The new year always brings renewed hope and aspiration for better days ahead. The year 2020 is no different, yet inevitably hidden in the excitement of the new decade is a devastation brought by the invisible enemy we call COVID-19. Our nation has become vulnerable and exposed to the perils of the pandemic. Challenge after challenge has crippled the world from soaring infection, increasing death tolls, displaced families due to financial crisis, economic depression, to intermittent and extended lockdowns. Yet mankind continues to endure through the steadfast and unwavering spirit of frontliners. While every nation recognizes with overflowing gratitude the lives risked at the forefront, our frontliners continue to symbolize faith and hope in humanity. As among the guardians of the front lines, Makati Medical Center perseveres to hold fort its commitment of unparalleled patient care and service; an institution emerging with a stronger and unmatched compassion.

We, at the forefront, let our commitment save lives, harness strength, and rekindle hope.
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<th>Section</th>
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<td>Financial Highlights 2020</td>
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<td>Report of the Medical Director</td>
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<td>Board of Directors</td>
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<td>Senior Quality Management Council</td>
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<td>Advisory Committee</td>
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<td>MakatiMed Operational Highlights 2020</td>
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<td>List of Donors 2020</td>
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<td>Makati Medical Center Leadership 2020</td>
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<tr>
<td>90</td>
<td>Financial Report 2020</td>
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</table>
VISION

We are the nation’s most trusted, caring, and internationally-recognized healthcare institution – with top-notch service, expertise, and technology.

MISSION

To provide the highest quality healthcare experience for all stakeholders through –

- Competent, compassionate, collegial, and ethical medical professionals and allied hospital personnel
- Superior service delivery, enhanced by technological and digital innovations and supported by research
- Sustained training/educational programs and other capacity-building initiatives; ethics-based and responsive to evolving health challenges and global standards
- Community responsive, collaborative, and socially empowering healthcare programs
CORE VALUES

Service Excellence – providing competent, appropriate, safe, and responsive healthcare services that result to: positive patient outcome, highest level of satisfaction of patients and colleagues

Behavioral Statements:
- Delivers healthcare services on time
- Defines objectives, identifies measures and implements strategies to deliver exceptional results
- Follows-through and fulfills commitments made
- Meets or exceeds the stakeholders’ needs and expectations consistent with MMC policies
- Constantly seeks innovative ways to improve the quality of service

Integrity – demonstrating sound moral and ethical principles at work; never compromising the name and ethical standards of the hospital

Behavioral Statements:
- Continues to do the right thing even when no one is looking or watching
- Communicates openly, honestly and truthfully with others
- Takes accountability for own actions and decisions at all times

Professionalism – upholding the code of conduct of the hospital and ethical standards of one’s profession; consistently demonstrating competence in the performance of one’s duties

Behavioral Statements:
- Respects diversity (gender, ethnicity, religion, cultural, and economic status)
- Inspires trust by delivering results at the highest levels of professionalism
- Learns rapidly and adapts quickly to changing situations
- Willingly accepts additional responsibilities in the face of challenging situations
- Strictly adheres to and complies with established policies, procedures, and standards

Compassion – showing genuine concern and empathy through words and actions that lead to enhanced well-being of patients and colleagues

Behavioral Statements:
- Always asks the patient about his/her condition and responds accordingly with kindness and encouragement
- Acknowledges the patient’s emotional state in the process of treatment
- Goes the extra mile for the good of others and organization

Teamwork – collaborating harmoniously and respectfully with the team towards a common goal

Behavioral Statements:
- Encourages and values the ideas, expertise, and contributions, including constructive criticism of all team members
- Shares knowledge and expertise with team members
- Holds team accountable for upholding MMC values
- Provides the needed support and resources to achieve goals and objectives
- Builds and maintains synergy with co-workers across the organization

Makati Medical Center | Medical Doctors, Inc
GROSS REVENUES

Group (In Million Peso)

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>5.928</td>
<td>6.390</td>
<td>7.086</td>
<td>7.771</td>
<td>6.308</td>
</tr>
</tbody>
</table>

Parent (In Million Peso)

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>5.906</td>
<td>6.376</td>
<td>7.077</td>
<td>7.771</td>
<td>6.308</td>
</tr>
</tbody>
</table>
**NET PROFITS / LOSS**

**Group (In Million Peso)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Profit (In Million Peso)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>323</td>
</tr>
<tr>
<td>2017</td>
<td>406</td>
</tr>
<tr>
<td>2018</td>
<td>539</td>
</tr>
<tr>
<td>2019</td>
<td>570</td>
</tr>
<tr>
<td>2020</td>
<td>(6)</td>
</tr>
</tbody>
</table>

**Parent (In Million Peso)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Profit (In Million Peso)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>341</td>
</tr>
<tr>
<td>2017</td>
<td>420</td>
</tr>
<tr>
<td>2018</td>
<td>548</td>
</tr>
<tr>
<td>2019</td>
<td>562</td>
</tr>
<tr>
<td>2020</td>
<td>(5)</td>
</tr>
</tbody>
</table>

**2016 profits is net of cash dividends from Cii of P4.2 million.**

**2019 profits is net of cash dividends from Cii of P10.8 million.**
**CAPITAL EXPENDITURES**

**Group (In Million Peso)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>697</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>697</td>
</tr>
<tr>
<td>2017</td>
<td>756</td>
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<td>756</td>
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<td>2018</td>
<td>562</td>
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<tr>
<td>2019</td>
<td>531</td>
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<td></td>
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<td>531</td>
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<tr>
<td>2020</td>
<td>555</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>TOTAL</td>
<td>3.100</td>
<td></td>
<td></td>
<td></td>
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<td>3.100</td>
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**Parent (In Million Peso)**

<table>
<thead>
<tr>
<th>Equipment</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>TOTAL</th>
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</thead>
<tbody>
<tr>
<td>Medical</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>697</td>
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<tr>
<td>Equipment</td>
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<td>348</td>
<td>232</td>
<td>219</td>
<td>236</td>
<td>1.386</td>
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<tr>
<td>Tower 1</td>
<td>134</td>
<td>226</td>
<td>84</td>
<td>82</td>
<td>148</td>
<td>674</td>
</tr>
<tr>
<td>Tower 2</td>
<td>94</td>
<td>22</td>
<td>26</td>
<td>5</td>
<td>14</td>
<td>161</td>
</tr>
<tr>
<td>Tower 3</td>
<td>15</td>
<td>2</td>
<td>1</td>
<td>3</td>
<td>-</td>
<td>21</td>
</tr>
<tr>
<td>Others</td>
<td>103</td>
<td>156</td>
<td>219</td>
<td>222</td>
<td>157</td>
<td>857</td>
</tr>
</tbody>
</table>

*Other capital expenditures include investment in information and communication technology and exclude Right of Use assets.*
OPERATING CASH FLOWS

Group (In Million Peso)

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>897</td>
</tr>
<tr>
<td>2017</td>
<td>898</td>
</tr>
<tr>
<td>2018</td>
<td>1.054</td>
</tr>
<tr>
<td>2019</td>
<td>1.269</td>
</tr>
<tr>
<td>2020</td>
<td>688</td>
</tr>
</tbody>
</table>

Parent (In Million Peso)

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>898</td>
</tr>
<tr>
<td>2017</td>
<td>900</td>
</tr>
<tr>
<td>2018</td>
<td>1.062</td>
</tr>
<tr>
<td>2019</td>
<td>1.278</td>
</tr>
<tr>
<td>2020</td>
<td>688</td>
</tr>
</tbody>
</table>
MESSAGE FROM THE CHAIRMAN
Dear Stakeholders,

2020 was one of the most challenging years for Makati Medical Center since its establishment in 1969. As with the rest of the world, the Philippine health sector was greatly overwhelmed by two waves of COVID-19, the first in March to May, soon followed by the second and much bigger surge in August to September, both starting in the National Capital Region (NCR) and then spreading rapidly throughout the rest of the country. Our hospital’s annual revenues dropped 19% from P7.8 billion in 2019 to only P6.3 billion this year, resulting in our company experiencing its first loss of P5.6 million in many years.

As the premier go-to hospital in the country, MakatiMed filled up quickly with COVID-19 patients and has had to regrettably turn away patients for some periods. Being caught off-guard by the first wave, we (as with the entire healthcare industry) had to deal from time to time with insufficient stocks of medicines, medical supplies, and particularly Personal Protective Equipment (PPE), not to mention the unfamiliarity in dealing with a new unseen enemy. With the advantage of being part of the largest private hospital group in the country, supplies were soon normalized and a system of patient referrals to less congested hospitals was operationalized, as all Metro Pacific hospitals expanded their COVID-19 bed allocations.

Much credit goes to our frontliners, who endured the unprecedented physical, mental, and emotional toll of responding to the clarion call in this battle to save lives. They showed resiliency as they rose to the challenge and bounced back time and again from exhaustion or their respective quarantines. In the face of adversity, we are proud to say that MakatiMed stayed true to being the “Hospital with a Heart,” as it rendered the same quality of service and compassionate care for each and every patient.

“Living up to being the Hospital with a Heart, MakatiMed gives the same quality of service and compassionate care for each and every patient.”
Amidst these adversities, MakatiMed made sure that all services and treatments were easily accessible to patients, as we expanded patient treatment options from the traditional physical consultation, to the new normal of telemedicine and homecare services. Above all, we implemented stringent health protocols to ensure that every hospital visit would be safe for the patients, doctors, and staff alike.

In line with our vision to achieve global competitiveness, our response to the pandemic has proven that we are staffed with highly qualified and dedicated professionals, and thus, well-positioned to provide world-class services.

Notable achievements in 2020 include:
- MakatiMed had one of the best outcomes in the COVID-19 response in the country.
- The hospital was among the first 16 institutions in the Philippines to be accredited by the Department of Health (DOH) as an authorized COVID-19 testing center.
- MakatiMed was one of only a few Philippine hospitals who are part of the World Health Organization (WHO) Solidarity Clinical Trials for COVID-19 treatments being tested.
- Even with mobility restrictions under the Enhanced Community Quarantine (ECQ), MakatiMed was still able to launch new and innovative services which helped cushion the impact of the pandemic on revenues. This includes COVID-19 testing, expansion of home care services, laboratory drive-thru services, new PET-CT imaging, and the opening of the MakatiMed Wellness Center at the Ayala North Exchange (ANE).
- Despite tighter liquidity in the industry, we did not hold back on needed CAPEX projects of our healthy EBITDA of P678 million and our more than sufficient bank loan facilities. Additionally, we were able to upgrade and obtain new medical equipment amounting to P236 million to augment the services we could offer.
- MakatiMed garnered international recognitions for the quality of service we rendered, such as:
  
  • **Excellence Award for Patient Safety** from the 2020 Asian Hospital Management Awards
  • **Special Recognition** for the International Hospital Federation (IHF) Beyond the Call of Duty for COVID-19 program
  • **Certificate of Recognition** for our commitment to excellence, awarded by the Philippine Society for Quality (PSQ)
  • **Several Top Honors** from the Gawad Bayaning Kalusugan national awards for COVID-19 best practices

  The fight against the pandemic may be far from over but, rest assured, MakatiMed will continue to transform, upgrade, and innovate to meet the demands of our patients’ health. We will take our vision for global competitiveness farther, as we continue to expand our services and patient reach through, among others, the creation of a transplant center, the expansion of the Renal Care Services Unit, the acquisition of a new magnetic resonance imaging (MRI), cardiac catheterization laboratory machines, and scout for other locations to bring the services of MakatiMed to more people in Metro Manila and nearby provinces.

  We cannot thank our doctors, management, and staff enough for the courage and resilience they showed. We also thank our shareholders for their continued belief in, and support for, our beloved hospital. Congratulations to all for having been tested and proven—achieving a performance beyond the ordinary.

Yours cordially,

**Manuel V. Pangilinan**  
Chairman
Dear Stakeholders,

In 2020, MakatiMed was welcomed by a series of unprecedented events that led us to realign our vision for the year. We have always looked forward to 2020 as we realize our vision of becoming a globally competitive hospital, characterized by highly qualified medical and healthcare practitioners, enabled by state-of-the-art diagnostic and therapeutic equipment, with a cadre of professionally trained support staff.

Nonetheless, as we shifted our goals and adapted to the new and healthy normal, MakatiMed did not cease to support its employees during the Enhanced Community Quarantine (ECQ) and all throughout our fight against COVID-19. As soon as the pandemic hits, MakatiMed did not hesitate to invest over P100 million on the welfare of its healthcare workers to ensure that they receive the support they need to continuously deliver their mission of providing care to our patients in a time of crisis.

With the limited mobility during ECQ, MakatiMed provided transportation services for our employees and staff, setting up various pick-up and drop-off points to lessen the burden of our workforce. From March to November, a total of 14 buses and 5 vans for transportation were provided to about 450 employees during the community quarantine. Strict infection prevention and control protocols were enforced for the passengers who were picked up and dropped off in different parts of the region (from Caloocan in the north all the way to Laguna in the south).

Temporary accommodations were also offered, and Family Grocery Care Bags were distributed to the entire MakatiMed community.

No amount can match the heroism that our frontliners have demonstrated in this time of crisis. Still, MakatiMed provided additional risk and hardship allowances to hand out support at a time when we were still learning to deal with the surge of COVID-19 patients. As it was inevitable that some of our healthcare workers would contract the virus, we also took care of the staff...
who tested positive to COVID-19 and shouldered their hospitalization expenses.

These initiatives were implemented for our employees to know that MakatiMed will continue to support them and that they are not alone during these most challenging times. Our staff and employees are our most valuable asset after all.

As we battled through the pandemic, MakatiMed accomplished numerous projects as we usher in the new normal. These achievements, both for the continuous improvement of our facilities and services and in our fight against the pandemic, shaped our commitment and values to be stronger than ever – excellent and consistent service coupled with compassion and integrity above all things.

Despite the sudden turn of events early this year, we were able to pivot and adapt quickly to ensure that high quality services are provided to our patients. As a response to the pandemic and the rapid increase in individuals suspected and infected of COVID-19, we were able to convert 115 standard patient rooms to isolation rooms in just 35 days, effectively expanding our capacity from our previous existing 14 isolation rooms.

In October, we partnered with Ayala Land, Inc. to create a swabbing facility and laboratory testing center at the Convergys Dela Rosa Open Parking in addition to the swabbing area at the Dela Rosa Driveway. This initiative has allowed MakatiMed to accommodate the increasing demand for COVID-19 testing and provide a safe environment for more patients. With this, we were able to expand our services to have a drive-thru service for blood collection and swabbing in six (6) swabbing booths.

With the imminent threat of COVID-19 transmission and the implementation of the Enhanced Community Quarantine (ECQ) in the National Capital Region (NCR), there was an evident decline in patient visits from March to May 2020 as select centers and units have also been closed to provide operational support to units/departments needing additional manpower.

While this was inevitable, we took it as our responsibility to make sure that Filipinos can once again access our healthcare facilities with the confidence that their health and safety will not be put at risk. Given this, we expanded our homecare services, and implemented different testing procedures that can be brought to one’s home or even in the office setting.

As restrictions eased in June, centers and units were able to re-open. In the same month, we officially opened

“No amount can match the heroism that our frontliners have demonstrated in this time of crisis.”
Driven by our promise to deliver only the best to our patients, it is with pride that I share the multiple awards and recognitions – both local and international - that we have garnered in 2020 in relation to our efforts and response to the COVID-19 pandemic. MakatiMed received recognition from the Philippine Society for Quality, the International Hospital Federation (IHF), and the 2020 Asian Hospital Management Excellence Awards for our best practices in COVID-19 response. In honor of our frontliners, pandemic heroes, and all employees who have sacrificed so much to ensure that our quality service will not be compromised, we received several honors from the Gawad Bayaning Kalusugan, the national award and tribute to frontliners in the healthcare and case management of patients with COVID-19 in Philippine hospitals.

Financial Results

In 2020, no business was spared from the impact of the pandemic. Even though MakatiMed catered to a number of COVID-19 cases and even with the declaration of full capacity for COVID-19 patients, the temporary closure of outpatient centers and clinics of doctors during the first half of the year resulted to a decline in revenues. Breaking the consistent annual growth for the first time in many years, the hospital saw a drastic reduction in patient census in all service types.

Inpatient census decreased from 2019 levels by 48%, outpatient by 41%, and Emergency Department by 68%. The resulting gross revenues amounted to P6.3 billion, a 19% decline compared to previous year.

Inpatient census decreased from 2019 levels by 48%, outpatient by 41%, and Emergency Department by 68%. The resulting gross revenues amounted to P6.3 billion, a 19% decline compared to previous year.

The value and premium we have set for all our frontliners, allied healthcare workers, and staff are no different from the importance we place on the health of our patients.

In this time when our hospital has been consecutively overwhelmed for months, we recognize that the support for our healthcare workers should also be our primary concern.
As previously mentioned, we spent over P100 million for all our health workers, covering allowances, meals, accommodation, transportation, COVID-19 testing, hospitalization, PPEs, and other supplies.

The decline in revenues, together with the expenses we have incurred in response to the COVID-19 menace, took a toll on the hospital’s ability to generate profit. The hospital suffered a net loss of P5.6 million. Fortunately, however, the hospital was able to achieve an EBITDA of P678 million which, together with short term loans, allowed the hospital to continue with its CAPEX projects that were started before the pandemic as well as new ones.

Capital expenditure for the year reached P555 million, nearly half or P239 million were allocated to renovations and upgrades of the premises. Medical equipment upgrade amounted to P236 million and investment in information technology (IT) and other office equipment that amounted to P80 million. At the same time, the hospital was able to continue servicing its debt, having paid P274 million of its loans, bringing the outstanding balance down to P441 million by yearend.

The corporate accounts, Health Maintenance Organization (HMO) partners, local and foreign affiliate hospitals and facilities through the Strategic Hospital Alliance Program (SHAP) contributed 40% of 2020 hospital-wide revenues. This was made possible by the strengthened and unwavering relationships with partners managed by the Creative, Communications and Sales Services Division (CCSSD).

“**In this time when our hospital has been consecutively overwhelmed for months, we recognize that the support for our healthcare workers should also be our primary concern.**”

The significant revenue decline was experienced mostly in the second quarter of the year. When community quarantine restrictions were lifted by the third quarter, the hospital was able to gradually recover, achieving a month-on-month gross revenue growth of over 10%. Given this trend, we are expecting to witness an accelerated growth the following year 2021.

**Service Operations**

The pandemic has greatly impacted the hospitals’ service operations. Patient visits significantly declined and continued to plummet through April, the month with the lowest census recorded, due to the closure of most outpatient centers and physicians’ clinics.

In April 2020, the Molecular Section of the Department of Pathology and Laboratories received the License To Operate and conduct RT-PCR tests.

Along with this, the hospital also began offering the Antibody and Antigen testing.

We had to re-model our business as we adapted in the new setting. One of the process changes that we conceptualized was the development of the Drive-Thru testing. This was one of the most urgent initiatives as it allowed patients a safer way to get tested, as it brought the laboratory services at the comfort of a non-hospital-based environment.

Our Central Registration team also transitioned as a support to the MakatiMed 24/7 OnCall as inquiries began pouring in to the COVID-19 Hotline support once we were certified as a COVID-19 testing center. Our Service Operations also launched the Online Scheduling Appointment tool to allow patients to book and reserve their slots online.

Even as outpatient centers gradually started to open by May, the hospital was still driven to innovate and develop new services that will cater to the special medical needs of patients who are still not comfortable
going to the hospital or for those senior citizens and people with comorbidities who cannot go out of their house to seek consultation with the doctors.

We launched 15 new services which can be availed in the comfort of our patients’ homes. These include telemedicine consultation, expanded home care services, and various Point-of-Care (POCT) tests and procedures.

With at least 18 centers closed until second quarter, our outpatient revenues largely came from Pathology and Laboratories (59.8%), Radiology Department [CT-MRI, Diagnostic/Interventional, Ultrasound, Radiotherapy] (21.8%), Breast Clinic (1.3%), Nuclear Medicine (1.9%), Pulmonary Laboratory (6%), and Vascular Lymphedema Center (0.5%).

Quality Management

One of the biggest challenges that we encountered this year includes finding the right steps to take as we venture in our fight against the pandemic while continuing the high-quality level of care for our non-COVID-19 patients.

Successfully completing 22 projects throughout the year, the Quality Management Division (QMD) was able to roll-out electronic surveys, patient safety and compliance measures, and process improvements. The electronic surveys sought to measure patient satisfaction, allowing us to get concrete feedback on how the hospital can further improve its operational efficiency and serviceability.

In 2020, the hospital acquired an overall satisfaction rating with a mean Patient Satisfaction Index (PSI) score of 4.74 and a Net Promoter Score of 80%.

QMD implemented several programs and activities which contributed to assuring the quality of MakatiMed’s healthcare.

We launched a Hospital-Wide Clinical and Managerial Indicators (CMI) data collection/collation, tracking, and analysis.

This allowed us to integrate and analyze the hospital-wide and department data, together with the Senior Quality Management Council (SQMC), so that we can measure and evaluate the overall hospital quality system performance.

We have put in place performance indicators for the different departments. Our Clinical Performance Improvement (CPI) team annually reviews the outcomes of these measures to identify applicability with the departments’ services and possible impacts to the operations.

MakatiMed also conducted an average of 1,500 chart reviews, standardized and implemented the hospital-wide Rewards and Recognition Program to appreciate
Patient experience has been an important measure for the hospital to gauge healthcare quality throughout MakatiMed. As we refrained from face-to-face interaction with our patients, we conducted our inpatient service quality check through telephone calls – “telerounds”. This initiative was done with the objective of letting our patients know that the MakatiMed community is with them during these difficult times, as well as to provide them with assistance, especially for the COVID-19 patients. A total of 5,148 calls were made, with 72% of the patients having no concerns while some gave feedback and requested for assistance. The feedback we gathered through complaints and telerounds were processed and reported for the improvement of both the hospital’s quality of services and the patient’s hospital experience. The team was able to serve a total of 25,000 patients and internal clients.

QMD was able to contribute 25% savings from allocated budget through inventory, purging, and storage management. The Division is continuously providing trainings to new doctors to ensure that they are ready to provide top-notch service and compassionate care to all patients.

We restructured our Medical Device Safety and Risk Management Committee (MDS-RMC) to align with the medical device safety processes. The restructure resulted to the creation of the Medical Supplies and Implants Subcommittee and included the Medical Equipment Subcommittee which was formerly under the Facility Management and Environment Safety (FMES) Committee. These changes triggered the establishment of a risk-based implantable devices listing, the monitoring of medical implants tracking systems, updating of the medical supplies risk classification based on the Department of Health (DOH) – Food and Drug Administration (FDA) guidelines, revisions of policies and forms, enhancements in the field safety notifications monitoring, among others.
Makati Medical Center | Medical Doctors, Inc

Human Resources Management and Development

The Human Resources Management and Development Division (HRMDD) continued its mission of being a stable and able partner to the workforce while innovating and adapting to the demands of the new healthy normal.

We continued to put importance on our employees’ well-being with our Employee Well-Being Clinic (EWC) rising to the challenge of safeguarding the health of every employee. A triage system and telemedicine platform were implemented to assure safe and efficient service access and delivery to employees and dependents. Webinars were organized to keep employees abreast of current developments and protocols in the hospital.

Despite the lockdowns, Learning & Development Department (L&D) conducted 191 sessions of various training and skills development programs which reached a total of 5,453 participants.

The Organization Development Department’s (ODD) regular activities for 2020 included the implementation of 337 staff promotions, 120 developmental assignments, and 294 lateral transfers. With the maintenance of the hospital structure, there were 30 organizational charts and 130 job descriptions updated, and 14 new positions created. ODD also conducted the first phase of the hospital-wide manpower rationalization project starting with the Nursing and Patient Care Services Division (NPCSD).

For 2020, the Talent Acquisition Department (TAD) hired a total of 622 employees, 573 of which are for the Medical Group and 49 for the Corporate Group.

With the lack of job fairs for recruitment, the Division addressed the need for new employees, most especially for registered nurses (RNs) and other medical positions.

As many RNs have pending applications to work overseas, MakatiMed opened up positions for fixed term nurses. Our nursing assistants were also welcomed onboard our RN pool once they passed the Professional Regulation Commission (PRC) licensure exam.

On the other hand, we also acquired laboratory (lab) support staff in lieu of our registered medical technologists (medtechs). Similar to our nursing assistants, our Lab Support Staff are MedTech graduates who are also awaiting their PRC licensure exam.

Partnerships were also established and strengthened to create additional manpower sourcing channels. Some of which are with ODD’s partnership with 17 NCR cities and municipality. The Department also forged six (6) partnerships with nearby municipalities and provinces through the Local Government Unit (LGU) – Public Employment Service Offices (PESO). Partnerships with universities were established through Jobs180.

We have made progress in developing the initial design of the Automated REACH (Refer, Earn, Attract, Collect Hires) Referral Program for MakatiMed employees, which should create a structure for employees to refer potential candidates for vacant positions.

For year 2020, Total Rewards contributed annual cost saving initiatives which amounted to a total of P9.9 million from the following: Third Party Manpower Services Contract rate standardization and rationalization, reduced unnecessary mobile plans and
plan limit cost reduction, Facilities Management and Engineering Division (FMED) manpower rationalization, and the implementation of e-Payslip project.

**Information and Communications Technology**

As we veered away from physical meetings and gatherings, we identified the need to upgrade our technology to keep up with the needs of the MakatiMed community in ensuring smooth operations and seamless communication among units and members of the community. The Information and Communications Technology Division (ICTD) played an important role in enabling the MakatiMed community, having completed over 160 projects in 2020, including the first online Annual Stockholders’ Meeting, PhilHealth e-claim cloud upgrade and accreditation, and other new systems to make the hospital’s internal process more efficient.

With the shift to digital and online platforms, there was a significant increase in virtual conferences and calls from less than 300 hours per year to over 50,000 call hours. This was made possible as we activated over 30 Zoom enterprise accounts on top of the continued use of Microsoft Teams to ensure secure and effective communications and collaboration services from within and outside MakatiMed.

We also used low-code development tools to automate our systems and processes. These tools included the use of Microsoft Forms, Microsoft Flow, Microsoft Share Point, and Zoho Forms, allowing for a faster turnaround time and completion of over 50 systems including the Online Patient Screening Form, Daily Health Check for employees and staff, Employee Wellness Clinic appointment system, and eLOA HMO approval. These automated processes took less than 40% of the traditional development time and 70% more cost efficient.

To support the adoption of these digital solutions, the network infrastructure of the hospital was upgraded and improved. Internet access capacity increased from 1.5Gbps to 3Gbps. We also boosted the number of Wi-Fi access points to expand coverage, including at the doctors’ clinics. Doctors were allowed to connect and access the Wi-Fi network automatically which improved their user experience and technology adoption.

With these technological initiatives, data privacy and protection remain to be a priority. Necessary steps were taken to ensure that every access point is secure. These efforts resulted to MakatiMed achieving a score of 37 in its first cybersecurity benchmarking activity, a score way above the industry average of 13.

The movement to online and more complex technologies is inevitable, but we vow to safeguard our patients’ and user’s data as much as we put importance on their healthcare. We will continue to ensure above-standard compliance and security posture as a major healthcare player in the country and for global competitiveness.

“With the shift to digital and online platforms, there was a significant increase in virtual conferences and calls from less than 300 hours per year to over 50,000 call hours.”
Nursing and Patient Care Services

In 2020, the International Year of the Nurse was aptly celebrated in MakatiMed in an effort to advance nurses’ vital role in transforming healthcare all over the world. And, without a doubt, the need for nursing care was amplified this year with the healthcare demands of COVID-19 patients and relentless surge of cases, the hospital hired 451 registered nurses (RNs), fixed term nurses, and nurse assistants in training.

Many factors affected the low number of new hires of RNs for 2020. These factors include the tough competition in the market for the scarce manpower resource, fear of working in a hospital, postponement of the Nurse Licensure Exam (NLE), and transportation and housing concerns. Nevertheless, the nursing Clinical Department Managers, initiated the call-back of previously separated RNs who may be interested to be employed as fixed term nurses for 6 months to augment the RN hiring demand. This brought 44 more RNs to the 2020 staffing complement. In addition to support the nursing workforce, hiring of 114 underboard nurses was also undertaken.

Our In-patient Fall Rate has declined and improved to 2.11 from 2.44 per 1,000 patients. However, significant increase in the pressure injury prevalence rate can be noticed from 0.15 in 2019 to 1.30 per 100 patients in 2020. This can be attributed to the increase in the number of critical patients catered by the different units. Due to the pandemic, new cases of pressure injuries related to COVID-19 care modalities also emerged such as injuries resulting from proning position for patients with pneumonia.

This year, the risk for Adverse Drug Event remains very low at less than 0.001, and subsequent Drug Administration Accuracy remain faring within 99.99%. Despite the pandemic and restrictions on prolonged personnel contact, collaboration and communication between doctors (prescribing), pharmacists (dispensing and preparation), and nurses (administration) have sustained our safety protocols for majority of drug treatment opportunities. The Nursing Division continues to identify opportunities for process improvements and mitigation of potential problems resulting to innovations in safety and care delivery.

“Medication Pass” audits are continuously being strengthened and implemented. In addition, unit-based training are being held to ensure all our nurses are competent to handle all circumstances. Moreover, we also reinforced our two-RN-checks and safety checks for High Alert Medications. The HOPE (Helping Others Prevent Errors) Campaign, through the educational LIFE Stories (Learning & Improving From Events), was launched to promote awareness and reinforce the best practices of the Division.

To equip the MakatiMed community in our everyday battle with COVID-19, the Nursing Division standardized the needed resources and PPEs in COVID-19 areas, in coordination with the Infection Prevention and Control Unit (IPCU). Workflow, processes, and traffic flow were also reviewed and implemented in accordance with the recommendations of IPCU and the Centers for Disease Control and Prevention (CDC).
In the midst of the trying times, the Division continued to pursue their Professional Development Programs and Continuing Education. From implementing a classroom-based approach early this year, we transitioned to a blended-learning mode. We achieved an 86% retention rate for the Nurse Residency Probationary Program (NRPP), with 303 nurse residents finishing the program; and 96% retention rate for the Nursing Assistant Program, with 109 nursing assistants hired after the program.

Facilities Management and Engineering

Despite the disruption of our operations in 2020, the Facilities Management and Engineering Division (FMED) saw the completion of 80 facility improvement projects for both construction and renovation initiatives, at a total cost of P93 million. Among the most significant projects that we were able to complete in 2020 are the following:

- MakatiMed Wellness Center at Ayala North Exchange (ANE)
- Relocation of Blood Bank to 2nd floor Tower 2 (former ENT Center)
- Renovation of Nuclear Medicine in preparation for SPEC CT acquisition
- Water proofing and resealing works in various areas
- Laboratory Point of Care Testing (POCT)
- Construction of the Acute Respiratory Care Unit (ARCU), a 10-bed extension at the Emergency Department

As a response to the pandemic, we were able to commission the conversion of 115 regular patient rooms to isolation rooms. FMED also initiated the construction of the Acute Respiratory Care Unit (ARCU), a 10-bed extension at the Emergency Department for patients with acute respiratory illness related to COVID-19. The negative-pressured facility is equipped with its own consultation booth, swabbing booth, and x-ray area.

Additionally, we were able to construct a swabbing facility at the Dela Rosa Driveway and expanded a Drive-Thru service for COVID-19 testing and blood extraction at the Convergys Parking in partnership with Ayala Land, Inc. These efforts were motivated by our desire to provide our patients with the certainty and comfort that they can access our brand of healthcare, even outside our premises.

The Division’s efforts to maximize the efficiency resulted to significant savings in various areas such as the reduction in the number of service providers from 577 providers in 2019 to 476. This is equivalent to a total savings of P38 million, a 15% increase in savings from...
2019. Rationalization of contractual services were also implemented, allowing an additional projected annual savings of P10.4 million.

The renewal with Mpower contract also gave way to a savings of P25 million in electricity consumption or a 14% savings versus budget.

Overall, the FMED 2020 financial performance has yielded P91 million in savings from the re-cast budget; and a P108 million in savings as compared to 2019.

Procurement

The lockdown in other countries and in our own posed a lot of uncertainties in our supply chain, particularly the logistics, raw materials, and vendors based abroad, especially in China and the United States (US).

Likewise, the impact of the pandemic resulted to in the cancellation of our major purchases and projects as priorities were re-focused on acquiring PPEs, medical equipment, medical supplies, medicines, IT, and other facilities which are vital to ensure that the hospital would be able to address the needs of the hospital, employees, and its patients.

Total purchases went down by 23% from P2.4 billion in 2019 to P1.84 billion in 2020. Still the Procurement Department has helped contribute savings up to P82.9 million from negotiations with suppliers.

The battle against the pandemic is no easy feat. The days that lie ahead are still full of uncertainty as we face this pandemic head on. We thank our medical staff, allied healthcare professionals, and corporate personnel for supporting and staying with the MakatiMed Community in these difficult times.

The year has been a rollercoaster of ups and downs, most especially for the country’s entire health sector. We have been stretched thin because of the pandemic, and unfortunately, as we end the year, the fight against the COVID-19 is far from over. These achievements, milestones, innovations, and digital advancements that the hospital has successfully attained this year would not be possible without the confidence and continued patronage of our patients and stakeholders. We thank them for their relentless and continuous trust in the quality of service MakatiMed has always been known for, especially now that we are facing our lifetime’s biggest health crisis.

We are grateful to all the individuals and organizations who extended a helping hand to our hospital’s healthcare workers. MakatiMed is and will always be grateful to the outpour of the donors’ generosity in the form of food support, accommodation offers, PPEs, and other medical supplies for our frontliners all throughout the year.

I would also like to salute the MakatiMed community – frontliners, healthcare workers, and corporate support staff – for the unrelenting service, compassion, and malasakit. Each ounce of sacrifice you made has saved lives, uplift spirits, and raise hope among the MakatiMed community and the nation.

The year 2020 has been full of disruption and uncertainty yet at the forefront, we will always be HEART STRONG. Together, we will ensure to triumph over the challenges together and continue to come out stronger as we take control of a better and healthier new normal.

Atty. Pilar Nenuca P. Almira
President & CEO

“These efforts were motivated by our desire to provide our patients with the certainty and comfort that they can access our brand of healthcare, even outside our premises.”
REPORT OF THE MEDICAL DIRECTOR
I am pleased to report on the highlights of 2020 - as Medical Director for the entire year and also as Interim Co-CEO from January to August 2020. The year 2020 will remain an unprecedented year, not only for Makati Medical Center, but also for the world in general and the entire country in particular. As the year started with extensive discussions for contingency action plans in response to the Taal Volcano eruption in January 2020, the volcanic eruption was immediately eclipsed by the events that transpired because of the COVID-19 pandemic.

This report contains clinical operations and medical activities which were undertaken mostly while the pandemic was raging on. Understandably, the challenges that had to be hurdled were immense. Nonetheless, the credit must go to all the departments and divisions under the Office of the Medical Director for the accomplishments described herein.

I. CLINICAL OPERATIONS AND MEDICAL ACTIVITIES

CONTINUING MEDICAL EDUCATION

Several departments pursued meaningful educational activities.

Webinar topics:
1. March 24 | Corona Virus Pathophysiology and Sample Case
   Criteria for Intubation and Mechanical Ventilation
   COVID/PUI Floors Experience
2. March 27 | Guidelines on the Physician’s Duties Toward End of Life Care
   COVID-19 Algorithm, Pneumonia and COVID-19 Panel and Package
3. March 30 | COVID-19 Algorithm and COVID-19 Panel/Package
   Mechanical Ventilator and Pulmonary Issues
4. March 31 | MMC COVID-19 Experience in Collaboration with Emergency Department
5. April 6 | MMC Treatment Guide for Critically Ill Patients with COVID-19 and General Respiratory Scheme
   Mechanical Ventilator for ARDS Algorithm
   Troubleshooting and Weaning
6. April 9 | MMC COVID-19 in the Special Population
7. April 15 | Critical Care Team Experience in Managing COVID-19 Cases who were Successfully Extubated
   Critical Case in the ICU
   Pulmonary Management of Critical Cases
8. April 20 | MMC COVID-19 Update, CPT, Immunology and Physical Medicine and Rehabilitation
9. May 15 | Metro Pacific Hospitals Holdings Inc. and MMC Webinar
   Critical Care Management of COVID-19: MMC Experience
   Pulmonary Care: Helpful Insights
10. May 16 | MMC Best Practices in Response to COVID-19 Pandemic
11. May 22 | Surgical Practices during the Pandemic
    Regional Block Anesthesia for COVID-19 Cases
    ICU Procedures during the Pandemic
12. March 29 | Baseline Characteristics of Admitted COVID-19 Patients in MMC
    Mental Health in Difficult Circumstances
    A Guide to Telemedicine: An MMC Experience
13. June 5 | Resumption of Clinic: The MMC Experience
    A Presentation of COVID-19 Cases
    Palliative Care in COVID-19 and the Art of Communicating Compassion in PPE
    Home Healthcare During the Pandemic
15. June 19 | Biochemical Profiles of COVID-19 patients in MMC
Predictive value of Cardiac Biomarkers in COVID-19
Observational Case Series of MMC COVID-19 Survivors: A Deep Dive
16. June 26 | An Update on Treatment Options: Remdesivir and Hydroxychloroquine
The Health Screening Form
17. July 10 | Updates on Kidneys and COVID-19
Anticoagulation in COVID-19 patients

• The Section of Infection Diseases hosted a total of 17 webinars focusing on COVID-19, held from March to July. Each session was attended by more than a hundred participants from different parts of the country.
• The Liver Unit in cooperation with the Hepatology Society of the Philippines, the MakatiMed Cancer Center, and the Section of Gastroenterology organized a nine-episode webinar series from July 28 to September 25. The series covered a multi-disciplinary range of topics delivered by renowned local and international experts from Australia, France, Hong Kong, Korea, Singapore, and the United States in the field of Hepatology, Hepatobiliary Surgery, Interventional Radiology, Medical Oncology, Radiation Oncology and Nutrition. A total of 4,452 attendees from 11 countries and 30 provinces all over the Philippines attended the webinars while there were more than 6,500 cumulative views on the Facebook page of the MakatiMed Gastroenterology for the nine-episode webinar series.
• On September 6, the Department of Neurosciences’ Section of Neurology, in partnership with the Philippine League Against Epilepsy and Lemery Doctors Medical Center, hosted an online lay forum entitled “Living Well with Epilepsy.” About 60 participants attended the webinar via Zoom platform, while the Facebook livestream recorded an approximate 1,800 views during the event.
• The Department of Emergency Medicine, a major sector of MakatiMed which confronted the COVID-19 pandemic, held its 23rd Annual Symposium dubbed “EmbattlED: Embracing the New Normal” from September 28 to October 2.
• The Department of Otorhinolaryngology, in collaboration with Abbott Laboratories, organized a three-day online webinar series on Surgical Histopathology and Cytology of ENT-Head and Neck Diseases and Imaging Studies from October 1 to 3. For the past 15 years, the symposium had been considered an effective tool in educating up-and-coming ENT surgeons.
• As part of the Mental Health Awareness month in October, the Section of Psychiatry of the Department of NeuroSciences brought to fore vital conversations about mental health and well-being through a webinar series conducted from October
A total of 918 participants registered for the five-day webinar series. Discussions on anxiety, depression and suicide, the psychological impact on children, as well as the different personality types and the resilience and vulnerability of our frontliners proved to be timely and relevant during the extraordinary times of uncertainty in 2020.

**TRAINING PROGRAMS**

The Division of Medical Education and Research (DMER), under the able stewardship of Jose Paulo Lorenzo, MD, along with the other officers - Ramon S. Francisco, MD; Mary Milagros D. Uy, MD; Ma. Milan P. Tambunting, MD; Celeste Aida G. Gali, MD; Jennifer Theresa G. Tiglao, MD; Jillian Mae L. Tabora, MD; and Jacqueline H. King, MD, continued its task of overseeing 241 residents in 17 residency training programs (Anesthesiology, Dermatology, Emergency Medicine, ENT-HNS, Medicine, Neurology, Neurosurgery, Nuclear Medicine, Obstetrics-Gynecology, Ophthalmology, Orthopedic Surgery, Pathology and Laboratories, Pediatrics, Psychiatry, Radiation Oncology, Radiology and Surgery).

It was likewise a productive year for the MakatiMed fellowship training programs - with continued supervision of 64 fellows in 23 training programs - namely Cardiology, Cardiac Rehabilitation, Echocardiography, Endocrinology, Gastroenterology, Hematology, Infectious Diseases, Medical Oncology, Nephrology, Pulmonology, Rheumatology, Stroke and Vascular Neurology, OB-GYN Ultrasound, Clinical Microbiology, Pediatric Pulmonology, Breast Imaging, CT-MRI, Interventional Radiology, Radio Ultrasound and Plastic, Reconstructive & Aesthetic Surgery, Pain Medicine, Nuclear Medicine, and Regional Anesthesia.

The residents and fellows of the hospital comprised the major group of frontline responders which provided valuable manpower support during the entire duration of the pandemic - as they enlisted for the Emergency Department, the Critical Care Units, and the COVID-19 patient areas of the hospital.

A total of 72 interns were accepted after successfully passing the stringent acceptance criteria. Learning curves had to be modified to cater to the changing times. This gave birth to the first electronic learning platform for internship in cooperation with the Division of Medical Education & Research and Information & Communications Technology Division. Lectures, review classes, and examinations were conducted virtually to prepare them for the Philippine Physician Licensure Examination. This culminated with a MakatiMed passing rate of 96.88% as compared to the national passing rate of 75.21%.

**PARTNERSHIPS WITH OTHER INSTITUTIONS**

MakatiMed inked several partnerships anew with other institutions to strengthen its various training programs. For the residency program, the Department of Dermatology signed a memorandum of agreement with the Army General Hospital, Bicol Medical Center, and the Ilocos Training and Regional Medical Center, while the Department of OB-GYN officially entered into a partnership with Ospital ng Muntinlupa.

For the Fellowship Program, the Section of Hematology inked a partnership with Salvino Agri Industrial Machinery, Inc. and NextGen Autoparts Marketing Co.; Infectious Diseases with the Armed Forces of the Philippines Health Service Command, the Victoriano Luna Medical Center; and the Section of Plastic and Reconstructive Surgery with Medicard Clinic.
## Accreditation of Training Programs

<table>
<thead>
<tr>
<th>Program</th>
<th>Period of Accreditation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internship Training</td>
<td>July 2016 – June 2021</td>
</tr>
</tbody>
</table>

## Residency Training Programs

<table>
<thead>
<tr>
<th>Department</th>
<th>Period of Accreditation</th>
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</thead>
<tbody>
<tr>
<td>Anesthesiology</td>
<td>January 1, 2020 - December 31, 2022</td>
</tr>
<tr>
<td>Dermatology</td>
<td>2018 - 2020</td>
</tr>
<tr>
<td>Emergency Medicine</td>
<td>Valid until April 30, 2021</td>
</tr>
<tr>
<td>Medicine</td>
<td>January 1, 2019 - December 31, 2022</td>
</tr>
<tr>
<td>Neurology</td>
<td>April 1, 2019 - March 31, 2024</td>
</tr>
<tr>
<td>Neurosurgery</td>
<td>Pending reaccreditation</td>
</tr>
<tr>
<td>Psychiatry</td>
<td>January 1, 2019 - December 31, 2021</td>
</tr>
<tr>
<td>Nuclear Medicine</td>
<td>January 1, 2018 - December 31, 2020</td>
</tr>
<tr>
<td>Obstetrics &amp; Gynecology</td>
<td>January 1, 2020 - December 23, 2023</td>
</tr>
<tr>
<td>Ophthalmology</td>
<td>January 1, 2020 - December 31, 2020</td>
</tr>
<tr>
<td>Orthopedic Surgery</td>
<td>June 2020 - June 2021</td>
</tr>
<tr>
<td>Otorhinolaryngology - Head &amp; Neck Surgery</td>
<td>January 1, 2019 - December 31, 2022</td>
</tr>
<tr>
<td>Pathology (Anatomical &amp; Clinical)</td>
<td>January 1, 2019 - December 31, 2021</td>
</tr>
<tr>
<td>Pediatrics</td>
<td>January 2019 - December 2021</td>
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<tr>
<td>Radiology</td>
<td>January 1, 2018 - December 31, 2021</td>
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<tr>
<td>Radiation Oncology</td>
<td>January 1, 2018 - December 31, 2021</td>
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<tr>
<td>Surgery</td>
<td>June 24, 2017 - June 23, 2022</td>
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## Fellowship Training Programs

<table>
<thead>
<tr>
<th>Section</th>
<th>Period of Accreditation</th>
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<tbody>
<tr>
<td>Medicine</td>
<td></td>
</tr>
<tr>
<td>Cardiology</td>
<td>January 1, 2018 - December 31, 2022</td>
</tr>
<tr>
<td>Endocrinology</td>
<td>April 1, 2020 - June 30, 2024</td>
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<tr>
<td>Gastroenterology</td>
<td>May 1, 2020 - April 30, 2022</td>
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<tr>
<td>Hematology</td>
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</tr>
<tr>
<td>Infectious Disease</td>
<td>2018 - 2021</td>
</tr>
<tr>
<td>Medical Oncology</td>
<td>April 1, 2019 - March 31, 2021</td>
</tr>
<tr>
<td>Nephrology</td>
<td>January 1, 2019 - December 31, 2022</td>
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<tr>
<td>Pulmonology</td>
<td>January 1, 2020 - December 31, 2022</td>
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<tr>
<td>Rheumatology</td>
<td>January 1, 2020 - December 31, 2022</td>
</tr>
<tr>
<td>Obstetrics &amp; Gynecology</td>
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<tr>
<td>OB- UTZ</td>
<td>Valid until December 31, 2021</td>
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<tr>
<td>Pathology &amp; Laboratories</td>
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<tr>
<td>Clinical Microbiology</td>
<td>Pending reaccreditation</td>
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<tr>
<td>Pediatrics</td>
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<tr>
<td>Pediatric Pulmonology</td>
<td>July 1, 2018 - June 30, 2022 (PAPP)</td>
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<tr>
<td>Radiology</td>
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<tr>
<td>CT-MRI</td>
<td>January 1, 2020 - December 31, 2023</td>
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<tr>
<td>Interventional Radiology</td>
<td>January 1, 2020 - December 31, 2023</td>
</tr>
<tr>
<td>Radio - Ultrasound</td>
<td>January 1, 2020 - December 31, 2023</td>
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<tr>
<td>Surgery</td>
<td></td>
</tr>
<tr>
<td>Plastic, Reconstructive &amp; Aesthetic Surgery</td>
<td>January 1, 2018 - June 30, 2020</td>
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</table>
SCIENTIFIC PAPER PRESENTATIONS/COMPETITIONS

The MakatiMed Philippine College of Physicians (PCP) Team composed of Aldreus Calabia, MD; Bianca Velando, MD; Kiara Padua, MD; and Maxine Garcia, MD bagged the first place in the PCP Dr. Adrian Peña Interhospital Medical Quiz Contest – Regional Level. The same team would compete in the national quiz contest during the next annual PCP Convention in 2021.

The Section of Infectious Diseases bagged the first place for the Descriptive Research Category during the 42nd Philippine Society for Microbiology and Infectious Diseases, Inc. (PSMID) Convention with the research paper of Kristy Michelle Taladua, MD; Analyn Jumeras, MD; and Ma. Therese Santos, MD (co-authors Janice C. Caoili, MD and Ma. Tarcela Gler, MD) on “Presenting Characteristics, Co-morbidities and Predictors of Mortality among 236 patients with COVID-19 ”.

Tracy Anne G. Fojas, MD from the Department of Pediatrics won first place for her paper on “Association Between Visual Acuity and Ocular Symptoms among School Children (Grade 4 to 6) with Smartphone and Tablet use in Public School in Makati” in the Philippine Pediatric Society (PPS) Research Award for the Community Pediatrics Category which was held in November 2020.

SPECIALTY BOARD EXAMINATIONS

The graduates of most training programs posted a 100% passing rate in most specialty board examinations administered in 2020.

<table>
<thead>
<tr>
<th>Department</th>
<th>100%</th>
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<tbody>
<tr>
<td>Dermatology</td>
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<tr>
<td>Radiology</td>
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<tr>
<td>Emergency Medicine</td>
<td>100% (written examination)</td>
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<table>
<thead>
<tr>
<th>Section</th>
<th>100%</th>
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<tbody>
<tr>
<td>Cardiology</td>
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<tr>
<td>Echocardiography</td>
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<td>Endocrinology</td>
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<td>Gastroenterology</td>
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<td>Nephrology</td>
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<td>Rheumatology</td>
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<tr>
<td>OBGYN Ultrasound</td>
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<tr>
<td>CT-MRI</td>
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<tr>
<td>Interventional Radiology</td>
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<tr>
<td>Plastic, Reconstructive and Aesthetic Surgery</td>
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</tbody>
</table>
RESEARCH UNDERTAKINGS

In 2020, 70 protocols were approved/ongoing, 54 were approved and completed, 10 were awaiting resubmission, 15 were deemed inactive. One (1) paper was terminated, 2 were withdrawn, while 21 were exempted from formal review. Of the 173, 26 (15%) were industry-sponsored while 147 (85%) were investigator-initiated.

Research Submissions

HONORS AND RECOGNITIONS

Makati Medical Center was cited for best practices in its COVID-19 response and received the Excellence Award for Patient Safety from the 2020 Asian Hospital Management Awards (AHMA) for its MMC: Beyond Malasakit – the Hospital with a Stronger Heart campaign.

MakatiMed was also selected for a special recognition for the International Hospital Federation (IHF) Beyond the Call of Duty for COVID-19 program for its demonstration of outstanding efforts in response to the coronavirus pandemic.

In December, MakatiMed received several honors from the Gawad Bayaning Kasulugan, the national award and tribute to frontliners in the healthcare and case management of patients with COVID-19 in Philippine hospitals. The MakatiMed COVID-19 Task Force was declared a winner in the Team Category for the national award.

The hospital’s Medical Director Saturnino P. Javier, MD was the overall winner for the Individual Category, while MakatiMed’s Head of Infection Prevention and Control, Janice C. Caoili, MD was also recognized as a winner in the Individual Category. The awards were launched in collaboration with the Philippine Chamber of Commerce and Industry (PCCI) together with the Association of Allied Health Organizations of the Nation (AAPHON), and the Health Educationalist, Advocates and Leaders Philippines (HEAL Phils).

These awards certainly affirmed the high level of response from MakatiMed to the challenges brought
COMMUNITY INITIATIVES

In January, the MMC Foundation spearheaded a medical mission in Mabini, Batangas. The team was composed of volunteer doctors, surgeons, nurses, and other allied health personnel. There were 800 beneficiaries of the free services and medicines. The medical mission also included psychosocial activities to the patient-beneficiaries.

In February, the Foundation, in collaboration with Toyota Motors Philippines Foundation Inc., also organized a surgical mission (Thyroidectomy, Herniorraphy, Open Cholecystectomy, and Excision of Breast Mass) in Sta. Rosa, Laguna. Also in November, the MMC Foundation conducted another in-house surgical mission in MakatiMed in cooperation with the Department of Surgery. A total of 7 patients were operated on (5 undergoing total thyroidectomy and 2 undergoing completion thyroidectomy) during the one-day surgical mission. All patients were monitored closely post-operatively for any possible complications such as hypocalcemia and bleeding. On December 1, final rounds were done by the residents in charge of each case and the patients were deemed fit to be discharged. No morbidity or mortalities were encountered immediately post operation until the discharge of the patients.

PROFESSIONAL SERVICES

On March 16, the PET (Positron Emission Tomography) Imaging Center, a key technology in the diagnosis, evaluation, and treatment of malignant diseases, was officially opened. The Center, which is manned by internationally trained Nuclear Medicine and Radiology staff, is equipped with the Discovery Molecular Imaging 128 Slice Time of Flight (TOF) PET/CT System. It is a scanner that combines PET and CT scan images providing fast and accurate imaging that helps reduce patient’s radiation exposure. A total of 330 cases were done from May to December 2020.

MakatiMed offered the convenient option for laboratory and vaccination requirement of patients through its drive-thru services. Initially, the drive-thru services were offered at the MakatiMed Main Driveway along Amorsolo Street but was later relocated to the Convergys Open Parking. The services included COVID-19 testing, blood extraction, and adult vaccination. In 2020, the drive-thru services were able to conduct a total of 3,880 RT-PCR tests. The COVID-19 Swabbing Area at the Dela Rosa Driveway, on the other hand, performed 29,923 RT-PCR tests from April to December.

In addition, house call options were offered for all those who wished to avail of certain services in the comfort of their own home. The Integrative Palliative and Home Care Services also offered adult vaccination packages.

MMC HealthHub through the Creative, Communications & Sales Services Division (CCSSD), in collaboration with Service Operations, ventured into Offsite Employee Medical Evaluation to assist partner accounts in testing their staff for COVID-19 via RT-PCR swab test.

In April, the Center for Tropical & Travel Medicine (CTTM) offered assistance to its patients by coordinating refill of their medications through MedExpress, and the delivery of their antiretroviral drugs to their homes. In July, the MMC HealthHub teamed up with the Creative, Communications and Sales Services Division (CCSSD) to introduce International Passengers Medical Assistance
Program. The Program offered end-to-end process to clients arriving from abroad through a service package which covered scheduling of RT-PCR test, medical consultation and evaluation, to arranging airport transfer and accommodations with partner establishments until the issuance of clearances.

The MakatiMed Wellness Center (MWC) located in Ayala North Exchange (ANE) Tower, Makati City was officially opened on October 15. The Center provides holistic healthcare services to patients – including various imaging services (Breast Clinic, X-ray, ultrasound, etc.), skin and laser procedures, and health screening processes.

**NEW SERVICES / PROCEDURES**

The Department of Pathology and Laboratories created the point-of-care testing sites with specific satellite collection areas namely: Dela Rosa Driveway, Convergy’s Parking Area, and the vacated Computerized Imaging Institute (CII) area. In addition, onsite collection areas were also established: PLDT, PAGCOR, and the MakatiMed Wellness Center at the Ayala North Exchange (ANE). The Section provided a more efficient work flow process resulting in speed of diagnosis and treatment, expanded testing capabilities, and improved patient outcome.

The Department of Pathology & Laboratories launched a new test item PIVKA II in January 2020 which is used as an aid in the diagnosis of Hepatocellular Carcinoma (HCC).

The Department of Radiology also beefed up its services and expanded its capabilities: for Section of PET-CT, they have the FDG-18 and F-18 PSMA (Prostate Cancer); Contrast Enhanced Mammography and One Stop Shop Service for imaging and biopsy in a day; and multi-parametric and bi-parametric MR of the prostate gland for MRI.

The Center for Regenerative Medicine (CRM) partnered with Cordlife to expand Mesenchymal Stem Cell for various applications. Through the partnership, CRM will be the provider in cord tissue processing and will conduct research studies on diabetic foot ulceration and COVID-19 pneumonia.

The Section of Gastroenterology of the Department of Medicine, in collaboration with the Section of Infectious Diseases and the Department of Pathology & Laboratories, laid out the groundwork for Fecal Microbial Transplantation. It is the transfer of stool from a healthy donor into the gastrointestinal tract of the recipient for the purpose of treating recurrent Clostridium difficile colitis.
II. COVID-19 PANDEMIC AND MAKATI MEDICAL CENTER

FIRST COVID CASE – AND COUNTING

The first case of COVID-19 in MakatiMed was documented on March 8. Indexed as Department of Health (DOH) Case #7, this first case activated the Pandemic and Emerging Diseases Emergency Response (PEDER) protocols which were last used in combating SARS and MERS-CoV years ago.

In a swift and unprecedented manner, the succeeding actions were implemented one after the other in response to MakatiMed’s first case. In 24 hours, MakatiMed banned all mass gatherings (including postgraduate courses, grand rounds, seminars, workshops, teaching rounds, preceptorships, department meetings or conferences, and eucharistic celebrations). Pharmaceutical promotional activities and sampling rounds were suspended, and the MakatiMed Auditorium was closed for any gathering.

In 48 hours, skeletal workforce was implemented for all residency and fellowship training programs, teleconsultation was encouraged, and the Health Service Department (HSD) was closed. In 72 hours, elective surgeries were discouraged, wellness centers and day surgery units were closed. In 96 hours, clerkship and internship programs were suspended, the work-from-home scheme was implemented in the corporate units and all physicians’ outpatient clinics were closed as well.

In about two weeks, MakatiMed declared a full capacity for COVID-19 patients since both COVID-19 wings and critical units were running full and manpower resource was dwindling. The reduced workforce was mainly due to the continuous separation of staff (mostly nurses) to go abroad, lack of supply of Registered Nurses in the country due to the postponement of three (3) consecutive Nursing Licensure Exam, resignation of nurses due to their families’ concern for their safety amidst the infectious COVID-19, as well as the increased staff on leave for quarantine.

GENERAL TREND OF SUSPECT / CONFIRMED COVID-19 CASES in MakatiMed (MARCH - AUGUST 2020)
MakatiMed COVID-19 STATISTICS

Since the first case in March, MakatiMed has attended to more than 52,700 suspect COVID-19 cases from March 1 to December 31. More than 95% of these were eventually swabbed in MakatiMed. Out of the total number of suspect cases, a total of 6,645 (12.6%) individuals were confirmed positive.

The case fatality rate (CFR) of MakatiMed was 1.9%, identical to the national CFR of 1.9% and lower than the CFR of 3.0% among the 18-member hospital group of the Metro Pacific Group. For the year 2020, MakatiMed had one (1) physician and one (1) employee mortality – both from community-acquired COVID-19 infection. A total of 14 staff members were hospitalized for COVID-19 of which four (4) turned critical but three were able to recover successfully.

As MakatiMed continued to register this low CFR, it was able to sustain a high clinical recovery rate – which remained at 97% (adopting the DOH methodology where total recovered patients included those who were clinically improved or discharged plus those quarantined patients after two weeks).

RESUMPTION OF OPERATIONS

Clinical operations resumed on May 18 in a gradual, selective, partial, and cautious manner. In rolling out the new healthy normal in MakatiMed, the following protocols were instituted to ensure the safety and well-being of everyone, and mitigate the pervasive fear of COVID-19 among both healthcare professionals and the patient clientele:

- Skeleton workforce slowly reverted to regular schedule – for both medical and corporate divisions
- Mass gatherings remained suspended
- Teleconferences/web events were encouraged
- Designated COVID-19 Zones and COVID-19 Pathways remained
- ‘Hot’ and ‘Cold’ Zones were demarcated at the Emergency Department
- Pre-determined routes were created for COVID-19 suspects and non-COVID-19 patients in the hospital
- Special elevator schemes were defined for patients and physicians/healthcare workers (HCWs)
- Multiple layers of screening were enforced – daily screening questionnaire for all the staff, patients, and visitors, online booking and appointments, thermoscanning at entry points, site-specific screening for walk-ins, etc.
The second massive surge of cases was experienced in July to August, prompting another declaration of full capacity on July 13. This was subsequently lifted on September 3.

In the third and fourth quarters of 2020, MakatiMed continued to see a high number of suspects and confirmed COVID-19 cases in the Emergency Department (ED), although there was generally a downward trend in the number of cases in the last months of 2020. The MakatiMed occupancy rate for COVID-19 patients was still above 80%. All throughout the year, the hospital maintained the DOH-mandated allocation of 20% capacity for COVID-19 out of its authorized bed capacity.

**RESPONSES AND STRATEGIES IN 2020**

The exceptional quality of MakatiMed’s brand of healthcare was reaffirmed in the last nine (9) months of the pandemic. Throughout those months, MakatiMed coped with the surge in cases through the following strategies:

1. Strict infection prevention and control protocols
2. Expansion of bed capacities
3. Infrastructure revisions/adjustments
4. Accreditation of laboratory for COVID-19 testing
5. Enhancement of multi-media communication platforms
6. Adoption of teleconferencing/telemedicine
7. Collaborative pursuits in medical initiatives
8. Protection of HCW

MakatiMed consistently made available 20% of its bed capacity for COVID-19 cases since March 2020. Prior to the COVID-19 pandemic, the only negative pressure area of MakatiMed was the 8th Wing. In response to the

- Decontamination/disinfection protocols were enhanced
- Protocols for recognition/contact tracing/containment of outbreaks were defined.
- Testing capability was expanded – with another PCR machine
- A COVID-19 public health information campaign was launched to educate the public on the novel coronavirus and to gain the patients’ confidence on the safety of the hospital
- Stringent infection prevention and control protocols were enforced not only in the medical area of the hospital but also in corporate offices

**DISTRIBUTION OF COVID-19 POSITIVE CASES IN MAKATIMED**

Case Fatality Rate [# Death / # Confirmed Cases]

<table>
<thead>
<tr>
<th>Case Type</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Admitted</td>
<td>79%</td>
</tr>
<tr>
<td>Quarantined</td>
<td>15.40%</td>
</tr>
<tr>
<td>Transferred</td>
<td>2.42%</td>
</tr>
<tr>
<td>Death</td>
<td>0.03%</td>
</tr>
<tr>
<td>Discharged</td>
<td>2.70%</td>
</tr>
<tr>
<td>Discharged Against Medical Advice (DAMA)</td>
<td>0.4%</td>
</tr>
</tbody>
</table>
pandemic, additional negative pressure areas were activated. By yearend, the designated COVID-19 Hot Zones were the following:

- Emergency Department (ED)
- Acute Respiratory Care Unit (ARCU) as an extension area of ED
- 8th Wing, 7th Wing, 6th Wing, and 5th Wing
- Neuro-CardioVascular Intensive Care Unit (Neuro-CV ICU)
- Telemetry Unit
- Delivery Room
- Pediatric Intensive Care Unit (PICU)
- Neonatal Intensive Care Unit (NICU)
- Cardiac Catheterization Laboratory
- Cardiovascular-Operation Room Suite
- 7th Circular

The patient rooms in Hall C of Tower 1 were vertically delineated as COVID-19 Hot Zones to isolate them from the rest of Tower 1. In time, another area from the circular tower, the 7th Circular, was converted to additional COVID-19 Hot Zone. The 8th Circular of Tower 1 with a total of 30 beds was allocated for the members of the MakatiMed community who needed to isolate due to COVID-19.

The front squads of healthcare professionals who attended to COVID-19 suspect patients in the ED were comprised primarily of ED physicians and they were later joined by residents from the following departments – Medicine, Otorhinolaryngology, Anesthesia, Orthopedics, Surgery, and Dermatology.

A month after the first surge of cases, MakatiMed was accredited as a COVID-19 testing center (PCR) on April 13. Another PCR machine was acquired on June 26. Since its accreditation as a testing facility in April, MakatiMed performed 73,375 tests. Among the six (6) DOH-accredited hospitals for PCR testing in the Metro Pacific group of hospitals, MakatiMed continued to perform the highest volume of tests per day.

Enforcement of strict infection prevention and control protocols was achieved through the following:

1. No Mask - No Entry (including face shield)
2. Social distancing
3. Hand washing
4. Contactless interactions
5. Fit testing of masks
6. Personal Protective Equipment (PPE) use - proper donning and doffing in identified areas
HEALTHCARE WORKERS’ WELFARE

By yearend, the infection rate among MakatiMed healthcare workers mirrored the surge in the community – with the highest number of infected healthcare workers in July and August. In protecting and ensuring safety and well-being of all healthcare workers, the following measures were adopted:

Transportation provisions during community quarantine: 14 buses and 5 vans servicing employees via specified routes
Accommodations: in-hospital lodging for some employees (non-admissible - those who refused to go home or were refused by authorities to go home)

- Leasing of outside facility to house some personnel (optional admission)
- Non-transfer of employees/medical personnel to external quarantine facilities
- Payment of hazard allowance/risk exposure allowance
- Provision of psychosocial counseling

OPPORTUNITIES FOR BOUNCING BACK

Telepharmacy and Telepsychiatry were made available, aside from other home care services which included physical medicine and rehabilitation.

MakatiMed participated in landmark COVID-19 trials – particularly the World Health Organization (WHO) Solidarity Treatment Trial in which MakatiMed was one of the healthcare institutions which recruited a significant number of patients. Later, MakatiMed also participated in the Janssens (J&J) vaccine trial.

Before the year ended, we created a COVID-19 Vaccine Task Force to lay the groundwork for COVID-19
vaccination among all members of the MakatiMed community – physicians, trainees, nurses, outsourced employees, corporate staff, clinic secretaries, among others. The task force was chaired by the Medical Director and included the following as members:

1. Mila D. Uy, MD (Hospital License & Accreditation)
2. Daryl Jeremiah R. Gaba, RN, MAN (Nursing & Patient Care Services)
3. Maria Patricia G. Santos-Abes, MD (Pediatrics)
4. Caroline C. Aquino, MD (Pediatrics)
5. Bita S. Avendaño (Human Resource Management & Development)
6. Rosemarie B. Cabujat, MD (Employee Well-being Clinic)
7. Janice C. Caoili, MD (Infectious Diseases)
8. Gerry E. Cunanan (Facilities Management & Engineering)
9. Hazel Faye R. Docuyanan, RPh, MS (Pharmacy)
10. Jay Arnold F. Famador, MD (Medical Services)
11. Minerva M. Laconico, MD (MMC HealthHub)
12. Nerissa A. Lagarico, RN, MAN (Nursing & Patient Care Services)
13. Jose Paulo P. Lorenzo, MD (Medical Education & Research)
15. John Vincent G. Pastores, MD (Medical Services)
16. Marielle M. Rubio (Service Operations)
17. Salvador Abad-Santos, MD (Infectious Diseases)
18. Artemio C. Salvador, MD (Quality Management)
19. Alexander Gervacio M. Sangoyo, RN, MAN (Nursing & Patient Care Services)
20. Kristian R. Sumabat (Information Communication & Technology)
PROGNOSIS AFTER 12 MONTHS

Before yearend, MakatiMed was able to strengthen its financial fundamentals. Despite the dip and losses incurred during the height of the pandemic, MakatiMed was able to improve the financial indicators – modest, yet quite reassuring. As the year came to a close, there was generally a downward trajectory in COVID-19 admissions, RT-PCR Positivity Rate, and number of healthcare worker (HCW) infections. Conversely, there were upward trends in operational capacities and physician engagement in clinic/hospital areas.

Overall, the challenges of MakatiMed were the general low occupancy in 2020 (predominantly COVID-19 patients were admitted), dwindling manpower resources, infections among HCWs, expansion capacity limitation, Philippine Health Insurance Corp. (PhilHealth) reimbursements, and the recognition of opportunities for bouncing back - selling the ‘New Normal’ while trying to assuage fear and stress levels in the MakatiMed community – both HCWs and patients.

Significant expenses were incurred with PPE acquisition, installation of negative pressure facilities, infrastructure provisions, disbursement of REA/HA, transportation, accommodation costs, testing costs, and hospitalization/housing costs.

On a positive note, MakatiMed had the following to be grateful for:

- Low case fatality rate
- High clinical recovery (discharge) rate
- No casualty among frontliner MDs and other HCWs
- Majority of HCWs with community acquired COVID-19 infections had none or mild symptoms
- Supply of PPE was sufficient to cope with the demands in the ‘Hot Zones’
- Supply of ventilators remained adequate
- The Nursing Care Services continued to provide quality service - despite resignations/dwindling workforce

It is evident that the COVID-19 pandemic has failed to bring down the MakatiMed community on its feet. In fact, it should be viewed as the pivotal event that has strengthened the resolve of the community to sail forth to 2021 with renewed vigor and enthusiasm. Importantly, this viral pandemic has fostered a genuinely collaborative spirit among all departments and divisions, both medical and corporate, to confront this pandemic as one. In the process, MakatiMed has found a way to derive strength from and with each other.

Saturnino P. Javier, MD, FPCP, FPCC, FACC
Medical Director
SENIOR QUALITY MANAGEMENT COUNCIL

ATTY. PILAR NENUCA P. ALMIRA
President & CEO

SATURNINO P. JAVIER, MD
Medical Director

JOSE PAULO P. LORENZO, MD
Medical Education & Research Division / Director

JUNANCE P. CAYRAN
Medical Services Division / Director

HANNAH L. CAYNANSAY
Medical Services Division / Director

ARLYN L. SONGCO
Creative, Communications & Sales Services / Division Head

MARIELLE C. MENDOZA-RUBIO
Service Operations / Division Head

BITA S. AVENDAO
Human Resources Management & Development / Division Head

ARTEMIO C. SALVADOR, MD
Quality Management / Division Head

MARY MILAGROS D. UY, MD
Hospital License & Accreditation Division / Director

ENGR. GERRY E. CUNANAN
Facilities Management & Engineering / Division Head

MARI. FLEURDELIZ C. ATIENZA
Procurement / Department Manager

KRISTIAN R. SUMABAT
Information & Communications Technology / Division Head

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ADVISORY COMMITTEE

ALIPIO S. ABAD, JR., MD
JOHN VINCENT G. PASTORES, MD
ROBERTO K. MACASAET, MD
JAIME O. SEVILLA, MD
VICENTE Q. ARGUELLES, MD
The year 2020 was a difficult and challenging time for many reasons, primary of which is the COVID-19 pandemic. Yet, despite these challenges, Makati Medical Center (MakatiMed) continued to strive for and sustain compliance with the highest corporate governance principles.

In view of the passage of the Revised Corporation Code and the issuance of the Securities and Exchange Commission (SEC) Memorandum Circular No. 24 (Series of 2019), MakatiMed reviewed its Articles of Incorporation, By-Laws and Manual on Corporate Governance (Manual) to ensure that they are updated, consistent with the requirements of the relevant laws and regulations.

In compliance with the foregoing, the revised Manual was approved by the Board of Directors and submitted to the SEC in September 2020. Furthermore, during the Meeting held in October 2020, the Board of Directors also approved the amended Articles of Incorporation and By-Laws of MakatiMed pertaining to (a) perpetual corporate term; (b) independent directors; (c) principal address; (d) meetings via remote communication; (e) notices; (f) voting in absentia; (g) closing of stock and transfer book; (h) vacancy in the Board of Directors; (i) Compliance Officer; (j) Board Committees; and (k) dividend declaration. These amendments are subject to the approval of the Stockholders. Thereafter, the amendments will be submitted to the SEC for approval. MakatiMed is currently working on developing, compiling, and updating its various internal policies and procedures to comply with and attain strict consistency with the provisions of the revised Manual. MakatiMed aims to improve all its processes and policies to develop tighter and sounder governance policies.

Another important development in corporate governance is the appointment of Atty. Pilar Nenuca P. Almira as President and Chief Executive Officer of MakatiMed starting September 1, 2020. During the 2020 Annual Stockholders Meeting, where she was elected as Director and introduced to the Stockholders, Atty. Almira expressed her commitment to strengthen MakatiMed so that it can continue to lead and serve as a model hospital, and continue the institution’s noble heritage. A new Director, Mr. Michael de Guzman, Country Head of KKR in the Philippines, was also elected during the said 2020 Annual Stockholders Meeting. Furthermore, pursuant to the revised Manual, Ms. Arlyn L. Songco was appointed as Investor Information Officer during MakatiMed’s Organizational Meeting.

MakatiMed also continues to work on securing the accreditation of the Joint Commission International (JCI). The hospital was surveyed in June 2020 and accreditation was supposed to take place in November 2020. However, MakatiMed requested for an extension in view of the COVID-19 pandemic. JCI agreed to hold accreditation in June 2021. In preparation for the accreditation, MakatiMed will continue to improve on the various measurable elements as prescribed by JCI.

While the focus of MakatiMed management is still on growth and expansion, MakatiMed is taking the COVID-19 pandemic as a reality, and is putting plans in place to maximize hospital spaces and seeking opportunities to offer off-site services, partnerships, and tie-ups. The hospital will continue to use its resources for the benefit of patients, doctors, and the community in general. To this end, MakatiMed is looking to enhance its mobile services among other innovative and responsive projects in the coming year.
New Vision, Mission, Values

The management announced the Makati Medical Center’s new Vision, Mission, and Values (VMV) on February 18, a collaborative effort of key employees and doctors involved in the VMV Review Project. The change in the hospital’s VMV comes as a response to new demands and challenges in the ever-evolving landscape of the healthcare industry.

Certification as COVID-19 Testing Center

The Department of Health (DOH) certified MakatiMed as a testing center for COVID-19 on April 11, one of the first 16 institutions to be authorized to offer the test after satisfying the stringent requirements set by the DOH.

MakatiMed Medilinx Molecular Laboratory began performing independent testing for COVID-19 through Real Time-Polymerase Chain Reaction (RT-PCR) on April 15. As of June 24, the Laboratory could process 210 to 287 tests per day. By yearend, the MakatiMed Laboratory could already process 700 tests per day.

The RT-PCR test, the gold standard for detecting the causative agent of COVID-19, is performed using the Nasopharyngeal Swab (NPS) and Oropharyngeal Swab (OPS). Through an appointment, patients must first accomplish the Case Investigative Form (CIF) before undergoing the actual swab test. The Laboratory then processes the swab specimen which will determine the presence of SARS-CoV-2 using RT-PCR and release the results online within 24 to 48 hours.

Participation in WHO Solidarity Trial

In a race to develop an effective treatment for the COVID-19 virus, MakatiMed joined nominated hospitals in the Philippines for a worldwide Solidarity Trial by the World Health Organization (WHO). The Philippines is one of more than 100 participating countries after the Department of Health (DOH) announced its inclusion in the international randomized clinical trial.

The study measured the effectiveness of four (4) treatment options: the antiviral Remdesivir, antimalarial drugs Chloroquine or Hydroxychloroquine, antiretroviral drugs Lopinavir/Ritonavir, and the multiple sclerosis treatment Interferon beta-1a.
MakatiMed, through the efforts of the Section of Infectious Diseases, the Emergency Department, and the Pharmacy Services Department, has been one of the top recruiting centers for the clinical trials in the country.

**Contactless Patient Scheduling**

In line with MakatiMed’s stringent protocols to prevent the spread of COVID-19 infection among patients, guests, and employees in the hospital facilities, the hospital implemented contactless patient scheduling.

The patient may opt to accomplish the online Screening Form which can be found in the MakatiMed website. If the patient has a companion, the companion is also required to go through the same screening process. Once they pass the screening, the patient may already set an appointment with a MakatiMed physician.
Patient may also start the process by calling the clinic secretary to set an appointment with the doctor before accomplishing a screening form that will be provided by the clinic secretary. The latter will send a confirmation of the consultation schedule once the patient and/or companion pass the screening process.

Launch of Home Care, Drive-Thru Services

As part of the hospital’s Always Safe and Healthy Normal campaigns, MakatiMed launched services that patients can avail of in the comfort of their homes or their vehicles.

For laboratory procedures that would require blood extractions and Reverse Transcription Polymerase Chain Reaction (RT-PCR) tests, the hospital launched the Laboratory Drive-Thru Service. Initially located at the hospital’s Main Driveway, the drive-thru service was moved to Convergy’s Dela Rosa Open Parking, in partnership with Ayala Land, Inc. This is in efforts to accommodate the increasing demand for laboratory services and to provide a safe environment for patient
testing. The new location has six (6) swabbing booths and offers drive-thru service for blood collection and swabbing effective October 2.

Integrative Palliative & Homecare Services also offered adult vaccination packages to be administered at the patient’s home. The service includes pneumococcal vaccine (Pneumococcal Polysaccharide Vaccine) with a dosage good for five (5) years, as well as a flu vaccine (Inactivated Influenza Vaccine) with dosage good for one (1) year. Other specialized integrative palliative and home care services include bed sore monitoring, wound care, pain management, at the safety and comfort of the patient’s home.

Nuclear Medicine also offered to bring services such as Thyroid Function Tests, Endocrine Tests, Hepatitis Tests, and Endocrine Dynamic Tests to the convenience of the patient’s home. The ENT Home Service, on the other hand, offered various pediatric ear tests and procedures.

Aside from online patient education, the Vascular and Lymphedema Center (VLC) launched housecall services such as vascular exercise, manual lymphatic drainage, ArtAssist, and vascular walk test, among others.

**HMO eLOA**

MakatiMed’s eLOA service is a convenient way to issue Letters of Authorization (LOA) for Health Maintenance Organizations (HMO) patients, effectively eliminating an extra step in availing the hospital’s services. Patients may first set a schedule for doctor consultation or diagnostic procedures. Then they may go to the MakatiMed website and fill out the HMO eLOA Request Form. Patients need only to wait for their eLOA to be sent to their email before going to the hospital.
MakatiMed TeleMD

As the National Capital Region (NCR) was put under the Enhanced Community Quarantine (ECQ) in March, MakatiMed quickly adapted to offer medical services to non-COVID-19 patients who wanted to consult with doctors in the safety of their home. Through the MakatiMed TeleMD, patients were able to connect with their physicians for mild COVID-19 symptoms and non-emergency health conditions.

By utilizing the available and accessible technology, doctors continued to meet with their patients through video call or teleconference.

Opening of MakatiMed Wellness Center

Designed to address holistic healthcare and cater to the overall well-being of patients, Makati Medical Center opened the MakatiMed Wellness Center (MWC) at the Ayala North Exchange (ANE) in Makati City on October 15. The hospital’s executives, including President & CEO Atty. Pilar Nenuca P. Almira, led the ribbon cutting inauguration of the new facilities located at the 7th Floor of ANE Tower 1. This was followed by a blessing ceremony by the MakatiMed Chaplaincy.

The MakatiMed Wellness Center offers various diagnostic and imaging services, skin and laser procedures, and health screening services.

PET Imaging Center

MakatiMed opened its PET (Positron Emission Tomography) Imaging Center, signaling a key development in the diagnosis, evaluation, and treatment of diseases, especially cancer – which is one of the top causes of death among Filipinos.

The center, led by internationally-trained Nuclear Medicine and Radiology staff, is equipped with the Discovery Molecular Imaging 128 Slice Time of Flight (TOF) PET/CT system, a scanner that combines PET and CT scan images providing fast and accurate imaging that helps reduce a patient’s radiation exposure.
Virtual Roundtable Media Session with MakatiMed Leadership

As one of the hospitals at the forefront of the pandemic, MakatiMed found itself in a central role with the first surge of COVID-19 patients back in March and April. With the timely and effective implementation of protocols, and collaboration among doctors across demographic and expertise, the hospital was able to respond quickly to manage both influx of patients and ensure the safety and welfare of its frontliners.

President & CEO Atty. Pilar Nenuca P. Almira and Medical Director Saturnino Javier, MD discussed with media representatives how the hospital was able to respond three (3) steps ahead of the situation. The two leaders also answered how MakatiMed addressed the mental health of the medical staff at the frontlines through psychosocial counselling. Aside from this, they discussed future plans of expansion and investments given the current health climate.

Living Well with Epilepsy Online Lay Forum

The Department of Neurosciences’ Section of Neurology, in partnership with the Philippine League Against Epilepsy (PLAE) and the Lemery Doctors Medical Center (LDMC), hosted an online lay forum entitled, “Living Well with Epilepsy: A Lay Forum”, on September 6. This is in line with the 19th National Epilepsy Awareness Week celebrated by different institutions across the country.

The lay forum focused on factors affecting the quality of life and provided ways to improve it for both the patients, their families, and caregivers. This became a venue to address questions and concerns from the lay who attended the event.

EmbattLED: Embracing the New Normal Symposium

The Department of Emergency Medicine held its 23rd Annual Symposium from September 28 to October 2. The primary objective of this year’s symposium, dubbed EmbattLED: Embracing the New Normal, was to empower frontliners to stay abreast with the best practices to combat this perplexing virus.
The five-day webinar series attracted more than 700 participants from the far reaches of the Philippines and around the world.

Local and international speakers graced the webinar series. Representatives from the World Health Organization (WHO) in the Philippines, South Korea, and Thailand presented COVID-19 cases in their countries and the strategies they employed to stem the spread of the disease.

1st MPHHI Nursing Webinar

MakatiMed hosted the 1st Metro Pacific Hospital Holdings Inc. (MPHHI) Nursing Webinar on May 15 and reinforced learning in the care and management for suspected, probable, and confirmed COVID-19 cases. The program, attended by 120 delegates from various hospitals, was titled “Fight Against COVID-19: Addressing Inquiries in the Care of Patients” to showcase the latest trends and clinical strategies based on scientific evidence and clinical experiences.

The webinar discussed the clinical management for COVID-19 patients, infection control practice, as well as the transition of healthcare delivery into the new normal.
Minimally Invasive Gynecologic Surgery Online Lecture

The Department of Obstetrics & Gynecology held a series of online lectures on “Minimally Invasive Gynecologic Surgery,” a field in which the hospital has been a pioneer. To continue this legacy, the lecture series was designed to provide physicians with practical tips and techniques for the efficient, safe, and effective performance of minimally invasive gynecologic surgeries.

The three-day lectures conducted from September 25 to October 9 were led by expert laparoscopic surgeons from Germany, Malaysia, and Singapore.

The lectures – which included illustrative videos and slides and provided opportunities for the participants to ask questions – were found to be comprehensive, informative, and useful by over 1,000 participants from Metro Manila and overseas.

15th ENT Post Graduate Course

The Department of Otorhinolaryngology translated the post-graduate course to a three-day online webinar series. The course was held from October 1 to 3 using Cisco Webex in coordination with Abbott Laboratories. The department prides itself for offering this course on its 15th year exclusively free-of-charge.

For the past 15 years, the symposium has educated up-and-coming Ear, Nose, Throat (ENT) surgeons. The set of lectures were delivered by the experts in the fields of Radiology, Pathology, and Otorhinolaryngology.
Webinar Series on Mental Health

As part of Mental Health Awareness month in October, the Section of Psychiatry started the conversations about mental health and well-being through a webinar series conducted from October 19 to 23. Being mentally healthy is more than just the absence of illness, rather it is a state of overall wellbeing.

Discussions on anxiety, depression and suicide, the psychological impact on children, as well as the different personality types and the resilience and vulnerability of frontliners were facilitated by the guest speakers.

Prenatal Package

Mothers-to-be got to enjoy a complete set of necessary procedures through the Prenatal Package. It is inclusive of Laboratory and Delivery Room (DR)-Ultrasound procedures and maternity patients got a Milestone Card, including Vouchers for the covered procedures, for monitoring of the availed individual procedures.
Recognitions & Partnerships
2020 PhilHealth Accreditation

The Philippine Health Insurance Corporation (PhilHealth) granted MakatiMed its accreditation for the year 2020.

Valid until December 31, the accreditation certificate from PhilHealth verifies that MakatiMed is a qualified Level 3 Hospital with a 600-bed capacity. It also recognizes that the hospital adheres with the standards, guidelines, and procedures set by PhilHealth.

New MakatiMed President & CEO

Manuel V. Pangilinan, Chairman of the Medical Doctors, Inc., announced the appointment of Atty. Pilar Nenuca P. Almira as the new President and CEO of MakatiMed effective September 1.

Atty. Almira started her career as a human resource professional with multinational companies and was awarded the Personnel Manager of the Year in 1998 by the Personnel Management Association of the Philippines.

Prior to joining MakatiMed, Atty. Almira was the Hospital Director of Manila Doctors Hospital and President & CEO of Cardinal Santos Medical Center and Lourdes Hospital.

CEO Citation Award for Pharmacy Services Head

MakatiMed’s President & CEO, Atty. Pilar Nenuca Almira, presented the CEO Citation Award to Hazel Faye R. Docuyanan, RPh, MS, Head of the Pharmacy Services Division, in recognition of her accolades in the field of Clinical Pharmacy. Ms. Docuyanan received the 2020 Gawad Lourdes Echauz Leadership Award at the Annual Award Ceremonies of the Philippine Pharmacist Association, Inc. (PPhA) on September 25.

PPhA recognized Ms. Docuyanan’s contribution in pharmacy during the PPhA Centennial National Convention: Taking the Quantum Leap to the Next Century, an online event participated by more than 2,000 delegates in celebration of the World Pharmacists’ Day.
PSQ Recognition for Commitment to Excellence in COVID-19 Best Practices

MakatiMed received a Certificate of Recognition for its Commitment to Excellence from the Philippine Society for Quality (PSQ) on November 12 during the 31st National Quality Forum and 1st World Innovation & Benchmarking Summit.

The PSQ Excellence Awards recognizes organizations’ excellence in terms of best operational practices, processes, and initiatives, as well as innovations and high-performing cross-functional teams.

2020 Asian Hospital Management Excellence

MakatiMed was awarded the AHMA Excellence Award for its MMC: Beyond Malasakit – the Hospital with a Stronger Heart for Best Practices in its COVID-19 response. According to Rose Onilongo, AHMA 2020 Conference Manager, “This year, we received 200 entries from 89 hospitals in 16 countries. Winning the Gold or Excellence awards is recognition that the entry was the most outstanding for this category in the region.”

The Asian Hospital Management Awards is a prestigious ceremony that recognizes and honors hospitals in the Asia Pacific. Now on its 19th year, it runs alongside the Hospital Management Asia conference, and is the most prominent hospital management awards in the region.

IHF Beyond the Call of Duty for COVID-19 Recognition

MakatiMed has been selected for a Special Recognition for the International Hospital Federation (IHF) Beyond the Call of Duty for COVID-19 program. IHF commended MakatiMed for its demonstration
of outstanding efforts in response to the coronavirus pandemic. The hospital joins the select roster of awardees from 27 different countries around the world.

IHF is an international non-profit, non-governmental membership organization. Headquartered in Geneva Switzerland, IHF counts worldwide hospitals and healthcare among its members, and provides a platform for the exchange of knowledge and strategic experience, as well as opportunities for international collaborations with different organizations and individuals in the health sector.

**Gawad Bayaning Kasulugan National Award**

MakatiMed received several honors from the Gawad Bayaning Kasulugan, the national awards and tribute to frontliners in the healthcare and case management of patients with COVID-19 in Philippine hospitals.

The MakatiMed COVID-19 Task Force was declared a winner in the Team Category for the national award. The hospital’s Medical Director Saturnino P. Javier, MD was the overall winner for the Individual Category, while MakatiMed’s Head of Infection Prevention and Control, Janice C. Caoili, MD was recognized as a winner in the Individual Category.

Initiated by the Philippine Chamber of Commerce and Industry (PCCI), together with the Association of Allied Health Organizations of the Nation (AAHON), and the Health Educators, Advocates and Leaders Philippines
(HEAL Phils), Gawad Bayaning Kasulugan acclaims the professional excellence and interdisciplinary and multi-disciplinary teamwork in the fight against COVID-19, and celebrates individual and team stories of heroism by frontliners.

Lobby Exhibits and Special Events

MakatiMed set up a total of 21 exhibits featuring various departments, units, services, medical trends, and breakthroughs in 2020. The exhibit boards, conceptualized and designed by the Creative Services and Advertising (CSA) Department under the Creative, Communications and Sales Services Division (CCSSD) were displayed at the Ground Floor of Tower 1.

The Department also organized and supported special events – on ground and online - including 39 symposia, 21 exhibits, 14 lay fora, 9 recruitment events, 11 employee activities, 1 sponsorship event, 2 mass blood donations, 1 art and exhibit sale, 1 meeting, 2 free medical service activities, and 1 graduation.

COVID-19 Public Health Information Program

MakatiMed launched an intensive and multi-platform public health information program on COVID-19 to disseminate accurate and relevant information, particularly at the onset of the pandemic when reliable information was much needed. Led by MakatiMed’s Communications and Special Projects (CSP) Department under CCSSD, patients and hospital staff were educated on the nature of the virus, its symptoms, and ways in which infection can be prevented.

Applicable regulatory guidelines and patient pathways were regularly shared on social media to guide the public and help assuage fear and confusion. Communication messages strongly emphasized the importance of adhering to the recommended measures
aligned with the World Health Organization (WHO), Centers for Disease Control and Prevention (CDC) and Department of Health (DOH). MakatiMed specialists also became a steady source of reliable information regarding COVID-19 as they were constantly invited to be expert speakers on the matter in various interviews on print and broadcast news outlets.

With some of the information being urgent and requiring quick dissemination and consistent updating, MakatiMed used its official Facebook and Twitter pages to release easy to understand, bite-size, and shareable content on the virus and the pandemic in general. The hospital regularly shared applicable regulatory guidelines, patient pathways, advisories, and updates on the pandemic to its Facebook and Twitter followers.

**Strategic Hospital Alliance Program**

MakatiMed, through the Strategic Hospital Alliance Program (SHAP), added the following new partnerships to its roster:

1. Gan Advanced Osseointegration Center (GAOC)
2. Nordic Medical Clinic

With new partners on board, MakatiMed now has 100 SHAP partners across the country and abroad.

Through these partnerships, MakatiMed was able to mount activities and events featuring best practices among the partner health institutions:

- **February 6, 2020** – “A Multi-Faceted Approach to Coronary Artery Disease”
- **December 10, 2020** – “The Immunology of COVID-19: Perspectives on Treatment”
Inspiring & Invigorating Workforce
Workforce Support During ECQ, COVID-19 Battle

The Human Resource Management and Development Division (HRMDD) distributed Safety Shield Packs to all hospital employees on March 13 to aid in the prevention of acquiring the COVID-19 infection. Each pack contains a digital thermometer, hand sanitizer, wet wipes, and appreciation card.

The hospital also provided free transportation service to its workers since March 18 after the Enhanced Community Quarantine (ECQ) was implemented by the Philippine government in the whole island of Luzon. Vans and buses were designated in various pick-up and drop-off points inside and outside the metro. With the help of the Division, along with some doctors, staff, and private individuals, temporary accommodations were also offered to frontliners whose homes are located far away from the hospital.

MakatiMed also packed and distributed a total of 4,000 Family Grocery Care Bags on April 8 to augment the aid given to employees during the lockdown. The MakatiMed Family Grocery Care Bags contain rice, canned goods, milk, biscuits, noodles, and other essential goods.

The distribution of the Safety Shield Packs, Family Grocery Care Bags, and the provision of free transportation service and accommodations are part of the hospital’s effort to support and ease the burden and challenges faced by the staff in the fight against the COVID-19 pandemic especially during the ECQ period.
Mental Health in the Workplace Workshop

The Employee Well-being Clinic conducted a workshop tackling mental health in the workplace on February 17 at 8th Floor Auditorium, Tower 1. The activity, “Mental Health in the Workplace for Managers and Supervisors”, featured Psychiatry Section Chief Lovie Hope Go-Chu, MD to discuss with the attendees the importance of mental health and how to offer the right support to colleagues at work.

A total of 116 managers and supervisors from 18 different units and divisions actively participated in the discussion as Dr. Go-Chu explained the importance of mental health at work and its legal bases. She also talked about the common mental illnesses in the workplace including burnout and psychiatric emergencies.

Free Mental Health Teleconsultation for Employees

The Section of Psychiatry of the Department of Neurosciences partnered with the Employee Well-being Clinic (EWC) to offer free teleconsultation to the healthcare workers of the Makati Medical Center.

The new service was offered in light of the COVID-19 pandemic that made its way to the country.

In order to check-up on the mental health of frontliners and support staff, the Section of Psychiatry expanded its services to offer teleconsultation to residents, fellows, consultants, security and elevator personnel, and other workers.
Health Screening and COVID-19 Testing of MakatiMed Staff

The hospital mandated the screening of everyone entering the facility, including the employees, medical staff, house staff, contracted workers, and visitors. The Online Daily Health Check was made available to both corporate and medical staff which they will have to answer every entry to MakatiMed to monitor if they are exhibiting COVID-19 symptoms.

MakatiMed also consistently made available COVID-19 testing to employees who were exposed to suspected and confirmed cases of COVID-19. The hospital efficiently implemented contact tracing and secured stringent health protocols to ensure the safety of employees.

Year of the Nurse and Midwife Celebration

Amidst the pandemic crisis crippling the global healthcare system, the Nursing & Patient Care Services Division (NPCSD) joined the world in celebrating the International Nurses Week on May 12 and the Year of the Nurse and Midwife.

NPCSD conducted its programs online as a new scheme in observance with the social and physical distancing guidelines of the government.

MakatiMed’s rendition of the Year of the Nurse logo was also launched to symbolize the burning passion of every nurses to care and hold hands with other healthcare professionals in healing the world.

A silhouette of a nurse wearing the Cap symbolizes the continuous and unending service to those in need; the Lamp represents our nursing traditions of selfless work and dedication; and the Heart which reminds everyone that nurses are at the Heart of Healthcare.

51st Anniversary Virtual Service Recognition Awards

For the first time in the hospital’s history, the MakatiMed community celebrated the hospital’s anniversary online. The Service Recognition Awards
Ceremony video streamed live on June 5 via Zoom and the official MakatiMed Employees Facebook Community group.

The virtual ceremony flashed the names and photos of the awardees in various categories: 2019 Annual Shining Star Awards, Service Recognition to Employees and Consultants who served for 10 to 50 years, as well as Special Awards and Recognitions for doctors who had their papers published in peer-reviewed journals, presented their papers in local and international fora, topped their in-service examinations, and those elected in different medical associations.

In between the award announcements were messages of support and gratitude from select families of MakatiMed’s healthcare workers. They shared how proud they are of the work extended by their loved ones in their line of duty as frontliners.

**1st Virtual Heroes Thanksgiving, Christmas Tree Lighting**

MakatiMed continued its annual tradition of blessing the Nativity or Belen and lighting the Christmas Tree decked with gold ornaments at the hospital’s main lobby on December 4.

To observe the ongoing health and safety protocols, a limited number of people were present at the main lobby while the rest of the MakatiMed employees witnessed the ceremony through online viewing via Zoom and Facebook Live.

The welcoming remarks of Saturnino P. Javier, MD, Medical Director, reminded the MakatiMed community that the trials of this challenging year should not deter us from embracing the true essence of Christmas.
Following the video message of Dr. Javier are the announcement of winners for the Christmas Ornaments Making Contest and a message of encouragement which was delivered by Atty. Pilar Nenuca P. Almira, President & CEO.

Fr. Mark Castro blessed the Nativity Scene or Belen and Atty. Almira led the lighting of the 15-foot tall Christmas Tree.

As an alternative way of celebrating the Christmas season within the hospital, virtual Christmas greetings from the clinical and corporate employees were shown before officially lighting up the Christmas Tree.

**Christmas Ornaments-Making Contest**

Spearheaded by the Human Resources Management and Development Division (HRMDD), the Christmas Ornaments-Making Contest 2020 received entries which were handmade Christmas ornaments – made from recycled materials - depicting the theme, “Everyday Heroes”. This year’s theme highlights the unsung heroes who are on the frontline of the global health crisis.

Winners received cash prizes from P1,500 to P3,500, for the unique ornaments based on creativity, relevance to the theme, and effective use of recycled materials. The remaining finalists in the top 10 each received P500 cash prize.
Giving Back
**Taal Mercy Mission 2020**

Makati Medical Center, through the MMC Foundation and the Medical Staff Association (MSA), extended help to more than 500 evacuees in Mabini, Batangas who were displaced due to the imminent danger posed by the volcanic activity of Taal Volcano.

The “Taal Mercy Mission 2020” team provided medical assistance, as well as financial and logistical support on January 18 to address the overall immediate health concerns of over 300 families in the evacuation center. MakatiMed and partner organizations organized psychosocial support activities and provided free medical consultation, medicine, food, clothes, blankets, sleeping mats, hygiene kits, and solar power generator among others.

**Mass Blood Donations Drives**

The Blood Bank and Transfusion Services conducted two (2) in-house blood donation drives in 2020 at the 8th Floor, Tower 2 Auditorium.

Clinical and non-clinical staff registered to donate their blood on Valentine’s Day and Halloween. The drive aims to increase the blood supply for patients by encouraging volunteers to donate their blood.

The drive received a total of 93 registered donors and collected 70 bags of blood donation.
Convalescent Plasma Donation

People who recovered from COVID-19 were able to donate their convalescent plasma to help admitted COVID-19 patients recover. This is part of the hospital’s participation in the multi-center study on the use of Convalescent Plasma Therapy. This involves the administration of antibodies of COVID-19 survivors to patients who are currently fighting the virus.

HSD Teleconsult

The Health Service Department (HSD) offered its teleconsultation service to Health Service Program (HSP) patients. Through this, patients were given access to free medical consultation with doctors without having to physically go to the hospitals. The service allowed beneficiaries to connect with doctors in the comfort of their home.
Water, Siren Salute Honors MakatiMed Frontliners

The Makati Fire and Rescue Volunteers visited Makati Medical Center on May 4 to pay tribute to the hospital’s healthcare workers who are on the frontlines of the battle against COVID-19.

Fire trucks surrounded the main entrance of MakatiMed along Amorsolo Street as they lined up for the water and siren salute, the highest tribute given by firefighters. The salute was performed by spraying arcs of water while blaring the sirens and honking horns as a sign of respect and gratitude to the MakatiMed community.

The ceremony lasted for two (2) minutes followed by a round of applause from the fire and rescue volunteers.

Free Haircut for Frontliners

MakatiMed, through the Human Resource Management and Development Division (HRMDD), teamed up with a non-profit organization to give free haircuts to frontliners during the Enhanced community Quarantine (ECQ).

A total of 101 clinical and non-clinical staff received free haircut service from ResCute Operation’s skilled hairstylists on May 7. Physical distancing, wearing of disposable masks and personal protective equipment (PPE), hand hygiene and sanitizing of all reusable materials (scissors, combs, and trimmers) were all observed.
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On behalf of the MakatiMed workforce - our Doctors, Nurses, and Allied Health Professionals, along with our Staff and the Support Groups, our hearts are warmed by your generosity and support.

Please continue to pray for us and the entire healthcare community.

Thank You!

YOU SHINE IN OUR HEARTS.

MAKATI MEDICAL CENTER
The Hospital with a HEART

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Michael Kho (c/o Dr. Caedo)
Michelle Cordero
MMC (c/o HRMDD)
MMC Foundation
MMC Foundation (PLDT)
Monal Obedoza
Monde Nissin
MPIC
Mrs. Fulgencio
Mrs. V (anonymous)
Ms. Aubrey
Natalia Moran (c/o Dr. Benjamin Alimurung)
Nono’s
Ong Giok Kim, Bernadette King, Annie Rodas, Robert King
Pancake House
Pascual Laboratories Inc.
Patient Karla Reyes
Philippine Basketball Association
Pia Wurtzbach
Pizza Hut
Pocari Sweat
Popeye’s Kitchen & Restaurant (Fernando Esguerra Jr.)
Ran Online United
Rebisco
Red Bull PH
Red Ribbon Bakeshop
Reyes Barbeque
Rica and James De Jesus
Richard Yap
Rockwell
Rodelio Hilario of Rizal Funeral Homes
Rotaract Club
Salamat PH Healthcare Heroes Movement
San Sebastian Church
Sangita Gopwani (Indian national)
Sarsa
Scould Galbi
Sen. Bong Go
Shake Shack
Shakeys
Sheraton Manila
Shoshin Holdings Inc. (c/o Bayting)
SMS Philippines Healthcare Solutions Inc.
Solaire
St. Alfonso’s Parish
St. Francis Hotel
Standard Group family
Starbucks The Columns
Sterling Pacific Ventures Corp.
Subway
Sugar on Top Manila
Team Laban (group of concerned citizens)
The Red Chef
The Sunny Side Café Group
TOSH Café and Chiko’s
Udong & Tempura
Union Church Manila
United Laboratories
UST Lamon (group of concerned students from UST) funded by Western Guaranty Corp
Viks
VP Leni Robredo
Wildflour
Wong Chu King Foundation
Yakult Phils
Yellow Cab
Yi Fang
Your 200 Pesos
Zeena Brillantes
THANK YOU
PRESIDENT & CEO
Atty. Pilar Nenuca P. Almira

MEDICAL DIRECTOR
Saturnino P. Javier, MD
Institutional Review Board
D. Darwin A. Dasig, MD
Infection Prevention & Control
Janice C. Caoili, MD
Nutrition & Dietetics
Maricar M. Esculto, MD
Pharmacy Services
Hazel Faye R. Docuyanan, RPh, MS

MEDICAL SERVICES DIVISION
Director
John Vincent G. Pastores MD
Assistant Director – Medical Services
Ernest J.A. Pagdanganan, MD
Medical Officer, Credentialing & Privileging
Karen L. Nielsen, MD
Medical Services Office
Melecia H. De Leon

CLINICAL DEPARTMENTS
Anesthesiology
Rosario M. Cloma, MD
Dental Medicine
Geraldine J. Campos, DDS
Dermatology
Valerie F. Herbosa, MD
Emergency Medicine
Gabriel G. Gabriel, MD
Legal Medicine
Teresita R. Sanchez, MD, LLB
Medical
Noel L. Rosas, MD
Medicine
Allergology & Immunology
Manuel M. Canlas, MD
Cardiology
Saturnino P. Javier, MD
Endocrinology
Jimmy B. Aragon, MD
Gastroenterology
Ernesto G. Olympia, MD
General Medicine
Jose T. Sanchez, MD
Hematology
Rosalio P. Torres, MD
Infectious Disease
Janice C. Caoili, MD
Nephrology
Filoteo C. Ferrer, MD
Oncology
Ma. Belen E. Tamayo, MD
Pulmonary Medicine
Eriberto F. Esguerra, MD
Rheumatology
Jose Paulo P. Lorenzo, MD
Neurological Sciences
D. Darwin A. Dasig, MD
Neurology
Perry N. Noble, MD
Neurosurgery
Michael N. Sablaza, MD
Psychiatry
Lovie Hope O. Go-Chu, MD
Nuclear Medicine
Obstetrics & Gynecology
Ophthalmology
Orthopedic Surgery
Otorhinolaryngology
Pathology & Laboratories
Pediatrics
Physical Medicine & Rehabilitation
Radiology
  Breast Clinic
  CT-MRI
  Diagnostic
  Interventional Radiology
  Radiation Oncology
  Ultrasound
Surgery
  Colorectal
  General Surgery
  Hepatobiliary
  Metabolic & Surgical Nutrition
  Minimally Invasive Surgery
  Pediatric Surgery
  Peripheral Vascular
  Reconstructive and Plastic
  Thoracovascular Surgery
  Urology

Jose Eduardo S. Rondain, MD
Ramon T. Reyles, MD
Eduardo V. Sarabia, MD
Antonio A. Rivera, MD
Joseph Ray Richard R. Cedeño, MD
Jose Maria C. Avila, MD †
Ma. Rosario P. Marin, MD
Vicente Antonio A. Reloza, MD
Jackson U. Dy, MD
  Fay A. Coloma, MD
  Genevere A. Serna-Santos, MD
  Gerardo L. Beltran, MD
  Alvin Constantine T. Tin, MD
  Dennis V. Doromal, MD
  Blaise K. Liao, MD
Joaquin C. Manalastas, MD
  Ramon S. Estrada, MD
  Ma. Felina Rosario P. Cruz, MD
  Catherine S.C. Teh, MD
  Dino Roberto D. Vargas, MD
  Carlos E. Ejercito, Jr., MD
  Wilma A. Baltazar, MD
  Victor L. Gisbert, MD
  Aser S. Acosta, MD
  Ramon I. Diaz, Jr., MD
  Francisco T. Agustin, Jr., MD

Ma. Purita P. Lao, MD (Officer-In-Charge)
Ma. Purita P. Lao, MD
Fay A. Coloma, MD
Victor K. Gozali, MD
Ma. Belen E. Tamayo, MD
Rosalio P. Torres, M
Benjamin N. Alimurung, MD
Benjamin N. Alimurung, MD
Adolfo B. Bellosillo, MD

PROFESSIONAL SERVICES DIVISION
Aesthetic Center
  MCF DermLaser & Phototherapy Center
Breast Clinic
Cancer Center

Bone Marrow Transplant Unit
Cardiac Catheterization Laboratory
Cardiovascular Diagnostic Laboratory (Heart Station)
Cardiac Rehabilitation

Makati Medical Center I Medical Doctors, Inc
Carlos L. Sevilla Eye Center & Ramon J. Ongsiako, Jr.
Cataract & Refractive Laser Surgical Center

Cellular Therapeutics Center
Center for Tropical & Travel Medicine
Center Osteoporosis & Bone Health
CP Manahan OR-DR Complex
CV – Telemetry ICU
Diabetes Care Center
Emergency Department
ENT Diagnostic Center
Gastroenterology & Endoscopy Center
    Liver Unit
Integrative Palliative & Home Care
J.Y. Fores Surgical Suites (OR)
Kidney Transplant
MakatiMed Wellness Center
Medical ICU
MMC Health Hub
Neuro ICU
Neurosciences
    Neurophysiology & Sleep Disorders
    Neurovascular Laboratory
    Memory Plus Center
    Subspecialty Clinics
Neuropsychiatry Unit
Newborn Services/NICU
Nuclear Medicine
Optimal Aging
Pain Management Services
Pediatric ICU
Pathology & Laboratories
    Anatomic Pathology
    Clinical Pathology
Physical Medicine & Rehabilitation Center
Pulmonary Laboratory
Radiology Services
Renal Care Services
Surgical ICU

Eduardo V. Sarabia, MD
Jose Maria C. Avila, MD †
Janice C. Caoli, MD
Josephine Y. Lu, MD
Ramon T. Reyles, MD
Saturnino P. Javier, MD
May H. Ortiz-Sison, MD
Gabriel G. Gabriel, MD
Joseph Ray Richard R. Cedeño, MD
Ernesto G. Olympia, MD
Madelinee Eternity D. Labio, MD
Mari Joanne C. Joson, MD
Joaquin C. Manalastas, MD
Eladio Miguel M. Peñaranda, MD
Gia Grace B. Sison, MD
Lourdes B. Dorion-Diaz, MD
Minerva M. Laconico, MD
Marivic A. Guieb-Preysler, MD
D. Darwin A. Dasig, MD
    Katerina Tanya P. Gosiengfiao, MD
    Anna Marie S. Nolido, MD
    Paulino S. Tenchavez, MD
    D. Darwin A. Dasig, MD
Lovie Hope O. Go-Chu, MD
Ma. Lourdes C. Martinez, MD
Jose Eduardo S. Rondain, MD
Ma. Ramona Rosario P. Ozaeta, MD (Officer-In-Charge)
Merle F. Dela Cruz-Odi, MD
Alvin C. Florentino, MD
Jose Maria C. Avila, MD †
    Jose Maria C. Avila, MD †
    Jose Maria C. Avila, MD †
Vicente Antonio A. Reloza, MD
Eriberto F. Esguerra, MD
Jackson U. Dy, MD
Filoteo C. Ferrer, MD
Joaquin C. Manalastas, MD

MAKATI MEDICAL CENTER
LEADERSHIP 2020

AT THE FOREFRONT: HEART STRONG

Annual Report 2020
Telemetry
Urogynecology and Incontinence Center
Vascular, Lymphedema & Wound Care
Weight Wellness

DIVISION OF MEDICAL EDUCATION & RESEARCH
Director
Bioethics Educational Committee
Clerkship Program
Clinical Research Center
Culture
Fellowship Program
Health Services
Internship Program
  Section Chief, Community Medicine (Adult)
  Section Chief, Community Medicine (Pediatrics)
Residency Program

DIVISION OF MEDICAL EDUCATION & RESEARCH
Director
Bioethics Educational Committee
Clerkship Program
Clinical Research Center
Culture
Fellowship Program
Health Services
Internship Program
  Section Chief, Community Medicine (Adult)
  Section Chief, Community Medicine (Pediatrics)
Residency Program

NURSING & PATIENT CARE SERVICES DIVISION
Chief Nursing Officer
Clinical Operations & Innovation
General Nursing Services
  General Medicine Services 1
  General Medicine Services 2
  High Risk
  Maternity & VIP Services
Nursing Support Services
  Nursing Education, Research & Development
  Nursing Quality
  Nursing Standards & Policy
  Nursing Workforce Management, Budget & Informatics
Specialty Nursing Services
  Cancer Center
  Cardiac & Neuro Services
  Emergency Nursing Services
  Maternity Services & Endoscopy Unit
  Medical & Surgical Intensive Care Unit
  Newborn & Pediatric Services

Oliver M. Sansano, MD
Jennifer Marie B. Jose, MD
Stephen M. Nazareth, MD
Noel L. Rosas, MD
Gia D. Wassmer, MD

Jose Paulo P. Lorenzo, MD
Jacqueline H. King, MD
Celeste Aida G. Gali, MD
TBA
Verne M. Verallo-Rowell, MD
Mary Milagros D. Uy, MD
Victor L. Gisbert, MD
Ma. Milan P. Tambunting, MD
Jillian Mae L. Tabora, MD
Jennifer Theresa G. Tiglao, MD
Ramon S. Francisco, MD

Eda Bernadette P. Bodegon, RN
Eda Bernadette P. Bodegon, MAN, RN (Concurrent)
Nerissa A. Lagarico, MAN, RN
Dan Jerome A. Barrion, RN
Roselyn G. Maliwat, RN
Jesus R. Aytona, MAN, RN
Camille M. De Guzman, RN
Daryl Jeremiah R. Gaba, MAN, RN
Joshua Jaime P. Nario, MAN, RN
Arthur Kevin V. Castor, RN
Ritchelle M. Galang, MAN, RN
Catherine S. Alcantara, RN
Alexander Gervacio M. Sangoyo, MAN, RN
Ma. Cecilia P. Paje, MAN, RN
Maria Michaela Caroline E. Miranda, MAN, RN
Grace Dyan C. Maranan, RN
Farrah T. Visey, RN
Glaiza Marie T. Ballester, MAN, RN
Carolyn M. Santos, MAN, RN
Operative Services & Central Sterilization Unit
Leah L. Ante, RN
Organ Transplant Services
Maureen P. Santiago, RN
Renal Care
Christine S. Javier, MAN, RN

**HOSPITAL LICENSE & ACCREDITATION DIVISION**
Director
Mary Milagros D. Uy, MD

**FACILITIES MANAGEMENT & ENGINEERING DIVISION**
Division Head
Engr. Gerry E. Cunanan
Engineering
Engr. Crisaldo G. Natividad *(Resigned effective August 31, 2020)*
General Services
Kristine C. Surla

**FINANCE DIVISION**
Division Head/Chief Finance Officer
Arnold C. Ocampo
Controllership
Armyla B. Palomar
Credit, Billing & Collections
Joy Vincent E. Oconer
Finance Analytics
Bernardo F. Tawatao
Financial Planning & Control
Marilou M. Gadiana
Inventory Management
Helene Bernice G. Uy
Pricing
Maria Jesusa M. Torres
Treasury
Joyce Kristine G. Marasigan *(Resigned effective September 30, 2020)*

**HUMAN RESOURCES MANAGEMENT & DEVELOPMENT DIVISION**
Division Head
Bita S. Avendaño
Employee Engagement
Delilah C. Santos
Employee Well-being Clinic
Rosemarie B. Cabujat, MD
HR Analytics
Eduardo I. Bascon, Jr. *(Resigned effective September 30, 2020)*
Learning & Development
Leilani V. Salvano
Legal Services
Atty. Jim Rommel S. Flores *(Resigned effective December 18, 2020)*
Organization Development
Melvin V. Chan *(Resigned effective December 31, 2020)*
Talent Acquisition
Angelica L. Tan *(Resigned effective December 18, 2020)*
Total Rewards
Angelita P. Garcia

**INFORMATION & COMMUNICATIONS TECHNOLOGY DIVISION**
Division Head
Kristian R. Sumabat
Business Systems Development & Support
Isidoro M. Perfecto
Information Security & Technology Control
TBA
Technology Infrastructure Support
Jairus E. Villarico
CREATIVE, COMMUNICATIONS & SALES SERVICES DIVISION
Division Head
Arlyn L. Songco
Communications & Special Projects
Shieyl L. Aranas
Creative Services & Advertising
Monica Liza R. Dizon
MMC HealthHub – Operations
Aureen Joy D. Narito
Sales Services
Mary Ann B. Lee

SERVICE OPERATIONS DIVISION
Division Head
Marielle M. Rubio
Operations Support
Reynaldo J. Lim
Business Operations Support Services
Mark Anthony P. Manzano
MakatiMed On-Call (Call Center)
Maricor M. Bautista
Health Services
Joana Carla Elaine B. Tabamo
Outpatient Services (Cluster 1)
Reynaldo J. Lim (concurrent)
Outpatient Services (Cluster 2-4)
Thumbelina O. Tan, RN
Cluster 1
Eric M. Angeles, MD
Cluster 2
Catherine D. Higino
Cluster 3
Laurice Candy D. Guico
Cluster 4
Erachelle L. Buagas
Cluster 5
Maribeth M. Mendoza, RN
Cluster 6
Thumbelina O. Tan, RN (concurrent)

QUALITY MANAGEMENT DIVISION
Division Head
Artemio C. Salvador, MD
Business Process Management
Mark Andrew F. Celiz (Resigned effective September 30, 2020)
Clinical Performance Improvement
Mary Lyn M. Dela Cruz
Clinical Safety & Risk Management
Mary Grace U. Sta. Ana, DMD
Patient Relations
Richelle B. Bumanglag, MD
Hospital Information Management
Riezl A. De Leon, DMD

PROCUREMENT DEPARTMENT
Department Manager
Ma. Fleurdeliz C. Atienza
Facilities & Medical Equipment
Agnes Josephine B. Ortonio
Medicine & Medical Supplies & Administrative & IT
Marivic T. Zamora

INTERNAL AUDIT
TBA
CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2020 AND 2019
AND FOR EACH OF THE THREE YEARS IN
THE PERIOD ENDED DECEMBER 31, 2020
AUDIT COMMITTEE REPORT

To The Securities and Exchange Commission
SEC Building EDSA corner Ortigas Avenue
Mandaluyong City

Further to our compliance with applicable corporate governance laws and rules, we confirm for 2020 that:

- In the performance of our oversight responsibilities, we have reviewed and discussed the audited financial statements of Medical Doctors, Inc. and Subsidiaries, or MDI Group, as of and for the year ended December 31, 2020 with MDI Group’s management, which has the primary responsibility for the financial statements.

- We have discussed with MDI Group’s internal audit group and Isla Lipana & Co. the overall scope and plans for their respective audits. We also met with MDI Group’s internal audit group and representatives from Isla Lipana & Co. to discuss the results of their examinations, their evaluations of MDI Group’s internal controls and the overall quality of MDI Group’s financial reporting; and

- Based on the reviews and discussions referred to above, we recommend to the Board of Directors and the Board has approved, the inclusion of MDI Group’s financial statements as of and for the year ended December 31, 2020 in MDI Group’s Annual Report to the Stockholders and to the SEC on Form 17-A.

Diana P. Aquilar
Chairman

Manolo Michael De Guzman
Member

Francisco A. Dizon
Member

Dr. Conrado Gabriel E. Lorenzo III
Member
STATEMENT OF MANAGEMENT’S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

The management of Medical Doctors, Inc. and its Subsidiary (the “Group”) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, as at December 31, 2020 and 2019 and for the years ended December 31, 2020, 2019 and 2018, in accordance with the prescribed financial reporting indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

Signed under oath by the following:

MANUEL V. PANGILINAN
Chairman of the Board of Directors

ATY. PILAR M. ENUCA P. ALMIRA
President & Chief Executive Officer

ARNOLD C. OCAMPO
VP Finance & Chief Finance Officer

March 18, 2021
Independent Auditor’s Report

To the Board of Directors and Shareholders of
Medical Doctors, Inc.
2 Amorsolo corner dela Rosa Streets
Legaspi Village, Makati City

Report on the Audits of the Consolidated Financial Statements

Our Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Medical Doctors, Inc. (the “Parent Company”) and its subsidiary (together, the “Group”) as at December 31, 2020 and 2019, and their consolidated financial performance and their consolidated cash flows for each of the three years in the period ended December 31, 2020 in accordance with Philippine Financial Reporting Standards (PFRS).

What we have audited

The consolidated financial statements of the Group comprise:

• the consolidated statements of financial position as at December 31, 2020 and 2019;
• the consolidated statements of income for each of the three years in the period ended December 31, 2020;
• the consolidated statements of total comprehensive income for each of the three years in the period ended December 31, 2020;
• the consolidated statements of changes in equity for each of the three years in the period ended December 31, 2020;
• the consolidated statements of cash flows for each of the three years in the period ended December 31, 2020; and
• the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.
Independent Auditor’s Report

To the Board of Directors and Shareholders of

Medical Doctors, Inc.

2 Amorsolo corner dela Rosa Streets
Legaspi Village, Makati City

Report on the Audits of the Consolidated Financial Statements

Our Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Medical Doctors, Inc. (the “Parent Company”) and its subsidiary (together, the “Group”) as at December 31, 2020 and 2019, and their consolidated financial performance and their consolidated cash flows for each of the three years in the period ended December 31, 2020 in accordance with Philippine Financial Reporting Standards (PFRS).

What we have audited

The consolidated financial statements of the Group comprise:

• the consolidated statements of financial position as at December 31, 2020 and 2019;
• the consolidated statements of income for each of the three years in the period ended December 31, 2020;
• the consolidated statements of total comprehensive income for each of the three years in the period ended December 31, 2020;
• the consolidated statements of changes in equity for each of the three years in the period ended December 31, 2020;
• the consolidated statements of cash flows for each of the three years in the period ended December 31, 2020; and
• the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.
Independent Auditor's Report
To the Board of Directors and Shareholders of
Medical Doctors, Inc.
Page 2

Independence

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 audit 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.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 17–A and Annual Report for the year ended December 31, 2020, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 17–A and Annual Report for the year ended December 31, 2020 is expected to be made available to us after the date of this auditor's 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 audit 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 audit, 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 PFRS, 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 ability of each entity within the Group 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 entity 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.
Auditor’s Responsibilities for the Audit 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 auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, 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 PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. 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 audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 ability of each entity within the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the 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 auditor’s report. However, future events or conditions may cause an entity within 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.

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

Isla Lipana & Co.

Jan Michael L. Reyes
Partner
CPA Cert. No. 104972
PTR No. 0011393, issued on January 5, 2021, Makati City
SEC A.N. (individual) as general auditors 104972–SEC, Category A;
valid to audit 2020 to 2024 financial statements
SEC A.N. (firm) as general auditors 0142–SEC, Category A;
valid to audit 2020 to 2024 financial statements
TIN 215–692–059
BIR A.N. 08–000745–122–2019, issued on September 18, 2019; effective until September 17, 2022
BOA/PRC Reg. No. 0142, effective until January 21, 2023

Makati City
March 18, 2021
Statement Required by Rule 68, Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of
Medical Doctors, Inc.
2 Amorsolo corner dela Rosa Streets
Legaspi Village, Makati City

We have audited the consolidated financial statements of Medical Doctors, Inc. (the “Parent Company”) and its subsidiary as at and for the year ended December 31, 2020, on which we have rendered the attached report dated March 18, 2021.

In compliance with SRC Rule 68 and based on the certification received from the Parent Company’s corporate secretary and the results of our work done, the Parent Company has one thousand, one hundred and nine (1,109) shareholders owning one hundred or more shares each as at December 31, 2020.

Isla Lipana & Co.

Jan Michael L. Reyes
Partner
CPA Cert. No. 104972
PTR No. 0011393, issued on January 5, 2021, Makati City
SEC A.N. (individual) as general auditors 104972–SEC, Category A; valid to audit 2020 to 2024 financial statements
SEC A.N. (firm) as general auditors 0142–SEC, Category A; valid to audit 2020 to 2024 financial statements
TIN 215–692–059
BIR A.N. 08–000745–122–2019, issued on September 18, 2019; effective until September 17, 2022
BOA/PRC Reg. No. 0142, effective until January 21, 2023

Makati City
March 18, 2021
Statement Required by Rule 68, Securities Regulation Code (SRC).

To the Board of Directors and Shareholders of
Medical Doctors, Inc.
2 Amorsolo corner dela Rosa Streets
Legaspi Village, Makati City

We have audited the consolidated financial statements of Medical Doctors, Inc. and its subsidiary as at and for the year ended December 31, 2020, on which we have rendered the attached report dated March 18, 2021. The supplementary information shown in the Reconciliation of Parent Company’s Retained Earnings Available for Dividend Declaration and Schedules A – G, as additional components required by Rule 68 of the SRC, are presented for purposes of filing with the Securities and Exchange Commission and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management and has been subjected to auditing procedures applied in the audit of basic financial statements. In our opinion, the supplementary information has been prepared in accordance with Rule 68 of the SRC.

Isla Lipana & Co.

Jan Michael L. Reyes
Partner
CPA Cert. No. 104972
PTR No. 0011393, issued on January 5, 2021, Makati City
SEC A.N. (individual) as general auditors 104972–SEC, Category A;
valid to audit 2020 to 2024 financial statements
SEC A.N. (firm) as general auditors 0142–SEC, Category A;
valid to audit 2020 to 2024 financial statements
TIN 215–692–059
BIR A.N. 08–000745–122–2019, issued on September 18, 2019; effective until September 17, 2022
BOA/PRC Reg. No. 0142, effective until January 21, 2023

Makati City
March 18, 2021
# Medical Doctors, Inc. and Subsidiary

## Consolidated Statements of Financial Position

As at December 31, 2020 and 2019

(All amounts in thousands of Philippine Peso)

<table>
<thead>
<tr>
<th>Notes</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>2</td>
<td>389,068</td>
</tr>
<tr>
<td>Receivables, net</td>
<td>3</td>
<td>1,020,921</td>
</tr>
<tr>
<td>Inventories, net</td>
<td>4</td>
<td>281,055</td>
</tr>
<tr>
<td>Prepayments and other current assets</td>
<td>5</td>
<td>31,548</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td></td>
<td>1,722,592</td>
</tr>
<tr>
<td>Non-current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>6</td>
<td>9,590,248</td>
</tr>
<tr>
<td>Other non-current assets</td>
<td></td>
<td>147,249</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td></td>
<td>9,737,497</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td></td>
<td>11,460,089</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LIABILITIES AND EQUITY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>7</td>
<td>1,158,376</td>
</tr>
<tr>
<td>Income tax payable</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Borrowings, current portion</td>
<td>8</td>
<td>335,500</td>
</tr>
<tr>
<td>Dividends payable</td>
<td>12</td>
<td>37,053</td>
</tr>
<tr>
<td>Lease liabilities, current portion</td>
<td>21.2</td>
<td>86,299</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td></td>
<td>15,238</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td></td>
<td>1,632,466</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Borrowings, net of current portion</td>
<td>8</td>
<td>105,000</td>
</tr>
<tr>
<td>Provision for medical benefits</td>
<td>10</td>
<td>104,953</td>
</tr>
<tr>
<td>Retirement benefit obligation</td>
<td>11</td>
<td>556,754</td>
</tr>
<tr>
<td>Deferred income tax liabilities, net</td>
<td>17</td>
<td>1,004,532</td>
</tr>
<tr>
<td>Lease liabilities, net of current portion</td>
<td>21.2</td>
<td>253,887</td>
</tr>
<tr>
<td><strong>Total non-current liabilities</strong></td>
<td></td>
<td>2,025,126</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td></td>
<td>3,657,592</td>
</tr>
<tr>
<td>Equity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity attributable to owners of the Parent</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>12</td>
<td>342,862</td>
</tr>
<tr>
<td>Capital in excess of par value</td>
<td>12</td>
<td>1,701,610</td>
</tr>
<tr>
<td>Treasury shares</td>
<td>12</td>
<td>(15,036)</td>
</tr>
<tr>
<td>Revaluation surplus</td>
<td>19</td>
<td>3,091,590</td>
</tr>
<tr>
<td>Remeasurements on retirement benefits</td>
<td>11</td>
<td>(165,057)</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>2,822,709</td>
<td>2,815,286</td>
</tr>
<tr>
<td><strong>Total liabilities and equity</strong></td>
<td></td>
<td>11,460,089</td>
</tr>
</tbody>
</table>

(The notes on pages 1 to 58 are integral part of these consolidated financial statements.)
Medical Doctors, Inc. and Subsidiary

Consolidated Statements of Income
For each of the three years in the period ended December 31, 2020
(All amounts in thousands of Philippine Peso except for earnings per share)

<table>
<thead>
<tr>
<th>Notes</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross revenues</td>
<td>13 6,308,103</td>
<td>7,771,477</td>
<td>7,086,386</td>
</tr>
<tr>
<td>Discounts and free services</td>
<td>14 (741,129)</td>
<td>(841,005)</td>
<td>(743,540)</td>
</tr>
<tr>
<td><strong>Net revenues</strong></td>
<td>5,566,974</td>
<td>6,930,472</td>
<td>6,342,846</td>
</tr>
<tr>
<td>Cost of services</td>
<td>15 (3,958,146)</td>
<td>(4,353,590)</td>
<td>(3,994,340)</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>1,608,828</td>
<td>2,576,882</td>
<td>2,348,506</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>15 (1,656,286)</td>
<td>(1,829,616)</td>
<td>(1,616,506)</td>
</tr>
<tr>
<td>Other income, net</td>
<td>16 94,577</td>
<td>125,480</td>
<td>98,545</td>
</tr>
<tr>
<td><strong>Profit from operations</strong></td>
<td>47,119</td>
<td>872,746</td>
<td>830,545</td>
</tr>
<tr>
<td>Finance costs</td>
<td>8, 21.2 (52,351)</td>
<td>(59,288)</td>
<td>(47,009)</td>
</tr>
<tr>
<td><strong>(Loss) profit before income tax</strong></td>
<td>(5,232)</td>
<td>813,458</td>
<td>783,536</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>17 (364)</td>
<td>(243,474)</td>
<td>(244,639)</td>
</tr>
<tr>
<td><strong>(Loss) profit for the year</strong></td>
<td>(5,596)</td>
<td>569,984</td>
<td>538,897</td>
</tr>
<tr>
<td><strong>(Loss) profit attributable to:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Owners of the Parent Company</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-controlling interest</td>
<td>(41)</td>
<td>7,564</td>
<td>2,735</td>
</tr>
<tr>
<td><strong>(Loss) profit for the year</strong></td>
<td>(5,596)</td>
<td>569,984</td>
<td>538,897</td>
</tr>
</tbody>
</table>

**(Loss) earnings per share on profit for the year attributable to owners of the Parent Company**
Basic and diluted earnings per share | 18 (1.63)  | 165.32  | 160.06  |

(The notes on pages 1 to 58 are integral part of these consolidated financial statements.)
Medical Doctors, Inc. and Subsidiary

Consolidated Statements of Total Comprehensive Income
For each of the three years in the period ended December 31, 2020
(All amounts in thousands of Philippine Peso)

<table>
<thead>
<tr>
<th>Notes</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Loss) profit for the year</td>
<td>(5,596)</td>
<td>569,984</td>
<td>538,897</td>
</tr>
</tbody>
</table>

**Other comprehensive (loss) income**

<table>
<thead>
<tr>
<th>Items that will not be reclassified to profit or loss</th>
<th>Notes</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Remeasurements on retirement benefits</td>
<td>11</td>
<td>(129,499)</td>
<td>(83,354)</td>
<td>(112,736)</td>
</tr>
<tr>
<td>Deferred tax on remeasurements on retirement benefits</td>
<td>11,17</td>
<td>38,850</td>
<td>25,006</td>
<td>33,821</td>
</tr>
<tr>
<td>Fair value gains on land and buildings and building improvements</td>
<td>19</td>
<td>-</td>
<td>1,099,419</td>
<td>-</td>
</tr>
<tr>
<td>Deferred tax on land and buildings and building improvements appraisal</td>
<td>19</td>
<td>-</td>
<td>(329,826)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total other comprehensive (loss) income for the year</strong></td>
<td></td>
<td>(90,649)</td>
<td>711,245</td>
<td>(78,915)</td>
</tr>
<tr>
<td><strong>Total comprehensive (loss) income for the year</strong></td>
<td></td>
<td>(96,245)</td>
<td>1,281,229</td>
<td>459,982</td>
</tr>
</tbody>
</table>

Attributable to:

| Owners of the Parent Company | (96,204) | 1,273,665 | 462,717 |
| Non-controlling interest     | (41)     | 7,564      | (2,735) |
| **Total comprehensive (loss) income for the year** | (96,245) | 1,281,229 | 459,982 |

(The notes on pages 1 to 58 are integral part of these consolidated financial statements.)
Consolidated Statements of Changes in Equity  
For each of the three years in the period ended December 31, 2020  
(All amounts in thousands of Philippine Peso)

<table>
<thead>
<tr>
<th>Attributable to equity holders of the Parent Company</th>
<th>Retained earnings (Note 12)</th>
<th>Non-controlling interest</th>
<th>Total</th>
<th>Total equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share capital (Note 12)</td>
<td>Capital in excess of par value (Note 12)</td>
<td>Treasury shares (Note 12)</td>
<td>Revaluation surplus (Note 19)</td>
<td>Remeasurements on retirement benefit (Note 11)</td>
</tr>
<tr>
<td>Balances as at December 31, 2019</td>
<td>342,712</td>
<td>1,698,324</td>
<td>(15,036)</td>
<td>3,100,677</td>
</tr>
<tr>
<td>Comprehensive income</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss for the year</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other comprehensive loss, net of tax</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Remeasurements on retirement benefits</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(90,649)</td>
</tr>
<tr>
<td>Total comprehensive loss for the year</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(90,649)</td>
</tr>
<tr>
<td>Depreciation transfer of revaluation surplus</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(9,087)</td>
</tr>
<tr>
<td>Transactions with shareholders</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issuance of common shares</td>
<td>150</td>
<td>3,286</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Balances as at December 31, 2020</td>
<td>342,862</td>
<td>1,701,610</td>
<td>(15,036)</td>
<td>3,091,590</td>
</tr>
</tbody>
</table>

(The notes on pages 1 to 58 are integral part of these consolidated financial statements.)
Medical Doctors, Inc. and Subsidiary

Consolidated Statements of Changes in Equity (continued)
For each of the three years in the period ended December 31, 2020
(All amounts in thousands of Philippine Peso)

<table>
<thead>
<tr>
<th>Attributable to equity holders of the Parent Company</th>
<th>Retained earnings (Note 12)</th>
<th></th>
<th></th>
<th></th>
<th>Non-controlling interest</th>
<th>Total</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Share capital (Note 12)</td>
<td>Capital in excess of par value (Note 12)</td>
<td>Treasury shares (Note 12)</td>
<td>Revaluation surplus (Note 19)</td>
<td>Remeasurements on retirement benefit (Note 11)</td>
<td>Appropriated</td>
<td>Unappropriated</td>
</tr>
<tr>
<td>Balances as at December 31, 2018</td>
<td>339,737</td>
<td>1,639,701</td>
<td>(15,036)</td>
<td>2,340,351</td>
<td>(16,060)</td>
<td>-</td>
<td>2,518,398</td>
</tr>
<tr>
<td>Comprehensive income</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit for the year</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other comprehensive income (loss), net of tax</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fair value gains on land and buildings and building improvements</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>769,593</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Remeasurements on retirement benefits</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(58,348)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total comprehensive income (loss) for the year</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>769,593</td>
<td>(58,348)</td>
<td>-</td>
<td>562,420</td>
</tr>
<tr>
<td>Depreciation transfer of revaluation surplus</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(9,267)</td>
<td>-</td>
<td>-</td>
<td>13,239</td>
</tr>
<tr>
<td>Transactions with shareholders</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issuance of common shares</td>
<td>2,975</td>
<td>58,623</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Appropriation of retained earnings</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>600,000</td>
<td>(600,000)</td>
</tr>
<tr>
<td>Dividends declared</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(278,771)</td>
<td>(278,771)</td>
</tr>
<tr>
<td>Total transactions with shareholders</td>
<td>2,975</td>
<td>58,623</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>600,000</td>
<td>(878,771)</td>
</tr>
<tr>
<td>Balances as at December 31, 2019</td>
<td>342,712</td>
<td>1,698,324</td>
<td>(15,036)</td>
<td>3,100,677</td>
<td>(74,408)</td>
<td>600,000</td>
<td>2,215,286</td>
</tr>
</tbody>
</table>

(The notes on pages 1 to 58 are integral part of these consolidated financial statements.)
Medical Doctors, Inc. and Subsidiary

Consolidated Statements of Changes in Equity (continued)
For each of the three years in the period ended December 31, 2020
(All amounts in thousands of Philippine Peso)

<table>
<thead>
<tr>
<th></th>
<th>Attributable to equity holders of the Parent Company</th>
<th>Non-controlling interest</th>
<th>Total equity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Share capital (Note 12)</td>
<td>Capital in excess of par value (Note 12)</td>
<td>Treasury shares (Note 12)</td>
</tr>
<tr>
<td>Balances as at January 1, 2018</td>
<td>338,462</td>
<td>1,616,896</td>
<td>(15,036)</td>
</tr>
<tr>
<td>Comprehensive income</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit (loss) for the year</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other comprehensive loss, net of tax</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Remeasurements on retirement benefits</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total comprehensive (loss) income for the year</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation transfer of revaluation surplus</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transactions with shareholders</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issuance of common shares</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends declared</td>
<td>1,275</td>
<td>22,805</td>
<td>-</td>
</tr>
<tr>
<td>Total transactions with shareholders</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balances as at December 31, 2018</td>
<td>339,737</td>
<td>1,639,701</td>
<td>(15,036)</td>
</tr>
</tbody>
</table>

(The notes on pages 1 to 58 are integral part of these consolidated financial statements.)
Medical Doctors, Inc. and Subsidiary

Consolidated Statements of Cash Flows
For each of the three years in the period ended December 31, 2020
(All amounts in thousands of Philippine Peso)

<table>
<thead>
<tr>
<th>Notes</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Loss) profit before income tax</td>
<td>(5,232)</td>
<td>813,458</td>
<td>783,536</td>
</tr>
<tr>
<td>Adjustments for:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provision for impairment of receivables</td>
<td>3,15</td>
<td>217,272</td>
<td>203,823</td>
</tr>
<tr>
<td>Provision for inventory losses</td>
<td>4</td>
<td>13,676</td>
<td>13,697</td>
</tr>
<tr>
<td>Reversal of provision for inventory losses</td>
<td>4</td>
<td>(13,697)</td>
<td>(5,116)</td>
</tr>
<tr>
<td>Depreciation</td>
<td>6, 15</td>
<td>631,425</td>
<td>601,375</td>
</tr>
<tr>
<td>Finance cost</td>
<td>8, 21.2</td>
<td>52,351</td>
<td>59,288</td>
</tr>
<tr>
<td>Reversal of long outstanding payables</td>
<td>16</td>
<td>(17,315)</td>
<td>(1,864)</td>
</tr>
<tr>
<td>Loss (gain) on disposal of property and equipment</td>
<td>16</td>
<td>2,148</td>
<td>(8,676)</td>
</tr>
<tr>
<td>Interest income</td>
<td>2, 16</td>
<td>(2,816)</td>
<td>(4,095)</td>
</tr>
<tr>
<td>Unrealized foreign exchange loss (gain)</td>
<td>20</td>
<td>2,038</td>
<td>653</td>
</tr>
<tr>
<td>Other assets written-off</td>
<td>-</td>
<td>794</td>
<td>-</td>
</tr>
<tr>
<td>Operating income before working capital changes</td>
<td>879,850</td>
<td>1,673,337</td>
<td>1,459,315</td>
</tr>
<tr>
<td>(Increase) decrease in:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivables</td>
<td>(316,538)</td>
<td>(342,866)</td>
<td>(184,614)</td>
</tr>
<tr>
<td>Inventories</td>
<td>74,721</td>
<td>(45,925)</td>
<td>(61,166)</td>
</tr>
<tr>
<td>Prepayments and other current assets</td>
<td>(1,889)</td>
<td>(43,329)</td>
<td>27,547</td>
</tr>
<tr>
<td>Increase in current liabilities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>64,054</td>
<td>237,301</td>
<td>63,080</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>258</td>
<td>2,941</td>
<td>164</td>
</tr>
<tr>
<td>(Increase) decrease in other non-current assets</td>
<td>(2,111)</td>
<td>(4,236)</td>
<td>2,169</td>
</tr>
<tr>
<td>Increase (decrease) in provision for medical benefits</td>
<td>1,030</td>
<td>2,962</td>
<td>(16,460)</td>
</tr>
<tr>
<td>Increase (decrease) in retirement benefit obligation</td>
<td>11</td>
<td>66,816</td>
<td>21,073</td>
</tr>
<tr>
<td>Cash from operations</td>
<td>766,191</td>
<td>1,501,258</td>
<td>1,286,299</td>
</tr>
<tr>
<td>Interest received</td>
<td>2,865</td>
<td>4,666</td>
<td>5,739</td>
</tr>
<tr>
<td>Income taxes paid</td>
<td>(81,059)</td>
<td>(236,628)</td>
<td>(238,150)</td>
</tr>
<tr>
<td>Net cash from operating activities</td>
<td>687,997</td>
<td>1,269,296</td>
<td>1,053,888</td>
</tr>
<tr>
<td><strong>Cash flows from investing activities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments for property and equipment</td>
<td>6</td>
<td>(559,271)</td>
<td>(603,764)</td>
</tr>
<tr>
<td>Advances made to suppliers for equipment</td>
<td></td>
<td>(20,740)</td>
<td>(44,024)</td>
</tr>
<tr>
<td>Proceeds from disposal of property and equipment</td>
<td>150</td>
<td>21,877</td>
<td>1,135</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>(579,861)</td>
<td>(625,911)</td>
<td>(638,381)</td>
</tr>
<tr>
<td><strong>Cash flows from financing activities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from borrowings</td>
<td>8</td>
<td>200,000</td>
<td>-</td>
</tr>
<tr>
<td>Borrowings paid</td>
<td>8</td>
<td>(274,000)</td>
<td>(274,000)</td>
</tr>
<tr>
<td>Payment of interest on borrowings</td>
<td>8</td>
<td>(25,918)</td>
<td>(35,604)</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>12</td>
<td>(130,354)</td>
<td>(229,811)</td>
</tr>
<tr>
<td>Proceeds from issuance of share capital</td>
<td>12</td>
<td>3,436</td>
<td>61,598</td>
</tr>
<tr>
<td>Payment of principal portion of lease liability</td>
<td>21.2</td>
<td>(73,812)</td>
<td>(81,561)</td>
</tr>
<tr>
<td>Payment of interest on lease</td>
<td>21.2</td>
<td>(29,650)</td>
<td>(26,091)</td>
</tr>
<tr>
<td>Net cash used in financing activities</td>
<td>(330,298)</td>
<td>(585,469)</td>
<td>(431,684)</td>
</tr>
<tr>
<td><strong>Net (decrease) increase in cash and cash equivalents</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents, January 1</td>
<td>222,162</td>
<td>57,916</td>
<td>(16,177)</td>
</tr>
<tr>
<td>Cash and cash equivalents, December 31</td>
<td>613,268</td>
<td>556,005</td>
<td>570,984</td>
</tr>
<tr>
<td>Effect of exchange rate changes on cash and cash equivalents</td>
<td>(2,038)</td>
<td>(653)</td>
<td>1,198</td>
</tr>
</tbody>
</table>

(The notes on pages 1 to 58 are integral part of these consolidated financial statements.)
Medical Doctors, Inc. and Subsidiary

Notes to the Consolidated Financial Statements
As at December 31, 2020 and 2019 and for each of the three years
in the period ended December 31, 2020
(In the notes, all amounts are shown in thousands of Philippine Peso unless otherwise stated)

Note 1 - General information

Medical Doctors, Inc. (the “Parent Company”) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on April 23, 1963. On April 5, 2013, the Parent Company’s articles of incorporation have been amended to extend the corporate term for another fifty years from and after the expiration of its original term on April 24, 2013. Its primary purpose is to establish, operate, manage and own a hospital or hospitals, medical and chemical clinics and/or laboratories and such other enterprises that may have similar undertakings. The Parent Company operates under the trade name of Makati Medical Center (the “Hospital”). The Parent Company is registered as an “Existing and Expanding Operator of Tertiary Care Hospital”, in pioneer status.

On December 31, 1970, the Parent Company attained its status of being a “public company”. The Parent Company is considered a public company under Rule 3.1 of the Implementing Rules and Regulations of the Securities Regulation Code, which, among others, defines a public corporation as any corporation with assets of at least P50 million and having 200 or more shareholders, each of whom holds at least 100 shares of its equity securities. As at December 31, 2020 the Parent Company has 1,109 shareholders (2019 - 1,123) each holding at least 100 shares of the Parent Company’s common shares.

The Parent Company’s major shareholders consist of local companies and individual medical practitioners, with percentages of ownership as follows:

<table>
<thead>
<tr>
<th>Shareholder Name</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metro Pacific Hospital Holdings, Inc.</td>
<td>33.38%</td>
<td>33.01%</td>
</tr>
<tr>
<td>Associated Sugar, Inc.</td>
<td>4.76%</td>
<td>4.76%</td>
</tr>
<tr>
<td>Dr. Remedios Suntay</td>
<td>3.27%</td>
<td>3.10%</td>
</tr>
<tr>
<td>San Miguel Corporation</td>
<td>2.44%</td>
<td>2.44%</td>
</tr>
<tr>
<td>Dr. Raul G. Fores</td>
<td>2.09%</td>
<td>2.09%</td>
</tr>
<tr>
<td></td>
<td>45.94%</td>
<td>45.40%</td>
</tr>
</tbody>
</table>

As at December 31, 2020, the remaining 54.06% (2019 - 54.60%) of the Parent Company’s issued and outstanding shares are held by private individuals, local companies and practicing doctors of the Hospital. Of the total 3,420,737 outstanding shares in 2020, 191,884 shares or 5.61% are owned by the Company’s directors, officers and employees (2019 - 3,419,237 outstanding shares, 190,522 shares or 5.57%).

At December 31, 2020 and 2019, the Parent Company owns 60% of the shares of stocks of Computerized Imaging Institute, Inc. (CIII). CIII was incorporated and registered with the Philippine SEC on February 12, 1978 primarily to establish, operate, manage, own and maintain a tomography center and provide professional medical and surgical services and other similar undertakings.

On October 5, 2018, CIII’s Board of Directors (BOD) decided to cease the company’s operations given the deteriorating financial situation. In 2019, the company sold its property and equipment, settled most of its payables and liquified all assets including the collection of the receivables. However, the company’s operations will remain dormant until the BOD develops a more viable business model that best complements the operations of its parent company.

The Parent Company and CIII, its subsidiary, are collectively referred to as the “Group”.

Makati Medical Center  |  Medical Doctors, Inc  107
The Parent Company has its registered office address, which is also its principal place of business, at 2 Amorsolo corner dela Rosa Streets, Legaspi Village, Makati City. CIII’s registered business address is at G/F, Makati Medical Center, 2 Amorsolo corner dela Rosa Streets, Legaspi Village, Makati City.

The Group has a total of 2,786 regular employees as at December 31, 2020 (2019 - 2,861).

These consolidated financial statements have been approved and authorized for issuance by the Parent Company’s BOD on March 18, 2021.

Coronavirus disease 2019 (COVID-19)

On March 11, 2020, the World Health Organization declared COVID-19 as a pandemic. In a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six (6) months and imposed an enhanced community quarantine throughout the island of Luzon until April 12, 2020, unless earlier lifted or extended. These measures have caused disruptions to businesses and economic activities, and its impact on businesses continue to evolve.

The Group responded to the government’s call to help provide care to those who are suspected or are confirmed to have the virus by expanding the capacity of its emergency department and dedicating isolation rooms for patients that require hospital admissions. However, the enforcement of an enhanced community quarantine resulted in lower patient census as only emergency cases are allowed to be treated.

The COVID-19 pandemic had a pervasive impact in the 2020 financial results of the Group which saw a decrease in net revenue and corresponding expenses due to lower patient census and increase in provisions for doubtful accounts due to the expected deterioration in credit capacity of patients and guarantors and overall slowdown in the growth of the macroeconomy of the Philippines. Consequently, this also resulted to an increase in net patient receivables and lower cash balances due to delayed collections.

Additional information about the impact of COVID-19 in the Group’s operations for the year ended December 31, 2020 and financial position as at the reporting date are reflected in the notes to the financial statements.

Note 2 - Cash and cash equivalents

Cash and cash equivalents as at December 31 consist of:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash on hand</td>
<td>867</td>
<td>882</td>
</tr>
<tr>
<td>Cash in banks</td>
<td>388,201</td>
<td>505,335</td>
</tr>
<tr>
<td>Short-term cash placements</td>
<td>-</td>
<td>107,051</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>389,068</td>
<td>613,268</td>
</tr>
</tbody>
</table>

Short-term cash placements as at December 31, 2019 pertain to time deposits with local banks with maturity of less than three months and earn annual interest at rates ranging from 1.70% to 6.25% in 2019.

As of December 31, 2020 all short-term cash placements were withdrawn to support liquidity requirements due to impact of COVID-19 on collections.

Interest income for cash deposits in banks, short-term cash placements and restricted cash (Note 24.1) for the year ended December 31, 2020 amounted to P2,816 (2019 - P4,095; 2018 - P6,326) (Note 16).
Restricted cash amounting to P92,988 as at December 31, 2020 (2019 - P90,877) is presented as part of other non-current assets in the consolidated statements of financial position. These are earmarked for a specific use and are therefore not available for general use by the Group.

**Note 3 - Receivables, net**

Receivables, net as at December 31 consist of:

<table>
<thead>
<tr>
<th>Note</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Patient receivables</td>
<td>1,314,836</td>
<td>1,123,417</td>
</tr>
<tr>
<td>Allowance for impairment of patient receivables</td>
<td>(359,331)</td>
<td>(262,325)</td>
</tr>
<tr>
<td>Net patient receivables</td>
<td>955,505</td>
<td>861,092</td>
</tr>
<tr>
<td>Rent receivable</td>
<td>21.2</td>
<td>17,983</td>
</tr>
<tr>
<td>Receivables from pharmaceutical and medical companies</td>
<td>15,375</td>
<td>11,099</td>
</tr>
<tr>
<td>Receivables from employees and officers</td>
<td>14,992</td>
<td>8,162</td>
</tr>
<tr>
<td>Receivable from a regulatory agency</td>
<td>10,999</td>
<td>5,188</td>
</tr>
<tr>
<td>Construction bond</td>
<td>3,425</td>
<td>3,425</td>
</tr>
<tr>
<td>Interest receivable</td>
<td>-</td>
<td>48</td>
</tr>
<tr>
<td>Other receivables</td>
<td>3,606</td>
<td>3,815</td>
</tr>
<tr>
<td>Allowance for impairment of other receivables</td>
<td>(964)</td>
<td>(964)</td>
</tr>
<tr>
<td>Net other receivables</td>
<td>65,416</td>
<td>43,692</td>
</tr>
<tr>
<td>Net receivables</td>
<td>1,020,921</td>
<td>904,784</td>
</tr>
</tbody>
</table>

As at December 31, 2020, the carrying amount of patient receivables is net of professional fees billed on behalf of doctors as required by BIR Revenue Regulation No. 14-2013 amounting to P507,972 (2019 - P511,243). Such amounts are treated as liability upon collection and presented under professional fees collected on behalf of doctors within trade and other payables (Note 7).

Construction bond pertains to the amounts deposited to contractors on certain constructions which will be returned to the Parent Company upon completion of said projects.

Other receivables pertain mainly to the Parent Company’s receivables from private companies for doctors’ retainer arrangements, affiliation and training fees from practicing doctors and residents and advances to Makati Medical Center Foundation, Inc.

The Group’s receivables are all denominated in Philippine Peso.

There is no concentration of credit risk with respect to patient receivables as the Group has a large number of both individual and corporate customers.

The movements in allowance for impairment of receivables for the years ended December 31 are as follows:

<table>
<thead>
<tr>
<th>Note</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning of year</td>
<td>263,289</td>
<td>129,358</td>
</tr>
<tr>
<td>Provision during the year</td>
<td>217,272</td>
<td>203,823</td>
</tr>
<tr>
<td>Write-off</td>
<td>(120,266)</td>
<td>(69,892)</td>
</tr>
<tr>
<td>End of year</td>
<td>360,295</td>
<td>263,289</td>
</tr>
</tbody>
</table>

The Parent Company has written-off fully provided patient receivables after the Parent Company has exhausted all possible means of account recovery and has determined that the patients involved no longer have capacity to pay and most of the patients have already absconded.
Critical accounting estimate: Expected credit losses (ECL) on receivables

ECLs are unbiased probability-weighted estimates of credit losses which are determined by evaluating a range of possible outcomes and taking into account past events, current conditions and assessment of future economic conditions.

The Group has used relevant historical information and loss experience to determine the probability of default of the instruments and incorporated forward-looking information, including significant changes in external market indicators which involved significant estimates and judgements.

In determining the ECL of patient receivables, the Parent Company has used four years of historical losses data to determine the loss rate and applied an adjustment against the historical loss rate based on the gross domestic product, consumer price index, unemployment rate, and inflation to reflect the current and forward-looking information.

Note 4 - Inventories, net

Inventories, net as at December 31 consist of:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pharmaceutical products</td>
<td>156,558</td>
<td>269,538</td>
</tr>
<tr>
<td>Laboratory and other hospital supplies</td>
<td>127,704</td>
<td>86,901</td>
</tr>
<tr>
<td>Office and housekeeping supplies</td>
<td>10,469</td>
<td>13,013</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>294,731</td>
<td>369,452</td>
</tr>
<tr>
<td>Allowance for inventory losses</td>
<td>(13,676)</td>
<td>(13,697)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>281,055</td>
<td>355,755</td>
</tr>
</tbody>
</table>

The cost of inventories recognized as expense in profit or loss amounted to P1,835,719 in 2020 (2019 - P2,022,649; 2018 - P1,788,616) (Note 15).

The movements in allowance for inventory losses for the years ended December 31 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning of the year</td>
<td>13,697</td>
<td>5,116</td>
</tr>
<tr>
<td>Provision during the year</td>
<td>13,676</td>
<td>13,697</td>
</tr>
<tr>
<td>Reversal/write-off</td>
<td>(13,697)</td>
<td>(5,116)</td>
</tr>
<tr>
<td><strong>End of the year</strong></td>
<td>13,676</td>
<td>13,697</td>
</tr>
</tbody>
</table>

For the year ended December 31, 2020, provision for inventory losses amounting to P13,676 (2019 - P13,697) has been recognized for expired and near expiry medicines and medical supplies and is presented as part of drugs, medicines and supplies expenses (Note 15).

Reversal/write-off pertains to expired inventories which are either disposed or returned by the Parent Company to pharmaceutical companies.
Note 5 - Prepayments and other current assets

Prepayments and other current assets as at December 31 consist of:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advances to suppliers</td>
<td>25,712</td>
<td>1,555</td>
</tr>
<tr>
<td>Prepaid taxes</td>
<td>5,185</td>
<td>2,833</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>651</td>
<td>30,531</td>
</tr>
<tr>
<td>Short-term cash placements</td>
<td>-</td>
<td>2,107</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>31,548</td>
<td>37,026</td>
</tr>
</tbody>
</table>

Prepaid expenses include payments for advance rental, employee uniforms and subscription, insurance, computer programs support and building dues.

Short-term cash placements as at December 31, 2019 pertains to time deposit with a local bank with maturity of six months and earns annual interest at rate of 1.70%. As of December 31, 2020, the short-term cash placement was withdrawn to support liquidity requirements due to impact of COVID-19 on collections.
### Note 6 - Property and equipment, net

Property and equipment, net as at December 31 consist of:

<table>
<thead>
<tr>
<th></th>
<th>At revalued amounts</th>
<th>Medical equipment, tools and instruments</th>
<th>Hospital furnishings, fixtures and office equipment</th>
<th>Leasehold improvements</th>
<th>Office and parking spaces (Note 21.2)</th>
<th>Construction-in-progress</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>As at January 1, 2020</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost or revalued amount</td>
<td>4,063,136</td>
<td>4,818,043</td>
<td>3,669,428</td>
<td>1,613,970</td>
<td>159,548</td>
<td>463,400</td>
<td>192,815</td>
</tr>
<tr>
<td>Accumulated impairment</td>
<td>-</td>
<td>-</td>
<td>(13,397)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(13,397)</td>
</tr>
<tr>
<td>Accumulated depreciation and amortization</td>
<td>-</td>
<td>(1,522,809)</td>
<td>(2,496,688)</td>
<td>(1,106,029)</td>
<td>(83,085)</td>
<td>(78,615)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net carrying value</strong></td>
<td>4,063,136</td>
<td>3,295,234</td>
<td>1,159,343</td>
<td>507,941</td>
<td>159,548</td>
<td>76,463</td>
<td>192,815</td>
</tr>
<tr>
<td><strong>Year ended December 31, 2020</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opening net carrying value</td>
<td>4,063,136</td>
<td>3,295,234</td>
<td>1,159,343</td>
<td>507,941</td>
<td>159,548</td>
<td>76,463</td>
<td>192,815</td>
</tr>
<tr>
<td>Additions</td>
<td>-</td>
<td>3,746</td>
<td>236,070</td>
<td>79,574</td>
<td>-</td>
<td>235,250</td>
<td>554,640</td>
</tr>
<tr>
<td>Transfer and reclassification</td>
<td>-</td>
<td>110,654</td>
<td>86,550</td>
<td>37,275</td>
<td>107,482</td>
<td>(341,961)</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation and amortization, at cost</td>
<td>-</td>
<td>(150,143)</td>
<td>(248,483)</td>
<td>(121,621)</td>
<td>(16,965)</td>
<td>(81,235)</td>
<td>(618,447)</td>
</tr>
<tr>
<td>Depreciation, at appraisal (Note 19)</td>
<td>-</td>
<td>(12,978)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(12,978)</td>
</tr>
<tr>
<td><strong>Disposals:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost</td>
<td>-</td>
<td>-</td>
<td>(104,310)</td>
<td>(2,801)</td>
<td>-</td>
<td>-</td>
<td>(107,111)</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>-</td>
<td>-</td>
<td>91,631</td>
<td>2,796</td>
<td>-</td>
<td>-</td>
<td>94,427</td>
</tr>
<tr>
<td><strong>Closing net carrying value</strong></td>
<td>4,063,136</td>
<td>3,295,234</td>
<td>1,159,343</td>
<td>507,941</td>
<td>159,548</td>
<td>76,463</td>
<td>192,815</td>
</tr>
<tr>
<td><strong>As at December 31, 2020</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost or revalued amount</td>
<td>4,063,136</td>
<td>4,932,443</td>
<td>3,887,738</td>
<td>1,728,018</td>
<td>267,030</td>
<td>463,400</td>
<td>86,104</td>
</tr>
<tr>
<td>Accumulated impairment</td>
<td>-</td>
<td>-</td>
<td>(13,397)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(13,397)</td>
</tr>
<tr>
<td>Accumulated depreciation and amortization</td>
<td>-</td>
<td>(1,685,930)</td>
<td>(2,653,540)</td>
<td>(1,224,854)</td>
<td>(100,050)</td>
<td>(159,850)</td>
<td>(5,824,224)</td>
</tr>
<tr>
<td><strong>Net carrying value</strong></td>
<td>4,063,136</td>
<td>3,246,513</td>
<td>1,220,801</td>
<td>503,164</td>
<td>166,980</td>
<td>303,550</td>
<td>86,104</td>
</tr>
</tbody>
</table>
Note 6 - Property and equipment, net (continued)

Property and equipment, net as at December 31 consist of:

<table>
<thead>
<tr>
<th>Land</th>
<th>Buildings and building improvements</th>
<th>Medical equipment, tools and instruments</th>
<th>Leasehold improvements</th>
<th>Office and parking spaces (Note 21.2)</th>
<th>Construction-in-progress</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>136,000,000</td>
<td>2,956,800</td>
<td>5,803,949</td>
<td>3,592,576</td>
<td>1,428,839</td>
<td>-</td>
<td>161,996</td>
</tr>
<tr>
<td>Accumulated impairment</td>
<td>-</td>
<td>-</td>
<td>(13,397)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Accumulated depreciation and amortization</td>
<td>-</td>
<td>(1,364,216)</td>
<td>2,393,249</td>
<td>1,012,506</td>
<td>(70,570)</td>
<td>-</td>
</tr>
<tr>
<td>Net carrying value before adoption of PFRS 16</td>
<td>2,956,800</td>
<td>3,319,733</td>
<td>1,185,930</td>
<td>416,333</td>
<td>91,426</td>
<td>-230,097</td>
</tr>
<tr>
<td>Recognition of right-of-use asset (Note 21.2)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>256,305</td>
</tr>
<tr>
<td>At January 1, 2019 after adoption of PFRS 16</td>
<td>2,956,800</td>
<td>3,319,733</td>
<td>1,185,930</td>
<td>416,333</td>
<td>91,426</td>
<td>256,305</td>
</tr>
</tbody>
</table>

Year ended December 31, 2019

<table>
<thead>
<tr>
<th>Land</th>
<th>Buildings and building improvements</th>
<th>Medical equipment, tools and instruments</th>
<th>Leasehold improvements</th>
<th>Office and parking spaces (Note 21.2)</th>
<th>Construction-in-progress</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening net carrying value</td>
<td>2,956,800</td>
<td>3,319,733</td>
<td>1,185,930</td>
<td>416,333</td>
<td>91,426</td>
<td>256,305</td>
</tr>
<tr>
<td>Additions</td>
<td>-</td>
<td>12,043</td>
<td>219,053</td>
<td>56,600</td>
<td>-</td>
<td>207,095</td>
</tr>
<tr>
<td>Appraisal (Note 19)</td>
<td>1,106,336</td>
<td>(6,917)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transfer and reclassification</td>
<td>-</td>
<td>128,986</td>
<td>-</td>
<td>151,479</td>
<td>-</td>
<td>(260,447)</td>
</tr>
<tr>
<td>Depreciation and amortization, at cost</td>
<td>-</td>
<td>(145,354)</td>
<td>(233,060)</td>
<td>(116,144)</td>
<td>(14,963)</td>
<td>(78,615)</td>
</tr>
<tr>
<td>Depreciation, at appraisal (Note 19)</td>
<td>-</td>
<td>(13,239)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Disposals:</td>
<td>Cost</td>
<td>-</td>
<td>(142,201)</td>
<td>(22,948)</td>
<td>(2,448)</td>
<td>-</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>-</td>
<td>-</td>
<td>129,621</td>
<td>22,621</td>
<td>2,448</td>
<td>-</td>
</tr>
<tr>
<td>Closing net carrying value</td>
<td>4,063,136</td>
<td>3,295,234</td>
<td>1,159,343</td>
<td>507,941</td>
<td>76,463</td>
<td>384,785</td>
</tr>
</tbody>
</table>

As at December 31, 2019

<table>
<thead>
<tr>
<th>Land</th>
<th>Buildings and building improvements</th>
<th>Medical equipment, tools and instruments</th>
<th>Leasehold improvements</th>
<th>Office and parking spaces (Note 21.2)</th>
<th>Construction-in-progress</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost or revalued amount</td>
<td>4,063,136</td>
<td>4,818,043</td>
<td>3,669,428</td>
<td>1,613,970</td>
<td>159,548</td>
<td>463,400</td>
</tr>
<tr>
<td>Accumulated impairment</td>
<td>-</td>
<td>-</td>
<td>(13,397)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Accumulated depreciation and amortization</td>
<td>-</td>
<td>(1,522,809)</td>
<td>(2,496,688)</td>
<td>(1,106,029)</td>
<td>(83,085)</td>
<td>(78,615)</td>
</tr>
<tr>
<td>Net carrying value</td>
<td>4,063,136</td>
<td>3,295,234</td>
<td>1,159,343</td>
<td>507,941</td>
<td>76,463</td>
<td>384,785</td>
</tr>
</tbody>
</table>
The cost of fully depreciated assets still in use by the Group at December 31, 2020 amounted to P2,537,430 (2019 - P2,441,385).

There were no finance lease transactions entered by the Group for the years ending December 31, 2020 and 2019.

Depreciation and amortization expense for each of the three years in the period ended December 31 is charged to profit or loss is as follows (Note 15):

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of services</td>
<td>398,624</td>
<td>400,009</td>
<td>386,591</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>232,801</td>
<td>201,366</td>
<td>134,621</td>
</tr>
<tr>
<td></td>
<td>631,425</td>
<td>601,375</td>
<td>521,212</td>
</tr>
</tbody>
</table>

Details of the Group’s unpaid acquisitions of property and equipment for the years ended December 31 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning of the year</td>
<td>83,713</td>
<td>156,616</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>554,640</td>
<td>530,861</td>
</tr>
<tr>
<td>Payments</td>
<td>(559,271)</td>
<td>(603,764)</td>
</tr>
<tr>
<td>End of the year</td>
<td>79,082</td>
<td>83,713</td>
</tr>
</tbody>
</table>

Unpaid acquisitions of property and equipment are disclosed as part of trade payables (Note 7).

6.1 Right-of-use assets

Additions to office and parking spaces pertaining to new leases entered into by the Parent Company for the year ended December 31, 2020 are treated as right-of-use assets in accordance with PFRS 16 (Note 21.2).

6.2 Mortgaged properties

Borrowings at December 31, 2020 and 2019 are secured by a land owned by the Parent Company through a Mortgage Trust Indenture (MTI) (Note 8). As at December 31, 2020 and 2019, the fair value of the land as appraised by an independent appraiser amounted to P4.063 billion.

6.3 Appraisal of land and buildings and building improvements

The fair values of the land and buildings and building improvements were based on the latest appraisal report dated October 17, 2019 determined by Cuervo Appraisers, Inc. using combination of market and cost approach.
The Parent Company’s land in Makati City where the Hospital is located has original cost of P600. Total land area is approximately 12,320 square meters. The land is carried at fair value as appraised on various dates as follows:

<table>
<thead>
<tr>
<th>Date of appraisal</th>
<th>Appraised value (in Million Pesos)</th>
</tr>
</thead>
<tbody>
<tr>
<td>May 1, 1990</td>
<td>739</td>
</tr>
<tr>
<td>October 11, 2001</td>
<td>3,080</td>
</tr>
<tr>
<td>December 5, 2003</td>
<td>2,464</td>
</tr>
<tr>
<td>January 2, 2007</td>
<td>2,464</td>
</tr>
<tr>
<td>October 31, 2008</td>
<td>2,464</td>
</tr>
<tr>
<td>November 17, 2011</td>
<td>2,661</td>
</tr>
<tr>
<td>November 15, 2016</td>
<td>2,957</td>
</tr>
<tr>
<td>October 17, 2019</td>
<td>4,063</td>
</tr>
</tbody>
</table>

Based on the latest appraisal report, the appraised value for the Parent Company’s buildings and building improvements amounted to P2,911,761. The appraisal is recognized as addition to revaluation surplus in the statements of total comprehensive income and in the statements of changes in equity for the year ended December 31, 2019. If the buildings and building improvements (both carried at revalued amounts) were stated at historical cost, the net carrying values as at December 31, 2020 would amount to P2,516,358 (2019 - P2,544,758).

The revaluation surplus from the foregoing assets, shown net of DIT liability, included in equity at December 31 is as follows (Note 19):

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>2,843,775</td>
<td>2,843,775</td>
</tr>
<tr>
<td>Buildings and building improvements</td>
<td>247,815</td>
<td>256,902</td>
</tr>
<tr>
<td></td>
<td>3,091,590</td>
<td>3,100,677</td>
</tr>
</tbody>
</table>

Valuation techniques

Taking into account the most recent independent valuations, the Group updates their assessment of the fair value of the land and buildings and building improvements. The Group determines that the said properties were valued within a range of reasonable fair value estimates where all resulting fair value estimates are categorized as fair value measurements using significant unobservable inputs (Level 3).

Fair values of land have been derived using the market approach. In market approach, the value of the land is based on recorded sales and listings (or asking prices) of comparable property registered within the vicinity. The most significant input into this valuation approach is price per square meter. Adjustments are then made to reflect factors affecting the value such as property location, desirability, neighborhood, utility, size and the time element involved.

Fair values of buildings and building improvements have been derived using cost approach. Under this approach, an estimate is made of the current cost of reproduction of the buildings in accordance with the prevailing market prices of materials, labor, contractor’s overhead, profit and fees. Adjustments are then made to reflect depreciation resulting from physical deterioration and functional or economic obsolescence.

Fair value measurements of buildings and building improvements using significant unobservable inputs (Level 3) as at December 31 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning of the year</td>
<td>3,295,234</td>
<td>3,319,733</td>
</tr>
<tr>
<td>Depreciation</td>
<td>(163,121)</td>
<td>(158,593)</td>
</tr>
<tr>
<td>Additions, appraisal, transfer and reclassification</td>
<td>114,400</td>
<td>134,094</td>
</tr>
<tr>
<td>End of the year</td>
<td>3,246,513</td>
<td>3,295,234</td>
</tr>
</tbody>
</table>
Valuation process of the Group

The external valuations of the land and buildings and building improvements have been performed using unobservable inputs. The external valuer, in discussion with the Finance team, has adopted the Sales Comparison Approach and Modified Quantity Survey Method to estimate the value of the land and the cost of reproduction of the buildings, respectively.

The Sales Comparison Approach in estimating the market value of the land requires an analysis of the physical features of the land, the locational attributes, the availability of public services, and the quality of adjacent improvements that affect the market value of the land. Once a comparable property is identified that is similar with respect to physical, locational, and neighborhood features, an adjustment is made to compensate for any differences. Other aspects of comparability are also examined such as market conditions at the time of sale for the comparable properties, the financing used in the purchase and the property rights transferred.

The Modified Quantity Survey Method requires an analysis of the buildings by breaking them down into major components such as foundation, columns, beams, floorings, walls, roofing, etc. using workable units such as lineal meter, square meter, cubic meter or other appropriate basic unit.

Bills of quantities for each building component using the appropriate unit are prepared and related to the unit cost for each component developed on the basis of current costs of material, labor, plant and equipment prevailing in the locality to arrive at the direct costs of the buildings, whereupon indirect costs such as contractor’s profit, overhead, taxes and fees and other related expenses are then added.

Valuations are performed with sufficient regularity at least once every three (3) to five (5) years enough to ensure that the fair value of the revalued asset does not differ significantly from its carrying value.

Information about fair value measurements using significant unobservable inputs (Level 3)

<table>
<thead>
<tr>
<th>Description</th>
<th>Fair value as at December 31, 2020</th>
<th>Valuation technique</th>
<th>Unobservable inputs</th>
<th>Cost per unobservable inputs</th>
<th>Relationship of unobservable inputs to fair value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>4,063,136</td>
<td>Sales comparison approach</td>
<td>Area of land (size)</td>
<td>-13% to -18%</td>
<td>The greater the area, the less incremental area cost to develop, the lower the fair value</td>
</tr>
<tr>
<td>Buildings and building improvements</td>
<td>2,836,603</td>
<td>Cost approach</td>
<td>Cost per square meter</td>
<td>P33/square meter</td>
<td>The higher the cost per unit, the higher the fair value</td>
</tr>
</tbody>
</table>
The sensitivity of the land and buildings and building improvements carried at fair value to changes in the significant unobservable inputs as at December 31 is as follows:

<table>
<thead>
<tr>
<th></th>
<th>Impact on</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Change in cost per square meter</td>
<td>Property and equipment</td>
</tr>
<tr>
<td>2020</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>+/- 5%</td>
<td>+/- 203,157</td>
</tr>
<tr>
<td>Buildings and building improvements</td>
<td>+/- 5%</td>
<td>+/- 162,326</td>
</tr>
<tr>
<td>2019</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>+/- 5%</td>
<td>+/- 203,157</td>
</tr>
<tr>
<td>Buildings and building improvements</td>
<td>+/- 5%</td>
<td>+/- 164,762</td>
</tr>
</tbody>
</table>

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

**Critical accounting estimate: Estimation of fair value of land and buildings and building improvements**

In determining the fair value of land and buildings, the Group, through the professional services of the independent appraisers, utilized a combination of market and cost approach. In market approach, the value of the land is based on recorded sales and listings (or asking prices) of comparable property registered within the vicinity. The technique of this approach requires the establishing of comparable comparative sales and listings to a common denominator. Meanwhile, the value of the buildings and building improvements was arrived at using the cost approach. Under this approach, an estimate is made of the current cost of reproduction of the buildings in accordance with the prevailing market prices of materials, labor, contractor's overhead, profit and fees. Adjustments are then made to reflect depreciation resulting from physical deterioration and functional or economic obsolescence.

**6.4 Construction-in-progress**

Construction-in-progress consists of costs incurred for the renovation of the Hospital’s main building and various improvements on leased office spaces.

There were no capitalized borrowing costs as at December 31, 2020 and 2019 as the ongoing constructions of the Group are not considered as qualifying assets.

**Critical accounting estimate: Estimated useful lives of property and equipment**

The useful life of each item of the Group’s property and equipment is estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of practices of similar business, internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction in the estimated useful life of any property and equipment would increase the recorded expenses and decrease non-current assets.

**Critical judgment: Recoverability of property and equipment**

The carrying value of property and equipment is reviewed and assessed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Changes in those assessment and judgment could have a significant effect on the carrying value of property and equipment and the amount and timing of recorded provision for any period.
Management believes, based on facts and circumstances at December 31, 2020 and 2019, that there are no indicators that the remaining carrying amount of property and equipment may not be recoverable.

**Note 7 - Trade and other payables**

Trade and other payables as at December 31 consist of:

<table>
<thead>
<tr>
<th>Notes</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade payables</td>
<td>709,657</td>
<td>708,906</td>
</tr>
<tr>
<td>Funds collected on behalf of medical and other organizations</td>
<td>85,509</td>
<td>71,379</td>
</tr>
<tr>
<td>Patients’ refunds</td>
<td>60,463</td>
<td>46,984</td>
</tr>
<tr>
<td>Professional fees collected on behalf of doctors</td>
<td>53,559</td>
<td>8,901</td>
</tr>
<tr>
<td>Payable to regulatory agencies</td>
<td>32,644</td>
<td>39,535</td>
</tr>
<tr>
<td>Accruals for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contracted services</td>
<td>87,935</td>
<td>79,611</td>
</tr>
<tr>
<td>Professional services</td>
<td>48,383</td>
<td>55,410</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td>39,746</td>
<td>35,839</td>
</tr>
<tr>
<td>Utilities</td>
<td>14,051</td>
<td>18,258</td>
</tr>
<tr>
<td>Dietary services</td>
<td>7,293</td>
<td>8,638</td>
</tr>
<tr>
<td>Interest</td>
<td>8,162</td>
<td>4,841</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>1,548</td>
<td>7,441</td>
</tr>
<tr>
<td>Rent</td>
<td>21,217</td>
<td>1,327</td>
</tr>
<tr>
<td>Others</td>
<td>15,397</td>
<td>25,878</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,158,376</strong></td>
<td><strong>1,112,948</strong></td>
</tr>
</tbody>
</table>

Funds collected on behalf of medical and other organizations mainly pertain to research grants and subsidies received from medical and other organizations.

Accrued contracted services as at December 31, 2020 include purchasing services from related party amounting to P3,300 (2019 - P2,200) (Note 9.G) and various accruals for facilities and clinical technologies management and services, security and janitorial services.

Accrued professional services mainly pertain to amounts payable to doctors relating to diagnostic reader fees and medical packages.

**Note 8 - Borrowings**

Borrowings as at December 31 consist of:

<table>
<thead>
<tr>
<th>Note</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank loans (a)</td>
<td>313,750</td>
<td>215,000</td>
</tr>
<tr>
<td>Loans payable - related party (b)</td>
<td>21,750</td>
<td>59,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>335,500</strong></td>
<td><strong>274,000</strong></td>
</tr>
<tr>
<td>Non-current</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank loans (a)</td>
<td>105,000</td>
<td>218,750</td>
</tr>
<tr>
<td>Loans payable - related party (b)</td>
<td>-</td>
<td>21,750</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>105,000</strong></td>
<td><strong>240,500</strong></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>440,500</strong></td>
<td><strong>514,500</strong></td>
</tr>
</tbody>
</table>

The Parent Company’s borrowings are all denominated in Philippine Peso.
(a) Bank loans

Bank loans as at December 31, 2020 amounting to P218,750 (2019 - P433,750) representing interest-bearing loans secured by MTI (Note 6.2) were obtained from various local banks to fund the Parent Company’s working capital requirements. These loans have terms ranging from 7 to 10 years with fixed annual interest rates ranging from 4.70% to 5.48%. The remaining P200,000 bank loans as at December 31, 2020 pertain to additional short-term working capital loans availed to augment working capital requirements due to impact of COVID-19. These loans are presented under current bank loans with interest ranging from 4.70% to 4.85%.

For the years ended December 31, 2020 and 2019, the Parent Company has complied with the imposed covenants of all its loan agreements with various local banks (Note 24.3).

(b) Loans payable - related party

On July 21, 2011, the Parent Company availed of a loan amounting to P140,000 from a major shareholder and key officer to partly finance the modernization of its medical equipment. The loan is unguaranteed, unsecured, bears a fixed interest rate of 7% and payable in equal quarterly installments over 10 years.

On February 18, 2013, the parties agreed to reduce the interest rate from 7% to 4.28% and on February 1, 2015, the parties mutually agreed to increase the interest rate to 5.00%.

As at December 31, 2020, the outstanding balance of the loan amounted to P10,500 (2019 - P24,500) and is payable within the following year.

In 2014, the Parent Company availed of additional loans with fixed annual rate ranging from 5% to 5.3% amounting to P230,000 for general corporate purposes. Out of the total loan availments, P23,246 was used to refinance portion of the restructured loan existing as at December 31, 2013.

As at December 31, 2020, the outstanding balance from this loan amounted to P11,250 (2019 - P56,250) and is payable within the following year.

There are no significant covenants and warranties related to these loans from a related party. All related party loans are unguaranteed and unsecured, except for loans amounting to P1,250 as at December 31, 2020 (2019 - P6,250) which is covered by MTI (Note 6.2).

The components of finance costs related to borrowings for each of the three years in the period ended December 31 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Note</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest expense for:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank loans</td>
<td></td>
<td>19,803</td>
<td>27,388</td>
<td>38,193</td>
</tr>
<tr>
<td>Loan from a related party</td>
<td>9</td>
<td>2,898</td>
<td>5,809</td>
<td>8,816</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>22,701</td>
<td>33,197</td>
<td>47,009</td>
</tr>
</tbody>
</table>

The movements in borrowings presented in the consolidated statements of financial position and consolidated statements of cash flows for the years ended December 31 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning of the year</td>
<td>514,500</td>
<td>788,500</td>
<td>1,017,500</td>
</tr>
<tr>
<td>Additions during the year</td>
<td>200,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payment of bank loans</td>
<td>(215,000)</td>
<td>(215,000)</td>
<td>(170,000)</td>
</tr>
<tr>
<td>Payment of related party loan</td>
<td>(59,000)</td>
<td>(59,000)</td>
<td>(59,000)</td>
</tr>
<tr>
<td>End of the year</td>
<td>440,500</td>
<td>514,500</td>
<td>788,500</td>
</tr>
</tbody>
</table>
The movements in accrued interest presented in the consolidated statements of financial position and consolidated statements of cash flows for the years ended December 31 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Note</th>
<th>Bank loans</th>
<th>Loan from a related party (Note 9)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2020</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning of the year</td>
<td></td>
<td>4,561</td>
<td>280</td>
<td>4,841</td>
</tr>
<tr>
<td>Finance costs related to loans</td>
<td></td>
<td>19,803</td>
<td>2,898</td>
<td>22,701</td>
</tr>
<tr>
<td>Payment</td>
<td></td>
<td>(22,844)</td>
<td>(3,074)</td>
<td>(25,918)</td>
</tr>
<tr>
<td>End of the year</td>
<td></td>
<td>7</td>
<td>1,520</td>
<td>1,624</td>
</tr>
<tr>
<td><strong>2019</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning of the year</td>
<td></td>
<td>6,791</td>
<td>457</td>
<td>7,248</td>
</tr>
<tr>
<td>Finance costs related to loans</td>
<td></td>
<td>27,388</td>
<td>5,809</td>
<td>33,197</td>
</tr>
<tr>
<td>Payment</td>
<td></td>
<td>(29,618)</td>
<td>(5,986)</td>
<td>(35,604)</td>
</tr>
<tr>
<td>End of the year</td>
<td></td>
<td>7</td>
<td>4,561</td>
<td>4,841</td>
</tr>
<tr>
<td><strong>2018</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning of the year</td>
<td></td>
<td>8,536</td>
<td>634</td>
<td>9,170</td>
</tr>
<tr>
<td>Finance costs related to loans</td>
<td></td>
<td>38,193</td>
<td>8,816</td>
<td>47,009</td>
</tr>
<tr>
<td>Payment</td>
<td></td>
<td>(39,938)</td>
<td>(8,993)</td>
<td>(48,931)</td>
</tr>
<tr>
<td>End of the year</td>
<td></td>
<td>6,791</td>
<td>457</td>
<td>7,248</td>
</tr>
</tbody>
</table>
**Note 9 - Related party transactions and balances**

The table below summarizes the Group’s transactions and balances with its related parties:

<table>
<thead>
<tr>
<th>Terms and conditions</th>
<th>Transactions for the years ended December 31</th>
<th>Outstanding balances as of December 31</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
<td>2019</td>
</tr>
</tbody>
</table>

(A) Rental income

**Key officers**

The Parent Company charges its key officers for the usage of clinic including electricity and water consumption. The rental income earned is presented as part of gross revenues (Note 13).

Amounts are settled in cash on a net basis. These are unguaranteed, unsecured, non-interest bearing and are collectible on or before the 15th of the following month. The receivables from key officers are presented as part of receivables from employees and officers (Note 3).

|                       | 1,072  | 635   | 575   | 474   | 1,450 |

(B) Collection on behalf of related parties

**Key officers**

The Parent Company pays its key officers for professional fees collected from patients.

Collections on behalf of key officers are recorded as part of professional fees collected on behalf of doctors under trade and other payables (Note 7). Amounts are settled in cash on a net basis. These are unguaranteed, unsecured, non-interest bearing and are payable on demand.

|                       | 32,689 | 31,730 | 35,275 | 11,927 | 7,241 |

(C) Professional services

**Key officers**

The Parent Company pays its key officers for reader’s fees and professional fees included on medical packages. The amount is recognized as part of professional services presented in cost of services (Note 15).

|                       | 6,156  | 2,719  | 3,120  | -     | -     |
### Terms and conditions

<table>
<thead>
<tr>
<th>Transactions for the years ended December 31</th>
<th>Outstanding balances as of December 31</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>2019</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td><strong>(D) Dividend payments</strong>&lt;br&gt;<strong>Entity with significant influence</strong>&lt;br&gt;The Parent Company paid dividends to its shareholders, net of the applicable withholding tax. Amounts are settled in cash.&lt;br&gt;<strong>Key officers</strong>&lt;br&gt;Refer further to Note 12 for details of dividend declarations and payments.</td>
<td>44,923</td>
</tr>
<tr>
<td>6,921</td>
<td>15,340</td>
</tr>
<tr>
<td>51,844</td>
<td>94,124</td>
</tr>
</tbody>
</table>

| **(E) Borrowings and interest expense**<br>**Key officer**<br>The Parent Company availed of various loans from a key officer which are payable based on contract terms. The loans are subjected to interest at rates ranging from 5.00% to 5.30%.<br>**Principal**<br>**Interest**<br>Borrowings are interest-bearing and unsecured except for P1,250 as at December 31, 2020 (2019 - P6,250) covered by MTI and payable according to the terms and conditions of the loan agreement (Note 8). | - | - | - | 21,750 | 80,750 |
| 2,898 | 5,809 | 8,816 | 104 | 280 |
| 2,898 | 5,809 | 8,816 | 21,854 | 81,030 |

| **(F) Investments in shares of stock**<br>**Entity with significant influence**<br>The Parent Company maintains a non-contributory retirement benefit plan administered by a trustee bank as approved by the BOD. Plan assets are invested in shares of stocks of various companies including its related party as approved by the Treasurer (Note 11). | - | 354 | 2,813 | - | - |
|---|---|---|---|---|

| **(G) Shared expenses**<br>**Shareholder with significant influence**<br>The Parent Company is charged for its share in expenses on purchasing services rendered by its related party presented as part of contracted services under administrative expenses (Note 15).<br>These are payable within fifteen (15) days after receipt of billing. Overdue balances are subject to 2% interest per month. Outstanding balances are unguaranteed, unsecured, non-interest bearing, payable on demand and are presented as part of accruals for contracted services (Note 7). | 1,100 | 1,100 | 1,100 | 3,300 | 2,200 |

| **(H) Contributions to plan assets**<br>**Post-employment benefit plan**<br>The Parent Company maintains a non-contributory retirement benefit plan covering all of its regular employees (Note 11). | 10,000 | 36,000 | 35,629 | - | - |
Transactions for the years ended December 31

<table>
<thead>
<tr>
<th>Terms and conditions</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
<th>Outstanding balances as of December 31</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>(I) Compensation of key management</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Salaries and other short-term benefits</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Key management compensation covering salaries and other short-term benefits are determined based on contract of employment and payable in accordance with the Parent Company’s payroll period.</td>
<td>28,909</td>
<td>32,650</td>
<td>44,177</td>
<td>-</td>
</tr>
<tr>
<td><strong>Professional fees</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Professional fees are paid to doctor consultants holding key management positions in the Hospital.</td>
<td>13,066</td>
<td>17,629</td>
<td>17,178</td>
<td>-</td>
</tr>
<tr>
<td><strong>Retirement benefit</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retirement benefits are determined and payable in accordance with policies disclosed in Note 25.18. These were fully paid as at reporting period, except for retirement liability which will be settled upon retirement of key officers in accordance with the policies of the retirement benefit plan.</td>
<td>3,558</td>
<td>1,987</td>
<td>1,655</td>
<td>15,472</td>
</tr>
<tr>
<td>The Group has not granted any share-based compensation and termination benefits to its key management personnel for each of the three years.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>(J) Other income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Shareholder with significant influence</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The Parent Company recharged its related party for third-party professional services contracted on behalf of its related party. This is presented under other income, net (Note 16).</td>
<td>-</td>
<td>608</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

No provision was recognized against receivables from related parties for the years ended December 31, 2020 and 2019.
The following related party transactions and balances were eliminated for the purpose of preparing the consolidated financial statements:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment in subsidiary / share capital</td>
<td>835</td>
<td>835</td>
</tr>
<tr>
<td>Receivables, net / trade and other payables</td>
<td>8,411</td>
<td>(8,481)</td>
</tr>
</tbody>
</table>

For the years ended December 31

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividend income</td>
<td>-</td>
</tr>
</tbody>
</table>

(18,411)

**Note 10 - Provision for medical benefits**

Provision recognized as at December 31, 2020 and 2019 pertains to reserve liability arising from medical benefits covering certain affiliated doctors and qualified dependents. Provision is determined by an independent actuary based on the costs of medicines and supplies needed to fulfill the obligation. The provision is based on the latest actuarial report dated December 31, 2020.

The principal actuarial assumptions used as at December 31, 2020 and 2019 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate</td>
<td>5% compounded</td>
<td>5% compounded</td>
</tr>
<tr>
<td></td>
<td>annually</td>
<td>annually</td>
</tr>
<tr>
<td>Future increase on projected medical benefits</td>
<td>4%-6% annually</td>
<td>4%-6% annually</td>
</tr>
<tr>
<td>Average life in years</td>
<td>49.5 years</td>
<td>47.2 years</td>
</tr>
<tr>
<td>Withdrawal rates</td>
<td>2%-7.5%</td>
<td>2%-7.5%</td>
</tr>
<tr>
<td>Utilization rates</td>
<td>5%-40%</td>
<td>5%-40%</td>
</tr>
</tbody>
</table>

The movements in provision for medical benefits for the years ended December 31 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning of the year</td>
<td>103,923</td>
<td>100,961</td>
</tr>
<tr>
<td>Provision</td>
<td>12,444</td>
<td>15,151</td>
</tr>
<tr>
<td>Actualization</td>
<td>(11,414)</td>
<td>(12,189)</td>
</tr>
<tr>
<td>End of the year</td>
<td>104,953</td>
<td>103,923</td>
</tr>
</tbody>
</table>

Provision recognized amounting to P12,444 for the year ended December 31, 2020 (2019 - P15,151) is presented as part of drugs, medicines and supplies account (Note 15).

**Critical accounting estimate and assumptions: Provision for medical benefits**

Provision for medical benefits is recognized based on management’s best estimates of the likelihood that medical benefits will be realized considering the historical analysis of actualization. Management’s assessment is developed in consultation with independent actuary and is based on an analysis of possible outcomes under various circumstances.

The Parent Company determines the appropriate discount rate at the end of each year. This is the discount rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the said provisions. The discount rate was determined by reference to prevailing market rate on long-term and start up investments in Philippine financing and banking industry. The discount rate is a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the provisions.

An actuarial update is to be made every two (2) years to ensure reasonableness of assumptions used based on the actual level and frequency of claims for medical benefits unless there are changes in benefits and actual pattern of medical costs that may warrant an immediate remeasurement of liabilities.
In any of the above cases, management uses estimates and judgments. While it is believed that the Parent Company’s estimates are reasonable, actual results could differ from those estimates and judgments. The recorded obligation at the end of each reporting period and the amount and timing of recorded expense for any period could be materially affected by actual experience and changes in those judgments.

Based on similar assumptions used in the latest actuarial computation, the Parent Company estimated and recognized additional provision amounting P12,444 for the year ended December 31, 2020 for the medical benefits of its additional qualified affiliated doctors and their dependents. The carrying amount of provisions at December 31, 2020 amounted to P104,593 (2019 - P103,923).

**Note 11 - Retirement plan**

The Parent Company maintains a non-contributory retirement benefit plan covering all of its regular employees. The normal retirement age is 60. The Plan assets of the Parent Company is administered by a trustee bank, governed by local regulations and practices and approved by the BOD of the Parent Company. The retirement plan is intended to provide benefit payments to employees ranging from 24 to 48 days basic pay depending on the number of service credit years which ranges from 10 to 40. Actuarial valuation is updated by an independent actuary every year.

The amounts recognized in the consolidated statements of financial position as at December 31 are determined as follows:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Present value of defined benefit obligation</td>
<td>897,189</td>
<td>700,801</td>
</tr>
<tr>
<td>Fair value of plan assets</td>
<td>(340,435)</td>
<td>(340,362)</td>
</tr>
<tr>
<td></td>
<td>556,754</td>
<td>360,439</td>
</tr>
</tbody>
</table>

The movements in the present value of defined benefit obligation for the years ended December 31 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning of the year</td>
<td>700,801</td>
<td>545,284</td>
</tr>
<tr>
<td>Current service cost</td>
<td>56,292</td>
<td>37,257</td>
</tr>
<tr>
<td>Interest cost</td>
<td>39,035</td>
<td>42,096</td>
</tr>
<tr>
<td>Benefits paid from plan assets</td>
<td>(26,059)</td>
<td>(37,345)</td>
</tr>
<tr>
<td>Benefits paid from book reserve</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Remeasurement loss</td>
<td>127,120</td>
<td>113,509</td>
</tr>
<tr>
<td>End of the year</td>
<td>897,189</td>
<td>700,801</td>
</tr>
</tbody>
</table>

The movements in the fair value of plan assets for the years ended December 31 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning of the year</td>
<td>340,362</td>
<td>289,272</td>
</tr>
<tr>
<td>Interest income</td>
<td>18,511</td>
<td>22,280</td>
</tr>
<tr>
<td>Contributions</td>
<td>10,000</td>
<td>36,000</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>(26,059)</td>
<td>(37,345)</td>
</tr>
<tr>
<td>Remeasurement (loss) gain</td>
<td>(2,379)</td>
<td>30,155</td>
</tr>
<tr>
<td>End of the year</td>
<td>340,435</td>
<td>340,362</td>
</tr>
</tbody>
</table>
Plan assets as at December 31 consist of:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th></th>
<th>2019</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount</td>
<td>Percentage</td>
<td>Amount</td>
<td>Percentage</td>
</tr>
<tr>
<td>Debt</td>
<td>220,994</td>
<td>65%</td>
<td>257,597</td>
<td>76%</td>
</tr>
<tr>
<td>Equity</td>
<td>71,058</td>
<td>21%</td>
<td>62,392</td>
<td>18%</td>
</tr>
<tr>
<td>Others</td>
<td>48,383</td>
<td>14%</td>
<td>20,373</td>
<td>6%</td>
</tr>
<tr>
<td></td>
<td>340,435</td>
<td>100%</td>
<td>340,362</td>
<td>100%</td>
</tr>
</tbody>
</table>

Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. The largest proportion of assets is invested in government securities, although the Plan also invests in shares of stocks and special deposit account. The majority of listed stocks are in a diversified portfolio of blue chip entities.

Investments in shares of stock of MPIC (entity with significant influence) as at December 31, 2019 amounted to P354 (Note 9). All investment placements of funds are subject for approval by the Treasurer. The Plan recognized net gain of P118 on its investments in shares of stock of a related party for the year ended December 31, 2019. No investments in shares of stock of MPIC were made by the trustee bank as of 2020.

The amount and timing of contributions to the fund are made at the Company’s discretion. The Company contributed P10,000 to the fund for the year ended December 31, 2020 (2019 - P36,000). Expected contributions to retirement benefit plan for the year ending December 31, 2021 is P33,000.

The movements in the retirement benefit obligation recognized in the consolidated statements of financial position for the years ended December 31 are as follows:

<table>
<thead>
<tr>
<th>Note</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning of the year</td>
<td>360,439</td>
<td>256,012</td>
</tr>
<tr>
<td>Retirement benefit expense recognized in profit or loss</td>
<td>76,816</td>
<td>57,073</td>
</tr>
<tr>
<td>Remeasurements on retirement benefits recognized in OCI</td>
<td>129,499</td>
<td>83,354</td>
</tr>
<tr>
<td>Contributions during the year</td>
<td>(10,000)</td>
<td>(36,000)</td>
</tr>
<tr>
<td>End of the year</td>
<td>556,754</td>
<td>360,439</td>
</tr>
</tbody>
</table>

The movements in the remeasurements on retirement benefits recognized in the consolidated statements of financial position for the years ended December 31 are as follows:

<table>
<thead>
<tr>
<th>Note</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning of the year</td>
<td>(74,408)</td>
<td>(16,060)</td>
</tr>
<tr>
<td>Remeasurements on retirement benefits recognized in OCI</td>
<td>(129,499)</td>
<td>(83,354)</td>
</tr>
<tr>
<td>Deferred tax adjustment</td>
<td>38,850</td>
<td>25,006</td>
</tr>
<tr>
<td>End of the year</td>
<td>(165,057)</td>
<td>(74,408)</td>
</tr>
</tbody>
</table>
The components of retirement benefit expense for each of the three years in the period ended December 31 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current service cost</td>
<td>56,292</td>
<td>37,257</td>
<td>30,299</td>
</tr>
<tr>
<td>Net interest cost</td>
<td>20,524</td>
<td>19,816</td>
<td>9,042</td>
</tr>
<tr>
<td>Retirement benefit expense charged to profit or loss</td>
<td>76,816</td>
<td>57,073</td>
<td>39,341</td>
</tr>
<tr>
<td>Remeasurement loss (gain) on defined benefit obligation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due to change in financial assumption</td>
<td>123,429</td>
<td>109,403</td>
<td>(18,807)</td>
</tr>
<tr>
<td>Due to demographic assumption</td>
<td>4,073</td>
<td>27,896</td>
<td>6,576</td>
</tr>
<tr>
<td>Due to experience adjustment</td>
<td>(382)</td>
<td>(23,790)</td>
<td>76,918</td>
</tr>
<tr>
<td></td>
<td>127,120</td>
<td>113,509</td>
<td>64,687</td>
</tr>
<tr>
<td>Remeasurement (gain) loss on plan assets</td>
<td>2,379</td>
<td>(30,155)</td>
<td>48,049</td>
</tr>
<tr>
<td>Remeasurements on retirement benefits recognized in OCI</td>
<td>129,499</td>
<td>83,354</td>
<td>112,736</td>
</tr>
</tbody>
</table>

Retirement benefit expense is recognized in profit or loss under the following line items for each of the three years in the period ended December 31 (Note 15):

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of services</td>
<td>47,806</td>
<td>35,681</td>
<td>24,791</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>29,010</td>
<td>21,392</td>
<td>14,550</td>
</tr>
<tr>
<td></td>
<td>76,816</td>
<td>57,073</td>
<td>39,341</td>
</tr>
</tbody>
</table>

The principal actuarial assumptions as at December 31 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate</td>
<td>3.71%</td>
<td>5.57%</td>
</tr>
<tr>
<td>Future salary increase rate</td>
<td>5.75%</td>
<td>6.00%</td>
</tr>
</tbody>
</table>

The discount rate assumption is based on the theoretical spot yield curve calculated from the Bankers Association of the Philippines (BAP) PHP Bloomberg BVAL Reference Rates (BVAL) benchmark reference curve for the government securities market by stripping the coupons from government bonds to create virtual zero coupon bonds and considering the average years of remaining working life of the employees as the estimated term of the benefit obligation.

Assumptions regarding future salary increase rates take into account the inflation, seniority, promotion, merit, productivity and other market factors. The salary increase rate affects all future years and not just the succeeding year. As such, the rate should be sustainable over the long-term.

Assumptions regarding future mortality rate are set based on advice from published statistics and experience in each territory.
Critical accounting estimate and assumption: Retirement benefit obligation

The determination of the obligation and cost for retirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, discount rate and rate of salary increase. Any changes in these assumptions will impact the carrying amount of the retirement benefit obligation.

The Parent Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement benefit obligation. In determining the appropriate discount rate, the Parent Company considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related retirement benefit obligation.

The salary increase rate is used to project current salaries into the future to determine the amount of the salary related benefit payable at a future date considering the effects of productivity improvement, inflation and promotional increases. A higher salary increase rate will lead to a higher expected amount of benefits to be paid, and consequently, a higher retirement benefit obligation and retirement expense.

Other key assumptions for retirement benefit obligation are based in part on current market conditions.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumption as at December 31 is as follows:

<table>
<thead>
<tr>
<th></th>
<th>Change in assumption</th>
<th>Increase in assumption</th>
<th>Decrease in assumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020 Discount rate</td>
<td>+/-1.00%</td>
<td>(80,136)</td>
<td>93,874</td>
</tr>
<tr>
<td>2019 Discount rate</td>
<td>+/-1.00%</td>
<td>(54,808)</td>
<td>63,051</td>
</tr>
<tr>
<td>2020 Salary increase rate</td>
<td>+/-1.00%</td>
<td>90,983</td>
<td>(79,399)</td>
</tr>
<tr>
<td>2019 Salary increase rate</td>
<td>+/-1.00%</td>
<td>62,147</td>
<td>(55,085)</td>
</tr>
</tbody>
</table>

The sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the retirement benefit obligation recognized within the consolidated statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

Through its defined benefit retirement plan, the Parent Company is exposed to a number of risks, the most significant of which are detailed below:

- Asset volatility - The plan liabilities are calculated using a discount rate based on the theoretical spot yield curve calculated from the Bankers Association of the Philippines Bloomberg BVAL reference rates benchmark reference curve for government securities market by stripping the coupons from government bonds to create virtual zero coupon bonds; if plan assets underperform this yield, this will create a deficit.
As the plans mature, the Parent Company intends to reduce the level of investment risk by investing more in assets that better match the liabilities. However, the Parent Company believes that due to the long-term nature of the plan liabilities and the strength of the supporting group, a level of continuing equity investment is an appropriate element of the Parent Company’s long-term strategy to manage the plans efficiently.

- **Changes in bond yields** - A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans’ bond holdings.

- **Inflation risk** - Higher inflation will lead to higher liabilities. The majority of the plan’s assets are either unaffected by (fixed interest bonds) or loosely correlated with (equities) inflation, meaning that an increase in inflation will also increase the deficit.

- **Life expectancy** - The majority of the plan’s obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan’s liabilities.

As at December 31, 2020, the average remaining working life of the employees is 27.3 years (2019 - 28.2 years).

Expected maturity analysis of undiscounted retirement benefit payments as at December 31 is as follows:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than a year</td>
<td>63,047</td>
<td>60,809</td>
</tr>
<tr>
<td>Between 1-2 years</td>
<td>136,138</td>
<td>136,668</td>
</tr>
<tr>
<td>Between 2-5 years</td>
<td>168,287</td>
<td>161,837</td>
</tr>
<tr>
<td>Between 5-10 years</td>
<td>499,004</td>
<td>467,701</td>
</tr>
</tbody>
</table>

**Note 12 - Equity**

*Share capital, capital in excess of par value and treasury shares*

Details of authorized share capital as at December 31, 2020 and 2019 in absolute amounts are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Number of shares</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authorized share capital (P100 par value per share)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Founders’ shares</td>
<td>22</td>
<td>2,200</td>
</tr>
<tr>
<td>Common shares</td>
<td>3,949,978</td>
<td>394,997,800</td>
</tr>
<tr>
<td>Preferred shares</td>
<td>50,000</td>
<td>5,000,000</td>
</tr>
<tr>
<td></td>
<td><strong>4,000,000</strong></td>
<td><strong>400,000,000</strong></td>
</tr>
</tbody>
</table>

Details of common shares issued and outstanding as at December 31 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issued common shares (P100 par value per share)</td>
<td>Number of shares</td>
<td>Amount in thousands</td>
</tr>
<tr>
<td>Beginning of the year</td>
<td>3,427,117</td>
<td>342,712</td>
</tr>
<tr>
<td>Issuance during the year</td>
<td>1,500</td>
<td>150</td>
</tr>
<tr>
<td>End of the year</td>
<td>3,428,617</td>
<td>342,862</td>
</tr>
<tr>
<td>Treasury shares, at cost</td>
<td>Number of shares</td>
<td>Amount in thousands</td>
</tr>
<tr>
<td>Beginning of the year</td>
<td>7,880</td>
<td>15,036</td>
</tr>
<tr>
<td>Repurchased during the year</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>End of the year</td>
<td>7,880</td>
<td>15,036</td>
</tr>
</tbody>
</table>

(23)
For the year ended December 31, 2020, a total of 1,500 common shares (2019 - 29,750 common shares) were issued at P100 par value per share to practicing doctors for total consideration received of P3,436 (2019 - P61,598). The issuance resulted in the recognition of P3,286 (2019 - P58,623) capital in excess of par value in the consolidated statements of financial position in 2020.

The movements in the capital in excess of par value for the years ended December 31 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning of the year</td>
<td>1,698,324</td>
<td>1,639,701</td>
</tr>
<tr>
<td>Issuance during the year</td>
<td>3,286</td>
<td>58,623</td>
</tr>
<tr>
<td>End of the year</td>
<td>1,701,610</td>
<td>1,698,324</td>
</tr>
</tbody>
</table>

Retained earnings: dividends payable

The Parent Company’s BOD authorized and approved the declaration and payment of cash dividends as follows:

<table>
<thead>
<tr>
<th>Declaration date</th>
<th>Payment date</th>
<th>Shareholder beneficiaries as of record date</th>
<th>From retained earnings as at December 31</th>
<th>Dividend per share</th>
<th>Total dividends</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 17, 2018</td>
<td>August 30, 18</td>
<td>July 31, 2018</td>
<td>2017</td>
<td>30.00</td>
<td>101,505</td>
</tr>
<tr>
<td>November 23, 2018</td>
<td>January 18, 19</td>
<td>December 21, 2018</td>
<td>2017</td>
<td>30.00</td>
<td>101,685</td>
</tr>
</tbody>
</table>

On April 30, 2019, CIII’s BOD authorized and approved the declaration and payment of cash dividends amounting to P18,068 (dividend per share of P602.28). The 40% share of the non-controlling interest amounting to P7,227 is presented as part of dividends declared for the year ended December 31, 2019.

Details of unpaid amounts from the Group’s dividend declarations as at December 31 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning of the year</td>
<td>168,129</td>
<td>119,169</td>
</tr>
<tr>
<td>Declaration of dividends during the year</td>
<td>-</td>
<td>278,771</td>
</tr>
<tr>
<td>Payment of dividends during the year</td>
<td>(130,354)</td>
<td>(229,811)</td>
</tr>
<tr>
<td>End of the year</td>
<td>37,775</td>
<td>168,129</td>
</tr>
</tbody>
</table>

Dividends payable, net of final withholding tax, amounting to P37,053 (2019 - P167,407) pertains to unpaid amounts to shareholders which includes P6,505 share of non-controlling interest.

Dividends payable as at December 31, 2020 are expected to be settled in 2021.

Excess retained earnings

On March 11, 2019, the Parent Company’s BOD approved the appropriation of P600 million for the expansion and renovation projects and continuous modernization of medical equipment which is expected to happen in 2019. On March 27, 2020, the Parent Company’s BOD approved to retain the appropriation considering that the purposes for which the appropriation was made have yet to be completed. On March 18, 2021, the BOD further approved to retain the appropriation considering the postponement of the planned expansion projects due to impact of COVID-19. The Parent Company also plans to declare dividends in 2021.
Note 13 - Gross revenues

Disaggregated revenue information

Set out below is the disaggregation of the Group’s sales of services for the years ended December 31:

<table>
<thead>
<tr>
<th></th>
<th>Note</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Patient revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In-patient</td>
<td></td>
<td>3,480,683</td>
<td>4,009,655</td>
<td>3,788,898</td>
</tr>
<tr>
<td>Out-patient</td>
<td></td>
<td>2,377,703</td>
<td>3,085,890</td>
<td>2,743,437</td>
</tr>
<tr>
<td>Emergency</td>
<td></td>
<td>417,668</td>
<td>637,510</td>
<td>515,190</td>
</tr>
<tr>
<td></td>
<td></td>
<td>6,276,054</td>
<td>7,733,055</td>
<td>7,047,525</td>
</tr>
<tr>
<td>Rental income from doctors</td>
<td></td>
<td>21.2</td>
<td>32,049</td>
<td>38,422</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>38,861</td>
<td>38,861</td>
</tr>
<tr>
<td></td>
<td></td>
<td>6,308,103</td>
<td>7,771,477</td>
<td>7,086,386</td>
</tr>
</tbody>
</table>

The Group’s revenue substantially comprises of services whose revenues are recognized over time within the fulfillment of services which is one (1) day for emergency and out-patient services and an average of six (6) days for in-patient services.

Note 14 - Discounts and free services

The components of discounts and free services for each of the three years in the period ended December 31 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regular discounts</td>
<td>684,511</td>
<td>766,614</td>
<td>678,015</td>
</tr>
<tr>
<td>Employees’ dependents</td>
<td>37,618</td>
<td>45,938</td>
<td>36,408</td>
</tr>
<tr>
<td>Charity programs</td>
<td>19,000</td>
<td>28,453</td>
<td>29,117</td>
</tr>
<tr>
<td></td>
<td>741,129</td>
<td>841,005</td>
<td>743,540</td>
</tr>
</tbody>
</table>
Note 15 - Expenses by nature

The nature of expenses for each of the three years in the period ended December 31 is as follows:

<table>
<thead>
<tr>
<th>Notes</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Drugs, medicines and supplies</td>
<td>4</td>
<td>1,835,719</td>
<td>2,022,649</td>
</tr>
<tr>
<td>Salaries and wages</td>
<td></td>
<td>1,039,576</td>
<td>1,147,732</td>
</tr>
<tr>
<td>Depreciation</td>
<td>6</td>
<td>631,425</td>
<td>601,375</td>
</tr>
<tr>
<td>Contracted services</td>
<td></td>
<td>440,089</td>
<td>483,209</td>
</tr>
<tr>
<td>Professional services</td>
<td></td>
<td>401,351</td>
<td>519,772</td>
</tr>
<tr>
<td>Provision for impairment of receivables</td>
<td>3</td>
<td>217,272</td>
<td>203,823</td>
</tr>
<tr>
<td>Employee benefits</td>
<td></td>
<td>201,302</td>
<td>198,102</td>
</tr>
<tr>
<td>Utilities</td>
<td></td>
<td>169,494</td>
<td>225,242</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td></td>
<td>131,581</td>
<td>162,221</td>
</tr>
<tr>
<td>Security and janitorial services</td>
<td></td>
<td>124,876</td>
<td>141,466</td>
</tr>
<tr>
<td>Dietary, linen and laundry services</td>
<td></td>
<td>81,471</td>
<td>113,058</td>
</tr>
<tr>
<td>Retirement benefit expense</td>
<td>11</td>
<td>76,816</td>
<td>57,073</td>
</tr>
<tr>
<td>Taxes and licenses</td>
<td></td>
<td>51,255</td>
<td>72,878</td>
</tr>
<tr>
<td>Transportation expense</td>
<td></td>
<td>40,330</td>
<td>3,731</td>
</tr>
<tr>
<td>Computer programming</td>
<td></td>
<td>40,071</td>
<td>40,256</td>
</tr>
<tr>
<td>Entertainment and representation</td>
<td></td>
<td>30,058</td>
<td>44,981</td>
</tr>
<tr>
<td>Commission expense</td>
<td></td>
<td>29,688</td>
<td>33,719</td>
</tr>
<tr>
<td>Communication and transportation</td>
<td></td>
<td>13,855</td>
<td>13,221</td>
</tr>
<tr>
<td>Insurance</td>
<td></td>
<td>11,017</td>
<td>9,154</td>
</tr>
<tr>
<td>Rent</td>
<td>21.2</td>
<td>8,340</td>
<td>13,453</td>
</tr>
<tr>
<td>Advertising</td>
<td></td>
<td>8,010</td>
<td>23,555</td>
</tr>
<tr>
<td>Training</td>
<td></td>
<td>5,644</td>
<td>17,318</td>
</tr>
<tr>
<td>Photocopying</td>
<td></td>
<td>3,717</td>
<td>5,901</td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td>21,475</td>
<td>29,317</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5,614,432</td>
<td>6,183,206</td>
</tr>
</tbody>
</table>

The following are the classification of expenses in profit or loss for each of the three years in the period ended December 31:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of services</td>
<td>3,958,146</td>
<td>4,353,590</td>
<td>3,994,340</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>1,656,286</td>
<td>1,829,616</td>
<td>1,616,506</td>
</tr>
<tr>
<td></td>
<td>5,614,432</td>
<td>6,183,206</td>
<td>5,610,846</td>
</tr>
</tbody>
</table>

Cost of services mainly consists of drugs, medicine, dietary, linen, salaries and professional fees of doctors and nurses, utilities, depreciation of medical equipment and repairs and maintenance expense.

Administrative expenses primarily consist of depreciation, contracted services, office supplies, utilities, taxes and licenses, communication and commission expense.
Note 16 - Other income, net

The components of other income for each of the three years in the period ended December 31 are as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Notes</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rental income from concessionaires</td>
<td>21.2</td>
<td>50,022</td>
<td>68,274</td>
<td>64,381</td>
</tr>
<tr>
<td>Income from other services</td>
<td></td>
<td>25,867</td>
<td>39,628</td>
<td>22,578</td>
</tr>
<tr>
<td>(Loss) gain on disposal of property and equipment</td>
<td>(2,148)</td>
<td>8,676</td>
<td>(500)</td>
<td></td>
</tr>
<tr>
<td>Interest income</td>
<td>2</td>
<td>2,816</td>
<td>4,095</td>
<td>6,326</td>
</tr>
<tr>
<td>Reversal of payables</td>
<td></td>
<td>17,315</td>
<td>1,864</td>
<td>-</td>
</tr>
<tr>
<td>Scrap sales</td>
<td></td>
<td>192</td>
<td>417</td>
<td>2,124</td>
</tr>
<tr>
<td>Foreign exchange (loss) gain, net</td>
<td>20</td>
<td>(2,636)</td>
<td>(691)</td>
<td>2,087</td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td>3,149</td>
<td>3,217</td>
<td>1,549</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>94,577</td>
<td>125,480</td>
<td>98,545</td>
</tr>
</tbody>
</table>

Income from other hospital services mainly consists of parking income, affiliation and internship fees.

Reversal of payables pertains to long outstanding payables written back where no claims for payments from suppliers were received by the Group.

Note 17 - Income tax

Deferred income tax (DIT) assets and liabilities as at December 31 reflect the 30% income tax effect of the following temporary differences:

<table>
<thead>
<tr>
<th>Description</th>
<th>Notes</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>DIT assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retirement benefit obligation</td>
<td>11</td>
<td>167,026</td>
<td>108,132</td>
</tr>
<tr>
<td>Provision for impairment of receivables</td>
<td></td>
<td>104,577</td>
<td>75,475</td>
</tr>
<tr>
<td>Provision for medical benefits</td>
<td>10</td>
<td>31,486</td>
<td>31,177</td>
</tr>
<tr>
<td>Leases (PFRS 16)</td>
<td>21.2</td>
<td>19,679</td>
<td>17,448</td>
</tr>
<tr>
<td>Provision for inventory losses</td>
<td>4</td>
<td>4,103</td>
<td>4,109</td>
</tr>
<tr>
<td>Provision for impairment of property and equipment</td>
<td>6</td>
<td>4,019</td>
<td>4,019</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>330,890</td>
<td>240,360</td>
</tr>
<tr>
<td><strong>DIT liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Appraisal surplus on:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>6</td>
<td>(1,218,761)</td>
<td>(1,218,761)</td>
</tr>
<tr>
<td>Buildings and building improvements</td>
<td>6</td>
<td>(116,661)</td>
<td>(120,552)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>(1,335,422)</td>
<td>(1,339,313)</td>
</tr>
</tbody>
</table>

(27)
The maturity of DIT assets and liabilities as at December 31 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>DIT assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DIT assets to be realized after 12 months</td>
<td>219,983</td>
<td>158,549</td>
</tr>
<tr>
<td>DIT assets to be realized within 12 months</td>
<td>110,907</td>
<td>81,811</td>
</tr>
<tr>
<td></td>
<td>330,890</td>
<td>240,360</td>
</tr>
<tr>
<td><strong>DIT liabilities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DIT liabilities to be settled after 12 months</td>
<td>(1,331,531)</td>
<td>(1,335,705)</td>
</tr>
<tr>
<td>DIT liabilities to be settled within 12 months</td>
<td>(3,891)</td>
<td>(3,608)</td>
</tr>
<tr>
<td></td>
<td>(1,335,422)</td>
<td>(1,339,313)</td>
</tr>
<tr>
<td><strong>DIT liabilities, net</strong></td>
<td>(1,004,532)</td>
<td>(1,098,953)</td>
</tr>
</tbody>
</table>

The movements in DIT assets for the years ended December 31 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Note</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning of the year</td>
<td></td>
<td>240,360</td>
<td>164,372</td>
</tr>
<tr>
<td>Credited in profit or loss</td>
<td></td>
<td>51,680</td>
<td>50,982</td>
</tr>
<tr>
<td>Credited in OCI</td>
<td>11</td>
<td>38,850</td>
<td>25,006</td>
</tr>
<tr>
<td>End of the year</td>
<td></td>
<td>330,890</td>
<td>240,360</td>
</tr>
</tbody>
</table>

Realization of future tax benefit related to DIT assets is dependent on the Group’s ability to generate future taxable income during the periods in which these are expected to be recovered. The Group has considered these factors in reaching a conclusion as to the amount of DIT assets recognized as at December 31, 2020 and 2019 and regularly reviews the recoverability of the DIT assets recognized.

For the year ended December 31, 2020, unrecognized DIT assets amounting to P9,245 (2019 - P10,929) relate to DIT assets of CIII that cannot be recovered in the near future based on management’s assessment over income projection.

The movements in DIT liabilities for the years ended December 31 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Note</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning of the year</td>
<td></td>
<td>1,339,313</td>
<td>1,013,896</td>
</tr>
<tr>
<td>(Credited) debited in profit or loss</td>
<td></td>
<td>-</td>
<td>(437)</td>
</tr>
<tr>
<td>(Credited) debited in OCI</td>
<td>19</td>
<td>(3,891)</td>
<td>325,854</td>
</tr>
<tr>
<td>End of the year</td>
<td></td>
<td>1,335,422</td>
<td>1,339,313</td>
</tr>
</tbody>
</table>

The reconciliation of income tax expense computed at the statutory tax rate to the actual income tax expense for each of the three years in the period ended December 31 is as follows:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income tax (benefit) expense at statutory tax rate of 30% on (loss) profit before income tax</td>
<td>(1,570)</td>
<td>244,037</td>
<td>235,061</td>
</tr>
<tr>
<td>Adjustments to income tax expense:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation on appraisal increase</td>
<td>3,894</td>
<td>3,972</td>
<td>3,972</td>
</tr>
<tr>
<td>Non-deductible items</td>
<td>(1,151)</td>
<td>2,370</td>
<td>4,320</td>
</tr>
<tr>
<td>Unrecognized DIT assets</td>
<td>35</td>
<td>469</td>
<td>3,184</td>
</tr>
<tr>
<td>Interest income subject to final tax</td>
<td>(844)</td>
<td>(1,229)</td>
<td>(1,898)</td>
</tr>
<tr>
<td>Applied NOLCO</td>
<td>-</td>
<td>(6,145)</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>364</td>
<td>243,474</td>
<td>244,639</td>
</tr>
</tbody>
</table>

(28)
Income tax expense for each of the three years in the period ended December 31 consists of:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td>52,044</td>
<td>294,481</td>
<td>248,790</td>
</tr>
<tr>
<td>Deferred</td>
<td>(51,680)</td>
<td>(51,007)</td>
<td>(4,151)</td>
</tr>
<tr>
<td></td>
<td>364</td>
<td>243,474</td>
<td>244,639</td>
</tr>
</tbody>
</table>

In compliance with the Tax Reform Act ("the Act") of 1997, the Group shall pay the higher between the normal income tax and Minimum Corporate Income Tax (MCIT) equivalent to 2% of gross income, as defined under the Act. Any excess of the MCIT over the normal income tax shall be carried forward annually and credited against the normal income tax for the next three consecutive taxable years immediately following the year the MCIT was paid. The same Act also provides for a net operating loss carry over (NOLCO) privilege which can be carried over as a deduction for the three immediately succeeding taxable years following the year such loss was incurred. However under the Republic Act No. 11494 (Bayanihan to Recover as One Act), the NOLCO for the taxable years 2020 and 2021 can be carried over as a deduction for the next five (5) consecutive taxable years immediately following the year of such loss.

In 2020, CIII incurred MCIT amounting to P1 which will expire on 2025 (2019 - P412, which will expire on 2022). As at December 31, 2020 and 2019, management, in consideration that no future taxable income is expected to be generated from operations, decided not to recognize its excess MCIT in the consolidated statements of financial position.

Optional standard deduction (OSD)

On December 20, 2008, Revenue Regulations No. 16-2008 on the OSD was published. The regulation prescribed the rules for the OSD application by corporations in the computation of their final taxable income. For corporations, OSD shall be 40% based on gross income; “cost of goods sold” and “cost of services” will be allowed to be deducted from gross sales.

The Group did not avail of the OSD for purposes of income tax calculation for each of the three years in the period ended December 31, 2020.

**Note 18 - (Loss) earnings per share**

The following table presents information necessary to calculate basic and diluted (loss) earnings per share for each of the three years in the period ended December 31:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Loss) profit attributable to owners of the Parent Company</td>
<td>(5,555)</td>
<td>562,420</td>
<td>541,632</td>
</tr>
<tr>
<td>Divided by:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weighted average number of common shares</td>
<td>3,402</td>
<td>3,402</td>
<td>3,384</td>
</tr>
<tr>
<td>(Loss) earnings per share - basic and diluted</td>
<td>(1.63)</td>
<td>165.32</td>
<td>160.06</td>
</tr>
</tbody>
</table>

There are no dilutive potential common shares for each of the three years in the period ended December 31, 2020.
Note 19 - Revaluation surplus

The movements in revaluation surplus account for the period ended December 31 are as follows:

<table>
<thead>
<tr>
<th>Notes</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning of the year</td>
<td>3,100,677</td>
<td>2,340,351</td>
</tr>
<tr>
<td>Additional appraisal surplus on land and buildings and building improvements</td>
<td>6</td>
<td>-</td>
</tr>
<tr>
<td>Recognition of deferred tax liability on land and buildings and building improvements appraisal</td>
<td>17</td>
<td>-</td>
</tr>
<tr>
<td>Transfer of depreciation on appraisal to retained earnings</td>
<td>6</td>
<td>(12,978)</td>
</tr>
<tr>
<td>Reversal of deferred tax on depreciation</td>
<td>17</td>
<td>3,891</td>
</tr>
<tr>
<td>End of the year</td>
<td>3,091,590</td>
<td>3,100,677</td>
</tr>
</tbody>
</table>

Note 20 - Foreign currency denominated assets and liabilities

The Group’s foreign currency denominated assets and liabilities as at December 31 is as follows:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>USD</td>
<td>Euro</td>
</tr>
<tr>
<td>Current assets</td>
<td>406</td>
<td>174</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>(11)</td>
<td>-</td>
</tr>
<tr>
<td>Net foreign currency denominated assets</td>
<td>395</td>
<td>174</td>
</tr>
<tr>
<td>Closing rate at December 31</td>
<td>48.04</td>
<td>58.69</td>
</tr>
<tr>
<td>Equivalents in Philippine Peso</td>
<td>18,976</td>
<td>10,212</td>
</tr>
</tbody>
</table>

The closing rate used by the Group approximates the closing rate prescribed by the Bangko Sentral ng Pilipinas at reporting date.

Foreign exchange (loss) gain, net for each of the three years in the period ended December 31 is as follows (Note 16):

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrealized foreign exchange (loss) gain, net</td>
<td>(2,038)</td>
<td>(653)</td>
<td>1,457</td>
</tr>
<tr>
<td>Realized foreign exchange (loss) gain, net</td>
<td>(598)</td>
<td>(38)</td>
<td>630</td>
</tr>
<tr>
<td></td>
<td>(2,636)</td>
<td>(691)</td>
<td>2,087</td>
</tr>
</tbody>
</table>

Note 21 - Commitments

21.1 Capital commitments

Capital expenditures relating to the on-going renovation of the buildings and equipment purchases contracted for at December 31, 2020 but not yet incurred amounted to P262,012 (2019 - P440,161).

21.2 Lease agreements

When the Parent Company is the lessee

The Parent Company entered into various lease agreements with a third-party lessor. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests of the lessor. None of the leased properties were used as security for borrowing purposes.
(i) Clinical facilities, back office and parking spaces

On June 17, 2014, the Parent Company entered into a non-cancellable lease agreement with Adelantado Corporation covering certain floors at Keyland Centre to serve as additional clinical facilities of the Parent Company, its back office and parking spaces with a term of 5 years beginning April 15, 2014 until April 14, 2019. In 2015, the lease term was amended and extended to 10 years beginning from its original commencement date until April 14, 2024. The lease is renewable upon mutual agreement by both parties. The lease agreement includes provision for rent-free period and an escalation rate during term of the lease.

The foregoing lease agreement requires the Parent Company to pay refundable security deposit amounting to P13,375. The carrying amount of the refundable deposit approximates its fair value as the effect of discounting is immaterial. This is presented as part of other non-current assets.

(ii) Wellness center and parking spaces

On January 25, 2019, the Parent Company entered into lease agreements with various lessors covering office space to serve as the wellness center of the Company and several parking lots. The lease agreements have various terms and renewable upon mutual agreement. Following is the summary of the leases:

<table>
<thead>
<tr>
<th>Lessor</th>
<th>Location</th>
<th>Area/Parking stalls</th>
<th>Original term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ayala Land, Inc.</td>
<td>Ayala North Exchange</td>
<td>1,638.45 sqm.;</td>
<td>February 1, 2019 to January 31, 2024</td>
</tr>
<tr>
<td></td>
<td>Tower 1</td>
<td>21 parking stalls</td>
<td>January 1, 2024</td>
</tr>
<tr>
<td>Ayala Land, Inc.</td>
<td>City Gate</td>
<td>101 parking stalls</td>
<td>January 1, 2019 to December 31, 2029</td>
</tr>
<tr>
<td>One Dela Rosa Property</td>
<td>Ayala North Exchange</td>
<td>28 parking stalls</td>
<td>May 1, 2019 to December 31, 2029</td>
</tr>
<tr>
<td>Development, Inc.</td>
<td>Tower 1</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The Parent Company paid refundable security deposit in relation to the above lease agreements as at December 31, 2020 and 2019 amounting to P9,473. The carrying amount of the refundable deposit approximates its fair value as the effect of discounting is immaterial. This is presented as part of other non-current assets.

(iii) Others

The Parent Company has various operating non-cancellable lease agreements for the use of equipment, office furniture and other vehicles. Rent expense for the year ended December 31, 2020 on short-term leases and low-value assets are presented under cost of services and administrative expenses amounted to P8,340 (2019 - P13,453) (Note 15). Accrued rent relating to leases of short-term and low-value assets as at December 31, 2020 amounted to P567 (2019 - P1,327) (Note 7).
Amounts recognized in the consolidated statements of financial position

Following the adoption of PFRS 16 on January 1, 2019, the leased assets are presented as part of the property and equipment (Note 6) in the consolidated statements of financial position. The consolidated statements of financial position show the following amounts relating to leases as at December 31:

<table>
<thead>
<tr>
<th></th>
<th>Notes</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Right-of-use asset, net</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office and parking spaces</td>
<td>6</td>
<td>303,550</td>
<td>384,785</td>
</tr>
<tr>
<td><strong>Lease liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current</td>
<td></td>
<td>86,299</td>
<td>73,812</td>
</tr>
<tr>
<td>Non-current</td>
<td></td>
<td>253,887</td>
<td>340,186</td>
</tr>
<tr>
<td></td>
<td></td>
<td>340,186</td>
<td>413,998</td>
</tr>
<tr>
<td>Deferred tax asset on:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Right-of-use asset</td>
<td></td>
<td>110,744</td>
<td>132,883</td>
</tr>
<tr>
<td>Lease liabilities</td>
<td></td>
<td>(91,065)</td>
<td>(115,435)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>17</td>
<td>19,679</td>
</tr>
</tbody>
</table>

The movements in lease liabilities are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning of the year</td>
<td>413,998</td>
<td>288,464</td>
</tr>
<tr>
<td>Additions during the year</td>
<td>-</td>
<td>207,095</td>
</tr>
<tr>
<td>Lease payments:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Principal</td>
<td>(73,812)</td>
<td>(81,561)</td>
</tr>
<tr>
<td>Interest</td>
<td>(29,650)</td>
<td>(26,091)</td>
</tr>
<tr>
<td>Accretion of interest</td>
<td>29,650</td>
<td>26,091</td>
</tr>
<tr>
<td>End of the year</td>
<td>340,186</td>
<td>413,998</td>
</tr>
</tbody>
</table>

Amounts recognized in the consolidated statements of total comprehensive income

The consolidated statements of total comprehensive income shows the following amounts relating to leases:

<table>
<thead>
<tr>
<th></th>
<th>Notes</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation of right-of-use assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office and parking spaces</td>
<td>6</td>
<td>81,235</td>
<td>78,615</td>
</tr>
<tr>
<td>Interest expense (included in finance costs)</td>
<td></td>
<td>29,650</td>
<td>26,091</td>
</tr>
<tr>
<td>Expense relating to leases of low-value assets and short-term leases (included in cost of services and administrative expenses)</td>
<td>15</td>
<td>8,340</td>
<td>13,453</td>
</tr>
<tr>
<td></td>
<td></td>
<td>119,225</td>
<td>118,159</td>
</tr>
</tbody>
</table>

The total cash outflow for leases, including short-term leases and leases of low-value assets, as at December 31, 2020 is P112,562 (2019 - P119,778).
(iv) **Discount rate**

The lease payments for all leased assets are discounted using the lessee’s incremental borrowing rate, being the rate that the individual lessee 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.

**Critical estimates in determining incremental borrowing rate**

To determine the incremental borrowing rate, the Parent Company used a single incremental borrowing rate lifted from the Parent Company’s recent loan which is adjusted based on the movement of the comparable BVAL or PDST-R2 rates from the date of the loan to the date of the adoption of the new lease standards. The discount rate applied by the Parent Company is 7.41%.

(v) **Extension and termination options**

Extension and termination options are included in the lease agreements of the Parent Company. These are used to maximize operational flexibility in terms of managing the assets used in the Parent Company operations. The extension and termination options are exercisable only upon written agreement by the Parent Company and the lessor under terms and conditions acceptable to both parties.

**Accounting judgment in determining the lease term**

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 the lease is reasonably certain to be extended (or not terminated). The Parent Company considers the factors as the most relevant in assessing the options:

- If there are significant penalties to terminate (or not extend), the Parent Company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Parent Company is typically reasonably certain to extend (or not terminate).
- Otherwise, the Parent Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Most extension options in leases have not been included in the lease liability because renewal is unlikely given that there are no economic incentives present upon renewal, and/or there are no significant leasehold improvements in the leased premises. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

(vi) **Reconciliation of operating lease commitments and lease liability**

The reconciliation between the operating lease commitments disclosed in applying PAS 17 at December 31, 2018 discounted using the Parent Company’s incremental borrowing rate and the lease liability recognized as at January 1, 2019 is as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating lease commitments, December 31, 2018</td>
<td>367,776</td>
</tr>
<tr>
<td>Less: discounting effect</td>
<td>(79,312)</td>
</tr>
<tr>
<td><strong>Lease liability, January 1, 2019</strong></td>
<td>288,464</td>
</tr>
</tbody>
</table>
The effects of adoption of PFRS 16 on the Group’s financial statements as at January 1, 2019 are as follows:

<table>
<thead>
<tr>
<th>Increase (decrease)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Lease liabilities</td>
<td>288,464</td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>256,305</td>
</tr>
<tr>
<td>Deferred tax asset on accrued lease (straight-lining)</td>
<td>(15,735)</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>(20,292)</td>
</tr>
<tr>
<td>Accrued rent</td>
<td>(52,451)</td>
</tr>
</tbody>
</table>

Where the Group is the lessor

The Parent Company has various non-cancellable agreements for leases of clinics and commercial spaces located within the Hospital to doctors and concessionaires for a period of not more than 1 year and with renewal options for another year as mutually agreed by both parties. Refundable deposits from these lease agreements amounted to P4,345 as at December 31, 2020 (2019 - P4,087) which is presented as part of other current liabilities in the consolidated statements of financial position.

Rent income arising from these lease agreements amounted to P82,071 for the year ended December 31, 2020 (2019 - P106,696; 2018 - P103,242) (Notes 13 and 16). Rent receivable as at December 31, 2020 amounted to P17,983 (2019 - P12,919) (Note 3).

21.3 Purchase commitment

The Parent Company has outsourced its clinical laboratory services to a third-party supplier starting September 2017. The Parent Company has a yearly minimum commitment of P408,189 worth of laboratory services.

Note 22 - Contingencies

In the normal course of business, the Group has contingencies, including those that may arise from suits and claims under litigation, that are presently being contested. In the opinion of management, based on advice of legal counsels, the ultimate disposition of these contingencies, individually or in aggregate, will not have any significant effect on the consolidated financial statements of the Group.

Note 23 - Critical accounting estimates, assumptions and judgments

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates, assumptions and judgments concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

23.1 Critical accounting estimates and assumptions

- Expected credit losses (ECL) on receivables (Note 3)
- Estimated useful lives of property and equipment (Note 6)
- Fair value estimation of land and building (Note 6.3)
- Principal assumptions and estimation of provisions (Note 10)
- Principal assumptions and estimation of retirement benefit obligation (Note 11)
- Determination of incremental borrowing rate for leases (Note 21.2)
23.2 Critical accounting judgments

- Recoverability of property and equipment (Note 6)
- Determination of lease term (Note 21.2)

Note 24 - Financial risk and capital management

The Group’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group’s financial performance.

The Group’s management provides written principles for overall risk management as well as written policies covering specific areas of risks.

The more significant types of risks that the Group manages are market risk such as foreign currency risk and interest rate risk, credit risk and liquidity risk.

24.1 Components of financial assets and financial liabilities

Details of the Group’s financial assets, classified as financial assets at amortized cost at December 31 are as follows:

<table>
<thead>
<tr>
<th>Notes</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>2</td>
<td>389,068</td>
</tr>
<tr>
<td>Receivables, gross</td>
<td>3</td>
<td>1,370,217</td>
</tr>
<tr>
<td>Restricted cash and refundable deposits</td>
<td>2, 21.2</td>
<td>126,509</td>
</tr>
<tr>
<td>Short-term cash placements</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>1,885,794</td>
</tr>
</tbody>
</table>

Receivables at December 31, 2020 are presented gross of provision for impairment amounting to P360,295 (2019 - P263,289) and exclusive of receivable from a regulatory agency amounting to P10,999 (2019 - P5,188).

Details of the Group’s financial liabilities at amortized cost at December 31 are as follows:

<table>
<thead>
<tr>
<th>Notes</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade and other payables</td>
<td>7</td>
<td>1,040,223</td>
</tr>
<tr>
<td>Borrowings</td>
<td>8</td>
<td>440,500</td>
</tr>
<tr>
<td>Lease liabilities</td>
<td>21.2</td>
<td>340,186</td>
</tr>
<tr>
<td>Dividends payable</td>
<td>12</td>
<td>37,053</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>15,238</td>
<td>14,980</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1,873,200</td>
</tr>
</tbody>
</table>

Trade and other payables exclude payable to regulatory agencies amounting to P32,644 (2019 - P39,535) and funds collected on behalf of medical and other organizations amounting to P85,509 (2019 - P71,379). Other current liabilities pertain to financial liabilities such as patient deposits and refundable deposits from the Parent Company’s lessees (Note 21.2).
24.2 Financial risk management

The Group’s financial risk management program is a continuing, proactive process that focuses on the identification and assessment of risk. To enable management to make strategic and informed decisions, the Group recognizes the importance of an effective financial risk management system.

The BOD, through the recommendation of the Audit Committee, reviews and approves policies for managing each of these risks.

The Group has no significant financial assets and liabilities that are exposed to price risk.

24.2.1 Market risk

(i) Foreign exchange risk

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.

The Group has no significant financial assets and liabilities that are exposed to foreign exchange risk. Details of the Group’s foreign denominated assets and liabilities are shown in Note 20.

(ii) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of financial assets and liabilities will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of financial assets and liabilities will fluctuate because of changes in market interest rates.

The Group has no significant financial assets and liabilities that are exposed to interest rate risk. Long-term borrowings issued at fixed rates and measured at amortized cost are not exposed to cash flow or fair value interest rate risk. The details of the Group’s long-term borrowings are shown in Note 8.

24.2.2 Credit risk

The Group is exposed to credit risks arising from its cash and cash equivalents, restricted cash, refundable deposits and primarily from its patient receivables because it is required to attend to the medical needs of private individual patients prior to considering their capability to pay. The maximum exposure to credit risk at reporting periods is the carrying value of financial assets as detailed in Note 24.1. Management continuously reviews and implements more stringent credit and collection policies to limit the amount of credit exposure to any patient. Also, the credit and collection department monitors the level of receivables from patients on an ongoing basis to design collection programs.

In addition to private individual accounts, corporate accounts also comprise a significant portion of the Group’s clientele. These accounts include private companies (self-managed health plan), health maintenance organizations and insurance companies where credit terms and limits are pre-established.

As at December 31, 2020, the Group’s net receivables from its corporate accounts amounted to ₱307,586 (2019 - ₱365,986) comprising 32% (2019 - 43%) of its total net patient receivables (Note 3).

The Parent Company applies the PFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all patient receivables and the general approach is applied for cash and cash equivalents, other receivables and other non-current assets. The estimated impairment loss from these financial assets is deemed immaterial, except for patient receivables.
Cash and cash equivalents and short-term cash placements

To minimize credit risk exposure from cash and cash equivalents and short-term cash placements, the Group maintains cash deposits and short-term placements in reputable banks. The Group assesses that cash and cash equivalents and short-term cash placements have low credit risk considering the banks’ external credit ratings.

Patient receivables

To measure the expected credit losses, patient receivables of the Parent Company have been grouped based on shared credit risk characteristics and days past due. Gross patient receivables from doctors and employees amounting to ₱68,248 (2019 - ₱74,605) were excluded in the assessment as credit risk is assessed to be insignificant for these groups. In calculating the expected credit loss rates, the Parent Company considers historical loss rates for each category of patients and adjusts for forward-looking macro-economic data. The Parent Company has identified the gross domestic product, consumer price index, unemployment rate, and inflation to be the most relevant factors, and accordingly adjusted the historical loss rates based on expected changes in these factors.

The COVID-19 pandemic caused a delay in collections as the capacity of patients and guarantors to pay were compromised which resulted to a higher gross patient receivables balance as at December 31, 2020. In addition, the negative impact on the macroeconomic conditions used resulted to a generally higher expected credit loss rates to calculate the allowance for doubtful accounts.

In determining the aging bracket of the patient receivables, management also continuously analyze the historical collection profiles of the different groups of guarantors.

For private individual patients and government accounts, management has assessed, based on the historical collection profile, that receivables are collected beyond the agreed collection period. This resulted in generally higher expected credit loss rates applied to outstanding receivables as at December 31, 2020.

For corporate accounts, management has assessed that they are most likely to settle their obligations within the agreed collection period based on the historical collection profile. This resulted in lower expected credit loss rates applied to corporate accounts as at December 31, 2020.
As at and for the years ended December 31, 2020 and 2019, the Parent Company’s credit risk exposure in relation to patient receivables from private individual patients (excluding doctors and employees), corporate accounts and government agencies, which are collectively assessed for impairment, net of unapplied collections and professional fees billed on behalf of doctors are set out in the provision matrix as follows:

<table>
<thead>
<tr>
<th></th>
<th>Current</th>
<th>Within 30 days</th>
<th>31-60 days</th>
<th>61-90 days</th>
<th>Over 91 days</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2020</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private individual patients</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expected loss rates</td>
<td>30.1%</td>
<td>41.3%</td>
<td>45.8%</td>
<td>49.2%</td>
<td>47.9%</td>
<td></td>
</tr>
<tr>
<td>Gross receivables</td>
<td>22,478</td>
<td>25,170</td>
<td>38,024</td>
<td>30,490</td>
<td>261,408</td>
<td>377,570</td>
</tr>
<tr>
<td>Loss allowance</td>
<td>6,775</td>
<td>10,384</td>
<td>17,400</td>
<td>14,991</td>
<td>125,117</td>
<td>174,667</td>
</tr>
<tr>
<td>Corporate accounts</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expected loss rates</td>
<td>0.3%</td>
<td>0.6%</td>
<td>1.7%</td>
<td>4.1%</td>
<td>16.8%</td>
<td></td>
</tr>
<tr>
<td>Gross receivables</td>
<td>109,508</td>
<td>68,702</td>
<td>54,253</td>
<td>27,844</td>
<td>60,225</td>
<td>320,532</td>
</tr>
<tr>
<td>Loss allowance</td>
<td>378</td>
<td>416</td>
<td>923</td>
<td>1,136</td>
<td>10,093</td>
<td>12,946</td>
</tr>
<tr>
<td>Government</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expected loss rates</td>
<td>2.8%</td>
<td>1.2%</td>
<td>1.7%</td>
<td>3.1%</td>
<td>44.1%</td>
<td></td>
</tr>
<tr>
<td>Gross receivables</td>
<td>16,696</td>
<td>44,356</td>
<td>47,676</td>
<td>64,832</td>
<td>354,641</td>
<td>528,201</td>
</tr>
<tr>
<td>Loss allowance</td>
<td>462</td>
<td>528</td>
<td>801</td>
<td>1,989</td>
<td>156,234</td>
<td>160,014</td>
</tr>
<tr>
<td>Total loss allowance</td>
<td>7,615</td>
<td>11,328</td>
<td>19,124</td>
<td>18,116</td>
<td>291,444</td>
<td>347,627</td>
</tr>
<tr>
<td><strong>2019</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private individual patients</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expected loss rates</td>
<td>26.1%</td>
<td>35.7%</td>
<td>39.6%</td>
<td>42.5%</td>
<td>55.7%</td>
<td></td>
</tr>
<tr>
<td>Gross receivables</td>
<td>22,363</td>
<td>14,945</td>
<td>30,543</td>
<td>14,400</td>
<td>159,174</td>
<td>241,425</td>
</tr>
<tr>
<td>Loss allowance</td>
<td>5,826</td>
<td>5,328</td>
<td>12,080</td>
<td>6,119</td>
<td>88,644</td>
<td>117,997</td>
</tr>
<tr>
<td>Corporate accounts</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expected loss rates</td>
<td>0.4%</td>
<td>0.9%</td>
<td>3.5%</td>
<td>6.5%</td>
<td>39.6%</td>
<td></td>
</tr>
<tr>
<td>Gross receivables</td>
<td>171,083</td>
<td>86,372</td>
<td>41,060</td>
<td>20,143</td>
<td>85,331</td>
<td>403,989</td>
</tr>
<tr>
<td>Loss allowance</td>
<td>616</td>
<td>812</td>
<td>1,449</td>
<td>1,309</td>
<td>33,817</td>
<td>38,003</td>
</tr>
<tr>
<td>Government</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expected loss rates</td>
<td>1.5%</td>
<td>1.3%</td>
<td>1.5%</td>
<td>3.0%</td>
<td>33.7%</td>
<td></td>
</tr>
<tr>
<td>Gross receivables</td>
<td>28,113</td>
<td>28,301</td>
<td>32,543</td>
<td>28,165</td>
<td>274,572</td>
<td>391,694</td>
</tr>
<tr>
<td>Loss allowance</td>
<td>416</td>
<td>363</td>
<td>499</td>
<td>858</td>
<td>92,485</td>
<td>94,621</td>
</tr>
<tr>
<td>Total loss allowance</td>
<td>6,858</td>
<td>6,503</td>
<td>14,028</td>
<td>8,286</td>
<td>214,946</td>
<td>250,621</td>
</tr>
</tbody>
</table>

**Other receivables**

The Group’s exposure to credit risk is influenced mainly by the individual characteristics of each pharmaceutical and medical companies and lessees. The credit quality is further classified and assessed by reference to historical information about each of the counterparty’s historical default rates. Based on assessment of qualitative and quantitative factors that are indicative of the risk of default, the Group has assessed that the outstanding balances are exposed to low credit risk. Expected credit losses on these balances have therefore been assessed to be insignificant.

**Other non-current assets**

Other non-current assets include restricted cash held by a financial institution and refundable deposits for lease contracts and utility companies which are normally refundable at the end of the contract term. Credit risk exposure is not considered significant.
24.2.3 Liquidity risks

The Group’s ability to make payments on its indebtedness and to fund its operations depends on its future performance and financial results. Historically, the Group’s liquidity position is strong due to profitable operations. The Group generates significant cash from its operating activities and is able to meet all of its financial covenants included in the credit agreement with its lenders.

In 2020, the disruption in business brought by COVID-19 pushed management to strengthen its collection policies, reevaluate its payments terms with suppliers, shift to leaner inventory requirements, postponed capital expenditures and apply cost-cutting measures.

To manage liquidity, the Group projects monthly cash flows from its operating, investing and financing activities and evaluates actual cash flow information to ensure that the immediate requirements of the Hospital are covered. Working capital requirements are also reviewed on a monthly basis and reported to the BOD and additional working capital loans are availed, if necessary.

The table below analyzes the Group’s financial liabilities into relevant maturity groupings based on the remaining period at the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows which equal their carrying balances, as the impact of discounting is considered not significant except for lease liabilities.

<table>
<thead>
<tr>
<th>Less than 1 year</th>
<th>Between 1 and 2 years</th>
<th>Between 2 and 5 years</th>
<th>Over 5 years</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>At December 31, 2020</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>1,040,223</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Borrowings</td>
<td>335,500</td>
<td>60,000</td>
<td>45,000</td>
<td>-</td>
</tr>
<tr>
<td>Lease liabilities</td>
<td>86,299</td>
<td>100,199</td>
<td>110,239</td>
<td>43,449</td>
</tr>
<tr>
<td>Dividends payable</td>
<td>37,053</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>15,238</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Future interest payables on leases</td>
<td>23,903</td>
<td>17,198</td>
<td>44,533</td>
<td>8,905</td>
</tr>
<tr>
<td>Future interest payables on borrowings</td>
<td>13,975</td>
<td>4,067</td>
<td>1,048</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,552,191</td>
<td>181,464</td>
<td>200,820</td>
<td>52,354</td>
</tr>
<tr>
<td><strong>At December 31, 2019</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>1,002,034</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Borrowings</td>
<td>274,000</td>
<td>150,500</td>
<td>90,000</td>
<td>-</td>
</tr>
<tr>
<td>Lease liabilities</td>
<td>73,812</td>
<td>86,299</td>
<td>202,423</td>
<td>51,464</td>
</tr>
<tr>
<td>Dividends payable</td>
<td>167,407</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>14,980</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Future interest payables on leases</td>
<td>29,650</td>
<td>23,903</td>
<td>58,119</td>
<td>12,517</td>
</tr>
<tr>
<td>Future interest payables on borrowings</td>
<td>16,455</td>
<td>12,532</td>
<td>1,048</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,578,338</td>
<td>273,234</td>
<td>351,590</td>
<td>63,981</td>
</tr>
</tbody>
</table>

24.3 Capital management

The Group’s objectives when managing capital, which is the total equity, (excluding revaluation surplus, non-controlling interest and remeasurements on retirement benefits) as shown in the consolidated statement of financial position, include: (i) safeguarding the Group’s ability to continue as a going concern; (ii) increasing the value of shareholders’ investment; and (iii) providing sustainable returns and benefits for shareholders.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. As at December 31, 2020 and 2019, the Group is not subject to any specific restrictions or capital requirements except for maintenance of certain financial ratios as required by debt covenants on existing borrowings of the Parent Company. The Parent Company shall maintain the debt service coverage ratio of not less than 1.0 to 1.25 times and debt to equity ratio below 2.5 times (Note 8).
The Parent Company has complied with the above covenants as at December 31 as follows:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt service coverage ratio</td>
<td>2.26</td>
<td>4.76</td>
</tr>
<tr>
<td>Debt-to-equity ratio</td>
<td>0.47</td>
<td>0.49</td>
</tr>
</tbody>
</table>

The Parent Company is not subject to externally imposed minimum capitalization.

**Note 25 - Summary of significant accounting policies**

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 25.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). The term PFRS, in general, includes all applicable PFRS, Philippine Accounting Standards (PAS), and interpretations of Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings and building improvements classified under property and equipment.

The preparation of consolidated financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are summarized in Note 23.

### Changes in accounting policies and disclosures

(a) New and amended standards adopted by the Group

The Group has adopted the following relevant and applicable new standards for the first time for the financial year beginning January 1, 2020:

- **Amendments to PAS 1, Presentation of financial statements and PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors - Definition of material**

  The amendments clarify the definition of material and how it should be applied by including the concept of ‘obscuring information’ in the new definition and replaced the threshold ‘could influence’ with ‘could reasonably be expected to influence’ in the definition of ‘material’. These amendments had no impact on the financial statements of the Group.

- **Amendments to the Conceptual Framework for financial reporting**

  The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the standard-setters in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.
The revised Conceptual Framework includes new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the financial statements of the Group.

(b) New standards, amendments and interpretations not yet adopted

A number of new standards and amendments are effective for annual periods beginning after January 1, 2020, and have not been applied in preparing the financial statements. None of these standards are expected to be relevant or have significant effect on the financial statements of the Group, except the following set out below:

- Amendments to PFRS 16, Leases - Covid-19 related rent concessions

  The amendments provide relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:

  a. The rent concession is a direct consequence of COVID-19;
  b. The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
  c. Any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
  d. There is no substantive change to other terms and conditions of the lease.

  A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

  The amendments are effective for annual reporting periods beginning on or after June 1, 2020. For the year ended December 31, 2020, there had been no significant rent concessions due to COVID-19. However, the effect of COVID-19 on the Group’s business continues to evolve and management is currently assessing the quantitative impact of the adoption.

25.2 Consolidation

The consolidated financial statements comprise the financial statements of the Group as at and for each of the three years in the period ended December 31, 2020. The subsidiary’s financial statements are prepared for the same reporting year as the Parent Company. The Group uses uniform accounting policies, any difference between the subsidiary and Parent Company are adjusted properly.

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the Parent Company does not differ from the proportion of ordinary shares held.
(a) **Subsidiaries**

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest’s proportionate share of the recognized amounts of acquiree’s identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer’s previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with PFRS 9 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is not accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group’s accounting policies.

(b) **Changes in ownership interests in subsidiaries without change of control**

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.
(c) Disposal of subsidiaries

When the Group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

25.3 Financial assets

Classification and presentation

25.3.1 Classification

The Group classifies its financial assets in the following measurement categories: (a) those to be measured subsequently at fair value (either through OCI or through profit or loss) and (b) those to be measured at amortized cost.

The classification depends on the Group’s business model for managing the financial assets and the contractual terms of the cash flows. The Group did not hold financial assets under category (a) during and as at December 31, 2020. The Group’s financial assets under category (b) includes cash and cash equivalents (Note 2), receivables (Note 3), other current assets (Note 5) and other non-current assets (Notes 2 and 24.1).

25.3.2 Recognition and measurement

The Group recognizes a financial asset in the statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Regular-way purchases and sales of financial assets are recognized on trade date - the date on which the Group commits to purchase or sell the asset.

At initial recognition, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Subsequently, assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method.

25.3.3 Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Loss allowances of the Group are measured on either of the following bases:

- 12-month expected credit losses (ECLs) - these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or

- Lifetime ECLs - these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.
**Simplified approach**

The Group applies the simplified approach to provide for ECLs for all patient receivables arising from individual patients, corporate accounts, health maintenance organizations and insurance companies. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

A loss allowance for full lifetime expected credit losses is required for a financial instrument if the credit risk of that financial instrument has increased significantly since initial recognition, as well as to contract assets or trade receivables that do not constitute a financing transaction in accordance with PFRS 15.

Additionally, the Group elects an accounting policy to recognize full lifetime expected losses for all contract assets and/or all trade receivables that do constitute a financing transaction in accordance with PFRS 15.

**General approach**

The Group applies the general approach to provide for ECLs on non-trade receivables. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition. At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group’s historical experience and informed credit assessment and includes forward-looking information.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or
- the financial asset is more than 360 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

25.3.4 *Measurement of ECLs*

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets’ gross carrying amount at the reporting date.

25.3.5 *Credit-impaired financial assets*

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.
Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the counterparty;
- a breach of contract such as actual default; or
- it is probable that the borrower will enter bankruptcy or other financial reorganization.

25.3.6 Write-off

The gross carrying amount of a financial asset is written-off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written-off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

25.3.7 Derecognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. Any gain or loss arising on derecognition is recognized directly in profit or loss.

25.4 Financial liabilities

25.4.1 Classification and presentation

The Group classifies its financial liabilities in the following categories: (i) at amortized cost; and (ii) at fair value through profit or loss. Financial liabilities under category (ii) comprises of two sub-categories: financial liabilities classified as held for trading and financial liabilities designated by the Group as at fair value through profit or loss. Management determines the classification of its financial liabilities at initial recognition.

The Group did not hold any financial liabilities under category (ii) during and at the end of each reporting period.

Other financial liabilities at amortized cost

Other financial liabilities at amortized cost are contractual obligations which are either to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group. They are included in current liabilities, except for maturities greater than 12 months after the reporting period which are classified as non-current liabilities.

Details of the Group’s financial liabilities are disclosed in Note 24.1.

25.4.2 Initial recognition and subsequent measurement

Financial liabilities are recognized when the Group becomes a party to the contract provisions of the instrument.

Financial liabilities are initially measured at fair value plus transaction costs which normally equal its nominal amount. Financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense on financial liabilities is recognized within finance cost, at gross amount, in profit or loss.
25.4.3 Derecognition

The Group removes a financial liability (or a part of a financial liability) from the consolidated statement of financial position if, and only if, it is extinguished such as when the obligation specified in the contract is discharged/settled, cancelled, expired, or there is a substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the debtor) resulting to extinguishment of the original financial liability and the recognition of a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, are recognized in profit or loss within other income.

25.5 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of a non-financial asset is measured based on its highest and best use. The asset’s current use is presumed to be its highest and best use.

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.

The fair value of financial and non-financial liabilities takes into account non-performance risk, which is the risk that the entity will not fulfil an obligation.

The Group classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

The appropriate level is determined on the basis of the lowest level input that is significant to the fair value measurement.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm’s length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

The fair value of assets and liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the asset or liability is included in Level 2. If one or more of the significant inputs is not based on observable market data, the asset or liability is included in Level 3.
The Group uses valuation techniques that are appropriate in the circumstances and applies the technique consistently. Commonly used valuation techniques for non-financial assets are as follows:

- **Market approach** - A valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets, liabilities or a group of assets and liabilities, such as a business.

- **Income approach** - Valuation techniques that convert future amounts (e.g. cash flows or income and expenses) to a single current (i.e. discounted) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.

- **Cost approach** - A valuation technique that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost).

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the reporting period, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The Group has no significant financial assets and liabilities carried at fair value.

The carrying amounts of financial assets and liabilities presented in Note 24.1 approximate their fair values at reporting period, as the impact of discounting is not significant considering that financial assets and liabilities generally have short-term maturities.

Significant non-financial assets of the Group include land and buildings and building improvements which are carried at fair value under Level 3 hierarchy.

The Group has no other significant non-financial assets and liabilities carried at fair value.

### 25.6 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty. There are no financial assets and liabilities subject to offsetting, enforceable master netting arrangements and similar agreements as at December 31, 2020 and 2019.

### 25.7 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 3 months or less from dates of acquisition. These are carried in the consolidated statement of financial position at face or nominal amount. Cash in bank earns interest at the prevailing bank deposit rate.

Restricted cash are earmarked for a specific use and are therefore not available for general use by the Group. These are carried at face or nominal amount and presented as part of non-current assets in the consolidated statement of financial position.
25.8 Receivables

Patient receivables are amounts due from patients for the services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Patient receivables with average credit term of 15 to 60 days are measured at the original invoice amount (as the effect of discounting is immaterial), less any provision for impairment.

Other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment, if any.

The relevant policies on classification, recognition, measurement, impairment and derecognition are further disclosed in Note 25.3.

25.9 Inventories

Inventories are stated at the lower of cost and net realizable value (NRV). The Parent Company determines cost using the moving-average method while the subsidiary uses specific identification method. The cost of inventories comprises all costs of purchases and other costs incurred in bringing the inventories to their present location and condition, including any related input value-added tax (VAT) attributable to sale of goods and services that are VAT exempt. It excludes borrowing costs. NRV is the estimated selling price in the ordinary course of business, less cost of selling expenses.

Provision for inventory losses is provided for slow-moving and nearing expiry inventories based on physical inspection and management evaluation.

Write-offs represent the release of previously recorded provisions from the allowance account and credited to the related inventory account following the disposal of inventories. Destruction of the expired and damaged inventories is made in the presence of regulatory agencies.

Reversals of previously recorded provisions are credited to profit or loss within cost of services based on the result of management’s update assessment, considering the available facts and circumstances, including but not limited to NRV at the time of disposal.

Inventories are derecognized from the consolidated statement of financial position when sold, consumed or written-off. When inventories are sold or consumed, the carrying amounts of these inventories are recognized as an expense in the period in which the related revenue is recognized.

25.10 Prepayments and other assets

Prepayments are recognized in the event that payment has been made in advance of obtaining right of access to goods or receipt of services and measured at nominal amounts. These are derecognized upon delivery of goods or when services have been rendered, through amortization over a certain period of time, and use or consumption.

Input VAT are recognized as assets to the extent it is probable that the benefit will flow to the Group. These are derecognized when applied against VAT due or when expired or written-off due to impairment.

Prepayments and other assets are included in current assets, except when the related goods or services are expected to be received or rendered more than 12 months after the reporting period which are classified as non-current assets.
25.11 Property and equipment

Property and equipment are recognized at historical cost during initial recognition. Cost includes expenditure that is directly attributable to the acquisition of the items including the cost of bringing the assets to their working condition, and any related input VAT attributable to the assets that are utilized for the supply of goods and services that are VAT exempt.

Construction in progress is stated at cost. The cost is subsequently transferred to specific property and equipment component, depending on the intended purpose of the property upon completion. All property and equipment, except for land and buildings and building improvements, are recorded at cost less accumulated depreciation and any impairment. Land and buildings and building improvements are carried at revalued amounts, which is the fair value at the date of revaluation less any subsequent accumulated depreciation on buildings and any subsequent accumulated impairment losses. Valuations are performed with sufficient regularity at least once every three to five years, enough to ensure that the fair value of a revalued asset does not differ significantly from its carrying amount. The increase of the carrying amount of an asset as a result of a revaluation is credited to other comprehensive income and accumulated in equity under the heading of ‘revaluation surplus’, unless it reverses a revaluation decrease previously recognized as an expense, in which case it is credited in profit or loss. A revaluation decrease is charged directly against any related revaluation surplus reserve.

Each year the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset’s original cost is transferred from revaluation surplus to retained earnings.

Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other property and equipment is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Useful Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings and building improvements</td>
<td>30 years or the remaining useful life, whichever is shorter</td>
</tr>
<tr>
<td>Leasehold improvements, office and parking spaces</td>
<td>Lease term or useful life, whichever is shorter</td>
</tr>
<tr>
<td>Building equipment</td>
<td>3-15 years</td>
</tr>
<tr>
<td>Medical equipment, tools and instruments</td>
<td>2-10 years</td>
</tr>
<tr>
<td>Hospital furnishings, fixtures and office equipment</td>
<td>2-5 years</td>
</tr>
</tbody>
</table>

Leaseholds rights are amortized over the term of the leasehold rights while improvements thereon are depreciated over the shorter of the term of the leasehold rights and the life of the improvements.

Fully depreciated assets are retained in the property and equipment accounts until these are retired.

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting period.

An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount (Note 25.12).

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its disposal at which time the cost and their related accumulated depreciation are removed from the accounts.
Gains or losses on disposals are determined by comparing proceeds with carrying amount and are recognized within other income in profit or loss. On disposal of revalued asset, the related revaluation surplus included in equity is transferred directly to retained earnings.

25.12 Impairment of non-financial assets

Assets that have an indefinite useful life, such as land, are not subject to amortization and are tested annually for impairment. Other non-financial assets, mainly property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Non-financial assets that have been impaired are reviewed for possible reversal of impairment at each reporting period. Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

25.13 Assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. These are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognized for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognized for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognized. A gain or loss not previously recognized by the date of the sale of the asset is recognized at the date of derecognition.

Assets are not depreciated or amortized while they are classified as held for sale. Interest and other expenses attributable to the liabilities of an asset classified as held for sale continue to be recognized.

Assets classified as held for sale are presented separately from the other assets in the consolidated statements of financial position.

25.14 Current and deferred income tax

The income tax expense for the year comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax (DIT) is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. DIT is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting period and are expected to apply when the related DIT asset is realized or the DIT liability is settled.
DIT assets are recognized for all deductible temporary difference to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilized. The Group re-assesses at each reporting period the need to recognize a previously unrecognized DIT asset, if any. DIT liabilities are recognized in full for all taxable temporary differences.

DIT tax is provided on the temporary difference between the carrying amount of the revalued property and equipment and its tax base.

DIT assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the DIT assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

DIT expense or credit is recognized for changes in DIT assets and liabilities during the reporting period. Income tax expense includes income tax as currently payable and those deferred because of temporary differences in the financial and tax reporting bases of assets and liabilities, and unused tax losses and tax credits.

DIT assets and liabilities are derecognized when the related temporary differences are realized or settled.

**25.15 Trade and other payables**

Trade and other payables are recognized in the period in which the related money, goods or services are received or when a legally enforceable claim against the Group is established. These are measured at the original invoice amount (as the effect of discounting is immaterial).

Trade and other payables are classified as current liabilities if payment is due within 1 year or less (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities.

Trade and other payables are derecognized when the obligation under the liability is discharged or cancelled or expired.

When an existing trade payables or other current liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Refer to Note 25.4 for the initial recognition, subsequent measurement and derecognition policies on financial liabilities.

**25.16 Borrowings and borrowing costs**

*Borrowings*

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Borrowings are derecognized when the obligation is settled, paid or discharged.
**Borrowing costs**

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

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

All other borrowing costs are recognized in profit or loss in the period in which these are incurred.

**25.17 Provisions**

Provisions, including future obligations for free medical services as discussed in Note 10, are recognized when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligations, and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as finance cost in profit or loss.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision shall be reversed and derecognized from the consolidated statement of financial position.

**25.18 Employee benefits**

(a) **Retirement benefits**

The Parent Company has retirement plan in accordance with the local conditions and practices in the Philippines. The plan is generally funded through payments to trustee-administered funds as determined by periodic actuarial calculations. A defined benefit plan is a retirement plan that defines an amount of retirement benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service or compensation.

The liability recognized in the consolidated statement of financial position in respect of defined benefit retirement plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related retirement benefit obligation.

Remeasurements arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in the period in which they arise.

Past-service costs are recognized immediately in profit or loss.
The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and fair value of plan assets. This cost is included in employee benefit expense in profit or loss.

(b) Short-term benefits

Wages, salaries, paid annual vacation and sick leave credits, and non-monetary benefits are accrued in the period in which the related services are rendered by employees of the Group. Short-term employee benefit obligations are measured on an undiscounted basis.

(c) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the Group recognizes costs for a restructuring that is within the scope of PAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

25.19 Equity

Share capital and capital in excess of par value

Ordinary or common shares and preferred shares which do not have redemption features are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds, net of tax. The excess of proceeds from the issuance of shares over the par value is credited to capital in excess of par value.

Treasury shares

Where the Group purchases its own equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects are included in equity attributable to the Group’s equity holders.

25.20 Retained earnings; Dividend distribution

Retained earnings represent the accumulated profit or loss as a result of the operations of the Group less any dividends declared.

Dividend distribution to the Group’s shareholders is recognized as a liability in the consolidated financial statements in the period in which the dividends are approved by the BOD of respective entities within the Group.

25.21 Foreign currency transactions and translations

(a) Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates (the “functional currency”). The consolidated financial statements are presented in Philippine Peso, which is the Group’s functional and presentation currency.
(b) Transactions and balances

Foreign currency transactions are translated into Philippine Peso using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains or losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rate of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

25.22 Revenue recognition

The Group recognizes revenue as control is passed, either (i) over time when the customer simultaneously receives and consumes all of the benefits provided by the Group as the Group performs; or (ii) at a point in time when control is passed at a certain point in time as described below:

(a) Patient revenues

Patient revenue comprises the fair value of the consideration received or receivable from the sale of services in the ordinary course of the Group’s activities, net of VAT (if applicable) and discounts.

The Group often provides discounts and free services to underprivileged patients, senior citizens and employees. Discounts and free services are presented within “Discounts and free services” and deducted from gross revenues in profit or loss.

The Group classifies the patient revenues as in-patient, out-patient and emergency services.

In-patient, out-patient and emergency revenues are exempted from VAT, except for the sale of drugs and medicines arising from out-patient activities which are considered vatable transactions pursuant to the relevant provisions of the Consolidated Value-Added Tax Regulations of 2005 (Revenue Regulation 16-2005).

Patient revenues are recognized in the period when the services are rendered or when the Group has delivered products to the patient and the patient has accepted the products. In-patient, out-patient and emergency medical procedures are generally completed in a very short span of time and charges are captured and billed as of close of day. By the very nature of the services, no material performance obligation will remain uncompleted at each reporting period end, and thus, measuring the progress of the performance obligation is not considered necessary.

Professional fees of doctors included in the patient billing as required by BIR Revenue Regulation No. 14-2013 are recorded in a memorandum basis only as these are not revenues of the Group.

(b) Rent income

Rent income from lease of clinics and commercial spaces to doctors and concessionaires, respectively, under operating lease agreements are recognized on a straight-line basis over the term of the relevant leases and is shown within gross revenues in profit or loss.

(c) Interest income

Interest income on bank deposits and short-term placements which is presented net of final taxes paid or withheld, is recognized on a time-proportion basis using the effective interest method.

(d) Dietary and other income

Dietary and income from other services are recognized when rendered and when it is probable that the economic benefits will flow to the Group and the amount can be measured reliably.
25.23 Costs and expenses

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

Costs and expenses are recognized:

(i) on the basis of a direct association between the costs incurred and the earning of specific items of income;
(ii) on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or
(iii) immediately when an expenditure produces no future economic benefits or when, and to the extent that future economic benefits do not qualify, or cease to qualify, for recognition in the statement of assets, liabilities and equity account.

Costs and expenses are presented in the profit or loss according to their function.

25.24 Leases

When the Group is the lessee

Until December 31, 2018, leases of office space, parking spaces, equipment and vehicles were classified as either finance leases or operating leases. From January 1, 2019, the Group recognizes leases as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use.

Assets and liabilities arising from a lease are initially measured on a present value basis. The interest expense is recognized in the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset’s useful life and the lease term on a straight-line basis.

i. Measurement of lease liabilities

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, if any
- amounts expected to be payable by the lessee under residual value guarantees, if any
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option
- payments of penalties, if any, for terminating the lease, if the lease term reflects the lessee exercising that option

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

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 the Group’s leases, the lessee’s incremental borrowing rate is used, being the rate that the individual lessee 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:

- where possible, uses recent third party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held for entities which do not have recent third party financing, and
- makes adjustments specific to the lease (i.e. term, currency and security).

Lease payments are allocated between principal and interest expense. The interest expense is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

**ii. Measurement of right-of-use assets**

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs, if any.

Right-of-use assets are generally depreciated over the shorter of the asset’s useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset’s useful life.

While the Group revalues its land and buildings and building improvements that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use office and parking spaces held by the Group.

**iii. Extension and termination options**

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 the lease is reasonably certain to be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is revised only if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

**iv. Short-term leases and leases of low-value assets**

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets (assets with value of P250,000 or less) comprise IT-equipment, vehicles, and small items of office furniture.

*When the Group is the lessor*

Leases where the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating lease. Operating lease payments received are recognized as an income on a straight-line basis over the lease term.
Refundable deposits

Refundable deposit to guarantee the faithful compliance of the lessee of all the terms and conditions of the contract and answer for the obligations at the end of the contract is initially recognized at fair value and subsequently measured at amortized cost using the effective interest method.

Refundable deposits are included in current assets (when the Group is the lessee) or liabilities (when the Group is the lessor), except when those are expected to be received more than 12 months after the reporting period which are classified as noncurrent assets or noncurrent liabilities.

25.25 Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Group by the weighted average number of common shares in issue during the year, excluding common shares purchased by the Group and held as treasury shares (Note 25.19).

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all dilutive potential common shares at issue date.

25.26 Related party relationships and transactions

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

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

*Corporate Recovery and Tax Incentives for Enterprises Act (CREATE)*

The Bicameral Conference Committee, under the 18th Congress of the Philippines, approved the reconciled version of the House Bill No. 4157 and Senate Bill No.1357 or the CREATE. The Committee report on CREATE was ratified by the Senate and House of Representatives on February 3, 2021. Among the salient provisions of CREATE include changes to the Corporate Income Tax (CIT) as follows:

1. CIT rate shall be reduced to 25% beginning July 1, 2020 for domestic corporations and resident foreign corporations (RFCs). Domestic corporations with net taxable income not exceeding P5 million and with total assets not exceeding P100 million, excluding land on which the particular business entity’s office, plant and equipment are situated, are subject to 20% income tax.

2. Beginning July 1, 2020 until June 30, 2023, there would be:
   a. temporary reduction on the income tax rate of proprietary educational institutions and hospitals to 1%.
   b. temporary reduction of the minimum corporate income tax rate to 1% for domestic corporations and RFCs.

3. Repeal of the optional CIT of 15% of gross income for domestic corporations and RFCs.

Under CREATE, corporate taxpayers shall prepare their annual income tax return for the calendar year 2020 (CY2020) using the pro-rated CIT rate for CY2020 reckoned from July 1, 2020 (retrospective effect).

As of December 31, 2020, the CREATE bill is still pending ratification by both the Philippine Congress and Senate, and consequently pending approval of the President of the Republic of the Philippines. As such, the Group has assessed that the proposed tax law is not enacted or substantively enacted as of December 31, 2020.

For financial reporting purposes, the enactment of CREATE after the reporting date is deemed a non-adjusting subsequent event. However, for the financial results of 2021, it is expected to result to a decrease in the Group’s deferred tax assets and increase in deferred tax expense.
AT THE FOREFRONT: HEART STRONG
2020 ANNUAL REPORT

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