	35,993,025
Reclassification of loans	939,858	1,243,272,781	(1,244,212,639)	-	-	-	-	-	-	-
Reclassification from other current liabilities	-	-	-	-	-	-	-	6,334,377	-	6,334,377
Modifications to lease liabilities	-	-	-	-	-	-	-	-	-	-
Termination of lease	-	-	-	-	-	-	135,824,276	-	-	135,824,276
Amortization of discounts	-	-	-	-	-	-	(11,127,214)	-	-	(11,127,214)
Proceeds from sale of investment	-	-	-	-	4,720,066	-	-	-	-	4,720,066
Application of deposit from doctors	-	-	7,975,874	-	(39,920,230)	-	-	-	-	(39,920,230)
Issuance of common stock	-	-	-	-	-	-	-	-	-	-
Total liability-related changes	(12,252,688,023)	1,087,475,681	(1,236,236,765)	1,471,637,876	(35,200,164)	-	899,142,167	6,334,377	12,644,498,923	2,584,964,072
Balances as at December 31, 2023	P1,210,846,108	P436,615,676	P852,687,364	P27,024,154	P68,402,452	P13,462,825	P2,930,559,562	P25,444,053	P21,504,602,899	P27,069,645,093

	Short-term Debt (Note 19)	Long-term Debt - current portion (Note 19)	Long-term Debt - net of current portion (Note 19)	Accrued Interest (Notes 18 and 19)	Deposits from Doctors (Note 20)	Dividend Payable (Notes 18 and 24)	Lease Liabilities (Note 31)	Other Noncurrent Liabilities	Share Capital (Note 23)	Total
Balances as at January 1, 2022	P2,422,371,686	P13,984,903,230	P3,335,215,812	P443,931,941	P102,521,129	P29,410,825	P4,233,429,799	P5,993,656	P8,732,603,976	P33,290,382,054
Changes from financing cash flows:										
Payment of:										
Principal	(643,428,959)	(8,145,133,705)	-	-	-	-	-	-	-	(8,788,562,664)
Interest	-	-	-	(1,559,909,491)	-	-	-	-	-	(1,559,909,491)
Proceeds from:										
Borrowings	8,598,207,900	-	-	-	-	-	-	-	-	8,598,207,900
Subscription of share capital	-	-	-	-	-	-	-	-	31,875,000	31,875,000
Increase in noncurrent liabilities	-	-	-	-	-	-	-	432,743	-	432,743
Increase in deposits from doctors	-	-	-	-	8,086,208	-	-	-	-	8,086,208
Payment of lease liabilities	-	-	-	-	-	-	(1,011,446,717)	-	-	(1,011,446,717)
Total changes from financing cash flows	7,954,776,941	(8,145,133,705)	-	(1,559,909,491)	8,086,208	-	(1,011,446,717)	432,743	31,875,000	(2,721,317,021)
Other changes										
Interest expense	-	-	-	2,441,157,529	-	-	295,676,163	-	-	2,736,833,692
Transaction cost	(32,240,000)	-	-	-	-	-	-	-	-	(32,240,000)
Accretion of interest expense	38,547,729	-	-	-	-	-	-	-	-	38,547,729
Equity portion of convertible loan	(364,855,847)	-	-	-	-	-	-	-	-	(364,855,847)
Reclassification to held-for-sale	(117,297,700)	(6,431,412,213)	-	(1,245,338,024)	-	-	196,485,552	-	-	(7,597,562,385)
Additions to lease liabilities	-	-	-	-	-	-	389,643,534	-	-	389,643,534
Reclassification of loans	255,883,554	-	(1,252,330,934)	-	-	-	-	-	-	-
Reclassification from other current liabilities	-	-	-	-	-	-	-	-	-	-
Modifications to lease liabilities	-	-	-	-	-	-	-	25,500,000	-	25,500,000
Rent concession	-	-	-	-	-	-	(981,075,614)	-	-	(981,075,614)
Termination of lease	-	-	-	-	-	-	(17,441,468)	-	-	(17,441,468)
Amortization of discounts	-	-	-	-	-	-	(354,512,876)	-	-	(354,512,876)
Proceeds from sale of investment	-	366,824	6,039,251	-	-	-	-	-	-	6,406,075
Application of deposit from doctors	-	-	-	-	4,368,501	-	-	-	-	4,368,501
Subscription receivable	-	-	-	-	(15,965,100)	-	-	-	-	(15,965,100)
Foreign exchange gain	-	-	-	-	-	-	-	-	95,625,000	95,625,000
Total liability-related changes	(219,962,264)	(5,434,598,009)	(1,246,291,683)	1,195,819,505	(11,596,599)	-	(449,150,692)	25,500,000	95,625,000	(6,044,654,742)
Balances as at December 31, 2022	P10,157,188,363	P405,171,516	P2,088,924,129	P79,841,955	P99,010,738	P29,410,825	P2,772,832,390	P31,926,399	P8,860,103,976	P24,524,410,291

	Short-term Debt (Note 19)	Long-term Debt - current portion (Note 19)	Long-term Debt - net of current portion (Note 19)	Accrued Interest (Notes 18 and 19)	Deposits from Doctors (Note 20)	Dividend Payable (Notes 18 and 24)	Lease Liabilities (Note 31)	Other Noncurrent Liabilities	Share Capital (Note 23)	Total
Balances as at January 1, 2021	P3,348,587,406	P1,980,377,674	P12,945,614,726	P127,477,364	P107,699,736	P29,424,175	P3,872,280,627	P5,833,543	P8,730,708,576	P31,148,003,827
Changes from financing cash flows:										
Payment of:										
Principal	(881,734,848)	(354,035,671)	-	-	-	-	-	-	-	(1,235,770,519)
Interest	-	-	-	(1,797,903,433)	-	-	-	-	-	(1,797,903,433)
Proceeds from:										
Borrowings	745,519,128	-	1,110,000,000	-	-	-	-	-	-	1,855,519,128
Subscription of share capital	-	-	-	-	-	-	-	-	1,895,400	1,895,400
Dividends paid	-	-	-	-	-	(13,350)	-	-	-	(13,350)
Increase in noncurrent liabilities	-	-	-	-	-	-	-	-	-	-
Increase in deposits from doctors	-	-	-	-	-	-	-	160,113	-	160,113
Payment of lease liabilities	-	-	-	-	12,441,764	-	-	-	-	12,441,764
Total changes from financing cash flows	(136,215,720)	(354,035,671)	1,110,000,000	(1,797,903,433)	12,441,764	(13,350)	(407,746,812)	160,113	1,895,400	(1,571,417,709)
Other changes										
Interest expense	-	-	-	2,386,029,191	-	-	315,367,483	-	-	2,701,386,674
Reclassification to held-for-sale	-	-	-	-	-	-	(486,068,192)	-	-	(486,068,192)
Additions to lease liabilities	-	-	-	-	-	-	644,666,885	-	-	644,666,885
Restructuring of loans	(790,000,000)	-	790,000,000	-	-	-	-	-	-	-
Reclassification	-	11,501,336,044	(11,501,336,044)	-	-	-	-	-	-	-
Modifications to lease liabilities	-	-	-	-	-	-	306,291,841	-	-	306,291,841
Rent concession	-	-	-	-	-	-	(51,962,444)	-	-	(51,962,444)
Amortization of discounts	-	21,654	(10,062,870)	-	-	-	-	-	-	(10,041,216)
Proceeds from sale of investment	-	-	-	-	3,755,922	-	-	-	-	3,755,922
Application of deposit from doctors	-	-	-	-	(21,376,293)	-	-	-	-	(21,376,293)
Foreign exchange gain	-	-	-	-	-	-	10,163,240	-	-	10,163,240
Translation gain	-	857,203,529	-	(271,671,181)	-	-	30,437,171	-	-	615,969,519
Total liability-related changes	(790,000,000)	12,358,561,227	(10,721,398,914)	2,114,358,010	(17,620,371)	-	768,695,984	-	-	3,712,795,936
Balances as at December 31, 2021	P2,422,371,686	P13,984,903,230	P3,334,215,812	P443,931,941	P102,521,129	P29,410,825	P4,233,429,799	P5,993,656	P8,732,603,976	P33,289,382,054

38. Commitments

On June 10, 2021, GHDI, as a lessee, entered into a Development and Lease Agreement with a third-party developer covering the lease of the second and third floors of the Medical Arts Center for a period of 30 years commencing from and after the later to occur of February 1, 2022 or upon the first day of the first full month after the premises completion date. As at December 31, 2023, the construction of the lease premises is not yet complete.

The agreement provides for an annual rent of USD1.39 million which shall be paid in equal monthly installments, subject to 2.50% annual escalation rate.

Further, the third-party developer executed and delivered a promissory note (the "Note") in favor of GHDI with a principal amount of USD2.13 million in connection with the settlement agreement related to the expenses incurred by GHDI on behalf of the third-party developer for the construction of the traffic control signal and access road improvements on route 3. The Note accrues interest at the stated rate and requires the third party developer to pay 60 consecutive monthly principal payments of USD0.04 million commencing on February 1, 2022 and maturing on January 1, 2027. The Note is included in "Assets classified as held-for-disposal" account in the consolidated statement of financial position (see Note 10).

In 2022, GHDI paid security deposit for the lease amounting to USD1.39 million, which is included in "Assets classified as held-for-disposal" account in the consolidated statement of financial position (see Note 10).

39. Events after Reporting Date

Application for Confirmation of Valuation

On February 15, 2024, PG Health filed an application to SEC for the confirmation of valuation in relation to the assignment of shares of PSI. As of report date, the reply from SEC is still pending (see Note 10).

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Department Head - Cost and
Payroll

Waileen T. Lam
Head - Corporate and Financial
Planning

Human Capital Management

Anthony T. Gamo
Department Head - Employee
Engagement

Michael Bien C. Yanga
Department Head - Employee
Health And Wellness Center

Paz D. Mendoza
Department Head - Employee
Services

Ferdinand D. delos Santos
Department Head - HR Systems
and Analytics

Juan Paolo Domingo C. Dilo
Department Head - Organization
Development

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Legal Services

Rachel S. Carlos
Department Head - Corporate Services

Edison T. Flores Jr.
Associate Lawyer - Legal Services

Samuel S. Caponong Jr.
Associate Lawyer - Legal Services

Sherilyne S. Namqui
Department Head - Legal Services

Charelle Mei V. Sy
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Administrative Services

Crisanta E. Donato
Department Head - Environment of Care

Niño B. Arriola
Department Head - Health and Physics

Allan Jay R. Curioso
Department Head - Facilities and Housekeeping

Walderico R. Berras
Department Head - Procurement

Dindo R. Dela Cruz
Department Head - Security

Health Informatics and Technology

Doreen Carla B. Olea
Department Head - Data Analytics

Janeth D. Rivera
Department Head - IT Operations

Marvin Roy A. Mabuti
Department Head - Infrastructure and Security

Alvin Greg L. Molina
Department Head - Solutions Management

Dr. Cesar Cipriano L. Dimayuga
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Marketing and Strategy Services

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Head - Center for Patient Experience

Joshua Reginald C. Dizon
Head - Digital Media and Creatives

Primitivo Jose C. Reyes III
Head - Online Engagement

Gabriel S. del Mundo
Head - Marketing and Communications

Clinical Services - Institutes

Dr. Jose Emmanuel M. Palo
Institute Director - Acute and Critical Care Institute

Kamia C. Alimario
Business Operations Manager

Dr. Jude Erric L. Cinco
Section Head - Adult Critical Medicine
Deputy Director - Education and Training

Dr. Viena Flor J. Del Prado
Training Officer (Fellowship) - Critical Care Medicine

Dr. Marian Vita Nova C. Sodusta
Clinical Director - Advanced Resuscitation Center (Code 99)

Dr. Maria Isabelle Lorena S. Pineda-Leonardia
Clinical Department Head - Emergency Medicine

Dr. Ma. Lourdes Concepcion D. Jimenez
Director - Adult Emergency Department

Dr. Elaine L. Dy
Department Head - Pediatric Emergency Care

Dr. Kacy M. Panganiban
Emergency Medicine - Training Officer (Residency)

Dr. Beatrice J. Tiangco
Institute Director - Augusto P. Sarmiento Cancer Institute

Angelito F. Lazaro Jr.
Business Operations Head - Augusto P. Sarmiento Cancer Institute

Dr. Gaudencio P. Vega
Clinical Department Head - Radiation Oncology

Dr. Josephine C. Tolentino
Consultant Director - Chemotherapy Unit
Section Head - Medical Oncology

Dr. Maria Fidelis C. Manalo
Section Head - Palliative and Support Care Program

Dr. Raji R. Shamaileh
Training Officer (Fellowship) - Medical Oncology

Dr. Dennis V. Doromal
Training Officer (Residency) - Radiation Oncology

Dr. Atenodoro Marciano R. Ruiz
Marketing Liaison Officer and Content Creator

Dr. Adriel E. Guerrero
Institute Director - Cardiovascular Institute

Mark Elmer R. Ocampo
Business Operations Head

Dr. Luigi Pierre S. Segundo
Consultant Director - Cardiovascular Nursing 7B Telemetry

Dr. Michelangelo L. Sabas
Consultant Director - Cardiac and Vascular Catheterization Laboratory

Dr. Irwin Paul N. Bundalian
Consultant Director - Cardiovascular and Peripheral Vascular Laboratory

Dr. Rachel Rose O. del Rosario
Consultant Director/Subspecialty Head - Cardiac Rehabilitation and Secondary Prevention

Dr. Luigi Pierre S. Segundo
Subspecialty Head - Arrhythmia

Dr. Emmanuel C. San Pedro
Subspecialty Head - Advanced Cardiac Imaging

Dr. Simonette Kristine T. Sawit
Subspecialty Section Head - Advanced Cardiac Imaging

Dr. Gerard Ryan T. Mercadal
Subspecialty Section Head - Advanced Echocardiography

Dr. Gregorio S. Martinez, Jr.
Subspecialty Section Head - Interventional Cardiology

Dr. Dexter Eugene D. Cheng
Subspecialty Section Head - Interventional Pediatric Cardiology

Dr. Rafael S. Poblete
Subspecialty Section Head - Cardiac Anesthesia

Dr. Gina V. Alemany
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Dr. Victor L. Lazaro
Section Head - Adult Cardiovascular Medicine

Dr. Olympia Q. Malanyaon
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Training Officer (Fellowship) - General Cardiology

Dr. Agapito S. Fortuno
Training Officer (Fellowship) - Interventional Cardiology Clinical Research

Dr. Zarinah Budhrani-Melwani
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Dr. Joel Sabangan
Training Officer (Fellowship) - Vascular Medicine Clinical Research

Dr. Achilles Esguerra
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Dr. Jose Paolo A. Prado
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Dr. Glenn Rose B. Advincula
Program Head - Heart Failure Clinical Program

Dr. Adrian E. Manapat
Section Head - Cardiovascular Surgery

Dr. Raul V. Destura
Institute Director - Clinical and Translational Research Institute

Edgar R. Dimaguila
Head - Clinical Trial Unit Enterprise

Dr. Roland G. Remenyi
Head - Biomedical Research Unit

Dr. Barbara Baviera-Ronquillo
Director - Ventures Office

Dr. Christopher A. Santos
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Thomas Melithon A. Cutaran
Business and Operations Head

Dr. Samantha S. Castañeda
Training Officer (Fellowship) - Head and Neck Reconstructive Surgery

Dr. Daniel M. Alonzo
Training Officer (Fellowship) - Head and Neck Oncology

Dr. Rodney Marc H. Ramos
Otolaryngology - Training Officer (Residency)

Dr. Victor Jose L. Caparas
Institute Director - Eye and Vision Institute

Myra D. Mejia
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Dr. Maria Cecilia Gertrudis C. Agdeppa
Consultant Director - Refractive (Lasik) Center

Dr. Ricardo Tobias M. Papa
Consultant Director - Eye Instrumentation Center

Dr. Paolo Antonio S. Silva
Consultant Director - Tele-Ophthalmology

Dr. Debrelle Lou P. Siapno
Consultant Director - Eye and Vision Surgery

Dr. John Kenneth D. Lagunzad
Training Officer (Fellowship) - Ophthalmic Plastic Reconstructive Orbital and Lacrimal Surgery

Dr. Alvina Pauline D. Santiago
Training Officer (Fellowship) - Pediatric Ophthalmology and Strabismus

Dr. Ricardo Tobias M. Papa
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Dr. Victor Jose L. Caparas
Training Officer (Fellowship) - Cornea and External Diseases and Corneal Refractive Surgery

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Dr. Faye Charmaine S. Cruz
Training Officer (Residency) - Ophthalmology

Dr. Zarinah G. Gonzaga
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Maria Teresita B. Georsua
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Dr. Ma. Cecilia G. Vicencio
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Dr. Lyra Ruth C. Chua
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Dr. Ronald Augustine O. Campos
Section Head - Gynecological Oncology

Dr. Maria Rosario C. Cheng
Section Head - Maternal Fetal Medicine

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Dr. Richelle Montevirgen-Pascua
Training Officer (Fellowship) -
OBGYN Ultrasound

Dr. Angelito D. Magno
Training Officer (Fellowship) -
Gynecological Oncology

Dr. Agatonica E. Arcales
Training Officer (Residency) - OB-
Gynecology

Dr. Agnes A. Alarilla-Alba
Institute Director - Institute of
Pediatrics

Joana Blanca A. Lingao
Business Operations Head

Dr. Charito D. Corpuz
Consultant Director - NICU

Dr. Maria Cristina C. Bernardo
Consultant Director - Lactation
Unit

Dr. Jacqueline O. Navarro
Consultant Director - Center for
Developmental Pediatrics

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Training Officer (Residency) -
Pediatric Critical Care

Dr. Pablito Planta
Training Officer (Fellowship) -
Developmental Pediatrics

Dr. Ma. Neva Luna C. Batayola
Training Officer (Residency) -
Pediatrics

Dr. Michelle Joy B. de Vera
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Personalized Molecular Medicine

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Dr. Emilio Q. Villanueva III
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Medicine Laboratory

Dr. Christian J. Flores
Institute Director - Wellness and
Aesthetics Institute

Dr. Tom Gregor R. Manahan
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Dr. Stanley U. Kho
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Center
Section Head - Aesthetic Surgery

Dr. Ma. Kathrina Therese G.
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Health and Lifestyle Medicine
(Core unit)

Dr. Raymund Joaquin F. Erese
Section Head - Metabolic and
Bariatric Surgery

Dr. Rhodora Ramos-Jayson
Section Head - Adult Wellness
Program

Dr. Lizette Kristine F. Lopez
Section Head - Center for Gender
Health

Dr. John Jerusalem Tiongson
Institute Director - Institute of the
Neurological Sciences
Clinical Department Head -
Neurology

Maria Mercedes C. Leido
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Dr. Rhoderick M. Casis
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Neurosurgery

Dr. Maria Monica Cardinez-Tan
Clinical Department Head -
Psychiatry

Dr. Mark Anthony J. Sta. Maria
Consultant Director - Clinical
Neurophysiology Laboratory

Dr. Mary Daryl Joyce F. Lindo-
Calleja
Consultant Director - Center for
Behavioral Health

Dr. Artemio Roxas
Consultant Director - Acute Stroke
Unit

Dr. Ma. Luisa Gwen Pabellano-
Tiongson
Training Officer (Fellowship)
- Neuromuscular and Electro
Diagnostic

Dr. Jo Ann R. Soliven
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Neurocritical Care and
Interventional Neurology

Dr. Marc Joseph Oliver
Buensalido
Training Officer (Residency) -
Neurology

Dr. Danice Justine L. Sta. Maria
Training Officer (Fellowship) -
Psychiatry-Consultation Liaison

Dr. Anna Katrina Enriquez
Training Officer (Fellowship) -
Psychiatry-Addiction

Dr. Vanessa Kathleen B. Cainghug
Training Officer (Fellowship) -
Psychiatry-Child and Adolescent

Dr. Genuina dC Ranoy
Training Officer (Residency) -
Psychiatry

Dr. Fatima Angelica B. Campana
Ward Administrator - Psychiatry

Dr. Jay B. Villavicencio
Training Officer (Residency) -
Neurosurgery

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Department Head - Nursing
Services Office

Robert C. Sumaguingsing
Business Manager - Hemodialysis

Rhyan A. Hitalla
Department Head - Stoma and
Wound

Sheila M. Aguilar
Department Head - Admitting

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Dr. Elizabeth Ann S. Alcazaren
Clinical Department Head (OIC) -
Laboratory Medicine
Consultant Director - Anatomic
Pathology

Dr. Amiel C. de la Cruz
Clinical Department Head -
Medicine

Marizon M. Joson
Department Head - Remote Care
Services

Dr. Michele D. Ogbac
Clinical Department Head -
Nuclear Medicine

Dr. Albert Jerome C. Quintos
Clinical Department Head -
Orthopedics

Dr. Bonifacio Rafanan
Clinical Department Head -
Physical Medicine & Rehabilitation

Dr. Heidi Herminia C. Santos
Clinical Department Head -
Radiology

Dr. Jose Antonio M. Salud
Clinical Department Head -
Surgery

Dr. Julius Caesar C. Garcia
Clinical Department Head -
Anesthesiology

Dr. Cecile S. Casimiro
Clinical Department Head -
Dentistry and Oral Medicine

Dr. Josefina S. Isidro-Lapeña
Clinical Department Head - Family
Medicine

Dr. Arvin C. Faundo
Consultant Director - Immunology
and Special Chemistry

Dr. Carmelita V. Navarro
Consultant Director - Clinical
Microscopy and Parasitology

Dr. Alejandro E. Arevalo
Consultant Director - Hematology

Dr. Pedrito Y. Tagayuna
Consultant Director - Blood Bank
and Transfusion Services

Dr. Rose Lou Marie C. Agbay
Consultant Director - Molecular
Diagnostics

Dr. Jose M. Jr. Carnate
Consultant Director - Section of
Clinical Chemistry

Dr. Sarah Jane L. Datay-Lim
Consultant Director - Quality and
Safety and Point-of-Care

Dr. Gregorio B. Cortez III
Consultant Director - Microbiology

Dr. Pier Angeli Medina
Drug Testing and Quality -
Consultant Director

Dr. Raul V. Destura
Technical Consultant Adviser
- Microbiology and Molecular
Pathology, Laboratory Medicine

Dr. Jessica Mae Campos-Cruz
Coordinator - Research and
Community Medicine

Dr. Cecilia R. Rosete
Section Head - Dermatology

Dr. Ma. Carla D. Sibulo
Section Head
Medicine Gastroenterology

Dr. Norma M. Ona
Section Head - Hematology

Dr. Marc Evans M. Abat
Section Head - Geriatrics

Dr. Marianna Ramona S. Sioson
Section Head - Medical Nutrition

Dr. Michelle Joy B. de Vera
Section Head - Allergology and
Immunology

Dr. Noriezel A. Trinidad
Section Head - Rheumatology

Dr. Regina P. Berba
Section Head - Infectious Disease

Dr. Jhoel Norman Q. Tomas
Section Head - Internal Medicine

Dr. Mary Queen Villegas-Florencio
Section Head - Endocrine,
Diabetes and Tumor Clinic
Clinical Coordinator -
Endocrinology

Dr. Rommel P. Tolentino
Section Head - Nephrology
Clinical Coordinator - Hemodialysis
Program Director - Center for
Kidney Health and Transplantation

Dr. Albert Jerome C. Quintos
Section Head - Orthopedics Trauma

Dr. Marc Anthony M. Limson
Section Head - Orthopedics Adult

Dr. Patrick M. Dizon
Section Head - Orthopedics Sports

Dr. Emmanuel P. Estrella
Section Head - Orthopedics Hand
and Microsurgery

Dr. Cesar Cipriano D. Dimayuga
Section Head - Orthopedics Tumor
Section

Dr. Emilia H. Tanchuling
Section Head - Bone and Tissue
Bank

Dr. Emmanuel J. Sumpaico
Section Head - Orthopedics Pedia

Dr. Larry V. Acuña
Section Head - Spine

Dr. Emmanuel R. Asedillo
Vice Chairman, Section Head -
Joint Replacement Section

Dr. Mary Geraldine B. Remucal
Section Head - Breast Surgery

Dr. Jorge M. Concepcion
Section Head - General Surgery
Consultant Director - Surgery Suite

Dr. Carlo Angelo Cajucom
Section Head - Colorectal Surgery

Dr. Cenon R. Alfonso
Section Head - Hepato-pancreato-
biliary Surgery

Dr. Michael John Francis V. Gaston
Section Head - Urology

Dr. Stanley U. Kho
Section Head - Plastic and
Reconstructive Surgery

TMC ENTERPRISE OFFICERS

Dr. Willie N. Lagdameo
Section Head - Pediatric Surgery

Dr. Ranier Y. Lutanco
Section Head - Head and Neck Surgery

Dr. Francisco Javier D. Millar
Section Head - Thoracic Surgery

Dr. Ma. Nathalia N. Montemayor
Section Head, Training Officer - Regional Anesthesia

Dr. Emmanuel C. San Pedro
Section Head, Training Officer (Fellowship) - Vascular Surgery

Dr. Irma A. Veroy
Section Head - Computed Tomography

Dr. Jolly Jason S. Catibog
Section Head - Interventional Radiology

Dr. Jose Emmanuel G. Flandes
Section Head - MRI

Dr. Janeth A. Malabuyoc
Section Head - Ultrasound

Dr. Harold L. Tan
Section Head - X-Ray

Dr. Kimberly A. Baluyut
Section Head - Breast Imaging

Dr. Esther Fredelyn M. Tomas
Section Head - Pulmonary Medicine
Clinical Coordinator - Pulmonary Diagnostic and Therapeutic Center

Dr. Luisa M. Hernandez
Training Officer (Fellowship) - OB-Anesthesia

Dr. Carlo Lorenzo Valdez
Training Officer (Fellowship) - Pain Management

Dr. Roberto C. Tanchanco
Training Officer (Fellowship) - Nephrology

Dr. Christy S. Yao
Training Officer (Fellowship) - Endocrinology

Dr. Christine L. Chavez
Training Officer (Fellowship) - Pulmonary Medicine

Dr. Maria Christina Kristin S. Reyes
Training Officer (Fellowship) - Medical Nutrition

Dr. Salvador Clemente M. Eustaquio
Training Officer (Fellowship) - Gastroenterology

Dr. Karl Evans R. Henson
Training Officer (Fellowship) - Infectious Disease

Dr. Patricia Ann T. Estrella
Training Officer (Fellowship) - Sleep Medicine

Dr. Alma R. Calavera
Training Officer (Fellowship) - Hematology

Dr. Michelle E. Ramos-Atienza
Training Officer (Fellowship) - Breast Imaging /Ultrasound

Dr. Marlon Gumby DL Perez
Training Officer (Fellowship) - CT-MRI

Dr. Marco Sumo
Training Officer (Fellowship) - Hepatobiliary Surgery

Dr. Jeryl Anne Silvia R. Reyes
Training Officer (Fellowship) - Colorectal Surgery

Dr. Russelle May P. Caringal
Training Officer (Fellowship) - Breast Surgery

Dr. Catherine Y. Asedillo
Training Officer (Fellowship) - Plastic Surgery

Dr. Ryan Conrad A. Carnero
Training Officer (Fellowship) - Orthopedics Spine

Dr. Glenice Kane Nocom-Fong
Training Officer (Residency) - Anesthesiology

Dr. Noeline Russel V. Esguerra-Cutchon
Training Officer (Residency) - Family and Community Medicine

Dr. Justine Alessandra U. Uy
Training Officer (Residency) - Pathology

Dr. Jeanica Kriselle G. Leros-dela Peña
Training Officer (Residency) - Internal Medicine

Dr. Candice Elaine C. Lim
Training Officer (Residency) - Orthopedics

Dr. Dondee Jules P. Mojica
Training Officer (Residency) - Radiology

Dr. Jason D. Rosca
Training Officer (Residency) - General Surgery

Dr. Joel Regino E. Contreras
Training Officer (Residency) - Physical Medicine and Rehabilitation

Dr. Nicole Patricia A. Hui
Training Officer (Residency/Fellowship) - Nuclear Medicine

Clinics and Centers

Ramil D. Malonzo
Department Head - Medical Clinics and Centers

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Consultant Director - Organ Transplantation, Center for Liver Health and Transplantation

Dr. Rica J. San Diego
Coordinator - Hospital Transplant Director - Organ Donation

Dr. Sarah Camille M. Concepcion
Consultant Director - Anesthesia Pre-Evaluation Clinic

Dr. Ma. Dolma G. Santos
Consultant Director - Pain Management Clinic

Dr. Michael Alexius A. Sarte
Consultant Director - Center for Snoring and Sleep Disorders

Dr. Angelo R. Leaño
Consultant Director - Orthopedic Multispecialty Clinic

Dr. Regina P. Berba
Consultant Director - I-REACT Clinic

Dr. Amiel dela Cruz
Director - Remote Care Center

Dr. John Geoffrey G. Palisoc
Clinical Coordinator - Center for Endoscopy and Physiologic Studies

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Clinical Coordinator - Nutrition Management Services

Dr. Marianna Ramona S. Sioson
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Director - Department of Advanced Medical Education

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Asst. Director - Leadership, Mentoring and Coaching

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Director - Hospital Infection Control and Epidemiology Center

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Committee Head - Antimicrobial and Stewardship Committee

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Department Head - Medical Credentialing and Privileging

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Dr. Cristina Patricia M. Tanbonliong-Paras
Director - Physician Engagement

Dr. Carlo Emmanuel J. Sumpaico
Director - Institutional Review Board

Dr. Irene B. Quino
Director - Medical Social Service Department

Standing Committees

Dr. Lyra Ruth C. Chua
Committee Head - Hospital Credentialing and Privileging Committee

Dr. Cybele Lara R. Abad
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Dr. Ma. Karen Celine I. Vega
Committee Head - Therapeutics Committee

Dr. Josephine B. Ramos
Committee Head - TB Council

THE MEDICAL CITY ILOILO

Management Team

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Head - Finance Operations Division

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Head - Health Information Management, Research and Innovations Division

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Head - Information and Communication Technology Division

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Head - Marketing and Sales Division

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Head - Operations Division

Clinical Departments

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Clinical Department Head - Internal Medicine

Dr. John A. Colacion
Clinical Department Head - Pediatrics

Dr. Razel B. Colacion
Clinical Department Head - Obstetrics and Gynecology

Dr. Wilfredo A. Polido
Clinical Department Head - Surgery

Dr. Christian Jefferson C. Diego
Clinical Department Head - Anesthesiology

Dr. Ramon G. Bernales III
Clinical Department Head - Family Medicine

Dr. Margret Lee C. Licup
Clinical Department Head - Physical Medicine and Rehabilitation

Dr. Jared M. Billena
Clinical Department Head - Pathology

Dr. Douglas B. Budok
Clinical Department Head - Radiology

Dr. Anatalia Nina L. Tayo
Clinical Department Head -Neurology

THE MEDICAL CITY CLARK

Management Team

Dr. Jose Ranilo M. Paule
Director - Medical Services

Dr. Alejandro L. Garcia, Jr.
Administrator - Office of the Hospital Administration

Mhilka P. Angeles
Senior Finance Manager - Office of the Senior Finance Manager

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Chief Nurse - Nursing Services

Rollete B. Salazar
Head - Human Capital Management

Kevin James C. Alfonso
Head - Quality and Compliance

Jean M. Guanzon
Head - Center for Patient Experience

Imee D. Badar
Head - Therapeutics Services

Michael John B. Lacanlale
Head - General Services

Rowel M Bidez
Head - Accounting

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Manager - Cash Management

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Assistant Manager - Human Capital Management

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Assistant Manager - Information Technology

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Clarize Danica Ardio
Assistant Manager - The Medical Concierge

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Assistant Manager - Nursing Services

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Assistant Manager - Nursing Services

Claudette Ann Sta. Ana
Assistant Manager - Nursing Services

Glaiza T. Manalastas
Assistant Manager - Nursing Services

Joyce T. Legaspi
Assistant Manager - Pharmacy

Jean Mariz L. Rosales
Assistant Manager - Purchasing

Lana Anscherina T. David
Assistant Manager - Physical and Medicine Rehabilitation

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Assistant Manager - Hospital Infection Control and Epidemiology Center

Maria Victoria Grace A. Nabong
Assistant Manager - Training and Research

Vince Caster S. Malong
Assistant Manager - Radiology

Marvin C. Tolentino
Assistant Manager - Cardiovascular and Laboratory

Debbie Ann P. Sardinia
Assistant Manager - Clinical Pathology

Karen C. Dizon
Officer-in-Charge - Sales and Marketing

Perry A. Carr
Officer-in-Charge - Materials Management

Clinical Departments

Dr. Claire G. Sebastian II
Clinical Department Head - Department Medicine

Dr. Erin Cathrina N. Tayag-Lacsina
Clinical Department Head - Pediatrics

Dr. Raymund Noel C. Mallar
Clinical Department Head - Surgery

Dr. Gina G. Masangcay
Clinical Department Head - Obstetrics and Gynecology

Dr. Ricardo E. Pinpin
Clinical Department Head - Anesthesiology

Dr. Ferdinand G. Pamintuan
Clinical Department Head - ENT-HNS

Dr. Paulita Pamela P. Astudillo
Clinical Department Head - Ophthalmology

Dr. Diorella Marie V. Tariman
Clinical Department Head - Radiology

Dr. Consuelo Amparo G. De Vera
Clinical Department Head - Orthopedics

Dr. Melani H. Sionzon
Clinical Department Head - Laboratories

Dr. Dave C. Gamboa
Clinical Department Head - Emergency Medicine

Dr. Josefina I. Lapeña
Clinical Department Head - Family Medicine

Dr. Melecio M. Peña III
Clinical Department Head - Physical Rehabilitation Medicine

Dr. Michael Vincent C. Saniel
Clinical Department Head - Radiation Oncology

Dr. Chanele M. Pornillos
Clinical Department Head - Dental Medicine

Dr. Eric B. Cruz
Clinical Department Head - Nuclear Medicine

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Section Head - Cardiology

Dr. Jacqueline D. Tiglao-Limjoco
Section Head - Nephrology

Dr. Armi Dianne C. Carlos
Section Head - Endocrinology

Dr. Jo Ann R. Soliven
Section Head - Neurology

Dr. Richard L. Villaluna
Section Head - Pulmonology, Pulmo Lab

Dr. Aeden Bernice Timbol-Villaluna
Section Head - Gastroenterology

Dr. Jose Enrique Y. Montoya
Section Head - Oncology

Dr. Vincent Paul C. Olalia
Section Head - General Surgery

Dr. Avenilo L. Aventura
Section Head - Thoraco-Cardiovascular Surgery

Dr. Jayson Aris L. Pagcu
Section Head - Neurosurgery

Dr. Paul B. Espina
Section Head - Urology

Dr. Victor Erwin D. Jocson
Section Head - Interventional Radiology

Dr. Andre Paolo T. Espiritu
Section Head - Plastic Surgery

Dr. Karen B. Latorre
Section Head - Hepatobiliary Surgery

Dr. Marian Nova Vita C. Sodusta
Section Head - Critical Care Medicine

Dr. Domingo C. Sampang
Section Head - Minimally Invasive Surgery

Dr. Jeanne Marie R. Marquez
Section Head - Dermatology

THE MEDICAL CITY SOUTH LUZON

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Head - Ancillary

Jose Eugene E. Binas-O
Head - Environment of Care

Leticia E. Carolino
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Rosybelle D. Miclat
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Virna Tricia C. Alix
Head - Human Capital Management

Jan Clarizze S. Alberto
Head - Sales, Marketing and Center for Patient Experience

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Head - Information Technology

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Executive Assistant to the Chief Medical Officer

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Director - Professional Staff Development Office

Dr. Mariliza J. Echivarre
Director - Medical Management and Services Development

Dr. Karen Elouie C. Agoncillo
Director - Medical Quality Improvement, Research and Training

Dr. Noel A. Lapus
Head - Cardiovascular Institute

Dr. Earl Ricahrdson Q. Chua
Chairman - Department of Medicine

Dr. Noruel Gerard A. Salvador
Chairman - Department of Surgery

Dr. Alma Joy B. Morin
Chairman - Department of Obstetrics and Gynecology

Dr. Regente I. Lapak
Chairman - Department of Pediatrics

Dr. Cesar Ramon G. Espiritu
Chairman - Department of Ophthalmology
Clinical Director - Eye Center

Dr. Anne Marie V. Espiritu
Chairman - Department of Otorhinolaryngology

Dr. Raul Edralin
Chairman - Department of Anesthesiology

Dr. Jennifer Torres
Chairman - Department of Pathology

Dr. Cicero Matthew R. Habito
Chairman - Department of Radiology

Dr. Jeremy Cordero
Chairman - Department of Emergency Medicine

Dr. Danielle Nicole Paras
Head - Hemodialysis

Dr. Dan Michael C. Dones
Section Head - Nephrology

Dr. Arturo P. Castro Jr.
Chair - Stone Center
Section Head - Urology

Dr. Ma. Luisa Manlapaz
Committee Chair - Ethics
Clinical Director - Nutrition Management Center

Dr. Vicente Francisco Q. Firmalo
Head - Stoma Wound Care
Section Head - Plastic, Reconstructive and Aesthetic Surgery

Dr. Virginia Alva
Section Head - Family Medicine

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Chair - Hospital Infection Control

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Dr. Vinny Defensor-Mina
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THE MEDICAL CITY PANGASINAN

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METRO MANILA					
Ali Mall LG/F Ali Mall Phase II, Brgy. Socorro, Cubao, Quezon City	San Lorenzo Place 2/F San Lorenzo Place Tower 3, EDSA cor. Chino Roces Ave., Makati City	SM City Sta. Mesa Annex Bldg., SM City Sta. Mesa, Magsaysay Blvd., cor. Araneta Ave. Sta Mesa, Manila	WalterMart Bicutan G/F WalterMart Bicutan, East service road, Parañaque City	SM City Lipa G/F SM City Lipa Ayala Highway, Lipa City	WalterMart Malolos 2/F WalterMart Mall Malolos Km 45, McArthur Highway, Brgy. Longos, Malolos, Bulacan
Araneta Cyberpark Tower 1 2/F Cyberpark Tower 1, Gen. Aguinaldo Ave., Cor. Gen. McArthur Ave., Araneta Center Cubao, Quezon City	Santolan Town Plaza 2/F Santolan Town Plaza, Col. Bonny Serrano Avenue, San Juan, Metro Manila	SM City Sucat 3/F Bldg. A, SM City Sucat, Parañaque City	WalterMart Makati 3/F WalterMart Makati Center, Chino Roces Ave. cor. Arnaiz St., Pio Del Pilar, Makati City	SM City Masinag 2/F SM City Masinag Marcos Highway, Brgy. Mayamot, Antipolo City	WalterMart San Fernando G/F, WalterMart Mall San Fernando, MacArthur Highway, San Agustin, San Fernando, Pampanga
Ayala Malls Feliz 3/F Ayala Malls Feliz, Marcos Highway cor. Amang Rodriguez Ave., Dela Paz, Pasig City	SM Center Muntinlupa 2/F SM Center Muntinlupa, Manila South Road Brgy. Tunasan, Muntinlupa City	SM City Valenzuela G/F SM City Valenzuela, McArthur Highway, Brgy. Karuhatan, Valenzuela City	WalterMart North EDSA (Congressional) G/F and 2/F WalterMart Center North EDSA, 8001 A EDSA Veterans Village, Quezon City	SM City Olongapo Central 3/F SM City Olongapo Central, Rizal Avenue, Barangay East Tapinac, Olongapo City, Zambales	WalterMart Sta. Maria 2/F, WalterMart Sta. Maria cor. Bypass Road, Sta. Clara, Sta. Maria, Bulacan
Estancia 4/F East Wing Estancia Mall, Meralco Ave. Capitol Commons, Brgy. Oranbo, Pasig City	SM City East Ortigas 2/F SM City East Ortigas, Ortigas Avenue Ext., Sta. Lucia, Pasig City	SM Hypermarket FTI Taguig G/F 85 DBP Avenue SM Hypermarket, FTI complex, Western Bicutan, Taguig City	OUTSIDE METRO MANILA	SM City Roxas G/F SM City Roxas, Arnaldo Blvd., Brgy. Baybay, Roxas City, Capiz	WalterMart Taytay LG/F WalterMart Taytay, Ortigas Avenue Extension, Brgy. San Isidro, Taytay, Rizal
Fisher Mall 3/F Fisher Mall, 325 Quezon Ave. Cor. Brgy. Sta. Cruz Quezon City	SM City Fairview LG/F and ANNEX, SM City Fairview, Quirino Highway, cor. Regalado Ave., Fairview, Quezon City	SM Hypermarket Shaw G/F SM Hypermarket Shaw Blvd. cor. Magalona St., Mandaluyong City	Antipolo Triangle Mall G/F Antipolo Triangle Mall Sen. Lorenzo Sumulong Memorial Circle, Brgy. San Jose Antipolo	SM City San Jose Del Monte 2/F SM San Jose del Monte, Quirino Hi-way, Brgy. Tungkong Mangga, City of San Jose del Monte, Bulacan	CENTRAL LABORATORY G/F Sta. Lucia Mall Residenze Mall, Marcos Highway cor. Imelda Ave., San Isidro, Cainta Rizal
Gateway Mall 3/F Gateway Mall, Araneta Center Cubao, Quezon City	SM City Grand Central 5/F SM City Grand Central, Rizal Ave. Ext., Brgy. 88 Zone 8 Dist. 11, Grace Park East, Caloocan City	SM Mall of Asia 2/F SM Mall of Asia Wellness Zone, J.W. Diokno Blvd. MOA Complex, Pasay City	Ayala Malls Central Bloc L/3, Ayala Malls Central Bloc, Cebu IT Park, Cebu City	SM City San Mateo 3/F SM City San Mateo, Gen Luna St., Brgy Ampid 1, San Mateo, Rizal	Contact Center: (632) 8396-9899 FB Messenger: The Medical City Clinic
Lucky Chinatown Mall 4/F Lucky Chinatown Mall, Reina Regente, Cor. Dela Reina St. Brgy 293 zone 28, Binondo, Manila	SM City Manila 5/F SM City Manila, Arroceros Cor. Natividad Almeda-Lopez and San Marcelino Sts., Ermita, Manila	SM South Tower G/F SM South Tower, Alabang- Zapote Road, Almanza Uno, Las Piñas City	iL Centro G/F Sta. Lucia Mall Residenze Mall, Marcos Highway cor. Imelda Avenue, San Isidro, Cainta, Rizal	SM City Santa Rosa 2/F SM City Sta. Rosa Mall Expansion, Brgy. Tagapo, Old National Highway, Sta. Rosa, Laguna	
Market! Market! 2/F Wellness Place, Market! Market! Bonifacio Global City, Fort Bonifacio, Taguig City	SM City Marikina LG/F SM City Marikina, Marcos Highway Brgy. Calumpang Marikina City	SMDC Light Mall 2/F SM Light Mall, cor. Madison Ave., Mandaluyong City	Robinsons Cainta 2/F Robinsons Place Cainta Junction, Ortigas Avenue	SM City Taytay G/F, SM Taytay BPO Bldg., Manila East Road, Brgy. Dolores, Taytay, Rizal	
Olympic Heights Eastwood G/F Olympic Heights Eastwood Ave., Brgy. Bagumbayan, Quezon City	SM City North EDSA SMNE AX1 101-1 The Annex SM City North EDSA, Brgy. Sto. Cristo, Bago Bantay, Quezon City	Timog 56 Timog Ave, Brgy. Laging Handa, Quezon City	Robinsons Galleria South 2/F 255 Galleria South Km 32 National Highway, Brgy. Nueva, San Pedro, Laguna	SM City Taytay G/F, SM Taytay BPO Bldg., Manila East Road, Brgy. Dolores, Taytay, Rizal	
One Felicity Center (Commonwealth) LG/F One Felicity Center Commonwealth Ave., Quezon City, Metro Manila	SM City Novaliches 2/F Wellness Zone SM City Novaliches, Quirino Highway Brgy. San Bartolome, Quezon City	TriNoma Level M1 and G003 TriNoma Mall, EDSA Cor. North Ave., Bagong Pag-Asa, Quezon City	SM Center Dagupan 2/F SM Center Dagupan M.H. Del Pilar St., Brgy. Herrero Perez, Dagupan City, Pangasinan	Southwoods Mall 3/F Southwoods Mall Southwoods City, Biñan, Laguna	
Robinsons Magnolia LG/F and L3 Robinsons Magnolia Mall, Aurora Blvd. cor. Doña Hemady and N. Domingo Sts. New Manila, Quezon City	SM City San Lazaro UG/L SM City San Lazaro, A.H. Lacson St., Sta. Cruz, Manila	U.P. Town Center Phase 1A 2F U.P. Town Center Katipunan Avenue, UP Campus, Quezon City	SM City Cabanatuan 3/F SM City Cabanatuan, Brgy. H.Concepcion, Maharlika Highway Cabanatuan City, Nueva Ecija	Sta. Lucia East Grand Mall G/F Phase 3, Sta. Lucia East Grand Mall, Marcos Highway cor. Felix Ave., Cainta, Rizal	WalterMart Bacoor G/F WalterMart Bacoor Molino Blvd., Mambog IV Bacoor, Cavite
		Victory Central Mall Caloocan 3/F Victory Central Mall, Old Victory Compound, Rizal Avenue, Monumento, Caloocan City	SM City Iloilo LG/F SM City Iloilo, Diversion Road, Benigno Aquino Avenue, Mandurriao, Iloilo City		



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