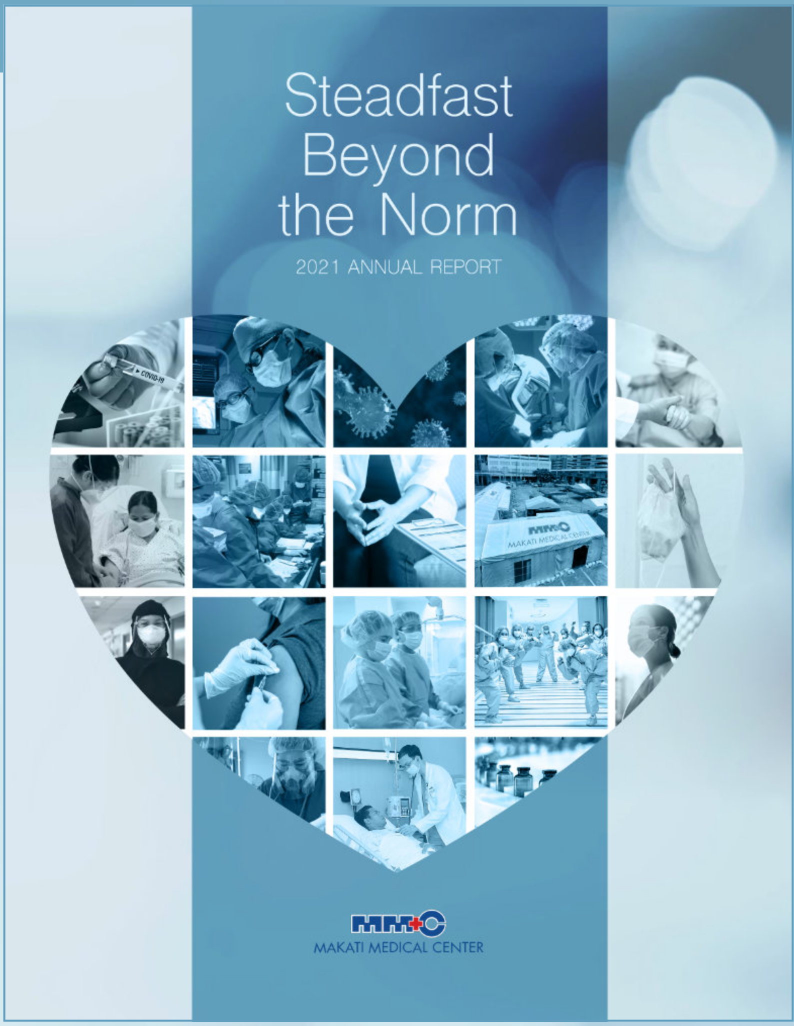
Steadfast Beyond the Norm

2021 ANNUAL REPORT

MAKATI MEDICAL CENTER

ABOUT THE COVER



The "Steadfast Beyond the Norm" cover represents Makati Medical Center's unwavering stance in providing quality and reliable health care as the country advances through the evolving "Normal". The hospital progresses with greater understanding of the needs for the provision of world-class healthcare and service during a pandemic to all its stakeholders.

It is also a brand new mission and recognition of all the MMC healthcare workers who steadfastly endeavoured through the challenges of the pandemic – and took up MakatiMed's mission to provide our patients with Compassionate Care and Service Excellence as we move forward to providing healthcare that goes beyond the call of duty during the new normal, striving to create a "Healthy Normal" for every Filipino.

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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 & responsive health care services that result to: positive patient outcome, highest level of satisfaction of patients & colleagues.

Behavioral Statements:

- Delivers healthcare services on time.
- Defines objectives, identifies measures & implements strategies to deliver exceptional results.
- Follows-through & fulfills commitments made.
- Meets or exceeds the stakeholders' needs & 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 & 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 & decisions at all times.

Professionalism – Upholding the code of conduct of the Hospital & ethical standards of one's profession; consistently demonstrating competence in the performance of one's duties.

Behavioral Value Statements:

- Respects diversity (gender, ethnicity, religion, cultural & 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 & 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 the organization.

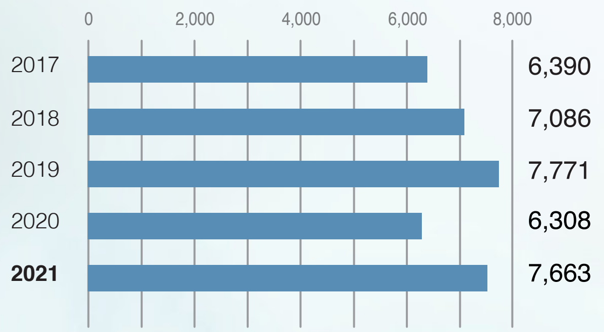
Teamwork – collaborating harmoniously & respectfully with the team towards a common goal.

Behavioral Statements:

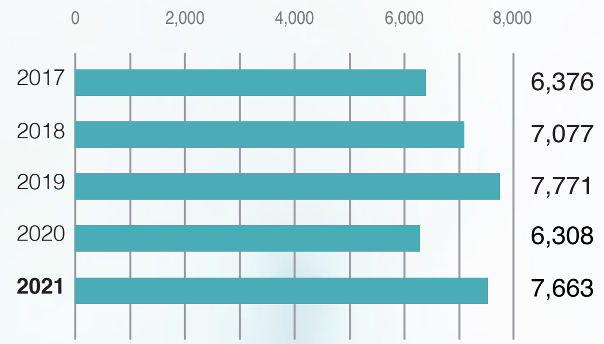
- Encourages and values the ideas, expertise and contributions, including constructive criticism of all team members.
- Shares knowledge and expertise with team members.
- Holds team accountable for upholding MMC values.
- Provides the needed support and resources to achieve goals and objectives.
- Builds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

GROSS REVENUES

Group (In Million Peso)

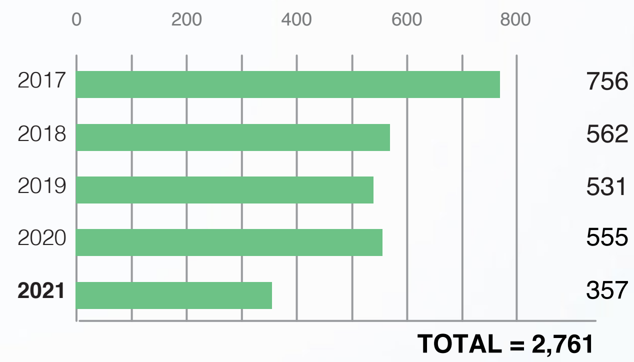


Parent (In Million Peso)



CAPITAL EXPENDITURES

Group (In Million Peso)



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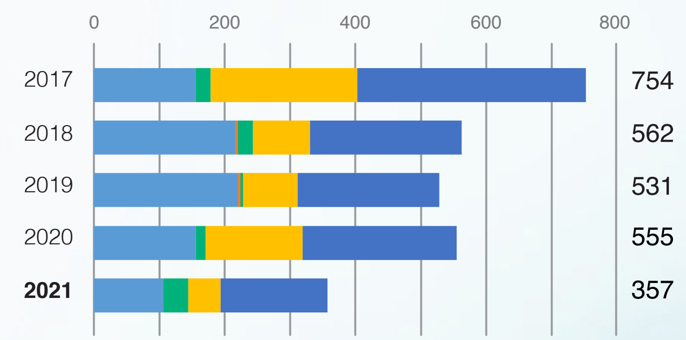
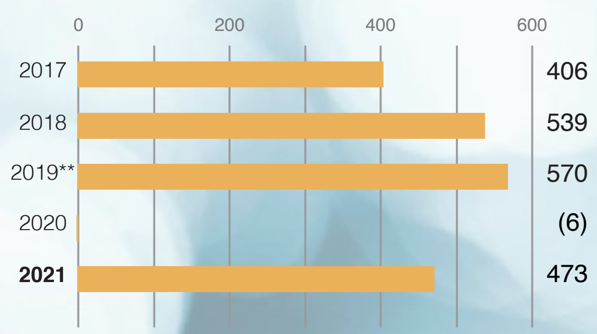


** Other capital expenditures includes investment in information and communication technology and excludes right of use assets*

	2017	2018	2019	2020	2021	TOTAL
Medical Equipment	348	232	219	236	161	1,196
Tower 1	226	84	82	148	50	590
Tower 2	22	26	5	14	38	105
Tower 3	2	1	3	0	0	6
Others	156	219	222	157	108	862
TOTAL	754	562	531	555	357	**2,759**

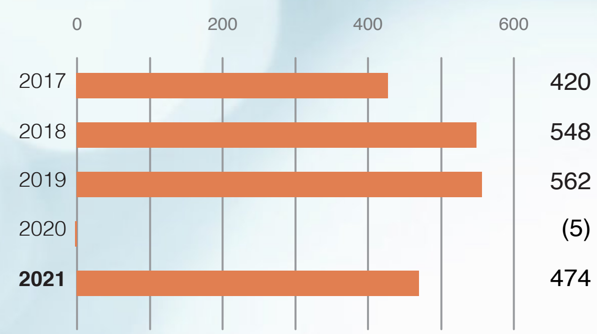
NET PROFITS (LOSS)

Group (In Million Peso)



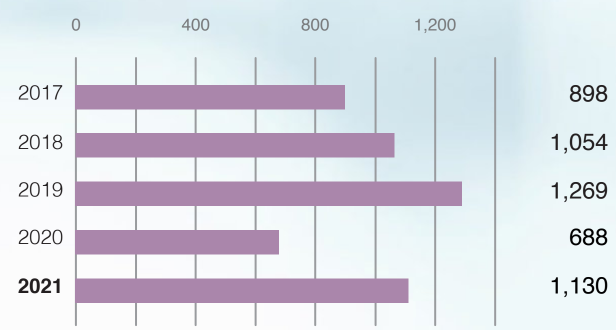
***2019 profits is net of cash dividends from Cii of P10.8 million.*

Parent (In Million Peso)



OPERATING CASH FLOWS

Group (In Million Peso)



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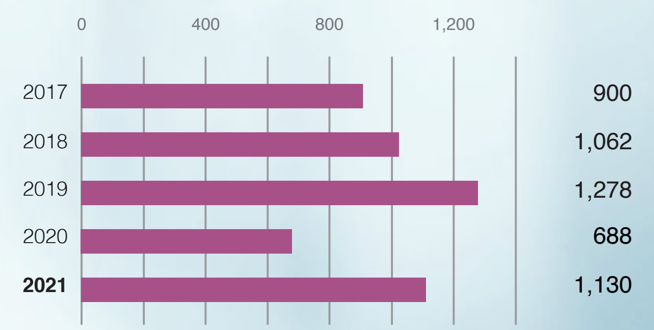


Message from the Chairman

Manuel V. Pangilinan
Chairman

Our Dear Shareholders,

It is my honor to present the many accomplishments of Makati Medical Center for the year 2021. Despite the setbacks we faced, we emerge from the second year of the COVID-19 pandemic stronger than ever.

The year 2021 stood for two things: relapse and recovery. Just when we thought we were at the end of the COVID-19 outbreak in the Philippines and in the world, came periods of surges in infections. Two stretches brought us back to wide lockdowns, with each one more manageable than the last as we improve our response to the health crisis.

Through it all, I am proud that every member of the MakatiMed family continued to rise above the challenge and did their best to nurse our patients back to health, embodying our commitment to serve as The Hospital with a Heart.

Our culture of care reached new horizons, with our medical and corporate teams working hand-in-hand towards healing and progress. The year 2021 also presented an array of opportunities for MakatiMed's expansion, and our efforts proved to be successful.

The hospital's community proved once again through the ups and downs of 2021 that we are resilient and are committed to transcend beyond the minimum requirements under the "new normal". MakatiMed went above and beyond what is called upon us towards a "new healthy normal." This entails providing the best service we can offer to every patient with the most amount of care and compassion.

We remain steadfast in sustaining our promise of delivering excellent and world-class health services, banking on these pillars:

"Our culture of care reached new horizons, with our medical and corporate teams working hand-in-hand towards healing and progress. The year 2021 also presented an array of opportunities for MakatiMed's expansion, and our efforts proved to be successful."

QUALITY HEALTHCARE

MakatiMed stayed true to its commitment of providing high quality and compassionate healthcare. The hospital's re-accreditation from the Joint Commission International (JCI) is a testament to the high caliber of medical services we offer.

We continue to commit to excellence despite the challenges that come our way.

The continuing pandemic forced institutions to pivot to digital platforms on the go, and MakatiMed made sure to be ahead of the technological race. The organization focused on further developing its internet-based services, including telerounds for inpatient admissions and teleconsultations for outpatient clients, just so we can diversify our service delivery channels. We go to where the patients are — be it at home and reluctant to step outside due to the COVID-19 crisis, or within our hospital hallways in need of medical attention.

In the same year, existing hospital facilities and equipment were likewise upgraded to improve service delivery and patient experience.

EXCELLENT SERVICE

The "healthy normal" brought with it changing client conditions and preferences, and MakatiMed made certain that it can ably respond.

MakatiMed endeavored to hire top-notch talent for both its medical and corporate clusters — our valiant frontliners in this fight against the pandemic. Hundreds of training and skills development programs have been offered to staff members for the year through video conferencing for basic skills to adhere to minimum public health standards. More advanced and specialized trainings were given to medical staff, including hands-on drills to further improve patient experience.

Integral to the promise of top-quality healthcare services is keeping our hospital frontliners in good health. MakatiMed devoted resources to ensure that the workplace remains a COVID-safe environment despite directly providing care to coronavirus patients.

In January 2021, a Task force consisting of a dedicated team of healthcare workers, went through DOH provided trainings in preparation for their role as vaccinators to MMC staff and to the public through our partnership with the Makati City LGU.

COVID-19 vaccines were administered to MakatiMed personnel beginning March 2021, with 8,035 of our staff members vaccinated, 68% of which have been given at least one booster shot.

SUSTAINED GROWTH

MakatiMed remained in expansion mode despite the health and economic crisis.

On April 19, 2021, MakatiMed successfully launched its newest outpatient care services branch inside Discovery Primea along Ayala Avenue in Makati City. The newest facility operates 24 hours, Seven (7) days a week including holidays to cater to condominium residents, hotel guests, and other potential clients in the surrounding area.

The hospital also expanded its drive-thru consultation and homecare services, and rolled out mobile health services to select communities. COVID-19 TeleMD for Adult & Pedia packages and care packs were made available to aid home-based symptom management.

At the end of the fiscal year, we finally see the light at the end of the tunnel.

MakatiMed bounced back to a P473-million profit in 2021, reversing a P6 million loss in 2020 as it better adjusted to needs during the COVID-19 crisis. This is already 83 percent of our pre-pandemic bottom line — a feat achieved despite experiencing a decline in patient census for the first time in more than 15 years due to COVID-19 related restrictions.

The hospital was better prepared in handling COVID-19 cases, especially during the two major surges in infections in the months of March and August. Our agile response to the raging pandemic allowed MakatiMed to realize strong revenue growth while at the frontlines of our country's fight against COVID-19, the invisible enemy.

Our brand of care goes beyond the bare minimum, as MakatiMed knows there is more to life than simply adjusting to the so-called "new normal." Our goal is to offer a "new healthy normal" for all, where we nurse patients back to the pink of health in the best and most holistic approach possible.

Throughout 2021 and beyond, MakatiMed remains a hospital of choice with its top-notch services and excellent pool of medical professionals.

Our commitment to providing quality healthcare with compassion is evident in every patient we treat and in each procedure we handle. We have built a solid reputation with over 50 years of experience in the field, and we hope to bring our culture of care closer to more patients needing it in the years ahead.

Thank you for your continued support and stay safe!

Yours cordially,

Manuel V. Pangilinan

Chairman

Report of The President & CEO

Atty. Pilar Nenuca P. Almira
President & CEO

Dear Stakeholders,

COVID-19 proved unrelenting as the local outbreak continued throughout the year 2021. MakatiMed built on the learnings from the first year of the pandemic to respond better this time around.

While quick and efficient pandemic response remained our top priority, we took this opportunity to chart the path towards a "healthy normal" — as we endeavor to make a positive impact beyond the adjustments made for the "new normal" with COVID-19 still in our midst.

MakatiMed manifests this commitment to remain "Steadfast Beyond the Norm" in our day-to-day tasks — may it be hospital rounds or teleconsultations, medical procedures, administrative duties, and even in the way we interact with our stakeholders. This way, patients are surrounded with a nurturing environment to assist their physical and emotional recovery throughout this challenging pandemic era.

True to its core of being the Hospital with a Heart, MakatiMed unceasingly provides emergency response and quality medical services despite the pandemic. We strived to keep all our medical services at par with global standards while also injecting "malasakit" in every encounter.

All these efforts were quick to bear fruit, with the world's premier healthcare accreditation entity, the Joint Commission International (JCI), granting re-accreditation to MakatiMed. This Gold Seal of Approval reinforced that MakatiMed's practice of providing quality, safe, and excellent medical care is world-class.

"True to its core of being the Hospital with a Heart, MakatiMed unceasingly provides emergency response and quality medical services despite the pandemic. We strived to keep all our medical services at par with global standards while also injecting "malasakit" in every encounter."

Financial Results

Makati Medical Center marked a solid rebound in 2021, coming from strict community quarantines in 2020 when the local COVID-19 outbreak started. After a year, we have learned how to live with the virus by adjusting our operations.

A vital sign of recovery is a 21 percent increase in full-year gross revenues to P7.7 billion, which was achieved despite lower patient census from almost all service types. The hospital was better prepared in handling COVID-19 infections, especially during two major case surge periods in 2021. This lifted inpatient revenues to P4.3 billion, up 22 percent compared to the previous year.

In total, MakatiMed cared for over 100,000 COVID-19 cases as inpatient and Emergency admissions and COVID-19 tests, fulfilling a significant role in the country's fight against the coronavirus.

The implementation of relaxed community quarantines for the most part of 2021 encouraged patients to return to the hospital to avail of in-person consultations with medical specialists and of outpatient procedures. As such, revenues from outpatient services grew to P3.4 billion, a 21 percent improvement from a year prior. MakatiMed logged over 562,000 outpatient visits in 2021, with the months of March, July, September and October as the stronger periods. In contrast, outpatient foot traffic was relatively lean during the COVID surge months of April and August.

Lockdowns and company-wide implementation of work-from-home or hybrid office set-up affected the referrals of corporate and Health Maintenance Organization (HMO) partners to MakatiMed. Despite this year-round scenario, revenues from these partners grew by 22% versus 2020, with the HMO business segment growing 32%.

At the same time, MakatiMed continued to reach out to patients who may still fear visiting the hospital through the launch of an outpatient clinic at Discovery Primea in Makati, the launching of mobile health services to various communities, the expansion of drive-thru, and homecare services.

Significant revenue growth contributed directly to the improvement of earnings before interest, taxes, depreciation, and amortization or EBITDA to P1.4 billion, up 106 percent compared to 2020. This is a welcome improvement despite the pervading challenge of recruiting nurses and other medical professionals, who are in demand especially in the face of this health crisis.

MakatiMed implemented cost-saving measures to boost profits through the rationalization of outsourced services, and increased efficiency in terms of facilities maintenance and power consumption. This allowed MakatiMed to end the year with a profit of P473 million, already 83 percent of its 2019 bottom line and marking a strong recovery from the P6 million net loss incurred in 2020.

The significant EBITDA increase allowed MakatiMed to fund its capital expenditures for the year in the amount of P392 million. This supported the upgrade of medical equipment worth P161 million, alongside P231 million which went into renovations, as well as the purchase and repair of other office equipment. These are all in line with MakatiMed's continued pursuit of better facilities and services to its clientele.

The hospital also managed to cut two-thirds of its outstanding debt, which settled at P155 million by the end of the fiscal year. Meanwhile, book value per share amounted to P2,423, up by 6 percent compared to 2020. MakatiMed likewise declared cash dividends totaling P285 million for the year, benefiting shareholders.

Service Operations

MakatiMed managed to expand its operations in 2021 as it stayed agile and flexible to evolving needs amid the extraordinary crisis which the country continued to face.

The hospital was relentless in providing and upgrading its quality of care for both COVID and non-COVID patients, especially in its Outpatient Services units.

It was on April 19, 2021 when the MakatiMed Outpatient Center opened at the Discovery Primea in Makati. The new facility aims to deliver excellent healthcare services to hotel and condominium guests, residents, employees, and staff living and working nearby.

The Outpatient Center is open 24/7 including holidays and provides consultation, hospital admission assistance, ambulance referral, and comprehensive first aid services to the public, such as blood pressure monitoring and wound cleaning and dressing. The medical facility also offers diagnostic services like laboratory tests, X-ray procedures, ultrasound scans, and ECGs.

The following month, MakatiMed reopened its Central Registration Facility for Outpatient Services located on the first floor of Tower 1. The Central Registration serves patients availing multiple outpatient tests and procedures. Here, clients are assisted by Patient Service Specialists for the scheduling and billing of multiple diagnostic procedures, some to be availed within, or from other MakatiMed units. The registration area also includes two extraction booths, reducing the patient load of the Department of Pathology and Laboratories.

MakatiMed rolled out its Mobile Care Access Program in July 2021. This gave patients the

option to avail of select healthcare services closer to their communities or their perceived "safe zone" amid lingering fear of catching COVID-19 when visiting the hospital. A non-COVID drive-thru vaccination along Amorsolo Street in Makati was also set-up to provide/administer Non-COVID vaccines.

New services, packages, and laboratory test offerings were added to MakatiMed's wide suite of medical services during the year, taking into account the latest technology and medical breakthroughs. Among these are Post-COVID Recovery Bundles, Fetal Magnetic Resonance Imaging or MRI, and Ganglion Cell Analysis for the early diagnosis of glaucoma, to name a few.

The Department of Pathology and Laboratories implemented the online releasing of results for Anatomic Pathology through the following platforms: (1) the MakatiMed website, (2) Electronic Medical Records (EMR), (3) Integrated Hospital Information Management System (IHIMS), and (4) auto-email sending to the clinician and/or requesting physician.

In the same year, the hospital also launched its Radiology Patient Portal, allowing both consultants and patients to conveniently access radiology images and results through their mobile device, tablet, or computer anytime, anywhere.

Cashless payment options were made available beginning June 2021 through e-wallet service providers GCash and PayMaya, including scan to pay options for drive-thru services.

The Service Operations Division sustained its Quality Assurance monitoring all year round, capped off with awards and recognition given to

Internal Recognitions Given to MakatiMed Departments

Rainbow Connection	Operations Support
Don't Hurt Me Twice	Nuclear Medicine
Print Anywhere	Nuclear Medicine
Sleep Child of Mine	Neurosciences Center
eLog in Mo	Outpatient Services Unit
Fall Screening Tool	Operations Support
MakatiMed @ Home: Bringing Health Services at your Doorstep	Outpatient Services Unit
Project Momshie	Operations Support
Bridging the Gaps	Pathology and Laboratories
Go Flex - Increasing job motivation and satisfaction among medical Technologist in the department of Pathology and Laboratory	Pathology and Laboratories
S.O.S. Safety On Stick - A continuous quality improvement program that will strengthen the Laboratory Safety Program in the Department of Pathology and Laboratory	Pathology and Laboratories

deserving hospital departments as part of its Continuous Quality Improvement (CQI) initiatives — yet another strategy to sustain and even level up the medical services which MakatiMed provides.

The Nuclear Medicine Department received an award from the Philippine Society for Quality in Healthcare (PSQUA) for its quality improvement studies and poster contents promoting health and safety.

MakatiMed received international recognition from the Asian Hospital Management Awards (AHMA) 2021 for its efforts to inspire and motivate its healthcare workers and staff members amid the global pandemic. MakatiMed won the Gold Award in the Talent Development category at the AHMA 2021 for "Rainbow Connection," a learning and motivation initiative led by the hospital's Service Operations Division–Business Operations Support Services.

"Rainbow Connection" targets to uplift the morale of MakatiMed employees through virtual activities promoting camaraderie and relaxation as they continue to man the frontlines of the country's war against COVID-19. Part of the initiative includes holding a friendly online competition in singing, dancing, and acting held over TikTok.

Nursing and Patient Care Services

This division took the lead for MakatiMed's re-accreditation under JCI, with preparations rolled out as early as January 2021. Clinical shift managers rolled out a series of spot checks and mock audits across all units to prepare for the actual audits, while assigned quality officers diligently conducted tracer activities to make sure that all hospital practices are aligned with policies and standards.

Throughout the year, 165 policies were introduced or reviewed while existing standards were adjusted to be more responsive to changing times, especially to the demands of the COVID-19 pandemic. These include visiting hours and how to care for patients with special medical conditions, to name a few.

Standard protocols were constantly reviewed and revised as deemed necessary so that MakatiMed's culture of care could shine through brighter than ever.

Partnerships with nursing schools were maintained and deepened through collaboration programs, lectures, and seminars mounted online for 2021, benefiting 157 students. Among the partner schools are the Centro Escolar University-Makati, National University, Medici Di Makati, South Ville International School & College, St. Dominic College of Asia, and the University of Makati. MakatiMed also signed new partnership agreements with St. Paul University Manila and Far Eastern University-Manila, while agreements with five other universities are under discussions.

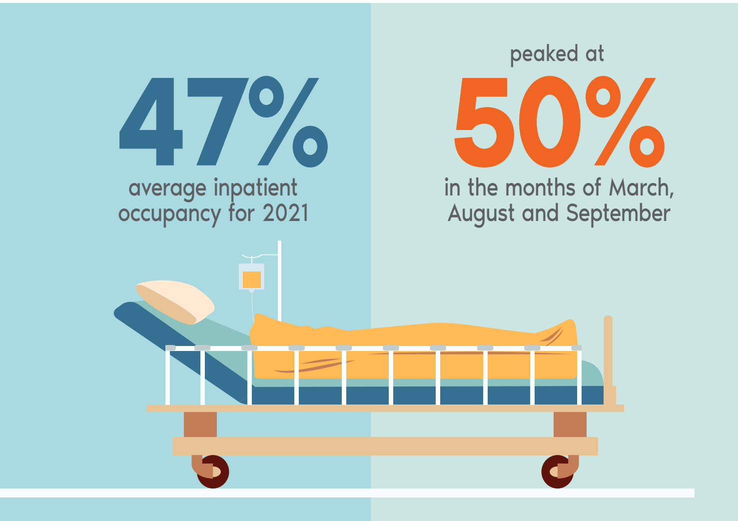
The limited number of MakatiMed nurses became the most pressing concern for the year as room closures due to manpower shortages had the highest share of closures accounting for an average of 85 closed rooms in a year.

> "...room closures due to manpower shortages had the highest share of closures accounting for an average of 85 closed rooms in a year."

The average inpatient occupancy for 2021 is 47 percent, which peaked at 50 percent in the months of March, August and September due to COVID-19 infection surges and at a low of 39 percent in December. Average available bed capacity stood at 493 beds, the highest was in January 2021 with 511 vacant beds while August tallied the lowest number of available beds at 482 – stable when compared to 2020. Bed allocation for COVID-19 patients varied per month, depending on the number of patients needing or seeking hospital admission.

Resignations of nurses was a serious concern in 2021, with a third of them leaving MakatiMed to work abroad to reap better opportunities.

To plug the gap in manpower, The Nursing and Patient Care Division developed the Nurse Residency Probationary Program to quickly align new recruits with company policies and principles through clinical enhancement workshops, critical thinking exercises, and patient-centered attitude development within a six-month span. Meanwhile, the hospital also continued to hire Clinical Efficiency Nursing Assistants from under-board



passers (graduates of BSN degrees but have either failed or have yet to take their Nursing Licensure Exams) to boost medical support staff, provided they hold a nursing diploma and undergo clinical hands-on trainings.

Face-to-face training initiatives were put on hold due to the pandemic, such as clinical immersion, internship, and pre-college observership program targeting undergraduate and even postgraduate students who are looking for hands-on experience.

Underboard nursing graduates were tapped to join the MakatiMed workforce while they are waiting to take the Nursing Licensure Examinations, which ground to a halt in 2020 amid lockdowns. MakatiMed hosted a bridging program for 60 nursing trainees in two batches, all of whom passed the board exams. The exercise is meant to help the nurses transition better into competent and compassionate nurses at par with MakatiMed's standard of care.

In turn, 43 scholars and board passers were hired by MakatiMed in 2021, for a total of 1,225-strong pool of nursing practitioners.

The division offered mandatory programs to enhance the competencies of hired nurses, such as COVID-19 Essentials, Infusion Therapy, Point of Care Testing, Moderate Sedation, and ECG Reading and Interpretation. The Proning Ventilation procedure also became a focal point of continuing skills training as it was crucial in managing COVID-19 patients.

The Nursing and Patient Care Services unit took charge of training vaccinators as COVID-19 vaccines were made available in the country in 2021, beginning with practice sessions for intramuscular injections. MakatiMed secured fresh accreditation to train nurses from other healthcare institutions as an authorized Continuing Professional Development provider. This was availed by nurses from MakatiMed's sister hospitals Manuel J. Santos Hospital and West Metro Medical Center, within Metro Pacific Hospital Holdings, Inc. .

Other clinical enhancement programs covered a variety of health services such as private duty nurses, life support, chemotherapy and biotherapy, as well as assertive communication skills and leadership workout for new managers. Continuing education transitioned to digital learning for the most part of the year.

Yet another proof of the dedicated and high-quality work of MakatiMed are the research publications of its medical professionals, with multiple academic research papers accepted for publication in nursing journals in the Philippines and abroad. Some of these presentations merited citations from the wider nursing community for their contributions to the advancement of the profession.

Eight members of the Nursing and Patient Care Services Division were awarded the Clinical Nursing Excellence Award, while five others received the Nursing Leadership Excellence Award in 2021. These MakatiMed practitioners consistently embodied their commitment to the hospital's culture of quality and safety, while demonstrating the extent of their knowledge and expertise of the practice.

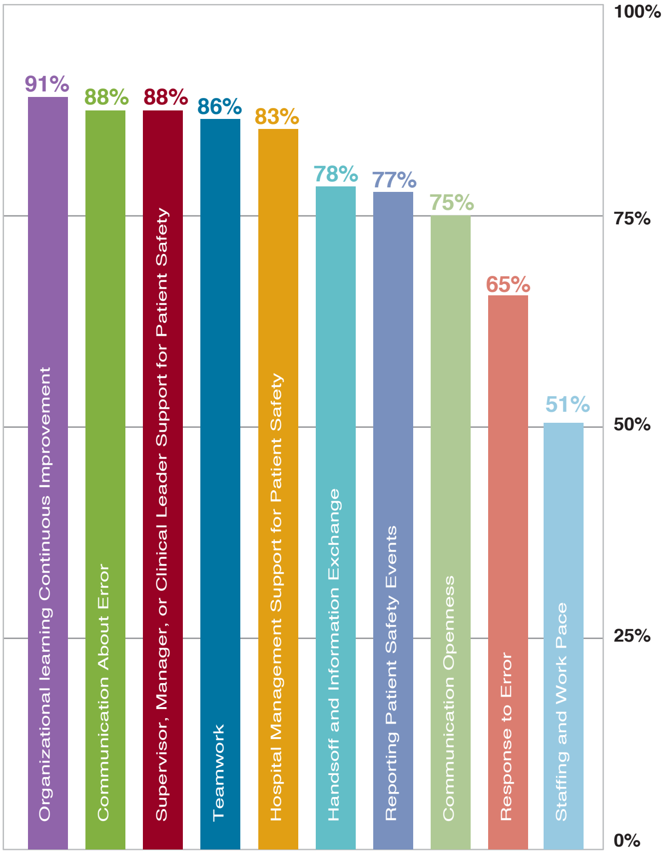
MakatiMed found ways to celebrate the 2021 International Nurses Day on May 12 and the National Nurses Week from October 25-29, marked by a simple hybrid celebration wherein hospital executives relayed their gratitude and immense respect towards our nurse frontliners.

To remain responsive to emerging needs, the division held its Learning Needs Assessment for 2021 to identify the strengths and weaknesses of its team members and craft programs that would address such concerns. Nurses were "cross trained" across departments to expand their skill sets, making sure that our services are in line with MakatiMed's brand of care as The Hospital with a Heart.

Quality Management

MakatiMed paid close attention to monitoring and assessing the quality of its services as it strived to upgrade and expand its patient offerings.

Despite the pandemic, the management forged on with the hospital-wide Culture of Safety Survey (COSS) conducted from August 16 to September 24, 2021 to assess the safety culture of the hospital and its divisions. The survey posted an 84.5 percent response rate, and recorded an average percent positive response rate of 78 percent. This is significantly higher than the external benchmark of 67 percent based on the Agency for Healthcare Research and Quality or AHRQ survey.



COSS results

The Complaints Management Unit reported a 21 percent drop in queries from the previous year. All complaints were resolved by end-2021.

MakatiMed tracked safety events within its facilities through its Hospital-Wide Incident Reports Management tool. All incidents were to be reported and analyzed within the prescribed timeframe so the hospital can improve its processes and prevent the recurrence of such events. This would involve preparing an incident report, root cause analysis, preventive action plan and evidence of preventive action plan, which are all submitted through the Automated Complaints & Incidents Tracking System (ACITS). Quality, Safety and Compliance Service Champions (QSCC) appointed by the departments to manage this process.

There was a 0.5 percent decline in the number of safety incidents reported in 2021, with the remaining concerns addressed through additional trainings or refresher courses, process improvement, and adjustments in hospital policies.

MakatiMed reinforced its Resuscitation Services Program to ensure that crucial cardiopulmonary services for adult and pediatric patients are available round-the-clock in all areas of the hospital. A Resuscitation Services Team must always be on hand to rush to a patient in cardiopulmonary arrest to begin immediate resuscitation efforts. Basic life support is implemented immediately upon recognition of cardiac or respiratory arrest, and advanced life support is initiated in less than 5 minutes.

The hospital kicked off its Clinical Alarm System Management in January, which aims to notify caregivers of potential patient problems. Special medical equipment would generate an alarm to indicate unsatisfactory physiological patient states, as well as faulty medical electrical equipment or medical electrical system. This would work in tandem with the Nurse Call system, an emergency communication set-up allowing for rapid response to the needs of a patient.

Bedside Physiologic Monitor Alarms were also collected and analyzed for process improvement. Other risk management strategies were also implemented, while the business continuity plan of various departments were monitored and analyzed for refinements.

A total of 57 MakatiMed departments and divisions were recognized for their “outstanding” commitment to patient safety, manifested in the

...an average score of 4.80 out of 5 in terms of hospital-wide satisfaction rating from 9,096 respondents. This is the highest since at least 2019...

comprehensive reporting of safety events. The hospital also joined the observance of the 2021 World Patient Safety Day on September 17, which focused on safe maternal and newborn care.

Another quality metric called the Patient Experience or PX survey form was rolled out to assess patient experience and satisfaction. MakatiMed logged an average score of 4.80 out of 5 in terms of hospital-wide satisfaction rating from 9,096 respondents. This is the highest since at least 2019, although with a smaller pool of respondents.

The Patient Experience Unit employed telerounds to check on patients while limiting direct exposure. MakatiMed staff made a total of 10,056 telerounds, with 91 percent raising no concerns, and the rest seeking assistance and were immediately attended to.

As a gesture of compassion, MakatiMed revisited some of its infection control measures concerning visitor policy. Despite the pandemic, hospital management eased up on special cases to demonstrate MakatiMed's genuine concern for the overall well-being of patients. The hospital facilitated inpatient visits for patients under extraordinary circumstances. On the other hand, MakatiMed sent out sympathy cards for the bereaved families of deceased patients.

Despite receiving the nod of JCI, MakatiMed is committed to the pursuit of further enhancements of its medical services.

Human Resources Management & Development

Integral to the delivery of quality healthcare to MakatiMed patients is its team of dedicated, hardworking, and highly-qualified medical professionals, allied health workers, and support personnel.

A total of 632 new employees were hired in 2021, 56 percent of which are registered nurses. MakatiMed's medical group welcomed 589 recruits, while 43 new workers joined the corporate group. The hospital managed to acquire new talent despite recruitment challenges brought about by fewer graduates, the migration of health professionals, and delays in the conduct of licensure exams amid lockdowns.

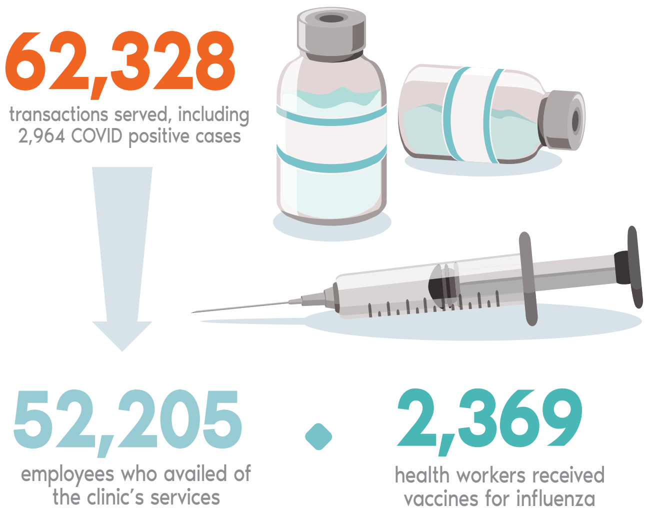
Salaries and benefit packages were enhanced to attract applicants, including incentives and allowances. Candidates coming from the provinces were given transportation and relocation assistance as they adjust to a new work environment in MakatiMed, while referral incentives were given to existing employees who bring in successful recruits.

The hospital management believes keeping employees safe from COVID-19 is crucial to sustaining the delivery of quality healthcare services to all.

MakatiMed's Employee Well-being Clinic consistently provided services for employees, dependents, house staff and retirees in the face of a continued increase in COVID-19 infections through teleconsultations and online queuing or eQueue for teleconsultation. A total of 62,328 transactions were served, including 2,964 COVID positive cases. This is higher than the 52,205 employees who availed of the clinic's services in 2020. A total of 2,369 health workers received vaccines for influenza.

The Occupational Safety and Health (OSH) committee remained a very busy unit in 2021 with the continuing threat of COVID-19 infections, in line with MakatiMed's commitment to protect its people – especially medical workers – safe from the virus. Apart from liaising with the Department of Labor and Employment for compliance reports on workplace safety protocols, the OSH committee took charge in preventing and managing the exposure of MakatiMed employees to COVID-19, a tricky task with many of them directly tending to patients.

The committee, along with the Employee Well-being Clinic, rolled out health standards to reduce transmission and contact, held environmental rounds to see if health protocols are adhered to, and ensured proper wearing of face masks and personal protective equipment. Compliance was noted at 93 percent for all safety measures.



Continuing education and skills development were encouraged even in the face of the pandemic, with 219 virtual trainings and skills development programs rolled out for the benefit of 4,129 employees. Short e-learning courses were likewise offered through the "Pocket Learning for Leaders" initiative for professional development.

A total of 85 current staff members received promotions, along with 112 developmental assignments and 406 lateral transfers. MakatiMed divisions and departments crafted succession plans for key executive and departmental positions, ensuring continuity of work.

To celebrate MakatiMed's 52nd year, Service Recognition and Awards for loyal and outstanding doctors, medical staff, and employees were handed out.

Various enrichment activities were rolled out, such as the Abot-Kamay volunteerism drive which targeted the elderlies of Anawim located in Rodriguez, Rizal, a community pantry for outsourced personnel, and donations to families displaced by Typhoon Odette.

Information and Communications Technology

The second year of the pandemic saw even heightened reliance on the use of digital and online platforms. The Information and Communications Technology Division ensured stable and effective connectivity across hospital units through the use of Zoom enterprise accounts and Microsoft Teams. The use of electronic signatures was also introduced to facilitate the exchange and approval of documents online.

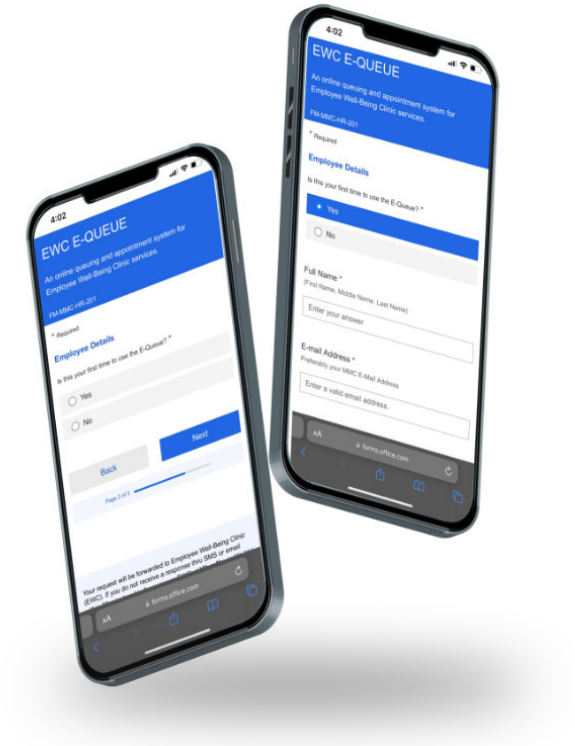
With the opening of new facilities outside of MakatiMed's main complex, hospital systems were electronically connected across the Ayala North Exchange, Discovery Primea, the swabbing and vaccination sites at the Convergys Open Parking Facility, as well as the Amorsolo non-COVID vaccination Drive-Thru Facility.

In the same year, the division upgraded the hospital's obsolete private automatic branch exchange or PABX system to an IP-based telephony system. The hospital-wide Internet Bandwidth Manager was upgraded to keep up with the increase in Internet traffic. Cybersecurity improvements were introduced in response to findings during the annual vulnerability assessment and penetration testing, while network connectivity was maintained at all times given the greater reliance in online solutions.

Perhaps the most important role fulfilled by the division in 2021 is the digital COVID-19 vaccination system, which allowed MakatiMed to become one of the foremost private vaccination sites in the country. With the use of low-code development tools, a digital vaccination system was crafted which allowed for a smooth registration, scheduling, and reporting processes.

The division implemented more than 170 projects in 2021, focusing on digital transformation needs of hospital units.

Improvements were introduced to existing digital infrastructure, such as the HR dashboard, the online queueing and appointment system of the Employee Wellbeing Clinic, and other requests made by corporate and medical divisions. All these initiatives sought to address the ever-growing needs of the hospital and its patients, and to ensure MakatiMed's competitiveness here and abroad.



...the digital COVID-19 vaccination system, which allowed MakatiMed to become one of the foremost private vaccination sites in the country.

Facilities Management and Engineering

The Division demonstrated flexibility as it sought to improve the hospital's facilities to match new requirements and preferences in the face of the continuing pandemic.

The Facilities Management and Engineering Division completed 63 projects in 2021 cumulatively worth P70.4 million. These include:

- Construction of a bridgeway and lobby connecting MakatiMed to Ayala North Exchange, passageway linking Tower 1 and the MakatiMed Wellness Center
- Renal Care Expansion
- Relocation of HealthHub Premier in preparation of renal care expansion
- Central Registration reloction and expansion
- Relocation of Bone Marrow Transplant to 7th floor, Tower 2
- Fecal Microbial Transplant at the 2nd floor, Tower 2
- New Satellite Outpatient Pharmacy near Dela Rosa driveway
- New MakatiMed Outpatient Center, 3rd floor of Discovery Primea along Ayala Avenue

With periods of a surge in COVID-19 cases, MakatiMed commissioned an additional 63 isolation rooms to be converted as an extension of the hospital's COVID-19 ward. Towards the end of 2021, the division prioritized the renovation of several doctors' clinics to shore up more rooms for newly accreided doctors to cater to more patients.

MakatiMed pursued an expansion project at the Manhattan Gardens in Araneta City, which is for completion within the first quarter of 2022.

Cost-saving measures were employed for the year to improve operational efficiencies. Among the strategies were to trim down the number of service providers by about 5 percent, saving the hospital some P10 million.

The rationalization of contractual services and preventive maintenance contracts generated P22.4 million in savings, while electricity costs went down by P9.7 million compared to 2020, amounting to P147million in total hospital wide savings versus target.

MakatiMed is building on the gains secured in 2021 as it charts the path to full recovery, accepting that Filipinos will continue to live with COVID-19 for the time being. We are comforted by the fact that the immediate future looks better and brighter as we tackle the pandemic with greater knowledge on how to respond to it, and encouraged by the strength and optimism of the communities we serve every day.

We remain grateful to all our patients who continue to trust the MakatiMed brand of care, generous with their feedback and commendations, and inspire our team to keep our passion for service; to our dear MakatiMed healthcare workers – your top quality service, dedication, and commitment to excellence is truly remarkable.

The rationalization of contractual services and preventive maintenance contracts generated P22.4 million in savings, while electricity costs went down by P9.7 million compared to 2020, amounting to P147million in total hospital wide savings versus target.

We are confident that MakatiMed has no way to go but up, guided by this transformative hope that uplifts and reassures that beyond this "new normal" of the pandemic follows a "healthy new normal." Through it all, MakatiMed will remain as a reliable partner every step of the way.

Atty. Pilar Nenuca P. Almira

President & CEO

Report of the Medical Director

Saturnino P. Javier, MD, FPCP, FPCC, FACC, MMHOA
Medical Director

I hereby present the highlights of 2021 to the entire Makati Medical Center [MMC] community of physicians, nurses, allied medical professionals, employees and stockholders. As 2021 drew to an end, it was a great opportunity to recognize the many blessings that MMC enjoyed last year – notwithstanding the nearly two-year old pandemic that was still raging on – and as the threat of the new COVID-19 Omicron variant loomed with certainty. This was a most opportune moment to remind the medical community – "We must not languish in fear of this vicious virus and instead derive strength from the unbridled tenacity and the cautious optimism that we can muster - as we sail forth towards a new year."

JCI ACCREDITATION COUNTS FOUR

MMC had its 4th Accreditation Survey by Joint Commission International on November 8-12, 2021. The entire survey was conducted virtually by a panel headed by Sharon Coulter James, FACHE. She was joined by Diane M. Sanders MN, RN, NEA-BC, Enrico Baldantoni, MD and Zeenat Sulaiman Khan RN, DNP, MHA, MScN, BScN.

This accreditation was significant in many ways:

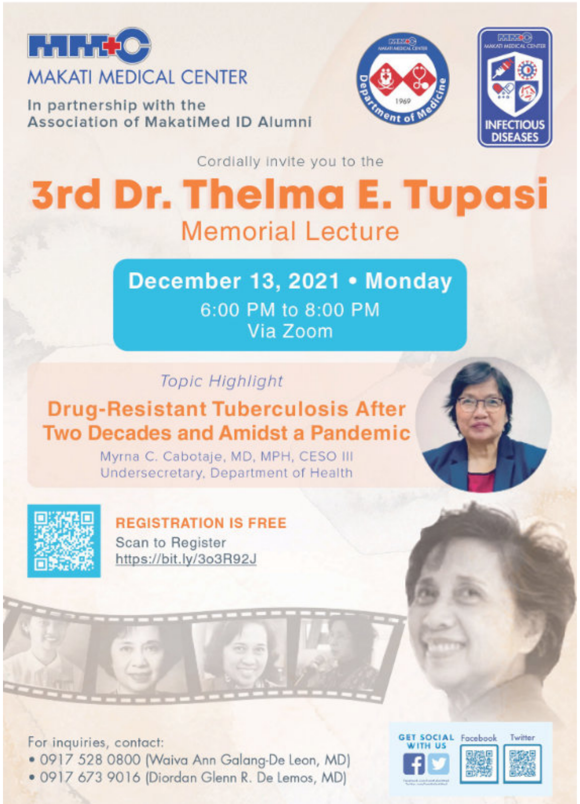
- This was a renewal and accreditation process amidst a 19-month-long pandemic
- The look-back period of one year – [Oct 2020 - Oct 2021] - was preceded by a COVID-19 surge in July-August 2020 and covered two massive surges in March-April 2021 and August-September 2021.
- The entire accreditation survey was undertaken virtually - which added more challenges to the entire process.
- It covered one of the hospital's contentious processes – the merging of EMR [electronic medical record] and paper-based documentation.
- This year's reaccreditation achieved a higher score than the previous one [which was already high]. Perfect scores of 10 were obtained in four areas –
  - Assessment of Patients [AOP]
  - Staff Qualifications and Education [SQE]
  - Quality Improvement and Patient Safety [QPS]
  - Patient-Centered Care [PCC]

MMC was officially reaccredited by JCI for the fourth time on November 13, 2021.

CONTINUING PHYSICIAN DEVELOPMENT

Amidst the COVID-19 pandemic, the various departments and sections successfully held postgraduate courses and other educational activities:

- The Section of Cardiology held its 7th Fora Cardiologia entitled Navigating the Future: Cardiology in the Changing Times [February 25-26, 2021]
- The Section of Nephrology held its 1st Virtual Post Graduate Course entitled Breaking the Nephrologist's Code 5: Preventive Nephrology [June 17-19, 2021].
- The Department of Medicine held its 1st Virtual Post Graduate Course. Preventive Medicine SAVES (Scientific Adaptive Virtual Exchanges) [July 15-16, 2021]
- The Department of Otorhinolaryngology held its 16th Post Graduate Course and Webinar Series entitled Surgical Histopathology and Cytology and Head and Neck Disease and Imaging Studies [August 26-28, 2021]
- The Department of Pediatrics organized a virtual scientific symposium entitled Emerging from our PPEs [Pediatric Pandemic Experience]. [September 13-14.2021]
- The Department of Emergency Medicine held its 24th Annual Symposium entitled Acclimatized [September 14-16, 2021]
- The Department of NeuroSciences held its 10th Postgraduate Course entitled Epiphany: Unraveling the Enigma of Neurologic Disorders on November 4-5, 2021
- The Section of Endocrinology held its 10th Annual Post Graduate Course. RUBY: Redefining Understanding Beyond the Years. [November 15-16.2021]
- The Section of Infectious Disease, the Department of Medicine and the Association of Makati Med ID Alumni organized the 3rd Dr. Thelma E. Tupasi Memorial Lecture. Guest of honor was Dr. Myrna C. Cabotaje, Undersecretary of the Department of Health, who gave a lecture entitled Drug Resistant TB after Two Decades and Amidst a Pandemic [December 13, 2021]



Other Continuing Medical Education activities:

- The MakatiMed Wellness Center, in collaboration with the Section of Psychiatry, conducted 12 webinar sessions on mental health. The participants were members of the mood harmony support group, MMC employees, and their dependents


Section of Hematology
is now accepting applicants for
Fellowship Program
DEPARTMENT OF MEDICINE
MAKATI MEDICAL CENTER
SECTION OF HEMATOLOGY
Requirements:
• Completed Application Form, Data Privacy & Consent
• Transcript of Records (Certified True Copy from the Source)
• PRC Board Examination Result (Certified True Copy from the Source)
• Medical Degree Diploma (Certified True Copy from the Source)
• Certification of Rank in Class (Original Copy)
• Updated Recommendation Letter from Residency Training Officer (Original Copy within Six (6) Months)
• Certificate of Residency
• Certificate of Specialty Board or Certificate of Good Standing (If Specialty Board was taken more than two (2) years ago)
• Passport Size Photo (1.5 x 1.5 in White Background)
• Processing Fee of Php 500
Application Form and Submission:
Division of Medical Education & Research, 1st Floor, Tower 1
Deadline of Application: May 15, 2021
Start of Fellowship: June 1, 2021
SCAN ME
For more inquiries, contact the MakatiMed Section of Hematology at:
+63 995 662 2749
mmc.hematology@makatimed.net.ph
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Section of Gastroenterology
is now accepting applicants for
Fellowship Program
MAKATI MEDICAL CENTER
Department of Medicine
1969
Requirements:
• Completed Application Form
• Transcript of Records (Certified True Copy from the Source)
• PRC Board Examination Results (Certified True Copy from the Source)
• Medical Degree Diploma (Certified True Copy from the Source)
• Certificate of Rank in Class (Original Copy)
• Certificate of Specialty Board or Certificate of Good Standing (If Specialty Board was taken more than two (2) years ago)
• Certificate of Residency (Certified True Copy from the Source)
• Recommendation Letter from Residency Training Officer (Original Copy within six (6) months)
• Passport Size Photo (1.5in x 1.5in White Background)
• Processing Fee (PhP 500)
Application Form and Submission:
Division of Medical Education & Research, 1st Floor, Tower 1
Deadline of Application: February 26, 2021 (Friday)
SCAN ME
Fellowship and Residency Training Program Guidelines
https://www.makatimed.net.ph/division-of-medical-education-and-research
For inquiries, contact the MakatiMed Medical Education & Research at +63 2 8888 8999 local 7165 or 7161-7169.
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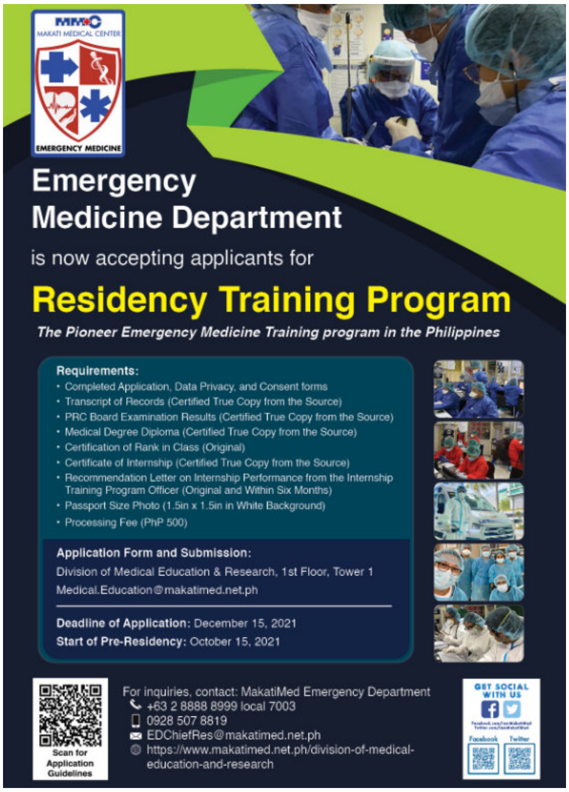
MAKATI MEDICAL CENTER
EMERGENCY MEDICINE
Emergency Medicine Department
is now accepting applicants for
Residency Training Program
The Pioneer Emergency Medicine Training program in the Philippines
Requirements:
• Completed Application, Data Privacy, and Consent forms
• Transcript of Records (Certified True Copy from the Source)
• PRC Board Examination Results (Certified True Copy from the Source)
• Medical Degree Diploma (Certified True Copy from the Source)
• Certification of Rank in Class (Original)
• Certificate of Internship (Certified True Copy from the Source)
• Recommendation Letter on Internship Performance from the Internship Training Program Officer (Original and Within Six Months)
• Passport Size Photo (1.5in x 1.5in in White Background)
• Processing Fee (PhP 500)
Application Form and Submission:
Division of Medical Education & Research, 1st Floor, Tower 1
Medical.Education@makatimed.net.ph
Deadline of Application: December 15, 2021
Start of Pre-Residency: October 15, 2021
Scan for Application Guidelines
For inquiries, contact: MakatiMed Emergency Department
+63 2 8888 8999 local 7003
0928 507 8819
EDChiefRes@makatimed.net.ph
https://www.makatimed.net.ph/division-of-medical-education-and-research
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Department of Anesthesia
Section of Regional Anesthesia
is now accepting applicants for
Fellowship Program
REGIONAL ANESTHESIA AND ACUTE PAIN MANAGEMENT
MAKATI MEDICAL CENTER
Requirements:
• Completed Application Form and Data Privacy & Consent
• Transcript of Records
• PRC Board Examination Results
• Medical Degree Diploma
• Certification of Rank in Clas (Original Copy)
• Passport Size (1.5 x 1.5 in) Picture with White Background (One Copy)
• Processing Fee of P500
Additional Requirements:
• Certificate of Residency
• Certificate of Specialty Board or Certificate of Good Standing if Specialty Board was Taken More than Two (2) Years prior to Application
• Updated Recommendation Letter from Residency Training Officer (Original Copy, Within Six (6) Months)
For applicants who have not done their residency in Makati Medical Center.
Application Form and Submission
Division of Medical Education & Research, 1st Floor, Tower 1
Application Period: May 2021
Pre-Fellowship Period:
May 15 to May 30, 2021
Fellowship Training Period:
June 1, 2021 to May 31, 2022
SCAN ME
FOR INQUIRIES, CONTACT:
MakatiMed Department of Anesthesia
+63 2 8888 8999 local 3537
Anesthesiology.Section@makatimed.net.ph
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- For corporate roadshow, MakatiMed Wellness Center reached out to companies and institutions by offering online mindcare webinars
  - Coping with Pandemic Fatigue [October 26, 2021]. This was made possible in cooperation with Philippine Air Force – Tactical Operations Wing Northern Luzon and MMC Foundation]
  - Mental Health Talk [October 27, 2021]. This was in partnership with Toyota and Mindbroker Corporation.]

TRAINING PROGRAMS

The Division of Medical Education and Research (DMER) under the able stewardship of Ma. Rosario P. Marin, MD, along with the other officers - Ramon S. Francisco, MD; Ma. Milan P. Tambunting, MD; Jimmy Aragon, 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 74 interns and 238 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].

For the MMC fellowship training programs, DMER continued supervision of 70 fellows in 23 training programs - namely Cardiology, Cardiac Rehabilitation, Echocardiography, Endocrinology, Gastroenterology, Hematology, Infectious Diseases, Medical Oncology, Nephrology, Pulmonology, Rheumatology, Stroke and

RESIDENCY TRAINING	
Dermatology	
Integrated Provincial Health Office (Magsaysay Memorial District Hospital)	March 5, 2021 – March 4, 2024
Army General Hospital	September 27, 2021 – December 31, 2021
Mary Mediatrix Medical Center	October 8, 2021 – December 31, 2021
Emergency Medicine	
Philippine National Police Health Service	August 15, 2021 – August 14, 2025
Internal Medicine	
Tejeros Health Center	2021 – 2022
Neurosurgery	
East Avenue Medical Center	January 21, 2021 – January 20, 2026
Pediatrics	
Trinity Woman and	June 1, 2021 - May 31, 2024
Surgery	
Ospital ng Muntinlupa	March 1, 2021 – December 31, 2021
Philippine National Police Health Service	January 1, 2021 – December 31, 2022
FELLOWSHIP TRAINING	
Hematology	
Region 1 Medical Center	June 1, 2021 – May 30, 2024
Celyrosa Express Inc.	June 1, 2021 – May 31, 2024
Pediatric Pulmonology	
Pasig City General Hospital	January 2021 – January 2024

Vascular Neurology, OB-Gyn Ultrasound, Clinical Microbiology, Pediatric Pulmonology, Breast Imaging, CT-MRI, Interventional Radiology, Radio Ultrasound and Plastic, Reconstructive and Aesthetic Surgery, Pain Medicine, Nuclear Medicine and Regional Anesthesia.

The residents and fellows of the hospital comprised a major group of frontline healthcare responders which provided valuable manpower support especially during times of COVID-19 surges - as they enlisted for the Emergency Room, the Critical Care Units and the regular COVID-19 isolation wings of the hospital.

There were 50 applicants (3 Filipinos and 47 foreigners – from Austria, Belgium, England, France, Germany, and Romaina) for the MMC Clinical Observership Program. However, full implementation of the program was hampered by the pandemic.

PARTNERSHIPS AND COLLABORATIONS

As part of its commitment to extend training and academic support to other healthcare institutions, MMC, through the Division of Medical Education and Research, continued its partnerships with other institutions:

Internship & Residency	
Internship Training Program	3 years (August 1, 2021 – July 31, 2024)
Dermatology	3 years (2021 – 2023)
Nuclear Medicine	3 years (January 1, 2021 – December 31, 2023)
Ophthalmology	3 years (January 1, 2021 – December 31, 2023)

Fellowship	
Echocardiography	3 years (September 10, 2021 – September 10, 2024
Infectious Diseases	Extended for another year (June 1, 2021 – May 31, 2022)

As a commitment to MMC to further enhance its academic programs, two new training programs were started – Maternal and Fetal Medicine and Critical Care Medicine.

Other collaborations were inked:

1. On July 12, 2021, MMC signed a Memorandum of Agreement (MOA) with the Philippine Association of the Sovereign Order of Malta Inc. through the efforts of Joseph Ray Richard R. Cedeno, MD and Eric S. Nubla, MD. The sovereign order is a religious community that runs medical, social and humanitarian projects in the Philippines, created by and existing under the laws of the Republic. This collaboration has provided a timely and appropriate venue for various departments of the hospital to embrace community social responsibility through a multi-disciplinary community outreach program.

Photo: Showcasing their donor cards are (L-R) Ellen Lagan, Eye Bank Manager, Sherman O. Valero, MD, MakatiMed Department of Ophthalmology Chairman, Ma. Dominga Padilla, MD, Eyebank President and CEO, and Saturnino Javier, MD, MakatiMed Medical Director

2. Renewal of MOA with the Eyebank Foundation of the Philippines which sought to revitalize the hospital voluntary corneal retrieval program [October 14, 2021]. Corneal transplantation policies were also established and approved. This collaboration was aligned with MMC's thrust on organ transplantation.
3. Robotics Surgery Observership in PGH for MMC surgeons from different departments [December 21.2021]. This would serve to provide initial exposure and training necessary to prepare and transition the surgeons for their robotics credentials.

TRAINING PROGRAMS AND SPECIALTY BOARD ACCREDITATIONS

In 2021, several training programs and departments successfully renewed their accreditations with the respective boards – ensuring that the quality of the programs were maintained and aligned with national and international standards.

100% PASSING MARKS IN DIPLOMATE EXAMINATIONS

All graduates of MMC training programs successfully hurdled the following diplomate examinations given in 2021 [a 100% passing mark]. Undoubtedly, they all continue to be sources of pride for Makati Medical Center.

1. Philippine Psychiatric Association [Written Board Exam]
2. Philippine College of Cardiology
3. Philippine Board of Ophthalmology [a 100% six-year passing rate]
4. Philippine College of Chest Physicians
5. Philippine Rheumatology Association
6. Philippine Society of Microbiology and Infectious Diseases
7. Philippine Board of Emergency Medicine
8. Philippine Board of Anesthesiology
9. Philippine Board of Radiology
10. Philippine Board of Radiation Oncology
11. Philippine Board of Surgery
12. Philippine Board of Neurological Surgery
13. Philippine Dermatological Society
14. Philippine Society of Echocardiography

In Pediatrics, Tracy Anne G. Fojas, MD topped the Philippine Pediatric Society Specialty Board Written Examination. In Rheumatology, Cassandra E. Machuca, MD and Kathleen Joy C. Abanilla, MD garnered the first and second slots respectively. In the Philippine Board of Emergency Medicine examinations, five (5) graduates were included in the Top 10 of the written Exam and two graduates were in the Top 2 slots of the Orals.

RESEARCH PURSUITS IN MMC

The Makati Medical Center Institutional Review Board (IRB) posted a record-high number of research protocol submissions in 2021. The breakdown is as follows -

- Total number of submissions – 188
- Approved – 136
- Approved and ongoing – 98
- Approved and completed – 38
- Exempted protocols – 26
- Protocols with ongoing review/awaiting resubmission – 23
- Protocols withdrawn or review on hold prior to decision - 3

Importantly, the MMC IRB was granted Level 3 Accreditation for four years by the Philippine Health Research Ethics Board (PHREB) on September 2, 2021.

LICENSING AND ACCREDITATION

Through the tireless efforts of the Hospital License and Accreditation Division (HLAD), MMC obtained the following licenses and permits:

- DOH Certificate of Accreditation: Mother-Baby Friendly Health Facility (January 2021)
- DOH Certification: Mother-Baby Friendly Workplace Certification (February 23, 2021)
- Certificate of Accreditation from the Philippine Health Research Ethics Board [PHREB] (March 2021)
- ARSP – Research Institute for Tropical Medicine Antimicrobial Resistance Surveillance Program (June 2021)
- Joint Commission International Gold Seal of Approval, 7th Edition (November 13, 2021)
- PhilHealth (December 2021)

Republic of the Philippines
Department of Health
Philippine Health Insurance Corporation
and
Research Institute for Tropical Medicine
Antimicrobial Resistance Surveillance Program
9002 Research Drive, Filinvest Corporate City
Alabang, Muntinlupa City, Philippines
Telefax: (+632) 8099763

Certificate of ARSP Accreditation

is hereby granted to

Bacteriology Laboratory

of

MAKATI MEDICAL CENTER - MEDILINX LABORATORY INC.

2 Amorsolo St., Brgy. San Lorenzo, Legaspi Village, Makati City 1229, Region NCR

pursuant to

PhilHealth Circular No. 15, s-2006 – Reimbursement of claims for Philippines National Drug Formulary antibiotics used only in hospitals accredited under the **DOH - Antimicrobial Resistance Surveillance Program**
and
DOH-Administrative Order No. 2015-0049 – Rules and Regulation Governing the ARSP Accreditation of Bacteriology Laboratories in the Philippines for the PhilHealth Reimbursement of Select Antibiotics in the Philippine National Drug Formulary

Accreditation No.	:	2019-028
Date Issued	:	July 2019
Validity	:	July 1, 2019 to June 30, 2022

SONIA B. SIA, M.D.
Head, Antimicrobial Resistance Surveillance Reference Laboratory

CELIA C. CARLOS, M.D., CESO IV
OIC, Director IV - RITM
Chair, Committee on Antimicrobial Resistance Surveillance Program

PNHRS

The Philippine National Health Research System
Philippine Health Research Ethics Board
awards this

Certificate of Accreditation

to the

Makati Medical Center
Institutional Review Board

for fulfilling all the PHREB requirements as a
Level 3 Research Ethics Committee
Accreditation No: L3-2021-001-03
Effectivity Date: 02 September 2021 Expiry Date: 01 September 2025
with all obligations and privileges thereunto accorded
given this 16th day of March 2022 at the Department of Science and Technology - Philippine Council for Health Research and Development, Taguig City, Philippines.

SONIA E. BONGALA, MD
Chair, PHREB Committee on Standards and Accreditation

LEONARDO D. DE CASTRO, PhD
Chair, Philippine Health Research Ethics Board

JAIME C. MONTOYA, MD, MSc, PhD, CESO II
Executive Director III, DOST-PCHRD

CERTIFICATION

The Department of Health – Metro Manila Center for Health Development hereby certifies,

MAKATI MEDICAL CENTER

located at Legazpi Village, Makati City
as a

Treatment Hub

This certificate shall be valid from July 1, 2021 to July 1, 2023 unless otherwise suspended or revoked

Issued on the 9th of July 2021

GLORIA J. BALBOA, MD, MPH, MHA, CEO VI, CESO III
Director IV

Control No. TH 2021 - 005

Republic of the Philippines
Department of Health
OFFICE OF THE SECRETARY

11 May 2021

MEMORANDUM

TO : **GLORIA J. BALBOA, MD, MPH, MHA CEO VI, CESO III**
Director IV
Metro Manila Center for Health Development

FROM : **MARIA ROSARIO SINGH-VERGEIRE, MD, MPH, CESO IV**
OIC, Undersecretary of Health
Public Health Services Team (PHST)

SUBJECT : **Concurrence to the Results of NCRO's Mother and Baby-Friendly Hospital Initiative (MBFHI) Accreditation and Issuance of Certificates of MBFHI Accreditation for VRP Medical Center, among others**

The Department of Health poses no objection in awarding the Certificates of MBFHI Accreditation to the following hospitals, based on the assessment of Metro Manila Center for Health Development's MBFHI Accreditation Team:

Certificate Number	Facility	Date Issued	Expiry Date
2021-0337	VRP Medical Center	11-May-2021	11-May-2024
2021-0338	Chinese General Hospital and Medical Center	11-May-2021	11-May-2024
2021-0339	Makati Medical Center	11-May-2021	11-May-2024
2021-0340	Cardinal Santos Medical Center	11-May-2021	11-May-2024

The Office for Technical Services will mail the Certificates containing these details to your office within three weeks. Please direct your inquiries to Ana Epefania Q. Escober at chdd@doh.gov.ph.

Congratulations to the newly-accredited facilities, and thank you for your continuous work on MBFHI implementation.

cc: *MYRNA C. CABOTAJE, MD, MPH, CESO III*
Undersecretary of Health, Field Implementation and Coordination Team (NCR and Luzon)

Building 1, San Lazaro Compound, Rizal Avenue, Sta. Cruz, 1003 Manila • Trunk Line 651-7800 local 1113, 1108, 1135
Direct Line: 711-9502; 711-9503 Fax: 743-1829 • URL: http://www.doh.gov.ph; e-mail: officeofsoh@doh.gov.ph

PhilHealth

CERTIFICATE OF ACCREDITATION

The Philippine Health Insurance Corporation
hereby grants

Accreditation

to

MAKATI MEDICAL CENTER

2 AMORSOLO ST., LEGASPI VILLAGE, MAKATI CITY, METRO MANILA

as a/ an

LEVEL 3 HOSPITAL
Accredited Beds: 600

This certificate shall be valid from January 01, 2021 to December 31, 2021 unless otherwise suspended or revoked earlier.

Granted this 14th of January, 2021 at PhilHealth Regional Office - NCR

DR. FRANCISCO Z. SORIA, JR.
Area VP, Area II And Concurrent VP for NCR

Accreditation No.
H92006568

The Auditorium at the 8th floor [Tower 2] was accredited by the Makati City LGU as a Vaccination Site for COVID-19 vaccines and registered by DOH as a Bakuna Site. An area at The Mile Long along Amorsolo Street leased by MMC was also accredited by Makati City LGU as a Vaccination Site for non-COVID-19 vaccines.

The Department of Pathology and Laboratories obtained the following:

- Renewal Accreditation of Convalescent Plasma Therapy, December 2021
- Renewal of Blood Bank's Certificate of Inclusion (COI) from DOH, December 2021
- Renewal of Drug Testing Laboratory License, December 2021

The Department of Nuclear Medicine was granted 3-year Radioactive Material License (2021-2024) by the Philippine Nuclear Research Institute.

NEW MEDICAL STAFF: ADHERING TO INCLUSIVITY AS A POLICY

Adhering closely to a policy of inclusivity, the Division of Medical Services – Credentialing and Privileging Committee - welcomed all those with expertise that would further enhance the capability of MMC and its physicians - a total of 48 new staff members for 2021:

NEW STAFF MEMBERS FOR 2021	
Anesthesiology (Hepatobiliary & Liver Transplant, Pediatric Anesthesiology)	2
Emergency Medicine	2
Otolaryngology [Head and Neck Microvascular Surgery, Skull Base Surgery]	2
Medicine	17
NeuroSciences [Clinical Neurophysiology, Movement Disorders]	2
Obstetrics & Gynecology	2
Ophthalmology	1
Pathology & Laboratories [Cytopathology and Liver Pathology, Urological Pathology]	2
Pediatrics	4
Radiology	1
Surgery	8
TOTAL	**48**

MEMBERSHIP OF MEDICAL STAFF FOR 2021	
Newly Approved	48
Upgrade of Status	16
Renewal of Membership	127
Non-Renewal of Membership	17

Several members of the medical staff achieved distinction in their respective societies in 2021:

- Marcelino D. Banzon, MD – Distinguished Service Award [Asia Pacific Academy of Ophthalmology]
- Benjamin G. Herbosa, MD – elected president of the Philippine Association of Plastic, Reconstructive and Aesthetic Surgeons [PAPRAS]
- Gregorio P. Ocampo, MD - elected President of the Philippine College of Chest Physicians
- Sherman O. Valero, MD – Achievement Award [Asia Pacific Academy of Ophthalmology]
- Abigail C. Zaraspe, MD - elected President of the Philippine College of Sleep Medicine

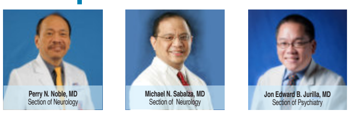
New Appointments

After a rigorous selection process conducted by the Selection and Screening Committee composed of John Vincent G. Pastores, MD [Director, Division of Medical Services], Jose Paulo P. Lorenzo, MD [Head, Credentialing and Privileging Committee], Jay Arnold F. Famador [President, MMC Medical Staff Association] and the corresponding outgoing Department Chairpersons and/or Section Chiefs, the new Clinical Department Chairpersons and Section Chiefs were named in June 2021 and July 2021 respectively.

Clinical Department Chairpersons

Section Chiefs - Department of Medicine

Section Chiefs - Department of Neurological Sciences



Section Chiefs - Department of Radiology

Section Chiefs - Department of Surgery

STRATEGIC PLANNING SESSION WITH CHAIRPERSONS AND CHIEFS

The Office of the Medical Director organized a Virtual Strategic Planning Session with the newly appointed Department Chairpersons and Section Chiefs on September 1, 7, and 9, 2021. The chairpersons expounded on the following in the three-hour sessions:

1. Goals, plans and initiatives [specific, targeted, feasible]
2. Training program
3. Proposed networks or collaborations
4. Planned innovations
5. Foreseen challenges/limitations
6. Priority requests for acquisition
7. Deliverables / measurables —- e.g., prestige, leadership status, revenues, training, etc.

Additionally, in support of the most medically aligned sector of the hospital, the Office of the Medical Director held a Nurses Town Hall Assembly on September 14, 2021. The assembly sought to present to the entire Nursing work force current updates on COVID-19, the ongoing challenges, and the operational strategies to address those challenges. Most importantly, the activity aimed to reinforce the collaborative spirit with the Nursing and Patient Care services.

PROFESSIONAL SERVICES: NEW PACKAGES AND SERVICES

A second cardiac catheterization laboratory - Philips Azurion 7 C20 - was acquired to further enhance Cardiology services among its patient clientele last March 22, 2021. This new acquisition put MMC in a short list of healthcare facilities with two or more cardiac catheterization laboratories in the country.

The new imaging system for coronary, valvular, peripheral vascular, and radiologic procedures feature the following:

- Reduced radiation dose while maintaining excellent image quality for cardiac catheterization in both 2D and 3D
- Unlimited imaging flexibility for diverse procedures and exceptional positioning freedom for medical teams
- Automatic alignment of image beam with the patient for more consistent visualization
- Seamless control over the movement on 8 different axes which significantly reduces the repositioning of the patient, staff and equipment
- Can also be used for interventional radiology procedures such as vascular angioplasty, peripheral vascular atherectomy and cerebral coiling

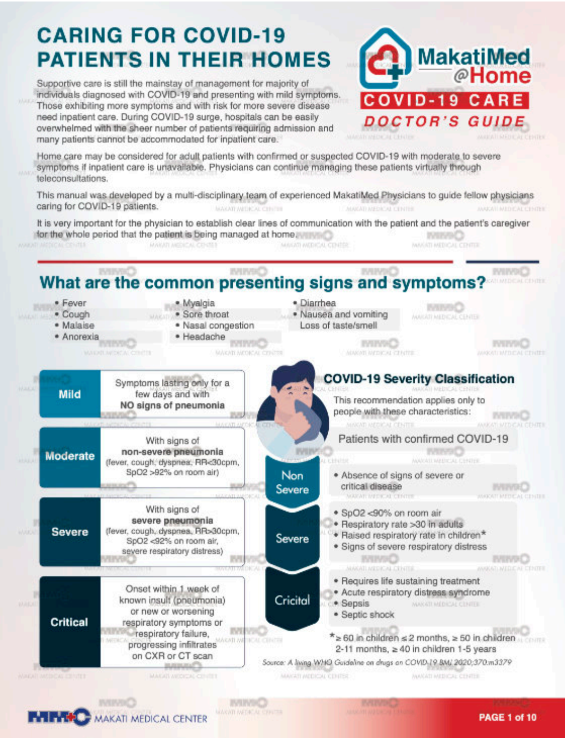
To further widen the scope of services and packages of MMC for various illnesses, several post-Covid-19 Recovery Bundles [with Radiology, Cardiovascular Diagnostic Laboratory, Pulmonary Laboratory] were rolled out.

Likewise other services were introduced in other care access sites:

- ECG in Mobile Care Access
- 24- Hour Holter monitoring in MakatiMed Wellness Center at Ayala North Exchange and Discovery Primea
- Various Dermatology procedures at MakatiMed Wellness Center’s Skin and Laser Hub

To further cope with the influx of COVID-19 patients, the Emergency Department (ED) initiated dialysis services within the ED facility. Furthermore, the ED services were expanded to be able to serve more patients during the COVID surges:

- EXPOUND [Expanded OUtpatient Drive-thru] which facilitated services for COVID-19-health complaints of suspected and confirmed COVID-19 patients at the ED
- EXPOINT [EXPanded Outpatient INfusion Therapy - with IV Remdesivir or Monoclonal antibody infusion (Ronapreve)]



The Liver Unit of the Gastroenterology and Endoscopy Center launched the Therapeutic Plasma Exchange Service or liver dialysis in November 2021. This modality serves as a bridge for patients with liver failure awaiting liver transplantation. Furthermore, Ambulatory and Infusion Services (Outpatient IV albumin Infusions) were made available for patients with liver cirrhosis and ascites.

The Section Gastroenterology established the Fecal Microbiota Transplant Center at the Gastroenterology and Endoscopy Center headed by Ernesto G. Olympia, MD. This paves the way for the first case of intestinal microbiota transplantation in the 2nd quarter of 2022.

PET CT under the Department of Radiology introduced the use of the FDG-PSMA in Makati Medical Center in response to the requirement of our Urologists and Nephrologists in the diagnosis and staging of prostate cancer amongst their patients.

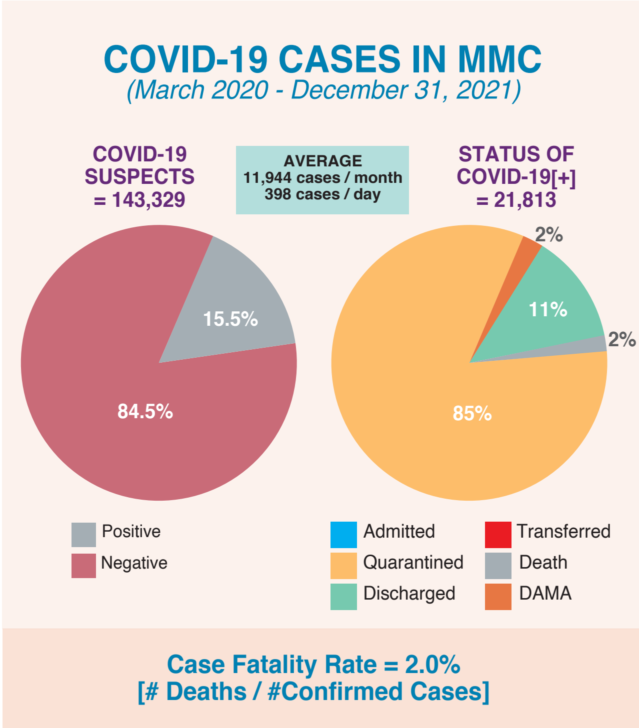
In September 2021, MMC established its Mobile Care Access under Service Operations' POCT Team. Likewise, the Mile Long Satellite Laboratory Collection Area was opened.

The MakatiMed HealthHub introduced a number of services:

- In coordination with Creative, Communications and Sales Services and Service Operations, the EXpanded OUtpatient Drive Thru Delivery Services (EXPOUND) was also operationalized to serve as a one-stop shop for diagnostic tests for mild and manageable cases. This offsite service located at Convergys Open Parking area eased the congestion at the ED as well as other diagnostic centers.
- In the second quarter, teleconsultation services (MMC TeleMD) were expanded to include the services of Pediatrics. The service was made available beyond regular service and office hours to address the demand for remote consultation.
- The center also offered COVID-19 Extended Care Packages for adult and pediatric patients. The packages included included 5–10-day monitoring of patients by retainer physicians via telemedicine.

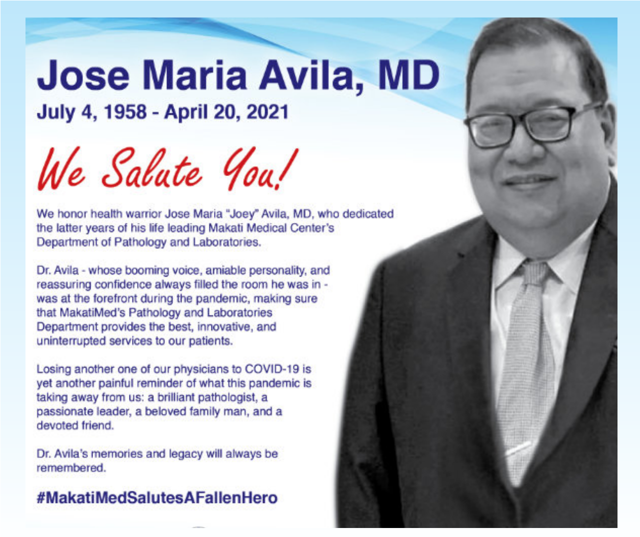
COVID-19 SITUATIONER

As of Dec. 31, 2021, 143,329 COVID-19 suspect cases were seen in MMC since March 2020. Out of this number, 21,813 were confirmed positive. The case fatality rate [# of deaths/confirmed cases] was 2.0%.



A total of 1,984 healthcare workers had been infected with COVID-19 since March 2020. Unfortunately, a member of the medical staff, Dr. Jose Maria C. Avila [Chairman, Department of Pathology and Laboratories] succumbed to complications of critical COVID-19 in April 2021.

If this COVID-19 pandemic were a battlefront, Dr. Jose Maria C. Avila ["Joey"] was one of MMC's generals. He was a trusted and hardworking team member who held his fort - with consummate passion and utmost sense of commitment. Many times, he was at the receiving end of complaints, involving conflicting reports, or delayed results, or allegedly erroneous ones - sometimes from overbearing patients or even staff members. But his cool demeanor and focused direction always put the team at ease with his rebuttals and responses.



With MMC Service Operations Division and his Department of Pathology and Laboratories as the pivotal units for MMC as a PCR testing laboratory, he was at the forefront of the necessary processes to fully satisfy the requirements of the accreditation. He was a vital member in all discussions concerning COVID-19 testing, validation studies, convalescent plasma therapy, infrastructure revisions in the laboratory, among others. The demise of Dr Jose Maria C. Avila was a soul-piercing tragedy of 2021.

Towards year-end, there had been a downtrend in COVID-19 Emergency Department visits and admissions, a downtrend in COVID-19 positivity rate, a downtrend in COVID-19 infections among healthcare workers. The occupancy for COVID-19 was very manageable, with very low morbidity and zero mortality among MMC healthcare workers. All therapeutics for Covid-19 and all vital equipment were in sufficient quantities throughout the year. MMC braced for COVID-19 variants, specifically Omicron, as the year ended and the new year ushered in.

As MMC prepared for what might lie ahead with COVID-19, we drew strength from the following which had steered us through the last 22 months of the pandemic -

1. Lessons and learnings from COVID-19 patient surges
2. Close collaboration of all teams - medical, corporate, ancillary
3. Coordinated responses aligned with DOH framework
4. High vaccination rate among MMC Healthcare Workers (HCWs)
5. Availability of treatment options [antivirals, antibody infusions]
6. Available/sufficient equipment - ventilators and high flow machines
7. Sufficient quantities of Personal Protective Equipment (PPE), masks, and other devices

Lack of manpower remained a foremost challenge in the clinical operations. The mismatch between manpower supply and bed capacity relentlessly plagued the hospital. As more healthcare personnel were depleted - from resignations, absences without leaves (AWOL), mandatory quarantine and/or isolation for COVID-19 infection, the need to expand bed capacity to respond to rising census of COVID-19 patients could not be sufficiently addressed. To cope with this mismatch, we resorted to diverse strategies:

1. Innovations in manpower recruitment and deployment
2. Closure of select non-COVID-19 units
3. Flexibility in HCW:Patient Ratio
4. Close monitoring of unit manpower/staffing
5. Hospital isolation for select HCWs
6. Lease of an external facility for housing/ accommodation of infected HCWs

7. Weekly engagement of COVID-19 Core Group
8. Adjustment of turnaround time for PCR testing
9. Procurement of backup PCR machine for COVID-19 testing
10. Modified skeleton force for trainees
11. Internal adjustment of elective surgery schedules
12. Enhanced platforms for telemedicine consultations and home care services
13. Enhanced communication with the community to assuage disinformation and panic/anxiety

National Health Sector Summit
October 22, 2021

MMC maintained its external engagement with other healthcare groups, medical leaders, and government agencies. Foremost, MMC continued to collaborate and participate in national initiatives and programs spearheaded by the Department of Health, particularly in the last National Health Sector Summit presided by DOH Secretary Francisco Duque III, MD in October 2021.

COMPARE [PANDEMIC STRESS TEST]

The Office of the Medical Director initiated the holding of a COVID-19 Multi-Divisional Pandemic Response Evaluation [COMPARE] on October 13, 2021. This activity simulated a pandemic stress test and reviewed all the processes/systems from March 2020 to the present which aimed at confronting and mitigating the impact of Covid-19 on Makati Medical Center. This was a follow up to a previous discussion held in the 3rd quarter of 2020 which sought to consolidate all the lessons learned, the challenges encountered, and the improvements made in response to COVID-19.

MMC Compare 1
1st COVID-19 Multi-Divisional Pandemic Reponse Evaluation (COMPARE)
October 13, 2021

The four-hour session thrust the spotlight on the individual and collective efforts at the Division or Department level and which eventually served as a platform to harmonize all programs and policies in anticipation of future COVID-19 surges. The meeting also served as a regular meeting of the Pandemic and Emerging Disease Emergency Response [PEDER] Committee.

In the last year, three important challenges kept plaguing MMC operationally - first, the healthcare system resource mismatch [imbalance between manpower allocation and bed capacity]; second, the synchronous and parallel rise of COVID-19 among the healthcare workers whenever a community surge occurred, and third, the management of multi-sectoral expectations.

Towards year end, the Quality Management Division launched a survey in the MMC community to determine how the various sectors within MMC viewed the COVID-19 pandemic response and strategies of leadership and management. One thousand six hundred thirty-six members [1,636] responded - which included 301 consultants [18.4%] and 91 trainees [5.5%]. Overall, the assessment of various elements of the pandemic response - including management of hospital resources, management of COVID-19 in the hospital [both administrative and clinical] and management of facilities, obtained a rating of 8.38 [in a scale of 1-10, where 10 is the highest].

MMC COVID-19 Pandemic Response Survey Results

Number of Survey Respondents: **1636**
Medical Staff (Consultants) = **301 (18.4%)**
House Staff (Residents & Fellows) = **91 (5.5%)**

Overall Satisfaction = **8.38**
1 to 10 Rating (10 is the highest)

A. Management of Hospital

1. Distribution & Assignment of work schedules of HCWs in the different areas of he hospital = **3.62**
2. Provision and supply of Medicine, Medical Equipment and Supplies given to Patients = **4.03**
3. Provision and supply of Personal Protective Equipment (PPE) given to Healthcare workers = **3.95**

B. Management of COVID-19 in the Hospital (Administrative & Clinical)

1. Platforms and conduct of Information Dissemination re: COVID-19 thru Webinars and Lectures = **4.09**
2. Platforms and conduct of Information Dissemination re: COVID-19 thru Advisories & Infographics = **4.13**
3. Implementation of COVID-19 Diagnostic Testing = **4.15**
4. Cascade and Implementation of the COVID-19 CPG's = **4.09**
5. Implementation of the Management of Exposed / Infected Healthcare workers = **3.97**
6. Implementation of the Hospital-wide COVID-19 Immunization Program = **4.38**
7. Implementation of the Auxiliary Programs in the OUP management of COVID-19 = **3.94**
8. Management of the Deceased COVID-19 Patients = **3.99**

C. Facility Management

1. Management of the Flow of Patients (COVID-19 or NON-COVID) in the different areas in the hospital = **3.83**
2. Provision & Maintenance of Medical Equipment and the Negative Pressure Areas = **3.96**
3. Sanitation and Cleaning of the Environment = **4.12**

5-Excellent 4-Very Good 3-Satisfactory 2-Unsatisfactory 1-Upsetting

COVID-19 VACCINATION PROGRAM

The year started with numerous efforts to prepare the institution for COVID-19 vaccine rollout. Among other activities lined up for the vaccination program, January 2021 started with webinars and drills in preparation for the campaign.

The MMC COVID-19 Vaccine Task Force under the Office of the Medical Director spearheaded a number of COVID-19 Webinars – with the 1st MEDDICA [MakatiMed Education and Information Campaign for COVID-19 Awareness]. Held on January 25, 2021, the webinar covered the following areas - a primer on how vaccines work, vaccine safety concerns, deployment plans in the Philippines, management of allergic reactions and adverse events, among others.

The 1st MEDDICA was followed thereafter by the following:

- COVID-19 Vaccine Coordinators Training Module [February 12.2021]
- Caring for COVID-19 Patients in their Homes [Webinar for MMC MDs on March 29, 2021]
- COVID-19 Vaccine Roll-out [June 3, 2021] - featuring updates on approved COVID-19 vaccines in the Philippines with the latest DOH recommendations as well as trends of COVID-19 infections among healthcare workers since the start of the vaccine rollout
- MMC Updates on COVID-19 [August 11.2021] - featuring the latest DOH report on COVID-19 variants, trends in patient outcomes of hospitalized COVID-19 cases, vaccination status of hospitalized COVID-19 patients and COVID-19 infections among MMC HCWs post vaccine rollout.
- Caring for COVID-19 Patients in their Homes: Presentation of Manual [August 20.2021], a guide for physicians created by a multi-disciplinary team headed by the Section of Infectious Diseases, Medicine, Emergency Medicine, Pediatrics, Pharmacy, and Section of Pumonary Medicine.

MMC COVID-19 VACCINE TASK FORCE: EMBRACING COMMUNITY SOCIAL RESPONSIBILITY

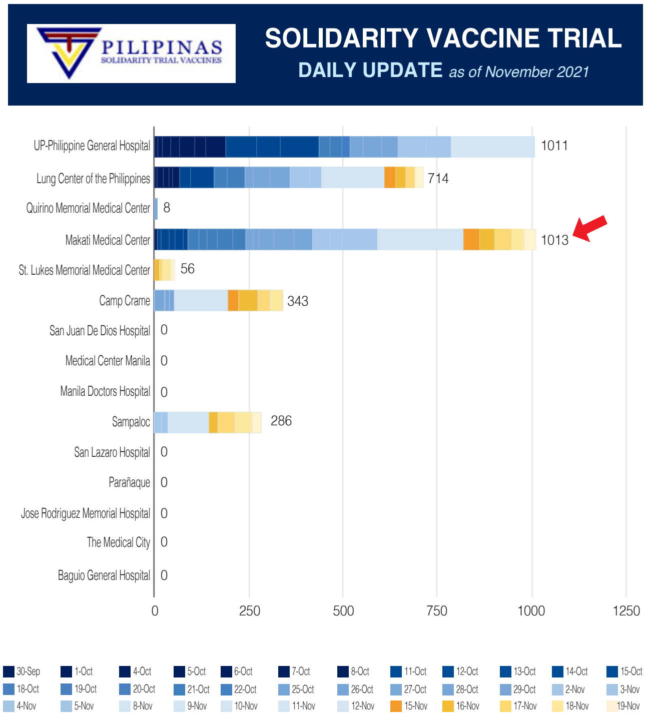
The COVID-19 vaccination program was the centerpiece of MMC's Community Social Responsibility. MMC fully embraced this program as its commitment to support the vaccination program of the government. Spearheaded by the COVID-19 Vaccine Task Force (CVTF), led by Mary Milagros D. Uy, MD, Rosario Soledad C. Neri, MD, Daryl N. Gaba, RN, MAN and Hazel Faye R. Docuyanan, RPh, MS , the vaccination team commenced its activities last March 5, 2021 and was operational for 180 days. By end of December 2021, the MMC COVID-19 Vaccination program was able to roll out 60,788 doses of COVID-19 vaccine [including more than 10,000 booster doses] to various sectors.

In October 2021, MMC was named by the National Vaccination Operations Center as one of two private hospitals in the short list of seven hospitals for the initial rollout of pediatric vaccination [12-17 years old with co-morbidities].

To date, the program concluded with a total of 65,550 doses of COVID-19 vaccines administered by March 16, 2022 (Sinovac, Astra-Zeneca, Pfizer and Moderna). These included 25,513 first doses, 24,943 second doses and 15,094 booster doses.

As a commitment to the core values of service excellence and teamwork, the MMC Vaccination program was able to serve the following priority groups:

- MMC Healthcare Workers
- MMC Outsourced personnel
- MMC HCWs dependents/bubbles
- Makati City citizens/voters and their bubbles
- Economic frontliners [A4 category]
- Pediatric/adolescents with comorbidities [ages 12-17]
- ROPP [Rest of Pediatric Population]
- Rest of the Adult Population (ROAP),
- Private companies (MPIC - Smart Tower and TaskUs employees)
- Schools (Colegio de San Agustin, Multiple Intelligence International School, European International School, CEU Makati, St. Scholastica's College)
- Government Agencies (PAGCOR, PAG-BIG, Philippine Coast Guard)



Throughout the vaccination period, a total of 926 minor immediate adverse events following immunization (AEFI) were documented, majority of which were reported as injection site pain or soreness. No serious on-site AEFIs were encountered by the team.

As a COVID-19 research facility, MMC remained a foremost participant in the landmark Solidarity Vaccine trial where MMC recruited the most number of participants [1,040].

STREAMLINING CLINICAL ACTIVITIES THROUGH MED EXECOM

The Medical Director Executive Committee (Med EXECOM) was formed in November 2021 to serve as a venue for the different departments, divisions, and committees under the Medical Group to align all their activities through coordination and integration, as well as to brainstorm for viable solutions to identified challenges confronting each Division.

The functions of the committee included the following:

1. Provides periodic updates of each division's activities and accomplishments
2. Identifies challenges confronting each department, division and committee under the Office of the Medical Director
3. Proposes solutions to address such challenges
4. Aligns all activities of the medical group with the Vision and Mission of MMC

MED EXECOM 2022

AWARDS AND RECOGNITION

The Section of Neurology under the Department of NeuroSciences received the Gold Award for Quarter 1 and Quarter 3 of 2021 from the World Stroke Organization [WSO] Angels Award. Thus far, the Department had garnered five gold awards from the WSO since 2019. MMC is the only private healthcare institution in the Philippines to be bestowed such honors.

CLINICAL MILESTONE

In June 2021, the Section of Cardiology had a landmark implantation of a left ventricular assist device on a 32-year-old male with end-stage heart disease [dilated cardiomyopathy]. The assist device takes the blood from the left chamber of the heart [the left ventricle] and pumps blood back to the aorta and subsequently to the various organs of the body.

The recipient of the device is the first to be successfully implanted with the newest/latest LVAD Heartmate 3 in the Philippines and is one of only three such cases in the country.

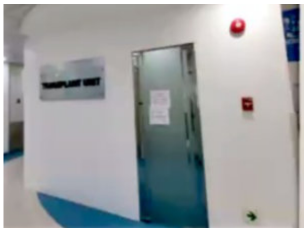

The medical teams consisted of 79 specialists from various disciplines who attended to the patient for several weeks - until he was discharged in stable condition [see photo of patient prior to discharge with his main attending physicians].


Photo on the left - L-R: Salvador M. Abad Santos, MD; Janice C. Caoili, MD; Antonio V. Cayco, MD; ; Jillian Mae L. Tabora-Lacdao, MD; Daryl C. De Ramos, MD • Photo on the right - L-R: Jesus A. Relos, MD; Roel Leonardo R. Galang, MD; Maricar M. Esculto-Khan, MD; Nerissa S. Ang-Golangco, MD


Photo on the left - L-R: Oliver M. Sansano, MD; Saturnino P. Javier, MD; Ramon I. Diaz, Jr., MD; Rod T. Castro, MD; Anthony B. King, Jr., MD; Jeffrey L. Chua, MD; Jasmin Melissa B. Bernardo, MD Photo on the right - L-R: Carina Lauren M. Lumacad, RN; Ma. Joy Victoria C. Adriatico, RN; Glaiza Marie T. Ballester, MAN, RN [Sr. Clinical Dept. Manager and ECMO/LVAD Coordinator]; Mark Angelo C. Aguinaldo, RN [OIC-Nurse Manager]; Mhonica R. Sales, RN

ORGAN TRANSPLANTATION: A CURRENT THRUST AND DIRECTION

To further enhance its capability to perform organ transplantation, MMC opened a new transplant unit at the 7th Floor of Tower 2 on October 5, 2021. The unit was fully aligned with the various programs related to this pursuit - namely the signing of MOA with Eyebank Foundation, the planning for intestinal microbiota transplantation spearheaded by the Section of Gastroenterology, including the setting up of a Fetal Microbiota Transplant Center in the Endoscopy Unit, and the revisiting of plans for liver transplantation, among other things.




CONCLUSIONS: CELEBRATING THE GAINS OF 2021

Foremost, amidst a menacing pandemic that started its foothold in MMC in March 2020, we acquired our seal of excellence anew from the Joint Commission International for the fourth time, a feat which we accomplished amidst these unprecedented and challenging times. The entire MMC community – both the medical and corporate circles – ought to be thanked for the steadfast commitment to ensure that MMC met the highest standards of safety and quality for all the patients we serve and be eventually recognized for it – with excellent passing marks to wit.

Likewise, we celebrate the strong financial turnaround of MMC in 2021. The gains have been remarkable and the efforts keep paying off. We thank the entire medical community for continuing to promote and enhance the utilization of MMC's products and services and offer our salute to all the divisions and departments which have contributed in no small measure by reducing operational costs. Quite fittingly, since we have been able to generate modest revenues, though not as robust as in the pre-pandemic years, this enabled the Management to declare dividends for our stockholders.

Throughout the COVID-19 pandemic, we have been blessed with a very low case fatality rate and a remarkably high recovery rate in MMC. We celebrate the very high vaccination rate of our healthcare community [>99%], the very low morbidity, and zero mortality among those who still got infected with COVID-19. We, thus, recognize the supreme contribution of the MMC COVID-19 Vaccine Task Force to the community in this vaccine rollout since March 2021.

We rejoice with the shared burden of responsibility among the vital sectors of the hospital operations as we remain in a state of sustained preparedness and heightened readiness for whatever challenge may come our way. We are eternally grateful for the collaborative spirit that prevails among the different divisions, departments, committees and other units of the hospital, both medical and corporate, – the real 'root cause' of all our sources of pride this year – and certainly in the years to come.

We thank all our shareholders for standing by MMC through these challenging years. To our medical 'front-liners' [front, back and center], we cannot thank you all enough - for you have kept the institution and the community truly blessed with the genuine brand of compassionate care that MMC has been known for. We are imbued with renewed vigor and enthusiasm to serve more, with zealous commitment to heal more and with even greater resolve to adhere to the avowed goals we have set for ourselves and the healthcare institution we hold dear. We ultimately thank the Lord Almighty for showering our institution with grace and glory.

Saturnino P. Javier, MD, FPCP, FPCC, FACC

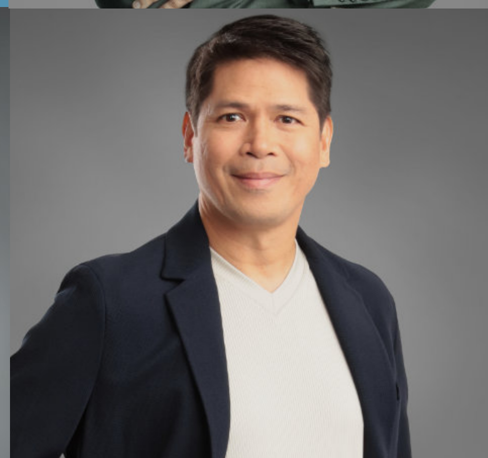
Medical Director

BOARD OF DIRECTORS










row photos from left to right:

Manuel V. Pangilinan
Chairman / Director

Atty. Pilar Nenuca P. Almira
President & Ceo

Diana P. Aguilar
Director

Judy A. Roxas
Director

Remedios G. Suntay, MD
Director

Benjamin N. Alimurung, MD
Director

Francisco S.A. Sandejas
Director

Francisco A. Dizon
Director

Jose Ma. K. Lim
Director

Conrado Gabriel C. Lorenzo, III, MD
Director

Jose Amado A. Fores
Director

Victor L. Gisbert, MD
Director

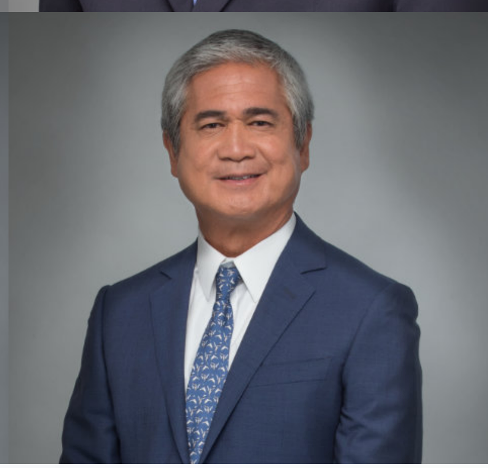
Augusto P. Palisoc, Jr.
Director

Michael C. Wassmer, MD
Director

Atty. German Q. Lichauco II
Corporate Secretary

Susana A. Madrigal
Director






SENIOR QUALITY MANAGEMENT COUNCIL

row photos from left to right:

Atty. Pilar Nenuca P. Almira
President & Ceo

Saturnino P. Javier, MD
Medical Director

Arnold C. Ocampo
Finance Division / Division Head / Chief Finance Officer

Arlyn L. Songco
Creative, Communications & Sales Services / Division Head

Ma. Rosario P. Marin, MD
Medical Education & Research / Director

Ma. Fleurdeliz C. Atienza
Procurement / Department Manager

Mark Paul S. Castillo, MD
Medical Records Management / Department Head

John Vincent G. Pastores, MD
Medical Services Division /Director

Noel L. Rosas, MD
Department Of Medicine / Chairperson

Bita S. Avendaño
Human Resources Management & Development / Division Head

Artemio C. Salvador, MD
Quality Management / Division Head

Eda Bernadette P. Bodegon, RN, MAN
Nursing & Patient Care Services Division Head / Chief Nursing Officer

Hazel Faye R. Docuyanan, RPH, MS
Pharmacy Services / Department Head

Mary Milagros D. Uy, MD
Hospital License & Accreditation Division / Director

Engr. Gerry E. Cunanan
Facilities Management & Engineering / Division Head

Reynaldo J. Lim
Service Operations / Officer-in-Charge
(no photo)

Isidro M. Perfecto
Information & Communications Technology
Officer-in-Chanrge *(no photo)*

ADVISORY COMMITTEE

Jaime O. Sevilla, MD
Roberto K. Macasaet, MD
Vicente Q. Arguelles, MD
Alipio S. Abad, Jr., MD
John Vincent G. Pastores, MD

CORPORATE GOVERNANCE REPORT

Makati Medical Center (MMC), consistent with its commitment to continuously improve its governance and compliance practices complied with 2019 SEC Code of Corporate Governance (CCG) for Public Companies and Health Care Compliance best practices.

During the Organizational meeting of the Board last 24th of September 2021, following the election of the directors at the 2021 online Annual Meeting of Stockholders, the Audit and Risk Oversight Committee (previously 'Audit and Finance Committee', and incorporated the risk oversight function in this Committee) and Corporate Governance and Compliance Committee (previously 'Compliance Committee', and incorporated the functions of corporate governance and compensation and retirement committees as stipulated in the 2019 SEC CCG) were constituted to strengthen compliance, risk and financial controls by the Board. These Committees were each chaired by Independent Directors. A Compliance Officer was likewise appointed by the Board, separate from the Corporate Secretary, who is tasked to report to the Corporate Governance and Compliance Committee all regulatory compliance-related concerns. Other Board Committees retained were: Nomination and Election Committee, Clinical Risk Management, Infection Control and Medication Appropriation Use Committee and Ethics Committees. Chairpersons and members of all these committees were approved by the Board in the same meeting.

Eight (8) compliance-related policies were approved by the Board in 2021: (1) Anti-Bribery and Anti-Corruption (ABAC) Policy and its related policies (2) Conflict of Interest Policy, (3) Gifts, Donations, Sponsorships and Grants Policy, (4) Third Party Risk Management Policy, (5) Government Interaction Policy, (6) Travel and Per Diem Policy, (7) Petty Cash Policy; and to support the ABAC policy, (8) Whistleblowing Policy, which incorporated protection of truthful whistleblower from retaliation. The Board of Directors, Officers, Employees, Trainees, and Third Parties with whom MMC has business transactions are required to undergo training on these policies. All were encouraged to sign the Adherence to the Anti-bribery and Anti-corruption Policies of MMC as a sign of his or her commitment to these policies. Likewise, Hospital Staff filled out the Declaration of Outside Interest form to ensure transparency and avoid any conflict of interest between the Hospital Staff and his/her commitment to MMC.

In essence, these policies state that MMC does not tolerate bribery, kickbacks, or corruption of any form, directly or through third parties, whether explicitly prohibited by these policies or by law. All hospital staff are not permitted to give or offer anything of value (including gifts, hospitality, entertainment, and the like) to anyone for the purpose of improperly obtaining or retaining a business advantage. Similarly, hospital staff may not solicit or accept improper compensation. The policies and the internal controls provided in each of the policies are designed to prevent bribery from occurring, avoid the incidences of wrongdoing, and enable MMC to respond promptly and effectively to any inquiries about its conduct. Hospital staff who violate these policies may be subject to disciplinary action, up to and including termination.

Additionally, on 28 January 2022, the Board of Directors approved the proposed additional amendments to MMC's Articles of Incorporation and By-laws in compliance to the SEC's directives in its letter dated 27 October 2021. These were in relation to the previously proposed amendments as approved by the Board of Directors last 23 October 2020 and approved by the stockholders last 20 July 2021, concerning the following provisions: (1) Corporate Name; (2) Limitation on Founder's Shares; (3) Annual Meeting of Stockholders; (4) Regular Meetings of the Board of Directors; (5) Notice of Meetings; (6) Compensation of the Board; (7) Loss and Destruction of Certificates; (8) Committees; (9) Waiver of Notice; (10) Amendments; and (11) General Provisions. These will be also presented during the Annual Stockholders Meeting on 19 July 2022 for approval.

MMC embarked on the journey towards a Culture of Compliance in 2021. The journey continues as we review and strengthen our processes and as new best practices emerge in health care compliance.

OPERATIONAL HIGHLIGHTS 2021

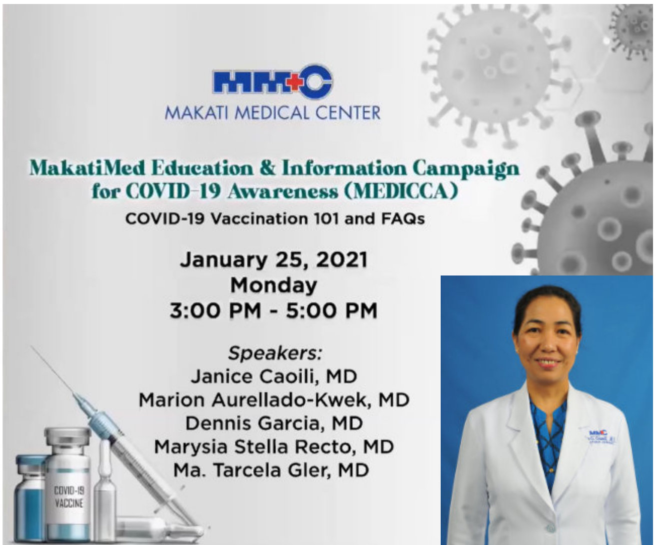
Transforming and Advancing
Medical Care

A. Gearing up for COVID-19 Vaccination Rollout

In preparation for the COVID-19 vaccine roll-out in the country, Makati Medical Center's COVID-19 Vaccine Task Force has developed a streamlined process and conducted webinars and drills headed by Mary Milagros D. Uy, MD; Daryl N. Gaba, RN; Rosemarie B. Cabujat, MD; and Artemio Salvador, MD. MakatiMed is one of the 34 hospitals identified by the Department of Health (DOH) to receive the first batch of vaccines in the Philippines.

As part of its efforts, the Task Force conducted the first MakatiMed Education & Information Campaign for COVID-19 Awareness (MEDDICA) on January 25, 2021. The virtual forum featured Infectious Disease doctors Janice C. Caoili, MD; Marion Aurellado-Kwek, MD; Rober Dennis D. Garcia, MD; Marysia Stella Recto, MD; and Ma. Tarcela S. Gler, MD who presented the primer on how vaccines work, vaccine safety, how it will be deployed in the Philippines, and how to handle possible allergic reaction to the vaccine.

The hospital also conducted a vaccination drill on February 5, 2021 where the medical staff rehearsed the inoculation process for medical frontliners. Volunteer employees who acted as recipients of the vaccine in the drill underwent vital sign assessment before proceeding to the vaccination area. After getting the vaccine, they stayed at the observation area to check for any side effects before they receive a post-vaccination care kit.



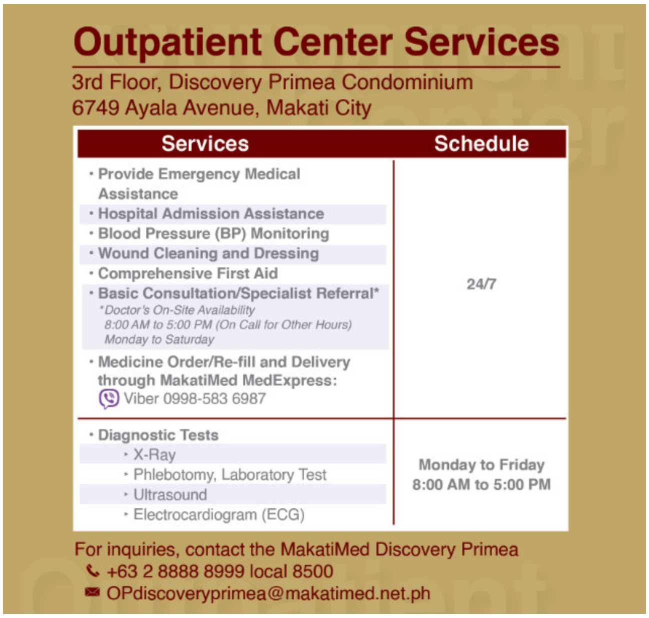
Janice C. Caoili, MD, Section Chief of Infectious Disease, moderates the MEDDICA online forum

B. Makati Medical Center Outpatient Center at Discovery Primea

On April 19, 2021, Makati Medical Center opened its new Outpatient Center at the Discovery Primea to provide top-class healthcare services to its hotel and condominium guests, residents, employees, and staff as well as those living and working nearby.

Operational 24/7 including holidays, the Outpatient Center located at the 3rd floor of Discovery Primea 6749 Ayala Avenue is manned by dedicated, trained, duly licensed medical practitioners and personnel who are equipped with adequate training to respond to emergency situations and any healthcare issues and concerns. It primarily provides consultation, hospital admission assistance, ambulance referral, and comprehensive first aid services such as blood pressure monitoring and wound cleaning and dressing.

The medical facility will also offer diagnostic services including laboratory tests, X-ray procedures, ultrasound scans, and electrocardiograms (ECGs). The center has its own reception area, consultation rooms, extraction areas, X-ray room, ultrasound room, and ECG room to ensure that services will be provided as efficiently and as timely as possible.



C. AlwaysSafe Protocols in MakatiMed

In order to make sure that our pregnant patients and their babies are safe at all times, the hospital launched its strict "AlwaysSafe" protocols and practices. This initiative was created to ensure that soon-to-be mothers are comfortable, safe and embodying the "healthy normal".

Moms who are delivering their babies soon, are required by their doctors to undergo the Reverse Transcription-Polymerase Chain Reaction (RT-PCR) swab test prior to admission. This is usually done at 38 weeks. It may be done sooner if the doctor deems that one can go into labor earlier.

Guidelines have been drawn up to provide information to expecting mothers on the health and safety protocols of the MMC Delivery Room. Designated areas with stringent Infection Control Protocols have been set for patients in labor – whether they have undergone RT-PCR Testing or not.

D. New Facilities for Improved Patient Access

Makati Medical Center officially opened three (3) new facilities to offer assistance on diagnostic and medical procedures, provide support for Health Maintenance Organization (HMO) members, and expand accessibility to MakatiMed's outpatient pharmacy.

The hospital relocated and reopened its Central Registration Facility from Ground Floor to 1st Floor Tower 1 (previously occupied by Burger King). Effective May 6, the Central Registration serves patients availing of multiple outpatient tests and procedures. They will be assisted by Patient Service Specialists (PSS) for the scheduling and billing of multiple diagnostic procedures availed from the respective centers.

The new HMO Assist facility, opened on May 4 to assist HMO members and dependents for concerns such as issuance of Letter of Authorization (LOA), referral to HMO-accredited doctors, and other inquiries on HMO coverage. The HMO Assist Facility is located at the 1st Floor of Tower 1 beside Elevators A, B, C (formerly Radiology Releasing area).

MakatiMed opened the MedExpress Drugstore satellite branch along Dela Rosa Street of Tower 1. Patients no longer need to enter the hospital premises to get prescription or refill medicines at the MedExpress Satellite Store. The main MakatiMed MedExpress is also open 24/7. Patients may also opt to avail the MakatiMed MedExpress delivery service for medicine orders.

E. TeleMD and Drive-Thru Consultation Services

In an effort to make it even easier for patients and their family members to get the proper medical attention needed if someone is experiencing mild or moderate COVID-19 symptoms or if they have any general medical concerns. MakatiMed started offering TeleMD and Drive-Thru consultation services as well as COVID-19

MakatiMed opens the new Central Registration Facility, HMO Assist Facility, and MedExpress Satellite Store

HomeCare Packs containing a digital thermometer, pulse oximeter, vitamins, and medicine for utmost convenience and safety.

MakatiMed's TeleMD consultation services through the MMC HealthHub are available for adults and pediatric patients (newborn to 18 years old). One may consult for a single "visit" or choose a package of five (5) or ten (10) teleconsultation visits.

Face-to-face consultation at the Drive-Thru

MakatiMed Drive-Thru services at Convergys Open Parking

F. Pfizer Symbolic Vaccination Program with Makati City

The Makati City local government unit (LGU) conducted a symbolic vaccination program on May 13, 2021 at Makati Medical Center for the first batch of Makati residents who received the Comirnaty vaccine from Pfizer-BioNTech.

Held at the 8th Floor Auditorium of the hospital, the Makati LGU partnered with MakatiMed to vaccinate the residents of the city as it was one of the first LGUs in the country to receive the first batch of the mRNA-based COVID-19 vaccine from the World Health Organization's COVAX Facility.

The event was attended by World Health Organization (WHO) Representative to the Philippines Rabindra Abeyasinghe, MD, United States Agency for International Development (USAID) Philippines Office of Health Director Michelle Lang-Alli, Department of Health (DOH)

DOH Sec. Francisco Duque III addresses the media during the press conference.

DOH Secretary administers symbolic first Makati Resident Senior Citizen

Secretary Francisco Duque, III, National Task Force (NTF) Against COVID-19 chief implementer and vaccine czar Carlito Galvez Jr., Makati City Mayor Abigail Binay, MakatiMed's President & CEO Atty. Pilar Nenuca Almira, and MakatiMed's Medical Director Saturnino P. Javier, MD.

G. Opens Advanced Cardiac CathLab

Makati Medical Center has opened an advanced Cardiac Catherization Laboratory (Cardiac CathLab) which allows doctors to perform complex yet minimally invasive interventional cardiology and electrophysiology procedures with an equipment that offers optimal imaging and positioning flexibility to provide patients with topnotch cardiac care.

The Cardiac CathLab is upgraded with the state-of-the-science image-guided therapy solution Philips Azurion 7 C20. This new machine is a next-generation medical imaging technology that allows reduced radiation dose while maintaining excellent image quality for cardiac catheterization in both 2D and 3D. This allows the medical teams to visualize critical anatomy and identify changes to the patient during the procedure in a quick and easy way.

The equipment provides unlimited imaging flexibility for diverse procedures and exceptional positioning freedom for medical teams. It is also designed to ensure that the image beam automatically maintains alignment with the patient for more consistent visualization. Philips Azurion 7 C20 also provides medical teams with seamless control over the movement on eight different axes, which significantly reduces the repositioning of the patient, staff and equipment.

Procedures that can be performed at MakatiMed's Cardiac CathLab include left and right heart catheterization (coronary angiography and angioplasty), intravascular ultrasound, intra-aortic balloon pump insertion, transcatheter aortic valvular replacement, endovascular aneurysm repair (EVAR), thoracic endovascular aortic repair (TEVAR), pacemaker insertion, implantable cardioverter defibrillator insertion, placement of implantable cardiac resynchronization devices, septal ablation, and electrophysiology studies.

MakatiMed offers the new Philips Azurion 7 C20 that features next-generation imaging technology

H. Renal Services Facilities Expansion

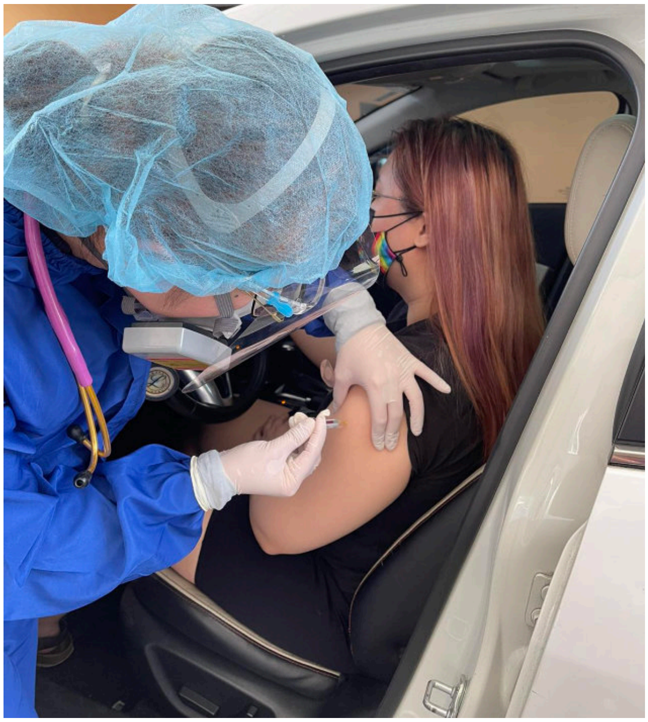
MakatiMed increased the capacity of its Renal Care Services Unit to serve more patients needing high-quality, comprehensive, and safe dialysis services.

14 dialysis bays have been added to its Renal Care facilities, now totaling 39. The expansion can now accommodate increasing demand for inpatient and outpatient dialysis treatments.

I. Drive-thru Services Expansion

As Metro Manila and the rest of the world continue to grapple with COVID-19 threats that now include new variants, Makati Medical Center has expanded its drive-thru services to offer patients more ways to look after their health.

MakatiMed has opened a new drive-thru site for non-COVID adult vaccination requirements along Amorsolo Street in Legazpi Village, Makati City. The Amorsolo Mile-Long Drive-Thru Vaccination Service is available for adult patients who want to get immunized with pneumococcal and flu vaccines.



The hospital has also extended the operations of its COVID-19 swabbing facilities at Convergys Parking and MakatiMed Dela Rosa Driveway, which has been open since May 2021. The Convergys Drive-Thru Facility and MakatiMed Dela Rosa Swabbing Site offer COVID-19 RT-PCR Molecular Test and COVID-19 Rapid Antigen Screening. For the convenience of the patients, they now have the option to pay via cash, GCash, or Letter of Authorization (LOA) from their HMO or Insurance at the Convergys Facility for Same-Day RT-PCR Drive-Thru Services. Patients are required to schedule ahead to ensure the safety of medical staff and other patients. COVID-19 test results can be accessed through the online results page via the MakatiMed Website.

J. Transplant Unit Reopens in new location

The Transplant Unit of MMC's Organ Transplant Services Department opened its new location at the 7th floor of Tower 2.

The wing is equipped with positive pressure room ventilation which is one of the requirements in caring for immunocompromised post-transplant patients. Each room also has a built-in high-efficiency particulate air (HEPA) filter.

It was officially reopened on October 5, after its first location at the 7th Floor of Tower 1 was closed when the pandemic started due to its proximity to the COVID-19 wing. The hospital management decided to convert three (3) rooms and an annex of nurses' station in Tower 2 into the new Transplant Unit to accommodate more patients lined up for organ transplantation.

Recognitions and Partnerships

A. CEU partnership for PACE Program

Makati Medical Center's Nursing Education, Research & Development (NERD) Department, in partnership with Centro Escolar University (CEU) – College of Nursing, conducted the first "Progressive & Alternative Clinical Experience (PACE)" program via virtual platform on January 15 and 18, 2021. This newly developed program aims to address and accommodate the new normal for the related learning experience of nursing students.

Attended by 167 CEU faculty members and students, the two-day virtual program tackled an overview of Perioperative Nursing, as well as Maternal and Child Nursing.

B. MakatiMed Foundation, AFP ink partnership for military health facilities

Executives of the Makati Medical Center Foundation, Armed Forces of the Philippines (AFP), and the Department of National Defense (DND) signed the memorandum of agreement for Public – Private Partnership for the organizational strengthening of AFP military treatment facilities on January 7, 2021. Representing MakatiMed Foundation was Chairman Manuel V. Pangilinan, who inked the partnership with Secretary of Defense Delfin Lorenzana and AFP Chief of Staff Gen. Gilbert Gapay at AFP Camp General Emilio Aguinaldo, Quezon City. Also present in the signing ceremony were Mary Margaret M. Barro,

MakatiMed Foundation Executive Director, and Victor L. Gisbert, MD, MakatiMed Foundation President.

C. Milestones Achieved by MMC Surgeons

The Philippine Association of Plastic, Reconstructive and Aesthetic Surgeons (PAPRAS) elected Benjamin G. Herbosa, MD as the organization's president for the term 2021 to 2022. PAPRAS, the members of which are renowned surgeons in the country, is an association known as "the key opinion leader" in the field of cosmetic and reconstructive surgery.

One of Makati Medical Center's founders, Ponciano D. Manalo, MD, on the other hand, celebrates his 70th year of being a physician. The hospital, especially the Section of Reconstructive and Plastic Surgery, celebrates Dr. Manalo's achievement of being a Platinum Jubilarian from the Class of 1950.

(L-R) Aser S. Acosta, MD (Section Chief, Reconstructive & Plastic Surgery); Ponciano D. Manalo, MD (MakatiMed founder); Francisco C. Manalo, MD; and Benjamin G. Herbosa, MD.

D. Department of Otorhinolaryngology wins at Surgical Innovation and Instrumentation Poster Contest

The Department of Otorhinolaryngology - Head and Neck Surgery won at the 1st Philippine Society of Otolaryngology- Head and Neck Surgery Virtual Poster Session Contest on Surgical Innovation and Instrumentation.

The winning poster of the research paper, authored by third year resident Charles Anthony

M. Mendez, MD; Joseph Ray Richard R. Cedeño, MD, Chairperson of the Department of Otorhinolaryngology; and Jose Apollo L. Nepomuceno, MD; bagged second place during the awards.

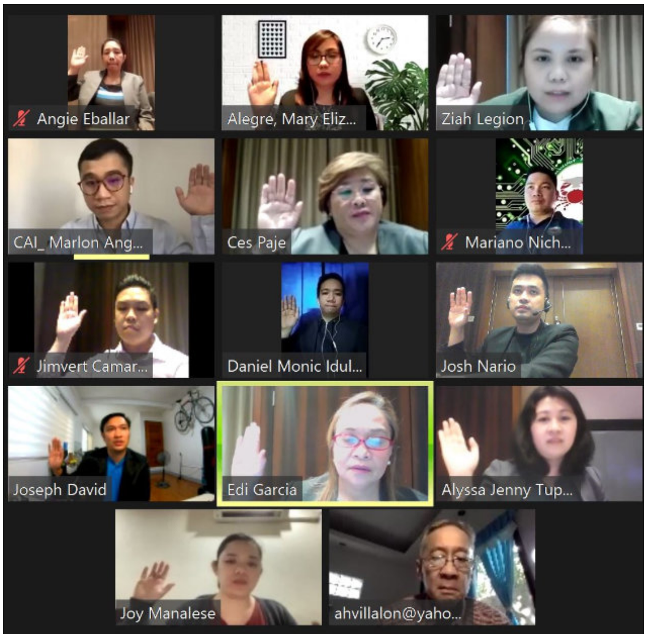
Dr. Mendez presented the poster on the research paper titled, “Improvised Powered Air Purifying Respirator (PAPR) during Surgeries in the time of COVID-19 Pandemic”. The MakatiMed entry was selected as one of the winners among all the nationwide entries and live presentations. It was also accepted for publishing in the Philippine Journal of Otorhinolaryngology- Head and Neck Surgery (PJOHNS), the society’s official research gazette.

E. Nurses Shine in Professional Nursing Organizations

Leaders of the Nursing & Patient Care Services Division (NPCSD) have cemented their presence in various professional nursing organizations through consistent and relevant speaking engagements. This is in line with the division’s goal to establish stronger connection and partnerships with the nursing community across the country. Through this engagement, MakatiMed nurses continue to showcase institutional innovations, programs, and best practices in nursing care, thus, promoting and enhancing the professional image of being a MakatiMed RN.

Edelman P. Del Mundo, MAN, RN, Nurse Manager of Endoscopy Unit and the current President of the Philippine Society of Endoscopy Nurse Assistants (PSENA), showcased his expertise and best practice in a session entitled “Nursing the World to Health in the New Normal” during the Philippine Nurses Association – Regional Council VIII Annual National Convention and Scientific Meeting on January 8 – 9, 2021.

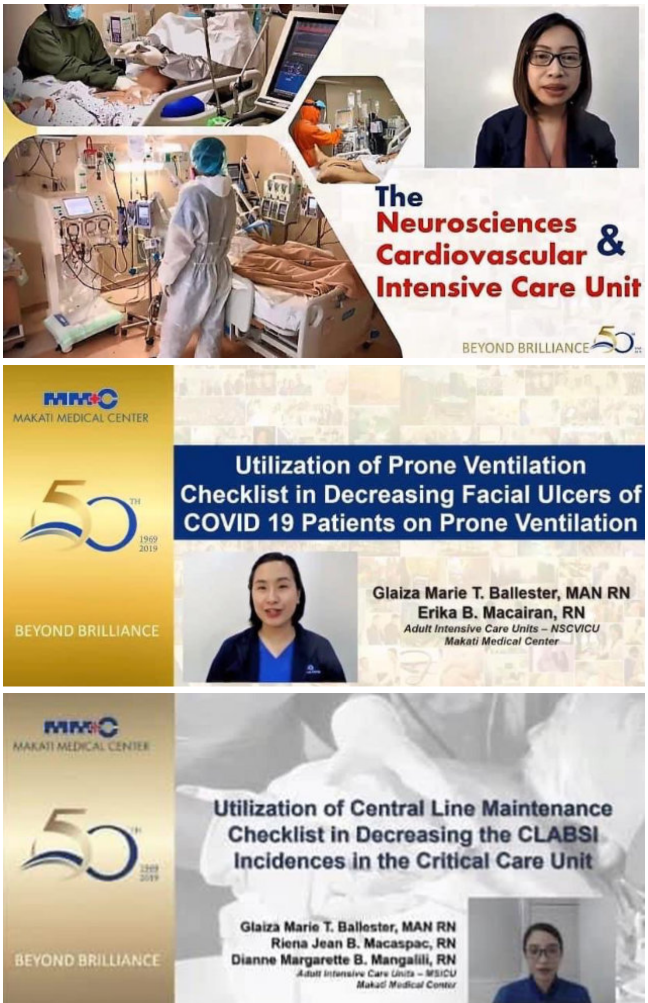
MakatiMed nurses were also recognized and re-elected as officers and board members at the Philippine Oncology Nurses Association Inc. (PONA) 28th National Convention on January 28 to 30, 2021 via digital platform. Joshua Jaime P. Nario, MA, RN, CLDP, Program Manager of the Nursing Education Research and Development Department, was elected as the new National President of the organization. Ma. Cecilia P. Paje, MAN, RN, Clinical Department Manager of Cancer Center and the organization’s immediate past president, was re-elected as member of the board as treasurer. Mariano Nicholas C. Torres III, RN, Nurse Manager of Oncology Outpatient



MakatiMed nursing leaders take an oath together with the newly elected PONA Officers.

Unit, was elected as the chairperson of the organization's Nomination and Election Committee. Elijah Del Rosario, MAN, RN, the Nurse Manager of Interventional Radiology, served as the program moderator of one of the convention's concurrent sessions of the national convention.

Roberto L. Castro, Jr., RN, Charge Nurse of the Oncology Outpatient Unit, received recognition as one of the nominees for the Dr. Antonio H. Villalon Excellence Award. This award is given to oncology nurses who demonstrated outstanding performance in the field of cancer nursing. Ms. Paje and Mr. Torres were also recipients of this award in the previous years.



NPCSD Critical Care Team Leaders present the initiative of the department at CCNAPI.

Glaiza Marie T. Ballester, MAN, RN, Clinical Department Manager of the Critical Care Department, led her team during the 2021 Critical Care Nurses Association of the Philippines (CCNAPI) Annual Convention on February 8 to 9. The team presented two initiatives entitled "Effectiveness of central line maintenance checklist in decreasing the CLABSI incidences in critical care unit" by Riena Jean B. Macaspac, RN and Dianne Margarette B. Mangalili, RN; and "Effectiveness of a proning checklist in decreasing the facial ulcers of COVID-19 patients on prone ventilation" by Ericka B. Macairan, RN. Ms. Ballester also showcased the best practices of the COVID-19 Intensive Care Unit during this convention.

F. Nursing Student Clinical Bootcamp

The Nursing & Patient Care Services Division (NPCSD), in partnership with the St. Paul University Manila (SPUM) – College of Nursing & Allied Health Science, conducted the Nursing Student Clinical Bootcamp on July 14, 27 and 28, 2021. With its maiden activity, both institutions delivered the bootcamp via the Progressive & Alternative Competency Enhancement (PACE) approach over Zoom platform.

Attended by more than 70 participants, including faculty members and students, the three-day workshop consisted of topics and

The Labor & Delivery Nursing team demonstrated the processes in admitting pregnant mothers in labor.

modules focusing on Fundamentals of Nursing, Labor & Delivery Nursing, and Perioperative Nursing.

The Labor & Delivery Nursing team demonstrated the processes in admitting pregnant mothers in labor.

G. IPRA Golden World Awards

MakatiMed won a Gold award at the International Public Relations Association (IPRA) Golden World Awards for Excellence (GWA) crisis communications online category for its COVID-19 Information Program. The recognition grants MakatiMed's entry as meeting international standards of excellence in public relations.

The year 2021 saw a total of 93 GWA winners, with MakatiMed being one of only four from the Philippines. Aside from the Gold award, the hospital's two other entries were named finalists in the publication and community engagement categories.

Many tackled health issues including responses to COVID-19, and the successful pivot to digital. Judges for the awards program were from all over the world including Austria, Bulgaria, Japan, Philippines, Russia, Saudi Arabia, Turkey, USA, and UK.

The Golden World Awards is held annually by IPRA, the leading global network for PR professionals, which aims to advance trusted communications and the ethical practice of public relations. The GWA recognizes excellence in public relations practice worldwide in a variety of categories.

H. Eye Bank Foundation of the Philippines Partnership

MakatiMed's Department of Ophthalmology and the Eye Bank Foundation of the Philippines formalized the renewal of the partnership with the signing of a new Memorandum of Agreement (MOA) on World Sight Day, October 14. The MOA was signed by MakatiMed representatives, Saturnino P. Javier, MD, Medical Director; Sherman O. Valero MD, Chairman of the Department of Ophthalmology; and Eye Bank representatives, Ma. Dominga B. Padilla MD,

Photo: Showcasing their donor cards are (L-R) Ellen Lagan, Eye Bank Manager, Sherman O. Valero, MD, MakatiMed Department of Ophthalmology Chairman, Ma. Dominga Padilla, MD, Eyebank President and CEO, and Saturnino Javier, MD, MakatiMed Medical Director

President and CEO and Ellen S. Lagan, Manager.

The signing was broadcasted live to the MakatiMed and Eye Bank communities, and was virtually attended by Atty. Pilar Nenuca P. Almira, MakatiMed President and CEO and Reynaldo E. Santos MD, President of Philippine Cornea Society. The event was concluded with a symbolic signing of an organ donation pledge card.

I. Asian Hospital Management Awards 2021 Gold Award

MakatiMed received international recognition from the Asian Hospital Management Awards (AHMA) 2021 for its efforts to inspire and motivate its healthcare workers and staff amid the global pandemic.

MakatiMed won the Gold Award in the Talent Development category at AHMA 2021 for Rainbow Connection, a learning and motivation initiative led by the hospital's Service Operations Division–Business Operations Support Services.

Rainbow Connection uplifts MakatiMed healthcare workers and employees by organizing virtual activities that empower them and strengthen their camaraderie as they continue to provide quality service in these challenging times. AHMA is a prestigious awards-giving body that honors healthcare institutions in the Asia Pacific for progressive approaches and practices that benefit everyone within the hospital's community. In particular, the AHMA's Talent Development category recognizes staff development programs that improve skills and patient care abilities including learning and motivation initiatives.

J. MakatiMed nurses recognized at the UST research program

Makati Medical Center congratulates five (5) of our nurses who completed the three-month research program of the University of Santo Thomas (UST) entitled "Addressing the Gaps in Nursing Education and Practice Through Research Capacity-Building Program"; Alvin Sabihon, RN, Carina Lauren Lumacad, RN, Julius Vinluan, RN, Carlo Antonio Soriano, RN, Chariz Faderog, RN.

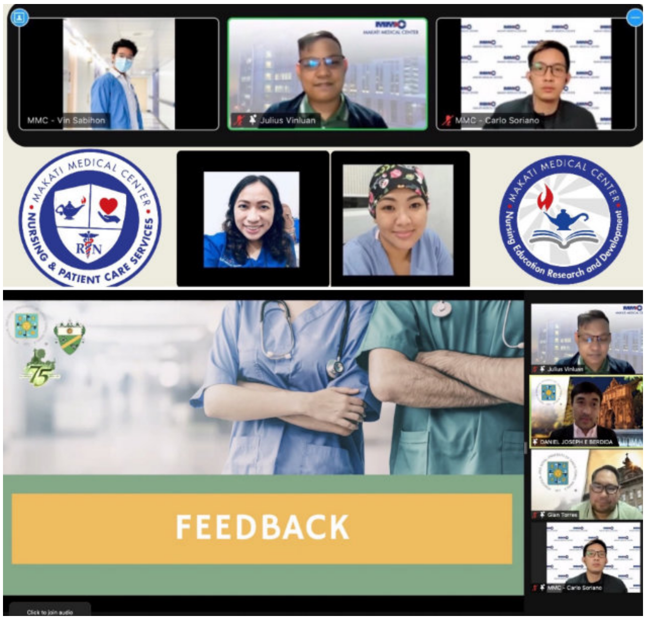
Despite the tough competition among other hospitals, the MakatiMed nurses successfully defended their research proposal on November 13, 2021 and received the following recognitions:

- Best framework to address the objectives (New World Kirkpatrick) - Timely and relevant research topic
- Best research design to gather information (Exploratory Descriptive Qualitative Research Design)
- Acknowledgement of team determination in continuing the program despite hectic schedule from recent institutional engagements

K. JCI 7th Edition re-accreditation

MakatiMed received its 4th re-accreditation notice from the Joint Commission International (JCI) on the 16th of November 2021. This is a testament to our vision and mission as a world-class healthcare institution.

After months of look-back and rigorous preparation by the organization, MakatiMed received another acknowledgement from the international accrediting body that it has once again demonstrated dedication in the continuous



advocacy of safe, accurate, and world-class medical practices. The institution received an overall score higher than the last JCI survey with this recent one garnering perfect scores in four (4) chapters - AOP, SQE, PCC, and QSP.

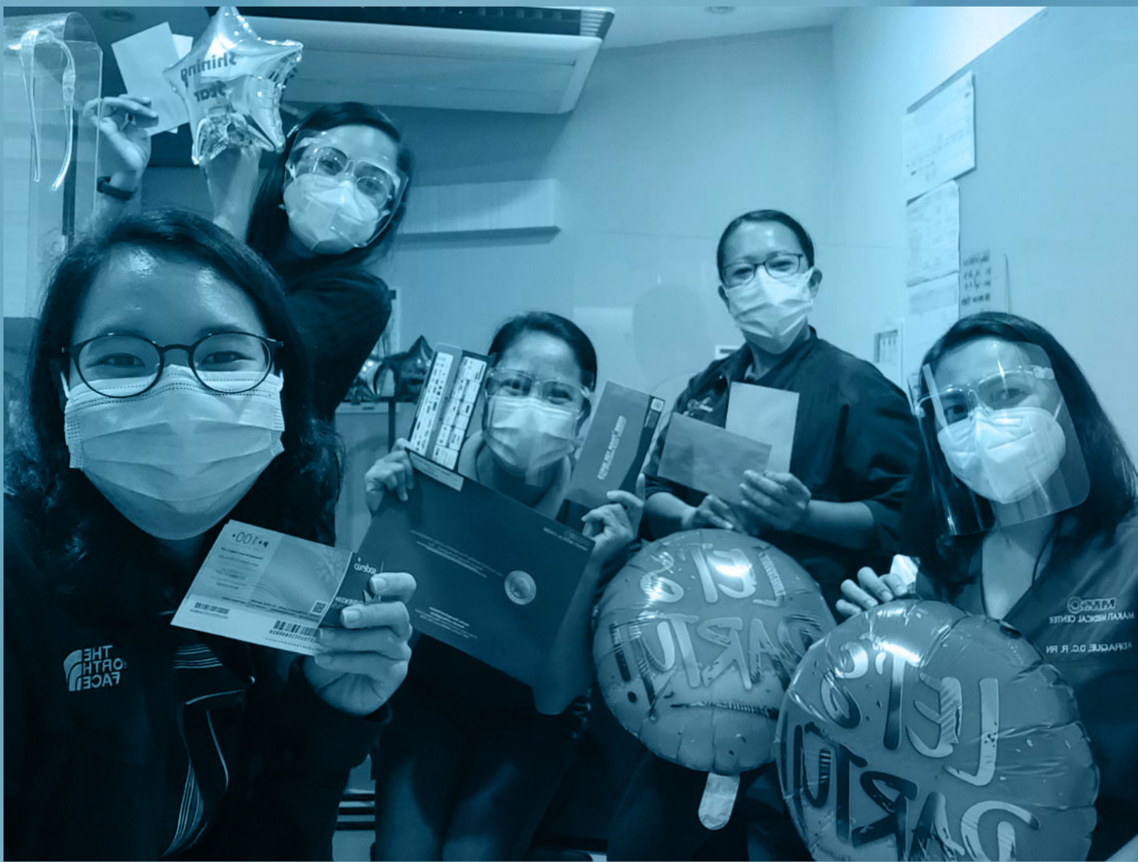
The JCI 7th edition was released and took effect on January 2021. Joint Commission International Accreditation Standards for Hospitals, 7th Edition, provides the basis for accreditation of hospitals throughout the world. JCI standards define the performance expectations, structures, and functions that must be in place for a hospital to be accredited. These hospital standards are intended to promote continuous, systemic, and organizational-wide improvement in daily performance and in the outcomes of patient care. MakatiMed has received the JCI gold seal in its past four (4) surveys – 2011 for the 4th edition, 2014 for the 5th edition, 2017 for the 6th edition, and this year 2021 for the 7th edition.

L. Gold Status Award from World Stroke Organization

The MakatiMed Section of Neurology Stroke Team received its 5th Gold Status at the World Stroke Organization (WSO) Angels Awards for the 3rd Quarter of 2021. The WSO has awarded the MakatiMed Stroke Team for its stroke services initiatives from 2019 to 2021. To date, MakatiMed is the only private institution in the Philippines to have garnered such prestigious recognition.

The research efforts of the section are also being recognized as it has published a study entitled "Clinical Characteristics of Cerebrovascular Disease with COVID-19: A Single-Center Study in Manila, Philippines" at the Neurology Asia.

These back-to-back honors is a testament to the hospital's consistent best practices in stroke care.



Inspiring and Invigorating Workforce

A. 1st MakatiMed Town Hall

Makati Medical Center, through the Human Resources Management and Development Division (HRMDD), held its very first online town hall for the line heads titled, “All Hands” on January 21, 2021. As MakatiMed welcomed the new year, the hospital aims to encourage the entire MakatiMed community to be “all hands” in achieving the goals for the year.

The objective of this program is to provide line heads with information on the hospital’s 2020 performance and the 2021 plans and programs.

With 192 participants in attendance, the activity opened the opportunity to discuss various concerns from network connectivity to smooth operations flow to improve the delivery of service.

Chief Finance Officer Arnold C. Ocampo presented the hospital’s 2020 year-end performance in terms of financial outcome while Medical Director Saturnino P. Javier, MD reported the highlights from the medical group.

Atty. Pilar Nenuca P. Almira, President & CEO, presents MakatiMed’s 2021 plans and programs.

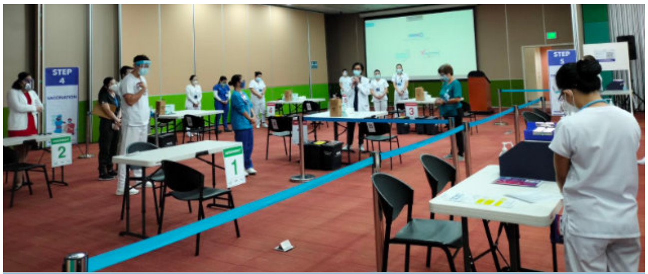
President and CEO Atty. Pilar Nenuca P. Almira thanked the MakatiMed community for each and everyone’s contribution in the past year. “2020 was a very difficult year for all of us: unpredictable and challenging. Yet, our hospital emerged as a triumphant leading hospital in the industry.” The silver lining in the past year’s challenges: overcoming the financial hurdles, keeping the workforce intact, and having no fatality related to COVID-19 with respect to the stakeholders.

Moving forward into 2021, she said that the hospital will continue the learning and development programs for the staff, introduce new innovations in health care, and build a productive and positive relationship in the hospital with focus on teamwork and professionalism.

B. COVID-19 Vaccination Program

On its first week of COVID-19 vaccine roll out, Makati Medical Center inoculated a total of 4,628 individuals which include hospital staff, corporate employees, security personnel, and third-party vendors. This translates to 900 vaccinated individuals per day or 94.4 percent of the target number of vaccine recipients, exceeding the recommended 100 vaccinees per day of the Department of Health (DOH).

The hospital started the roll out of the vaccine on March 5, after receiving 548 doses of Coronavac from Sinovac Biotech. MakatiMed also received 4,080 doses of the University of Oxford-made AstraZeneca from the COVAX global facility of the World Health Organization.



The Vaccination and Implementation team, headed by Mila D. Uy, MD and Daryl N. Gaba, MAN, RN, officially opens the D-Day with a prayer.

Janice C. Caoili, MD (Head, Infection Prevention and Control Department) is one of the first recipients on the second day of the vaccine rollout.

C. Nurse Volunteers from Mindanao

Nurse volunteers from the sister hospitals of Makati Medical Center in Metro Pacific Hospitals Holdings, Inc. (MPHHI) arrived at MakatiMed on April 14, 2021 for a one-month stay in the hospital. Manuel J. Santos Hospital in Agusan Del Norte and West Metro Medical Center in Zamboanga City each sent four (4) nurses to help augment the medical workforce in MakatiMed as the hospital continues the fight against COVID-19.

The nurse volunteers underwent through the Competency Enhancement and Alignment Training organized by the Human Resource Management and Development Division

MakatiMed nurse leaders orient the volunteers during onboarding session.

(HRMDD) and Nursing and Patient Care Services Division (NPCSD). The Nursing leaders oriented the volunteers on MakatiMed's policies, procedures, and COVID-19 updates. They also facilitated the skills demonstration and validation session before the volunteers were deployed to the Emergency Department where they worked for the duration of their stay.

D. Makati Medical Center 52nd Anniversary

On its 52nd founding anniversary, Makati Medical Center hosted events and activities on ground and online, spearheaded by the Human Resource Management and Development Division (HRMDD).

The hospital offered a Thanksgiving Mass on May 31, 2021 at the MMC Chapel and was streamed online for the MakatiMed Community. The mass was presided by Rev. Fr. Genardo O. Diwa, head of the Liturgical Commission of the Archdiocese of Manila.

HRMDD hosted an engaging activity titled, "CHARGE! The MMC Variety Show" enabled MakatiMed employees to showcase their talent in singing and dancing through the Singing Contest and I Am MMC Dance Challenge. The video entries of the competitions were posted on DALOY: The Official MakatiMed Employees Facebook Community group where members freely watched and voted to determine the winners. A raffle was drawn for 111 cash prize winners.

Proving that the anniversary celebration is also about giving and sharing, MakatiMed staff and employees donated to fill the MMC Community Pantry. Third-party MakatiMed partners claimed their grocery bags, new footwear, disinfection kit, and other goodies from the pantry on June 1.

The MakatiMed Community Pantry provides grocery supplies, disinfection kits, and other goodies to MakatiMed partners.

The General Nursing Unit of NPCSD show the winning dance choreography for I Am MMC Dance Challenge.

E. Free Flu Vaccination

With the pandemic still ongoing, Makati Medical Center continues its efforts to provide added protection to its staff and employees by offering free flu vaccine.

From June 21 to July 31, 2021, the Employee Well-being Clinic (EWC) spearheaded the roll out of the #FluFreeMMC vaccination program. EWC assigned specific time appointments for the vaccinees to adhere to the strict infection prevention and control protocols of the hospital. Medical consultants, residents, fellows, other clinical staff, and corporate employees availed of the annual flu vaccination program.

A MakatiMed employee receives her free flu vaccine.

F. Service Recognition Awards

The Makati Medical Center community celebrated its employees' achievements and exemplary acts of service at the Service Recognition Awards, an annual event that aims to recognize various medical and corporate staff in conjunction with MakatiMed's anniversary celebration.

On the hospital's 52nd anniversary, the Service Recognition Awards premiered online on the official MakatiMed Facebook Community group and via Zoom on May 31, 2021. This is the second year in a row that the awards ceremony was held online due to the COVID-19 pandemic.

The corporate and medical heads took turns in presenting the awards in various categories: 2020 Shining Star Awards, Service Recognition to Employees and Consultants who served for 10 to 50 years, as well as Special Awards and Recognitions for employees and doctors who had their papers published in peer-reviewed journals, presented their papers in local and international fora, won competitions, and those who were elected in different medical associations.

For the very first time, the presentation of the Mariano Alimurung Outstanding Fellow Award was also conducted in this years' Service Recognition Awards ceremony. This award was designed to provide a positive and motivational persuasion to outstanding graduates of MakatiMed's training programs.

G. Christmas Tree Lighting

Makati Medical Center continued its annual tradition of blessing the Nativity Scene and lighting the Christmas Tree decked with red, copper, and gold ornaments at the hospital's main lobby last December 3, 2021.

With a theme "One Beat | One Heart | One Christmas Spirit", the program started with an online mass followed by a special video presentation from the Department of Medicine. Others who also prepared a Christmas serenade were the CP-MRI Section and the MMC 2021-2022 Interns.

Just like the setup from the previous year, a limited number of people were present at the main lobby while the rest of the MakatiMed employees and staff were able to witness the ceremony through online viewing to observe and maintain the safety protocols.

Greetings and messages of hope were also delivered virtually by MAMACEA President Roel Pahati, HRMD Division Head Bita Sigari, and Medical Director Saturnino Javier, MD while present at the main lobby are Medical Services Association President Jay Arnold Famador, MD, and MakatiMed's President & CEO Atty. Pilar Nenuca P. Almira.

H. 2021 CQI Awardees

To acknowledge and recognize departments/ units for empowering Continuing Quality Improvement (CQI) with their team by continuously identifying improvement activities, the Quality Management Division announced the Official List of Awardees for the 2021 CQI Awards. CQI is a preventive strategy which uses constant innovation to improve work processes and systems by reducing time-consuming, low-value activities. Projects recognized are those related to Patient Safety, Community Involvement, Most Advanced Healthcare Technology, Patient Experience Improvement, Financial Improvement, Talent Development, and Branding and Marketing Campaign. The awarding was held last December 14 during the QSCC 2nd General Assembly.

Project Winners and Abstract Presenters	
Projects	**Department/Unit**
Don't Hurt Me Twice	Nuclear Medicine Department
Print Anywhere	Nuclear Medicine Department
Sleep Child of Mine	Neurosciences Center
Rainbow Connection	Operations Support Department - Service Operations
Resuscitation Services	Clinical Safety & Risk Management Department - Quality Management
Risk Management Program	Clinical Safety & Risk Management Department - Quality Management
Participating projects to CQI Local and International Competitions	
Coverall – Shift from Disposable Coverall to Washable Coverall	Procurement Department
Reprocessing of Disposable Coveralls	General Services Department - Facilities Management & Engineering
eLog in Mo…m – an automated breastfeeding logbook for daily registration of women accessing the lactation station in MakatiMed Wellness Center	Out-Patient Services - Service Operations
Fall Screening Tool	Operations Support Department - Service Operations
Makatimed @Home: Bringing Health Services at your Doorstep	Out-Patient Services - Service Operations
Project Momshie	Operations Support Department - Service Operations
Cost Reduction Associated with Off-site Storage Facility	Business Process Management Unit - Quality Management
Improvements on Patient Satisfaction Survey	Business Process Management Unit - Quality Management
IHI GTT in MMC	Performance Measures Management - Quality Management
iM hear: PXU Telerounds	Patient Experience Unit - Quality Management
Transforming Nurses in the New Normal: Progressive & Alternative Competency Enhancement (PACE) Initiative	Nursing Quality - Nursing & Patient Care Services
COVID-19 Bed Management: Bridging Efficient Bed Management During the Pandemic	Nursing Quality - Nursing & Patient Care Services
Participating projects to the Internal MMC CQI Awards	
Nursing Education Research and Development: Nursing Residency Probationary Program (NRPP)	Nursing Quality - Nursing & Patient Care Services
Medical-Surgical ICU: New Medication Order Tracker	Nursing Quality - Nursing & Patient Care Services
MakatiMed Health Vodcast	Communications & Special Projects (CSP) - Creative, Communications & Sales Services
MakatiMed COVID-19 Public Health Information Campaign	Communications & Special Projects (CSP) - Creative, Communications & Sales Services
Patient Service Recovery	General Services Department - Facilities Management & Engineering
Safety Hanging Sign for Comfort Rooms	General Services Department - Facilities Management & Engineering
Mattress Turning/Flipping	General Services Department - Facilities Management & Engineering
Pop-up Caution Cone	General Services Department - Facilities Management & Engineering
In- Patient Preference through QR code.	General Services Department - Facilities Management & Engineering
Bridging the Gaps	Pathology and Laboratories
Go Flex - Increasing job motivation and satisfaction among medical Technologist in the department of Pathology and Laboratory	Pathology and Laboratories
S.O.S: Safety On Stick - A continuous quality improvement program that will strengthen the Laboratory Safety Program in the Department of Pathology and Laboratory	Pathology and Laboratories

Giving Back

A. Helping Hand to Fire-razed PGH

Makati Medical Center, through its Housekeeping Services, donated linens (bed sheets, comforters, blankets, pillowcases) and personal protective equipment (PPE) to the Philippine General Hospital (PGH). Facilitated by Janice Caoili, MD, head of the MakatiMed Infection Prevention and Control Department, the donation was received by PGH representative Maria Bernadette Idvao.

The initiative comes as a response to the call for help for the public hospital after a fire broke out on May 16, 2020 at PGH, which is also the largest COVID-19 referral hospital in the country. The fire alarm was raised up to the second level by the Bureau of Fire Protection before being declared under control and put out hours later.

(Right) PGH Representative Maria Bernadette Idvao receives the donation of Makati Medical Center from (Left) Danica Ramos, Housekeeping Officer.

B. MakatiMed doctor-artists in Online Fundraising Exhibit

Showcasing the doctor-artists of the hospital, Makati Medical Center Diamond Club organized a virtual FUNdraising exhibit on December 10 to 23, 2020 for the benefit of the MakatiMed Foundation.

The exhibit, “HEaling ART”, featured 50 paintings by 15 doctor-artists, and four featured family members of MakatiMed physicians viewable both online and on-site at the Silverlens Gallery. Through the exhibit, the doctors explored the theme of how art can contribute to the healing of patients and wellness of the Medical Staff, hospital visitors and the general public.



Three of the featured 50 paintings by 15 doctor-artists

The activity was carried out in partnership with the Medical Staff Association (MSA), Division of Medical Education and Research (DMER), Art Wednesday Group and the Tropang Artista sa Pagpipinta.

C. Patient Experience Week 2021

Makati Medical Center participated in the global celebration of Patient Experience Week on April 26 to 30, 2021. It was spearheaded by the Patient Experience Unit of the Patient Relations Department under the Quality Management Division.

The week's highlights include the production of the MakatiMed Patient Experience AVP which showcased the hospital staff giving their insights on what Patient Experience means to them. It was featured the whole week at the lobby for an exhibit. On April 28, MakatiMed conducted its first Patient Experience Forum.

The Forum's notable speakers who honored the occasion with their virtual presence were: Terry Grundy (Principal for Insync Health in Queensland, Australia), Sean Rodriguez (President & COO, Iridium Asia Holdings, Inc. and President & CEO, Technology, Inc.), Cindy Lefton, PhD, RN, CPXP (Vice President, Organizational Consulting, Staff Nurse at Barnes-Jewish Hospital at Washington University), and Bonnie Barnes, FAAN (Co-Founder, Chief Executive Officer and Board President, The DAISY Foundation). Experts from the Patient Experience field discussed topics on International Best Practices in Patient Experience: What High Performers Do Differently, Developing a Culture of Engagement: A Leadership Imperative, and Celebrating the Art of Nursing Around the World. International best practices were shared, and how Compassionate Connected Care leads to a patient's reduced suffering were emphasized. The Forum likewise highlighted the importance of developing a Culture of Engagement and building a Culture of Gratitude in providing a positive patient experience. Compassion fatigue and ways to address it were also discussed. The talks highlighted caring for the caregivers, and how staff satisfaction is considered a building block to providing a positive patient experience.

D. MMC Community Pantry

During the Makati Medical Center's 52nd anniversary celebration, MMC staff would all pitch in to provide Groceries, Disinfection Kits, and other goodies to be donated to MakatiMed's third-party partners. Proving that the anniversary celebration is also about giving and sharing.

E. MakatiMed leads Smart Tower vaccination activity for MVP group

Makati Medical Center (MakatiMed) led the recent vaccination of the MVP Group of Companies at one of its megasites, the Smart Tower in Makati City.

A total of 1,411 individuals were inoculated during the vaccination held last August 16 to 18, 2021. MakatiMed prepared the site for local government unit (LGU) and Department of Health (DOH) accreditations, and provided the manpower and expertise for the clinical teams including doctors, nurses, nursing assistants, and pharmacists during the course of the vaccination drive. The hospital was also responsible for checking and ensuring that the vaccines were intact upon delivery, and submitting the reports to the LGU in collaboration with the Smart Tower registration team.

MAKATI MEDICAL CENTER

PRESIDENT & CEO	Atty. Pilar Nenuca P. Almira
Medical Director	**Saturnino P. Javier, MD**
Institutional Review Board	D. Darwin A. Dasig
Infection :Prevention & Control	Janice C. Caoili, MD
Nutrition & Dietetics	Maricar M. Esculto-Khan, RND, MD
Pharmacy Services	Hazel Faye R. Docuyanan, RPh, MS
Medical Services Division	**John Vincent G. Pastores, MD**
Director	D. Darwin A. Dasig, MD
Assistant Director, Operations, Medical Services	Ernest J.A. Pagdanganan, MD
Assistant Director, Credentialing & Privileging	Karen L. Nielsen, MD
Medical Sercies Office	Melecia H. De Leon
CLINICAL DEPARTMENTS	
Anesthesiology	Amelia A. Reyles, MD
Dental Medicine	Maria Carmen N. Yulo, DMD
Dermatology	Elsie Reynosa P. Floreza, MD
Emergency Medicine	Amado A. Flores, III, MD
Legal Medicine	Rodel V. Capule, MD
Medicine	Jose Paulo P. Lorenzo, MD
Allergology & Immunology	Manuel M. Canlas, MD
Cardiology	Saturnino P. Javier, MD
Critical Care Medicine	Gary A. Lopez, MD
Endocrinology	Jimmy B. Aragon, MD
Gastroenterology	Carlo M. Cornejo, MD
General Medicine	Juancho Alfredo D. Las, MD
Hematology	Jesus A. Relos, MD
Infectious Diseases	Janice C. Caoili, MD
Nephrology	Eladio Miguel M. Peñaranda, Jr., MD
Oncology	Ma. Belen E. Tamayo, MD
Pulmonary Medicine	Gregorio P. Ocampo, MD
Rheumatology	Augusto O. Villarubin, MD
Neurological Sciences	D. Darwin A. Dasig, MD
Neurology	Perry N. Noble, MD
Neurosurgery	Michael N. Sabalza, MD
Psychiatry	Jon Edward B. Jurilla, MD
Nuclear Medicine	Marie Rhiamar S. Gomez, MD *(OIC)*
Obstetrics & Gynecology	Mercedes P. Viduya, MD
Ophthalmology	Sherman O. Valero, MD
Orthopedic Surgery	Antonio A. Rivera, MD
Otorhinolaryngology	Joseph Ray Richard R. Cedeño, MD
Pathology & Laboratories	Joey D. Borromeo, MD
Pediatrics	Rosario P. Paguntalan, MD
Physical Medicine & Rehabilitation	Joseph Gerard D. Lipana, MD
Radiology	Jackson U. Dy, MD
Breast Clinic	Fay A. Coloma, MD
CT-MRI	Richie A. Pilapil, MD
Diagnostic	Jeffrey L. Tantianpact, MD
Interventional Radiology	Alvin Constantine T. Tin, MD
PET-CT	Marie Rhiamar S. Gomez, MD
Radiation Oncology	Dennis V. Doromal, MD
Ultrasound	Blaise K. Liao, MD
Surgery	Jaime SD Songco, MD
Colorectal Surgery	Jan Paolo M. Cruz, MD

General Surgery	Victor K. Gozali, MD
Hepatobiliary	Catherine S.C. Teh, MD
Metabolic & Surgical Nutrition	Dino Roberto D. Vargas, MD
Minimally Invasive Surgery	Ernest J.A. Pagdanganan, MD
Pediatric Surgery	Wilma A. Baltazar, MD
Peripheral Vascular	Ricardo T. Quintos, MD *(OIC)*
Plastic & Reconstructive	Benjamin G. Herbosa, MD
Thoracic & Cardiovascular Surgery	Ramon I. Diaz, Jr., MD
Urology	Jaime S.D. Songco, MD *(OIC)*

PROFESSIONAL SERVICES DIVISION

Breast Clinic	Fay A. Coloma, MD
Cancer Center, Director	Victor K. Gozali, MD
	Ma. Belen E. Tamayo, MD
Bone Marrow Transplant Unit	Teresita E. Dumagay, MD
Cardiac Catheterization Laboratory	Joaquin Emilio G. Jison, MD
Cardiac Rehabilitation Unit	Adolfo B. Bellosillo, MD
Center for Regenerative Medicine	Joey D. Borrmeo, MD
Osteoporosis & Bone Health	Josephine Y. Lu, MD
Center for Tropical & Travel Medicine	Janice C. Caoili, MD
CV ICU, CV Recovery / Telemetry	Oliver M. Sansano, MD
Cardiovascular Diagnostic Laboratory (Heart Station)	Benjamin N. Alimurung, MD
Dermatology & Phototherapy Center (Dr. Manuel C. Fernandez, Sr. Center)	Patricia Anne T. Tinio, MD
Diabetes Care Center	May O. Sison, MD
Emergency Department	Amado A. Flores III, MD
ENT Center	Joseph Ray Richard R. Cedeño, MD
Eye Care Center	Sherman O. Valero, MD
Gastroenterology & Endoscopy Center	Carlo M. Cornjejo, MD
Liver Unit	Madalinee Eternity D. Labio, MD
Integrative & Palliative Home Care	Mari Joanne G. Joson, MD
MakatiMed Wellness Center	Gia Grace B. Sison, MD
Medical Intensive Care Unit	Lourdes B. Dorion-Diaz, MD
MMC HealthHub	Minerva M. Laconico, MD
Neurosciences Center	D. Darwin A. Dasig, MD
Memory Plus	Paulino S. Tenchavez, MD
Neurophysiology & Sleep Disorders	Katerina Tanya P. Gosiengfiao, MD
Neurovascular Laboratory	Anna Marie B. Sage-Nolido, MD
Subspecialty Clinics	D. Darwin A. Dasig, MD
Neuro Intensive Care Unit	Raquel T. Mallari-Alvarez, MD
Neuropsychiatry Unit	Jon Edward B. Jurilla, MD
Newborn Services/NICU	Victor Q. Zapanta, MD
Nuclear Medicine	Marie Rhiamar S. Gomez, MD
OR-DR Complex (CP Manahan Pavillion)	Mercedes P. Viduya, MD
Pain Management Services	Merle Dela F. Cruz-Odi, MD
Pathology & Laboratories	Joey D. Borromeo, MD
Pediatric Intensive Care Unit	Alvin C. Florentino, MD
Physical Medicine & Rehabilitation Center	Joseph Gerard D. Lipana, MD
Pulmonary Laboratory	Gregorio P. Ocampo, MD
Radiology Services	Jackson U. Dy, MD
Renal Care	Eladio Miguel M. Peñaranda, Jr., MD
Skin & Laser Hub	Elsie Reynosa P. Floreza, MD
Surgical Intensive Care Unit	Jaime S.D. Songco, MD
Surgical Suites (Jose Y. Fores Surgical Pavillion)	Jaime S.D. Songco, MD
Urogynecology & Incontinence Center	Anthony Dexter G. Griño, MD
Vascular & Lymphedema	Jasmin Melissa B. Bernardo, MD
Weight Wellness	Gia D. Wassmer, MD

MAKATI MEDICAL CENTER

DIVISION OF MEDICAL EDUCATION & RESEARCH

Director	Maria Rosario P. Marin, MD
Bioethics Educational Committee	Jacqueline H. King, MD
Clerkship Program	Celeste Aida G. Gali, MD
Clinical Research Center	Richelle B. Bumanglag, MD
Culture	Vermen M. Verallo-Rowell, MD
Fellowship Program	Jimmy B. Aragon, MD
Health Services	Victor L. Gisbert, MD
Internship Program	Ma. Milan P. Tambunting, MD
Head, Community Medicine (Adult)	Jillian Mae L. Tabora, MD
Head, Community Medicine (Pediatrics)	Jennifer Theresa G. Tiglao, MD
Medical Education Office	Odessa P. Caimoy
Residency Program	Ramon S. Francisco, MD

NURSING & PATIENT CARE SERVICES DIVISION

Chief Nursing Officer	Eda Bernadette P. Bodegon, MAN, RN
Assistant Directors	Daryl Jeremiah R. Gaba, MAN, RN
	Nerissa A. Lagarico, MAN, RN
	Alexander Gervacio M. Sangoyo, MAN, RN
Clinical Operations & Innovation	Eda Bernadette P. Bodegon, MAN, RN *(Concurrent)*
General Nursing Services	Nerissa A. Lagarico, MAN, RN
General Medicine Services 1	Dan Jerome A. Barrion, MAN, RN
General Medicine Services 2	Roselyn M. Vejano, MAN, RN
High Risk	Jesus R. Aytona, MAN, RN
Maternity & VIP Services	Camille M. De Guzman, MAN, RN
Nursing Support Services	Daryl Jeremiah R. Gaba, MAN, RN
Nursing Education, Research & Development	Joshua Jaime P. Nario, MA, RN, CLDP
Nursing Quality	Arthur Kevin V. Castor, RN
Nursing Standards & Policy	Ritchelle M. Galang, MAN, RN
Nursing Workforce Management, Budget & Informatics	Catherine S. Alcantara, MAN, RN
Specialty Nursing Services	Alexander Gervacio M. Sangoyo, MAN, RN
Adult Critical Care Services	Glaiza Marie T. Ballester, MAN, RN
Cancer Center	Ma. Cecilia P. Paje, MAN, RN
Cardiac Catheterization Laboratory & Clinical Care Support Services	Maria Michaela Caroline E. Miranda, MAN, RN
Emergency Nursing Services	Grace Dyan C. Maranan, MAN, RN
Maternity Services & Endoscopy Unit	Farrah T. Visey, MSN, RN
Newborn & Pediatric Services	Carolyn M. Santos, MAN, RN
Operative Services & Central Sterilization Unit	Leah L. Ante, RN
Organ Transplant Services	Maureen P. Santiago, MAN, RN
Renal Care	Christine S. Javier, MAN, RN

FACILITIES MANAGEMENT & ENGINEERING DIVISION

Division Head	Engr. Gerry E. Cunanan
Biomedical Engineering	Engr. Lysander P. Labitag
Engineering	Engr. Domingo E. Pondoyo, Jr.
Facilities Maintenance/ Pollution Control	Engr. Domingo E. Pondoyo, Jr. *(Concurrent)*
FMED Quality & Compliance	Reymar C. Aringo
General Services	Kristine C. Surla
Project Design & Management	Engr. Caesarr Ayan V. Alviola

FINANCE DIVISION

Division Head/Chief Finance Officer	Arnold C. Ocampo
Controllership	Armyla B. Palomar
Credit, Billing & Collections	Joy Vincent E. Oconer
Financial Planning & Control	Marilou M. Gadiana

Inventory Management	Helene Bernice G. Uy
Pricing	Maria Jesusa M. Torres
Treasury	Bernardo F. Tawatao

HUMAN RESOURCES MANAGEMENT AND DEVELOPMENT DIVISION

Division Head	Bita S. Avendaño
Organization Development	Karen O. Torres
Employee Engagement	Delilah C. Santos
Employee Well-being Clinic	Rosemarie B. Cabujat, MD
Learning & Development	Karen O. Torres *(Officer-In-Charge, as of October 2021)*
Legal Services	Atty. Marcos Arcadio G. Lauron *(Consultant)*
Talent Acquisition	Jertrude C. Oliveros
Total Rewards & Analytics	Angelita P. Garcia

INFORMATION & COMMUNICATIONS TECHNOLOGY DIVISION

Division Head	Isidoro M. Perfecto *(Officer-In-Charge, as of May 2021)*
Business Systems Development & Support	Isidoro M. Perfecto
Information Security & Technology Control	Isidoro M. Perfecto *(Concurrent)*
Technology Infrastructure Support	Jairus E. Villarico

CREATIVE, COMMUNICATIONS & SALES SERVICES DIVISION

Division Head	Arlyn L. Songco
Creative Services & Advertising	Monica Liza R. Dizon
Communications & Special Projects	Shieyl L. Aranas
MMC HealthHub – Operations	Aureen Joy D. Narito
Sales Services	Mary Ann B. Lee

SERVICE OPERATIONS DIVISION

Division Head	Reynaldo J. Lim *(Officer-In-Charge, as of August 1, 2021)*
Operations Support	Eric M. Angeles, MD *(Officer-In-Charge, as of October 1, 2021)*
Business Operations Support Services	Reynaldo J. Lim *(Concurrent)*
Health Services	Joana Carla Elaine B. Tabamo
MakatiMed On-Call	Maricor M. Bautista
Outpatient Services (Cluster 1)	Eric M. Angeles, MD
Outpatient Services (Cluster 2-6)	Thumbelina O. Tan, RN
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
Clinical Performance Improvement/ Hospital Performance Improvement	Mary Lyn M. Dela Cruz *(effective September 1, 2021)*
Clinical Safety & Risk Management	Mary Grace U. Sta. Ana, DMD
Patient Relations	Artemio C. Salvador, MD *(Concurrent)*
Medical Records 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
Vendor Management	Roy G. De Guzman

INTERNAL AUDIT TBA

CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2021 AND 2020
AND FOR EACH OF THE THREE YEARS IN
THE PERIOD ENDED DECEMBER 31, 2021

AUDIT COMMITTEE REPORT

To The Securities and Exchange Commission
Secretariat Building, PICC Complex
Roxas Boulevard, Pasay City

Further to our compliance with applicable corporate governance laws and rules, we confirm for 2021 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, 2021 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, 2021 in MDI Group's Annual Report to the Stockholders and to the SEC on Form 17-A.

Diana P. Aguilar
Chairman

Francisco A. Dizon
Member

Francisco S.A. Sandejas
Member

Dr. Michael C. Wassmer
Member

Jose Ma. K. Lim
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, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019, 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

ATTY. PILAR NENUCA P. ALMIRA
President & Chief Executive Officer

ARNOLD C. OCAMPO
SVP Finance & Chief Finance Officer

March 25, 2022

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, 2021 and 2020, and their consolidated financi performance and their consolidated cash flows for each of the three years in the period ended December 31, 2021 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, 2021 and 2020;
- the consolidated statements of income for each of the three years in the period ended December 31, 2021;
- the consolidated statements of total comprehensive income for each of the three years in the period ended December 31, 2021;
- the consolidated statements of changes in equity for each of the three years in the period ended December 31, 2021;
- the consolidated statements of cash flows for each of the three years in the period ended December 31, 2021; 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.

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, 2021, 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, 2021 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 6, 2022, 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. 08-000745-142-2022; issued on January 25, 2022; effective until January 24, 2025
BOA/PRC Reg. No. 0142, effective until January 21, 2023

Makati City
March 25, 2022

Medical Doctors, Inc. and Subsidiary

Consolidated Statements of Financial Position
As at December 31, 2021 and 2020
(All amounts in thousands of Philippine Peso)

	Notes	2021	2020
ASSETS			
Current assets			
Cash	2	597,867	389,068
Receivables, net	3	1,290,038	1,020,921
Inventories, net	4	276,037	281,055
Prepayments and other current assets	5	21,992	31,548
Total current assets		2,185,934	1,722,592
Non-current assets			
Property and equipment, net	6	9,313,701	9,590,248
Other non-current assets		136,686	147,249
Total non-current assets		9,450,387	9,737,497
Total assets		11,636,321	11,460,089
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	7	1,140,414	1,158,376
Provision for claims	10	39,776	-
Income tax payable	17	77,304	-
Borrowings, current portion	8	110,000	335,500
Dividends payable	12	157,704	37,053
Lease liabilities, current portion	21.2	105,207	86,299
Other current liabilities		15,151	15,238
Total current liabilities		1,645,557	1,632,466
Non-current liabilities			
Borrowings, net of current portion	8	45,000	105,000
Provisions	10	145,950	104,953
Retirement benefit obligation	11	537,917	556,754
Deferred income tax liabilities, net	17	789,362	1,004,532
Lease liabilities, net of current portion	21.2	183,543	253,887
Total non-current liabilities		1,701,772	2,025,126
Total liabilities		3,347,329	3,657,592
Equity			
Equity attributable to owners of the Parent			
Share capital	12	342,862	342,862
Capital in excess of par value	12	1,701,610	1,701,610
Treasury shares	12	(15,036)	(15,036)
Revaluation surplus	19	3,304,443	3,091,590
Remeasurements on retirement benefits	11	(92,247)	(165,057)
Retained earnings		3,023,834	2,822,709
		8,265,466	7,778,678
Non-controlling interest		23,527	23,819
Total equity		8,288,993	7,802,497
Total liabilities and equity		11,636,322	11,460,089

(The notes on pages 1 to 55 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, 2021
(All amounts in thousands of Philippine Peso except for earnings per share)

	Notes	2021	2020	2019
Gross revenues	13	7,663,465	6,308,103	7,771,477
Discounts and free services	14	(976,580)	(741,129)	(841,005)
Net revenues		6,686,885	5,566,974	6,930,472
Cost of services	15	(4,231,295)	(3,958,146)	(4,353,590)
Gross profit		2,455,590	1,608,828	2,576,882
Administrative expenses	15	(1,715,783)	(1,656,286)	(1,829,616)
Other (expense) income, net	16	(7,198)	94,577	125,480
Profit (loss) from operations		732,609	47,119	872,746
Finance costs	8, 21.2	(40,294)	(52,351)	(59,288)
Profit (loss) before income tax		692,315	(5,232)	813,458
Income tax expense	17	(219,457)	(364)	(243,474)
Profit (loss) for the year		472,858	(5,596)	569,984
Profit (loss) attributable to:				
Owners of the Parent Company		473,150	(5,555)	562,420
Non-controlling interest		(292)	(41)	7,564
Profit (loss) for the year		472,858	(5,596)	569,984
Earnings (loss) per share on profit for the year attributable to owners of the Parent Company				
Basic and diluted earnings per share	18	138.31	(1.63)	165.32

(The notes on pages 1 to 55 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, 2021
(All amounts in thousands of Philippine Peso)

	Notes	2021	2020	2019
Profit (loss) for the year		472,858	(5,596)	569,984
Other comprehensive (loss) income				
Items that will not be reclassified to profit or loss				
Remeasurements on retirement benefits	11	112,800	(129,499)	(83,354)
Deferred tax on remeasurements on retirement benefits	11,17	(33,840)	38,850	25,006
Deferred tax adjustment on remeasurements on retirement benefits	17	(6,150)	-	-
Fair value gains on land and buildings and building improvements	19	-	-	1,099,419
Deferred tax on land and buildings and building improvements appraisal	19	-	-	(329,826)
Deferred tax adjustment on land and buildings and building improvements appraisal	17	222,570	-	-
Total other comprehensive (loss) income for the year		295,380	(90,649)	711,245
Total comprehensive (loss) income for the year		768,238	(96,245)	1,281,229
Attributable to:				
Owners of the Parent Company		768,530	(96,204)	1,273,665
Non-controlling interest		(292)	(41)	7,564
Total comprehensive (loss) income for the year		768,238	(96,245)	1,281,229

(The notes on pages 1 to 55 are integral part of these consolidated financial statements.)

Medical Doctors, Inc. and Subsidiary

Consolidated Statements of Changes in Equity
For each of the three years in the period ended December 31, 2021
(All amounts in thousands of Philippine Peso)

	Attributable to equity holders of the Parent Company									
						Retained earnings (Note 12)				
	Share capital (Note 12)	Capital in excess of par value (Note 12)	Treasury shares (Note 12)	Revaluation surplus (Note 19)	Remeasurements on retirement benefit (Note 11)	Appropriated	Unappropriated	Total	Non-controlling interest	Total equity
Balances as at December 31, 2020	342,862	1,701,610	(15,036)	3,091,590	(165,057)	600,000	2,222,709	7,778,678	23,819	7,802,497
Comprehensive income										
Profit (loss) for the year	-	-	-	-	-	-	473,150	473,150	(292)	472,858
Other comprehensive income(loss), net of tax										
Deferred tax adjustment on CREATE (Note 17,19)	-	-	-	222,570	(6,150)	-	-	216,420	-	216,420
Remeasurements on retirement benefits	-	-	-	-	78,960	-	-	78,960	-	78,960
Total comprehensive income(loss) for the year	-	-	-	222,570	72,810	-	473,150	768,530	(292)	768,238
Depreciation transfer of revaluation surplus	-	-	-	(9,717)	-	-	12,957	3,240	-	3,240
Transactions with shareholders										
Dividends declared	-	-	-	-	-	-	(284,982)	(284,982)	-	(284,982)
Balances as at December 31, 2021	342,862	1,701,610	(15,036)	3,304,443	(92,247)	600,000	2,423,834	8,265,466	23,527	8,288,993

(The notes on pages 1 to 55 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, 2021
(All amounts in thousands of Philippine Peso)

	Attributable to equity holders of the Parent Company									
						Retained earnings (Note 12)				
	Share capital (Note 12)	Capital in excess of par value (Note 12)	Treasury shares (Note 12)	Revaluation surplus (Note 19)	Remeasurements on retirement benefit (Note 11)	Appropriated	Unappropriated	Total	Non-controlling interest	Total equity
Balances as at December 31, 2019	342,712	1,698,324	(15,036)	3,100,677	(74,408)	600,000	2,215,286	7,867,555	23,860	7,891,415
Comprehensive income										
Loss for the year	-	-	-	-	-	-	(5,555)	(5,555)	(41)	(5,596)
Other comprehensive loss, net of tax										
Remeasurements on retirement benefits	-	-	-	-	(90,649)	-	-	(90,649)	-	(90,649)
Total comprehensive loss for the year	-	-	-	-	(90,649)	-	(5,555)	(96,204)	(41)	(96,245)
Depreciation transfer of revaluation surplus	-	-	-	(9,087)	-	-	12,978	3,891	-	3,891
Transactions with shareholders										
Issuance of common shares	150	3,286	-	-	-	-	-	3,436	-	3,436
Balances as at December 31, 2020	342,862	1,701,610	(15,036)	3,091,590	(165,057)	600,000	2,222,709	7,778,678	23,819	7,802,497

(The notes on pages 1 to 55 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, 2021
(All amounts in thousands of Philippine Peso)

	Attributable to equity holders of the Parent Company									
						Retained earnings (Note 12)				
	Share capital (Note 12)	Capital in excess of par value (Note 12)	Treasury shares (Note 12)	Revaluation surplus (Note 19)	Remeasurements on retirement benefit (Note 11)	Appropriated	Unappropriated	Total	Non-controlling interest	Total equity
Balances as at January 1, 2019	339,737	1,639,701	(15,036)	2,340,351	(16,060)	-	2,518,398	6,807,091	16,296	6,823,387
Comprehensive income										
Profit for the year	-	-	-	-	-	-	562,420	562,420	7,564	569,984
Other comprehensive loss, net of tax										
Fair value gains on land and buildings and building improvements	-	-	-	769,593	-	-	-	769,593	-	769,593
Remeasurements on retirement benefits	-	-	-	-	(58,348)	-	-	(58,348)	-	(58,348)
Total comprehensive (loss) income for the year	-	-	-	769,593	(58,348)	-	562,420	1,273,665	7,564	1,281,229
Depreciation transfer of revaluation surplus	-	-	-	(9,267)	-	-	13,239	3,972	-	3,972
Transactions with shareholders										
Issuance of common shares	2,975	58,623	-	-	-	-	-	61,598	-	61,598
Appropriation of retained earnings	-	-	-	-	-	600,000	(600,000)	-	-	-
Dividends declared	-	-	-	-	-	-	(278,771)	(278,771)	-	(278,771)
Total transactions with shareholders	2,975	58,623	-	-	-	600,000	(878,771)	(217,173)	-	(217,173)
Balances as at December 31, 2019	342,712	1,698,324	(15,036)	3,100,677	(74,408)	600,000	2,215,286	7,867,555	23,860	7,891,415

(The notes on pages 1 to 55 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, 2021
(All amounts in thousands of Philippine Peso)

	Notes	2021	2020	2019
Cash flows from operating activities				
Profit (loss) before income tax		692,315	(5,232)	813,458
Adjustments for:				
Provision for impairment of receivables	3,15	275,362	217,272	203,823
Provision for inventory losses	4	12,930	13,676	13,697
Reversal of provision for inventory losses	4	(13,676)	(13,697)	(5,116)
Depreciation	6, 15	664,840	631,425	601,375
Finance cost	8, 21.2	40,294	52,351	59,288
Loss (gain) on disposal of property and equipment	16	3,266	2,148	(8,676)
Interest income	2, 16	(2,141)	(2,816)	(4,095)
Unrealized foreign exchange (gain) loss	20	(791)	2,038	653
Reversal of long outstanding payables	16	-	(17,315)	(1,864)
Other assets written-off		-	-	794
Operating income before working capital changes		1,672,399	879,850	1,673,337
(Increase) decrease in:				
Receivables		(552,891)	(316,537)	(342,866)
Inventories		5,765	74,721	(45,925)
Prepayments and other current assets		(23,176)	(1,889)	(43,329)
Increase in current liabilities:				
Trade and other payables		(2,456)	64,054	237,301
Other current liabilities		(85)	258	2,941
Decrease in other non-current assets		(7,654)	(2,111)	(4,236)
Increase in provisions		80,773	1,030	2,962
Increase in retirement benefit obligation	11	94,187	76,817	57,073
Cash from operations		1,266,862	776,191	1,537,258
Interest received		2,141	2,865	4,666
Income taxes paid		(138,772)	(81,059)	(236,628)
Contribution to the plan asset		(224)	(10,000)	(36,000)
Net cash from operating activities		1,130,007	687,997	1,269,296
Cash flows from investing activities				
Payments for property and equipment	6	(362,673)	(559,271)	(603,764)
Advances made to suppliers for equipment		18,216	(20,740)	(44,024)
Proceeds from disposal of property and equipment		158	150	21,877
Net cash used in investing activities		(344,299)	(579,861)	(625,911)
Cash flows from financing activities				
Borrowings paid	8	(285,500)	(274,000)	(274,000)
Payment of interest on borrowings	8	(17,666)	(25,918)	(35,604)
Proceeds from borrowings	8	-	200,000	-
Dividends paid	12	(164,331)	(130,354)	(229,811)
Proceeds from issuance of share capital	12	-	3,436	61,598
Payment of principal portion of lease liability	21.2	(86,299)	(73,812)	(81,561)
Payment of interest on lease	21.2	(23,904)	(29,650)	(26,091)
Net cash used in financing activities		(577,700)	(330,298)	(585,469)
Net increase (decrease) in cash and cash equivalents		208,008	(222,162)	57,916
Cash and cash equivalents, January 1		389,068	613,268	556,005
Effect of exchange rate changes on cash and cash equivalents		791	(2,038)	(653)
Cash and cash equivalents, December 31	2	597,867	389,068	613,268

(The notes on pages 1 to 55 are integral part of these consolidated financial statements.)

Medical Doctors, Inc. and Subsidiary

Notes to the Consolidated Financial Statements
As at December 31, 2021 and 2020 and for each of the three years
in the period ended December 31, 2021
(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, 2021 the Parent Company has 1,106 shareholders (2020 - 1,109) 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:

	As at December 31	
	2021	2020
Metro Pacific Hospital Holdings, Inc.	33.38%	33.38%
Associated Sugar, Inc.	4.76%	4.76%
Dr. Remedios Suntay	3.48%	3.27%
San Miguel Corporation	2.44%	2.44%
Dr. Benjamin N. Alimurung	1.38%	-
Dr. Raul G. Fores	-	2.09%
	45.44%	45.94%

As at December 31, 2021, the remaining 54.56% (2020 – 54.06%) 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 3,420,237 outstanding shares in 2021, 215,056 shares or 6.29% are owned by the Company's directors, officers and employees (2020 - 3,420,737 outstanding shares, 191,884 shares or 5.61%).

At December 31, 2021 and 2020, 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”.

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 2,617 regular employees as at December 31, 2021 (2020 - 2,786).

These consolidated financial statements have been approved and authorized for issuance by the Parent Company’s BOD on March 25, 2022.

Impact of Covid-19 pandemic

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. During 2021, lower restrictions were implemented by the government due to the vaccination rollout and the decreasing rate of infection in the community. For the year ended December 31, 2021, the gradual easing of community quarantine restrictions by the government resulted in positive financial results of the Company as patients resumed visit to the hospital, in addition to the increased revenue from COVID-19 patients as a result of case surges.

Management has assessed that while the pandemic had a pervasive impact in the 2020 financial results of the Parent Company, the financial position and results as at and for the period ended December 31, 2021 reflected better financial and operational performance. This is mainly driven by the Parent Company being better prepared to handle surge of COVID-19 cases and the close monitoring of expenses. Any medium to long-term impact of the pandemic on the Parent Company’s financial position, results, and cash flows cannot be ascertained yet given the uncertainties surrounding the COVID-19 pandemic.

<u>Note 2 - Cash</u>

Cash as at December 31 consist of:

	2021	2020
Cash on hand	826	867
Cash in banks	597,041	388,201
	597,867	389,068

Interest income for cash deposits in banks and restricted cash (Note 24.1) for the year ended December 31, 2021 amounted to P2,141 (2020 - P2,816; 2019 - P4,095 interest from cash deposits in banks, short-term cash placements and restricted cash) (Note 16).

As at December 31, 2020, all short-term cash placements which pertain to time deposits with local banks with maturity of less than three months were withdrawn to support liquidity requirements due to impact of COVID-19 on collections.

Restricted cash amounting to P94,586 as at December 31, 2021 (2020 - P92,988) 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:

	Note	2021	2020
Patient receivables		1,704,007	1,314,836
Allowance for impairment of patient receivables		(479,150)	(359,331)
Net patient receivables		1,224,857	955,505
Receivables from pharmaceutical and medical companies		20,567	15,375
Receivables from employees and officers		20,768	14,992
Rent receivable	21.2	13,930	17,983
Receivable from a regulatory agency		7,725	10,999
Construction bond		400	3,425
Other receivables		2,755	3,606
		66,145	66,380
Allowance for impairment of other receivables		(964)	(964)
Net other receivables		65,181	65,416
		1,290,038	1,020,921

Patient receivables arise from healthcare, accommodation and other ancillary services which are generally on a 15-60-day credit term. As at December 31, 2021, 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 P694,331 (2020 - P507,972). Such amounts, net of payment to doctors, are treated as liability upon collection and presented under professional fees collected on behalf of doctors within trade and other payables (Note 7).

Receivables from pharmaceutical and medical companies are generally on a 30-day credit term. Receivables from employees and officers pertain to non-interest-bearing cash advances which are settled through liquidation.

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.

(3)

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

	Note	2021	2020
Allowance for impairment of:			
Patient receivables		359,331	262,325
Other receivables		964	964
Beginning of year		360,295	263,289
Provision during the year	15	275,362	217,272
Write-off		(155,543)	(120,266)
End of year		480,114	360,295

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 23.2.2).

The Company also evaluates specific patients and/or debtors who are unable to meet their financial obligations. In these cases, management uses judgment based on the best available facts and circumstances, including but not limited to, the length of relationship with the patients and the patients' payment history.

Any change in the Company's assessment of collectability of receivables could impact the recorded carrying amount of receivables and related allowance for impairment.

Note 4 - Inventories, net

Inventories, net as at December 31 consist of:

	2021	2020
Pharmaceutical products	155,066	156,558
Laboratory and other hospital supplies	122,666	127,704
Office and housekeeping supplies	11,235	10,469
	288,967	294,731
Allowance for inventory losses	(12,930)	(13,676)
	276,037	281,055

Inventories are stated at cost less allowance for inventory losses, which is lower than the net realizable value. The cost of inventories recognized as expense and included in the cost of services amounted to P1,854,704 in 2021 (2020 - P1,835,719; 2019 - P2,022,649) (Note 15).

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

	2021	2020
Beginning of the year	13,676	13,697
Provision during the year	12,930	13,676
Write-off	(13,676)	(13,697)
End of the year	12,930	13,676

For the year ended December 31, 2021, provision for inventory losses amounting to P12,930 (2020 - 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).

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:

	2021	2020
Prepaid expenses	20,007	25,712
Advances to suppliers	1,985	651
Prepaid taxes	-	5,185
	21,992	31,548

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

(5)

Note 6 - Property and equipment, net

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

	At revalued amounts		At cost					
	Land	Buildings and building improvements	Medical equipment, tools and instruments	Hospital furnishings, fixtures and office equipment	Leasehold improvements	Office and parking spaces (Note 21.2)	Construction-in-progress	Total
As at January 1, 2021								
Cost or revalued amount	4,063,136	4,932,443	3,887,738	1,728,018	267,030	463,400	86,104	15,427,869
Accumulated impairment	-	-	(13,397)	-	-	-	-	(13,397)
Accumulated depreciation and amortization	-	(1,685,930)	(2,653,540)	(1,224,854)	(100,050)	(159,850)	-	(5,824,224)
Net carrying value	4,063,136	3,246,513	1,220,801	503,164	166,980	303,550	86,104	9,590,248
Year ended December 31, 2021								
Opening net carrying value	4,063,136	3,246,513	1,220,801	503,164	166,980	303,550	86,104	9,590,248
Additions	-	829	160,666	53,138	-	34,863	142,222	391,718
Transfer and reclassification	-	116,859	-	57,392	-	-	(174,251)	-
Depreciation and amortization, at cost	-	(183,164)	(254,243)	(131,147)	-	(83,327)	-	(651,881)
Depreciation, at appraisal (Note 19)	-	(12,959)	-	-	-	-	-	(12,959)
Disposals:								
Cost	-	-	(60,014)	(8,615)	-	-	-	(68,629)
Accumulated depreciation	-	-	56,616	8,588	-	-	-	65,204
Closing net carrying value	4,063,136	3,168,078	1,123,826	482,520	166,980	255,086	54,075	9,313,701
As at December 31, 2021								
Cost or revalued amount	4,063,136	5,050,131	3,988,390	1,829,933	267,030	498,263	54,075	15,750,958
Accumulated impairment	-	-	(13,397)	-	-	-	-	(13,397)
Accumulated depreciation and amortization	-	(1,882,053)	(2,851,167)	(1,347,413)	(100,050)	(243,177)	-	(6,423,860)
Net carrying value	4,063,136	3,168,078	1,123,826	482,520	166,980	255,086	54,075	9,313,701

(6)

Note 6 - Property and equipment, net (continued)

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

	At revalued amounts		At cost					
	Land	Buildings and building improvements	Medical equipment, tools and instruments	Hospital furnishings, fixtures and office equipment	Leasehold improvements	Office and parking spaces (Note 21.2)	Construction-in-progress	Total
As at January 1, 2020								
Cost or revalued amount	4,063,136	4,818,043	3,669,428	1,613,970	159,548	463,400	192,815	14,980,340
Accumulated impairment	-	-	(13,397)	-	-	-	-	(13,397)
Accumulated depreciation and amortization	-	(1,522,809)	(2,496,688)	(1,106,029)	(83,085)	(78,615)	-	(5,287,226)
Net carrying value	4,063,136	3,295,234	1,159,343	507,941	76,463	384,785	192,815	9,679,717
Year ended December 31, 2020								
Opening net carrying value	4,063,136	3,295,234	1,159,343	507,941	76,463	384,785	192,815	9,679,717
Additions	-	3,746	236,070	79,574	-	-	235,250	554,640
Transfer and reclassification	-	110,654	86,550	37,275	107,482	-	(341,961)	-
Depreciation and amortization, at cost		(150,143)	(248,483)	(121,621)	(16,965)	(81,235)	-	(618,447)
Depreciation, at appraisal (Note 19)	-	(12,978)	-	-	-	-	-	(12,978)
Disposals:								
Cost	-	-	(104,310)	(2,801)	-	-	-	(107,111)
Accumulated depreciation	-	-	91,631	2,796	-	-	-	94,427
Closing net carrying value	4,063,136	3,246,513	1,220,801	503,164	166,980	303,550	86,104	9,590,248
As at December 31, 2020								
Cost or revalued amount	4,063,136	4,932,443	3,887,738	1,728,018	267,030	463,400	86,104	15,427,869
Accumulated impairment	-	-	(13,397)	-	-	-	-	(13,397)
Accumulated depreciation and amortization	-	(1,685,930)	(2,653,540)	(1,224,854)	(100,050)	(159,850)	-	(5,824,224)
Net carrying value	4,063,136	3,246,513	1,220,801	503,164	166,980	303,550	86,104	9,590,248

(7)

The cost of fully depreciated assets still in use by the Group at December 31, 2021 amounted to P2,692,391 (2020 - P2,537,430).

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):

	2021	2020	2019
Cost of services	410,488	398,624	400,009
Administrative expenses	254,352	232,801	201,366
	664,840	631,425	601,375

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

	2021	2020
Beginning of the year	79,082	83,713
Acquisitions	391,718	554,640
Payments	(362,673)	(559,271)
End of the year	108,127	79,082

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, 2021 and 2020 are treated as right-of-use assets in accordance with PFRS 16 (Note 21.2).

6.2 Mortgaged properties

Borrowings at December 31, 2021 and 2020 are secured by a land owned by the Parent Company through a Mortgage Trust Indenture (MTI) (Note 8). As at December 31, 2021 and 2020, the fair value of the land as appraised by an independent appraiser amounted to P P4.063 billion.

6.3 Construction-in-progress

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

There were no capitalized borrowing costs as at December 31, 2021 and 2020 as the ongoing constructions of the Company are not considered as qualifying assets.

Critical accounting estimate: Estimated useful lives of property and equipment

The useful life of each item of the Company'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, 2021 and 2020, that there are no indicators that the remaining carrying amount of property and equipment may not be recoverable.

6.4 *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:

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

Based on the latest appraisal report, the appraised value for the 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, 2021 would amount to P2,360,113 (2020 - P2,516,358).

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

	2021	2020
Land	3,046,902	2,843,775
Buildings and building improvements	257,541	247,815
	3,304,443	3,091,590

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).

(9)

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:

	2021	2020
Beginning of the year	3,246,513	3,295,234
Depreciation	(196,123)	(163,121)
Additions, appraisal, transfer and reclassification	117,688	114,400
End of the year	3,168,078	3,246,513

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 as at December 31, 2021 and 2020 using significant unobservable inputs (Level 3) - Land

Valuation technique	Unobservable inputs	Cost per unobservable inputs	Relationship of unobservable inputs to fair value	Amount
Sales comparison approach	Price per square meter	P450- 489/ square meter	The higher the cost per square meter, the higher the fair value	4,063,136
	Locational attributes	0 to 10%	The higher the rate, the lower the fair value	
	Area of land (size)	-13% to -18%	The greater the area, the less incremental area cost to develop, the lower the fair value	

Information about fair value measurements as at December using significant unobservable inputs (Level 3) - Building and building improvements

Valuation technique	Unobservable inputs	Cost per unobservable inputs	Relationship of unobservable inputs to fair value	2021	2020
Cost approach	Cost per square meter	P32/square meter (2020 - P33/ square meter)	The higher the cost per unit, the higher the fair value	2,761,445	2,836,603

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:

		Impact on	
	Change in cost per square meter	Property and equipment	Profit before tax
2021			
Land	+/- 5%	+/- 203,157	-
Buildings and building improvements	+/- 5%	+/- 158,404	+/- 9,806
2020			
Land	+/- 5%	+/- 203,157	-
Buildings and building improvements	+/- 5%	+/- 162,326	+/- 8,156

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

Critical accounting estimate: Fair value estimation 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 property by reducing reasonable 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.

Critical accounting judgment: Frequency of valuations

Valuations are performed by an independent valuer having an appropriate recognized professional qualification. Valuations are completed in accordance with the Group's accounting policy, which is prepared in accordance with PFRS. While PFRS does not specifically mandate the frequency of valuation to be performed, management assesses the need to obtain an independent valuation report based on movements in the fair value of land. Where the fair value at the balance sheet date differs materially from its carrying amount (i.e. more than 10% change in value), obtaining an independent valuation is necessary. If there is no indication that the movements in the fair value of land is materially different from its carrying amount, management obtains an independent valuation once every three to five years.

Note 7 - Trade and other payables

Trade and other payables as at December 31 consist of:

	Notes	2021	2020
Trade payables		435,141	709,657
Funds collected on behalf of medical and other organizations		386,408	85,509
Patients' refunds		64,359	60,463
Payable to regulatory agencies		41,003	32,644
Professional fees collected on behalf of doctors		14,985	53,559
Accruals for:			
Contracted services		91,700	87,935
Professional services		42,585	48,383
Repairs and maintenance		24,281	39,746
Utilities		15,605	14,051
Dietary services		8,210	7,293
Rent	21.2	1,495	567
Employee benefits		636	1,548
Interest	8	348	1,624
Others		13,658	15,397
		1,140,414	1,158,376

Funds collected on behalf of medical and other organizations pertain to research grants and subsidies received from medical and other organizations. This includes the advance payments of benefit claims from Philippine Health Insurance Corporation on April 19 and September 3, 2021 amounting to P286,519 net of liquidated claims as at December 31, 2021.

Accrued contracted services as at December 31, 2021 include purchasing services from related party amounting to P4,400 (2020 - P3,300) (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:

	Note	2021	2020
Current			
Bank loans *(a)*		110,000	313,750
Loans payable - related party *(b)*	9	-	21,750
		110,000	335,500
Non-current			
Bank loans *(a)*		45,000	105,000
		155,000	440,500

The Parent Company's borrowings are all denominated in Philippine Peso.

(a) Bank loans

Bank loans as at December 31, 2021 amounting to P105,000 (2020 - P218,750) secured by a Mortgage Trust Indenture (Note 6.2) were obtained from various local banks to fund the Parent Company's working capital requirements. These loans are interest-bearing loans with fixed annual interest rates from 4.7% to 5.48% and terms ranging from 7 to 10 years.

Of the outstanding loan balance of P105,000 as at December 31, 2021 (2020 - P218,750), P45,000 (2020 - P105,000) is classified as non-current bank loan.

In 2020, the Parent Company obtained additional short-term loans with interest rate of 4.7% amounting to P200,000 to augment working capital requirements due to impact of COVID-19. The outstanding balance as at December 31, 2021 amounting to P50,000 is presented under current bank loans.

For the years ended December 31, 2021 and 2020, 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 this loan amounting to P10,500 was settled in full in 2021.

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 of this loan amounting to P11,250 was settled in full in 2021).

(13)

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

	Note	2021	2020	2018
Interest expense for:				
Bank loans		16,086	19,803	27,388
Loan from a related party	9	304	2,898	5,809
		16,390	22,701	33,197

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:

	2021	2020	2019
Beginning of the year	440,500	514,500	788,500
Additions during the year	-	200,000	-
Payment of bank loans	(263,750)	(215,000)	(215,000)
Payment of related party loan	(21,750)	(59,000)	(59,000)
End of the year	155,000	440,500	514,500

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:

	Note	Bank loans	Loan from a related party (Note 9)	Total
2021				
Beginning of the year		1,520	104	1,624
Interest expense		16,086	304	16,390
Payment		(17,258)	(408)	(17,666)
End of the year	7	348	-	348
2020				
Beginning of the year		4,561	280	4,841
Interest expense		19,803	2,898	22,701
Payment		(22,844)	(3,074)	(25,918)
End of the year	7	1,520	104	1,624
2019				
Beginning of the year		6,791	457	7,248
Interest expense		27,388	5,809	33,197
Payment		(29,618)	(5,986)	(35,604)
End of the year		4,561	280	4,841

(14)

Note 9- Related party transactions and balances

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

	Terms and conditions	Transactions for the years ended December 31			Outstanding balances as of December 31	
		2021	2020	2019	2021	2020
(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).	1,296	1,072	635	370	474
(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.	52,192	32,689	31,730	24,654	11,927
(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).	6,847	6,156	2,719	-	-

	Terms and conditions	Transactions for the years ended December 31 2021	2020	2019	Outstanding balances as of December 31 2021	2020
(D) Dividend payments	The Parent Company paid dividends to its shareholders, net of the applicable withholding tax. Amounts are settled in cash.					
Entity with significant influence		52,318	44,923	78,784	-	-
Key officers	Refer further to Note 12 for details of dividend declarations and payments.	9,145	6,921	15,340	-	-
		61,463	51,844	94,124	-	-
(E) Borrowings and interest expense						
Key officer	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%.					
Principal		-	-		-	21,750
Interest		304	2,898	5,809	-	104
	Borrowings are interest-bearing and unsecured except for P1,250 as at December 31, 2020 (2021 - nil) covered by MTI and payable according to the terms and conditions of the loan agreement (Note 8).					
		304	2,898	5,809	-	21,854
(F) Investments in shares of stock						
Entity with significant influence	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	-	-
(G) Shared expenses						
Shareholder with significant influence	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).	1,100	1,100	1,100	4,400	3,300
	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).					
(H) Contributions to plan assets						
Post-employment benefit plan	The Parent Company maintains a non-contributory retirement benefit plan covering all of its regular employees (Note 11).	224	10,000	36,000	-	-

	Terms and conditions	Transactions for the years ended December 31			Outstanding balances as of December 31	
		2021	2020	2019	2021	2020
(I) Compensation of key management						
Salaries and other short-term benefits	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.	32,670	28,909	32,650	-	-
Professional fees	Professional fees are paid to doctor consultants holding key management positions in the Hospital.	16,329	13,065	17,629	-	-
Retirement benefit	Retirement benefits are determined and payable in accordance with policies disclosed in Note 24.18.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. The Group has not granted any share-based compensation and termination benefits to its key management personnel for each of the three years.	(1,141)	3,558	1,987	52,137	15,472
		47,858	45,532	52,266	52,137	15,472
(J) Other income						
Shareholder with significant influence	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).	-	-	608	-	-

No allowance for impairment was recognized against receivables from related parties for the years ended December 31, 2021 and 2020.

The following related party balances as at December 31 were eliminated for the purpose of preparing the consolidated financial statements:

	2021	2020
Investment in subsidiary / share capital	835	835
Receivables, net	8,580	8,411
Trade and other payables	(1)	(170)

Note 10 - Provisions

Provisions as at December 31 consist of:

	2021	2020
Current		
Provision for claims	39,776	-
Non-current		
Provision for medical benefits	102,275	104,953
Provision for claims	43,675	-
	145,950	104,953
	185,726	104,953

The movements in provision for claims for the years ended December 31, 2021 are as follows:

	Note	
Beginning of the year		-
Provision for the year	18	83,451
End of the year		83,451

Provision for claims

Provision for claims represents the Parent Company's best estimate of the probable cost that may arise from various pending unresolved legal and tax assessment claims in relation to Parent Company's normal course of business.

The disclosure of additional details beyond the present disclosures may seriously prejudice the outcome of these on-going claims and assessments. Thus, as allowed by PAS 37, Provisions, Contingent Liabilities and Contingent Assets, only a general description is provided.

As at December 31, 2021, the remaining claims are still being resolved.

Critical accounting estimate, assumptions and judgement: Provision for claims

The Parent Company recognizes a provision for claims when it is probable that an outflow of resources embodying economic resources will result from the settlement of a present obligation, certain cases or general claims and the amount at which the settlement will take place can be measured reliably.

Provision for claims assumptions involve judgments that are inherently subjective and can involve matters that are in litigation, appeal and ongoing negotiation with authorities and third party which by its nature is unpredictable. These provisions are based on management's estimates as a result of historical information of actual expenses/payments including expectation of future events and possible exposures that are believed to be reasonable under the circumstances.

Management believes that its assessment of the probability of provision for claims is reasonable, but because of the subjectivity involved and the unpredictable nature of the subject matter at issue, management's assessment may prove ultimately to be incorrect, which could materially impact the financial statements in current or future periods

Provision for medical benefits

Provision recognized as at December 31, 2021 and 2020 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, 2021 and 2020 are as follows:

Discount rate	5% compounded annually
Future increase on projected medical benefits	4%-6% annually
Average life in years	49.5 years
Withdrawal rates	2%-7.5%
Utilization rates	5%-40%

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

	2021	2020
Beginning of the year	104,953	103,923
Provision	(2,678)	12,444
Actualization	-	(11,414)
End of the year	102,275	104,953

Provision adjustment was recognized amounting to P2,678 for the year ended December 31, 2021 (2020 - P12,444; 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 an adjustment amounting P2,679 for the year ended December 31, 2021 for the medical benefits of its additional qualified affiliated doctors and their dependents. The carrying amount of provision for medical benefits at December 31, 2021 amounted to P102,275 (2019 - P104,593).

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:

	2021	2020
Present value of defined benefit obligation	850,850	897,189
Fair value of plan assets	(312,933)	(340,435)
	537,917	556,754

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

	2021	2020
Beginning of the year	897,189	700,801
Current service cost	72,738	56,292
Interest cost	33,286	39,035
Benefits paid from plan assets	(42,993)	(26,059)
Remeasurement (gain) loss	(109,370)	127,120
End of the year	850,850	897,189

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

	2021	2020
Beginning of the year	340,435	340,362
Interest income	11,837	18,511
Contributions	224	10,000
Benefits paid	(42,993)	(26,059)
Remeasurement gain (loss)	3,430	(2,379)
End of the year	312,933	340,435

Plan assets as at December 31 consist of:

	2021		2020	
	Amount	Percentage	Amount	Percentage
Debt	216,871	69%	220,994	65%
Equity	61,013	19%	71,058	21%
Others	35,049	11%	48,383	14%
	312,932	100%	340,435	100%

(20)

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.

The amount and timing of contributions to the fund are made at the Parent Company's discretion. The Parent Company contributed P224 to the fund for the year ended December 31, 2021 (2020 - 10,000). Expected contributions to retirement benefit plan for the year ending December 31, 2022 is P36,000

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

	Note	2021	2020
Beginning of the year		556,754	360,439
Retirement benefit expense recognized in profit or loss	15	94,187	76,816
Remeasurements on retirement benefits recognized in other comprehensive income		(112,800)	129,499
Contributions during the year		(224)	(10,000)
End of the year		537,917	556,754

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:

	Note	2021	2020
Beginning of the year		(165,057)	(74,408)
Remeasurements on retirement benefits recognized in other comprehensive income		112,800	(129,499)
Deferred tax adjustment	17	(39,990)	38,850
End of the year		(92,247)	(165,057)

The components of retirement benefit expense for each of the three years in the period ended December 31 are as follows:

	2021	2020	2019
Current service cost	72,738	56,292	37,257
Net interest cost	21,449	20,524	19,816
Retirement benefit expense charged to profit or loss	94,187	76,816	57,073
Remeasurement (gain) loss on defined benefit obligation			
Due to change in financial assumption	(77,228)	123,429	109,403
Due to demographic assumption	(10,077)	4,073	27,896
Due to experience adjustment	(22,065)	(382)	(23,790)
	(109,370)	127,120	113,509
Remeasurement (gain) loss on plan assets	(3,430)	2,379	(30,155)
Remeasurements on retirement benefits recognized in other comprehensive income	(112,800)	129,499	83,354

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):

	2021	2020	2019
Cost of services	59,978	47,806	35,681
Administrative expenses	34,209	29,010	21,392
	94,187	76,816	57,073

(21)

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

	2021	2020
Discount rate	4.99%	3.71%
Future salary increase rate	6.00%	5.75%

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: Principal assumptions and estimation of 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:

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
2021			
Discount rate	+/-1.00%	(64,602)	74,434
Salary increase rate	+/-1.00%	72,934	(60,768)
2020			
Discount rate	+/-1.00%	(80,136)	93,874
Salary increase rate	+/-1.00%	90,983	(79,399)

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, 2021, the average remaining working life of the employees is 26.4 years (2020 - 27.3 years).

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

	2021	2020
Less than a year	86,703	63,047
Between 1-2 years	179,063	136,138
Between 2-5 years	177,045	168,287
Between 5-10 years	543,640	499,004

Note 12 - Equity

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

Details of authorized share capital as at December 31, 2021, 2020 and 2019 in absolute amounts are as follows:

	Number of shares	Amount
Authorized share capital (P100 par value per share)		
Founders' shares	22	2,200
Common shares	3,949,978	394,997,800
Preferred shares	50,000	5,000,000
	4,000,000	400,000,000

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

	2021		2020		2019	
Issued common shares *(P100 par value per share)*	Number of shares	Amount in thousands	Number of shares	Amount in thousands	Number of shares	Amount in thousands
Beginning of the year	3,428,617	342,862	3,427,117	342,712	3,397,367	339,737
Issuance during the year	-	-	1,500	150	29,750	2,975
End of the year	3,428,617	342,862	3,428,617	342,862	3,427,117	342,712
Treasury shares, at cost						
End of the year	7,880	15,036	7,880	15,036	7,880	15,036

For the year ended December 31, 2021, no shares were issued to practicing doctors. 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 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 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:

	2021	2020	2019
Beginning of the year	1,701,610	1,698,324	1,639,701
Issuance during the year	-	3,286	58,623
End of the year	1,701,610	1,701,610	1,698,324

Retained earnings; dividends payable

The Parent Company's BOD authorized and approved the declaration and payment of cash dividends to shareholder beneficiaries from retained earnings as at December 31 as follows:

Declaration date	Payment date	As of record date	Dividend per share	Total dividends
July 16, 2019	August 23, 2019	July 26, 2019	39.80	135,459
December 18, 2019	January 30, 2020	December 31, 2019	39.80	136,085
July 20, 2021	August 30, 2021	July 31, 2021	45.82	156,738
December 2, 2021	January 28, 2022	December 31, 2021	37.49	128,243

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

	2021	2020	2019
Beginning of the year	37,775	168,129	119,169
Dividends declared	284,982	-	278,771
Payment of dividends during the year	(164,331)	(130,354)	(229,811)
End of the year	158,426	37,775	168,129

As at December 31, 2021, dividends payable amounting to P157,704 (2020 - P37,053) is net of final withholding tax. The 2020 balance includes the share of non-controlling interest amounting to P6,505.

Dividends payable as at December 31, 2021 are expected to be settled in 2022.

Excess retained earnings: appropriation of 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 up to 50% of the 2021 net profit in 2022.

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:

	Note	2021	2020	2019
Patient revenue				
In-patient		4,251,967	3,480,683	4,009,655
Out-patient		2,950,117	2,377,703	3,085,890
Emergency		421,936	417,668	637,510
		7,624,020	6,276,054	7,733,055
Rental income from doctors	21.2	39,445	32,049	38,422
		7,663,465	6,308,103	7,771,477

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:

	2021	2020	2019
Regular discounts	898,200	684,511	766,614
Employees' dependents	51,520	37,618	45,938
Others	26,860	19,000	28,453
	976,580	741,129	841,005

Note 15 - Expenses by nature

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

	Notes	2021	2020	2019
Drugs, medicines and supplies	4	1,854,704	1,835,719	2,022,649
Salaries and wages		1,160,311	1,039,576	1,147,732
Depreciation and amortization	6	664,840	631,425	601,375
Contracted services		484,072	440,089	483,209
Professional services		458,266	401,351	519,772
Provision for impairment of receivables	3	275,362	217,272	203,823
Employee benefits		182,948	201,302	198,102
Utilities		177,383	169,494	225,242
Repairs and maintenance		147,165	131,581	162,221
Security and janitorial services		116,966	124,876	141,466
Retirement benefit expense	11	94,187	76,816	57,073
Dietary, linen and laundry services		79,090	81,471	113,058
Taxes and licenses		48,372	51,255	72,878
Computer programming and support		45,130	40,071	40,256
Commission expense		37,661	29,688	33,719
Entertainment and representation		30,739	30,058	44,981
Communication		14,379	13,855	13,221
Rent	21.2	12,284	8,340	13,453
Advertising		11,797	8,010	23,555
Insurance		8,632	11,017	9,154
Training		6,183	5,644	17,318
Photocopying		5,508	3,717	5,901
Transportation expense		4,023	40,330	3,731
Others		27,076	21,475	29,317
		5,947,078	5,614,432	6,183,206

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

	2021	2020	2019
Cost of services	4,231,295	3,958,146	4,353,590
Administrative expenses	1,715,783	1,656,286	1,829,616
	5,947,078	5,614,432	6,183,206

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.

(26)

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:

	Notes	2021	2020	2019
Rental income from concessionaires	21.2	50,826	50,022	68,274
Income from other hospital services		23,338	25,867	39,628
Interest income	2	2,141	2,816	4,095
Foreign exchange gain (loss), net	20	705	(2,636)	(691)
Scrap sales		688	192	417
Reversal of long outstanding payables		-	17,315	1,864
Provision for claims		(83,451)	-	-
Loss on disposal of property and equipment		(3,266)	(2,148)	8,676
Others		1,821	3,149	3,217
		(7,198)	94,577	125,480

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

Components of deferred income tax (DIT) liabilities, net as at December 31 are as follows

	Notes	2021	2020
DIT assets			
Retirement benefit obligation	11	134,479	167,026
Provision for impairment of receivables		117,103	104,577
Provision for medical benefits	10	25,569	31,486
Provision for claims	10	20,862	
Leases (PFRS 16)	21.2	15,653	19,679
Provision for inventory losses	4	3,233	4,103
Provision for impairment of property and equipment	6	3,349	4,019
		320,248	330,890
DIT liabilities			
Appraisal surplus on:			
Land	6	(1,015,634)	(1,218,761)
Buildings and building improvements	6	(93,976)	(116,661)
		(1,109,610)	(1,335,422)
DIT liabilities, net		(789,362)	(1,004,532)

Critical accounting judgment: Realizability of DIT assets

Realization of the future tax benefit related to DIT assets is dependent on the Company's ability to generate future taxable income during the periods in which the DIT assets are expected to be recovered. The Company has considered these factors in reaching a conclusion as to the recognized DIT assets amounting to P320,248 at December 31, 2021 (2020 - P330,890).

(27)

The analysis of the recoverability and settlement of DIT assets and liabilities as at December 31 follows:

	2021	2020
DIT assets to be recovered		
Beyond one year	179,050	219,983
Within one year	141,198	110,907
	320,248	330,890
DIT liabilities to be settled		
Beyond one year	(1,106,368)	(1,331,531)
Within one year	(3,242)	(3,891)
	(1,109,610)	(1,335,422)
	(789,362)	(1,004,532)

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

	Note	2021	2020	2019
Beginning of the year		330,890	240,360	164,372
Credited to profit or loss		29,348	51,680	50,982
(Charged) credited to OCI	11	(39,990)	38,850	25,006
End of the year		320,248	330,890	240,360

The movement in DIT assets charged to OCI for the year ended December 31, 2021 amounting to P39,990 includes deferred tax adjustment on remeasurements on retirement benefits amounting to P6,150.

For the year ended December 31, 2021, unrecognized DIT assets amounting to P4,527 (2021 – P9,658) 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:

	Note	2021	2020	2019
Beginning of the year		1,335,422	1,339,313	1,013,822
Credited to profit or loss		-	-	(363)
Credited to OCI	19	(225,812)	(3,891)	325,854
End of the year		1,109,610	1,335,422	1,339,313

The movement in DIT liabilities credited to OCI for the year ended December 31, 2021 amounting to P225,812 includes deferred tax adjustment on depreciation transfer on revaluation surplus amounting to P3,242.

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

	2021	2020	2019
Current	248,805	52,043	294,481
Deferred	(29,348)	(51,680)	(51,007)
	219,457	363	243,474

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:

	2021	2020	2019
Income tax (benefit) expense at statutory tax rate of 25% (2020 and 2019 - 30%)	173,261	(1,570)	244,037
Adjustments to income tax expense:			
Effect on change in tax rate	43,358		
Depreciation on appraisal increase	3,239	3,894	3,972
Other non-deductible (deductible) items	134	(1,151)	2,370
Interest income subject to final tax	(535)	(844)	(1,229)
Unrecognized DIT assets	-	35	469
Applied NOLCO	-	-	(6,145)
	219,457	364	243,474

Corporate Recovery and Tax Incentives for Enterprises Act (CREATE)

On 26 March 2021, the president signed into law Republic Act No. 11534 or the CREATE Act, which is the reconciled version of the Bicameral Conference Committee. It settled the disagreeing provisions of House Bill No. 4157 and Senate Bill No. 1357. The CREATE Act was previously known as the Corporate Income Tax and Incentives Reform Act (CITIRA) bill. The law became effective on 11 April 2021.

Among the salient provisions of CREATE include changes to the Corporate Income Tax (CIT) as follows:

1. Reduction in CIT rate effective July 1, 2020 as follows:

   a. Domestic corporations will be subject to the following reduced CIT rates depending on their assets and taxable income:
      i. Those with assets amounting to P100,000,000 and below, and with taxable income equivalent to P5,000,000 and below will be subjected to a 20% tax rate; and
      ii. Those with assets above P100,000,000 or those with taxable income amounting to more than P5,000,000 will be subjected to a 25% tax rate.

   b. Foreign corporations (resident and nonresident foreign corporations) will have a fixed reduced tax rate of 25%.

2. Effective July 1, 2020 until June 30, 2023, the minimum corporate income tax rate shall be 1%.

Under CREATE, the Company prepared its annual income tax return for the year ended December 31, 2021 using the updated rate of 25% (2020 - pro-rated rate reckoned from July 1, 2020 (retrospective effect) of 27.5%).

For financial reporting purposes, the enactment of CREATE after the December 31, 2020 was deemed a non-adjusting subsequent event in the December 31, 2020 financial statements. Hence, effect of changes in the tax rates applied is reflected in the income tax reconciliation for the year ended December 31, 2021.

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.

As at December 31, 2021 and 2020, 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, 2021.

Note 18 - Profit (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:

	2021	2020	2019
Profit (loss) attributable to owners of the Parent Company	473,150	(5,555)	562,420
Divided by:			
Weighted average number of common shares	3,421	3,402	3,402
Profit (loss) earnings per share - basic and diluted	138.31	(1.63)	165.32

There are no potential dilutive potential common shares for each of the three years in the period ended December 31, 2021, 2020, and 2019.

Note 19 - Revaluation surplus

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

	Notes	2021	2020
Beginning of the year		3,091,590	3,100,677
Effect of change in income tax rate	17	222,570	
Reversal of deferred tax on depreciation	17	3,242	3,891
Transfer of depreciation on appraisal to retained earnings	6	(12,959)	(12,978)
End of the year		3,304,443	3,091,590

Note 20 - Foreign currency denominated assets and liabilities

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

	2021		2020	
	USD	Euro	USD	Euro
Current assets	271	174	406	174
Current liabilities	(157)		(11)	-
Net foreign currency denominated assets	114	174	395	174
Closing rate at December 31	50.77	57.51	48.04	58.69
Equivalents in Philippine Peso	5,788	10,007	18,976	10,212

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

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

	2021	2020	2019
Unrealized foreign exchange gain (loss), net	791	(2,038)	(653)
Realized foreign exchange loss, net	(86)	(598)	(38)
	705	(2,636)	(691)

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, 2021 but not yet incurred amounted to P226,018 (2020 - P262,012).

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:

Lessor	Location	Area/Parking stalls	Original term
Ayala Land, Inc.	Ayala North Exchange Tower 1	1,638.45 sq.m.; 21 parking stalls	February 1, 2019 to January 31, 2024
Ayala Land, Inc.	City Gate	101 parking stalls	January 1, 2019 to December 31, 2029
One Dela Rosa Property Development, Inc.	Ayala North Exchange Tower 1	28 parking stalls	May 1, 2019 to December 31, 2029

(31)

The Parent Company paid refundable security deposit in relation to the above lease agreements as at December 31, 2021 amounting to P13,563 (2020 - 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.

(ii) Diagnostic center and renal services

On July 28, 2021, the Parent Company entered into lease agreements with ACI, Inc. covering commercial space to serve as the Diagnostic and Dialysis center of the Company and generator set and machineries room. The lease agreements shall be for a period of 5 years from October 1, 2021 to September 26, 2026.

In addition, the Company entered into a lease agreement with Aldex Realty Corporation for the rental of Discovery Primea Condominium's third floor to be utilized as clinic and diagnostic center. The lease agreement shall be for a period of 5 years from April 21, 2021 to April 20, 2026.

The Company paid refundable security deposit amounting to P3,751 during the year. The carrying amount of the refundable deposit approximates its fair value as the effect of discounting 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 medical equipment, office furniture and other vehicles. Rent expense for the year ended December 31, 2021 on short-term leases and low-value assets are presented under cost of services and administrative expenses amounted to P12,284 (2020 - P8,340) (Note 15). Accrued rent relating to leases of short-term and low-value assets as at December 31, 2021 amounted to P1,495 (2020 - P567) (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:

	Notes	2021	2020
Right-of-use asset, net			
Office and parking spaces	6	255,086	303,550
Lease liabilities			
Current		105,207	86,299
Non-current		183,543	253,887
		288,750	340,186
Deferred tax asset on:			
Right-of-use asset		79,424	110,744
Lease liabilities		(63,771)	(91,065)
	17	15,653	19,679

The movements in lease liabilities are as follows:

	2021	2020
Beginning of the year	340,186	413,998
Additions during the year	34,863	-
Lease payments:		
Principal	(86,299)	(73,812)
Interest	(23,904)	(29,650)
Accretion of interest	23,904	29,650
End of the year	288,750	340,186

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Amounts recognized in the consolidated statements of total comprehensive income

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

	Notes	2021	2020
Depreciation of right-of-use assets			
Office and parking spaces	6	83,327	81,235
Interest expense (included in finance costs)		23,904	29,650
Expense relating to leases of low-value assets and short-term leases (included in cost of services and administrative expenses)	15	12,284	8,340
		119,515	119,225

The total cash outflow for leases, including short-term leases and leases of low-value assets, as at December 31, 2021 is P120,991 (2020 - P112,562).

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 accounting estimates: Determine of incremental borrowing rate for leases

To determine the incremental borrowing rate, the Company used a single incremental borrowing rate lifted from the Parent Company's recent loan as at January 1, 2019 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 Company is 7.41%.

(iv) 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.

Critical accounting judgment: Determination of 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.

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 P5,259 as at December 31, 2021 (2020 - P4,345) 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 P90,271 for the year ended December 31, 2021 (2020 - P82,071; 2019 - P106,696) (Notes 13 and 16). Rent receivable as at December 31, 2021 amounted to P17,983 (2020 - P17,983) (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 - 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:

22.1 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 6.4)
- Principal assumptions and estimation of provisions for claims (Note 10)
- Principal assumptions and estimation of provisions for medical benefits (Note 10)
- Principal assumptions and estimation of retirement benefit obligation (Note 11)
- Determination of incremental borrowing rate for leases (Note 21.2)

22.2 Critical accounting judgments

- Recoverability of property and equipment (Note 6)
- Frequency of valuation (Note 6.4)
- Provision for claims (Note 10)
- Realizability of deferred income tax assets (Note 17)
- Determination of lease term (Note 21.2)

Note 23 - 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.

23.1 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:

	Notes	2021	2020
Cash	2	597,867	389,068
Receivables, gross	3	1,762,457	1,370,217
Restricted cash and refundable deposits	2, 21.2	134,162	126,509
		2,494,486	1,885,794

Receivables at December 31, 2021 are presented gross of provision for impairment amounting to P480,144 (2020 - P360,295) and exclusive of receivable from a regulatory agency amounting to P7,725 (2020 - P10,999).

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

	Notes	2021	2020
Trade and other payables	7	713,003	1,040,223
Lease liabilities	21.2	288,750	340,186
Dividends payable	12	157,703	37,053
Borrowings	8	155,000	440,500
Other current liabilities		15,152	15,238
		1,329,608	1,873,200

Trade and other payables exclude payable to regulatory agencies amounting to P41,003. (2020 - P32,644) and funds collected on behalf of medical and other organizations amounting to P386,408 (2020 - P85,509). Other current liabilities pertain to financial liabilities such as patient deposits and refundable deposits from the Parent Company's lessees (Note 21.2).

23.2 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.

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23.2.1 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.

23.2.2 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, 2021, the Group's net receivables from its corporate accounts amounted to P213,778 (2020 - P307,586) comprising 17% (2020 - 32%) 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 in banks

To minimize credit risk exposure from cash in banks, the Group maintains cash deposits and short-term placements in reputable banks. The Group assesses that cash in banks 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 P50,799 (2020 - P68,248) 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, 2021 and 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, 2021 and 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, 2021 and 2020.

As at and for the years ended December 31, 2021 and 2020, 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:

	Current	Within 30 days	31-60 days	61-90 days	Over 91 days	Total
2021						
Private individual patients						
Expected loss rates	7.9%	36.6%	40.8%	49.3%	50.5%	
Gross receivables	83,570	23,819	36,859	20,491	368,595	533,335
Loss allowance	6,599	8,711	15,037	10,096	186,303	226,746
Corporate accounts						
Expected loss rates	0.2%	0.4%	1.0%	4.7%	56.0%	
Gross receivables	127,363	49,202	4,328	1,377	25,515	207,785
Loss allowance	267	181	43	65	14,290	14,846
Government						
Expected loss rates	3.8%	3.1%	2.7%	4.9%	30.6%	
Gross receivables	29,573	38,420	68,218	96,166	710,224	942,601
Loss allowance	1,123	1,208	1,817	4,704	217,001	225,853
Total loss allowance	7,990	10,100	16,897	14,865	417,594	467,445
2020						
Private individual patients						
Expected loss rates	30.1%	41.3%	45.8%	49.2%	47.9%	
Gross receivables	22,478	25,170	38,024	30,490	261,408	377,570
Loss allowance	6,775	10,384	17,400	14,991	125,117	174,667
Corporate accounts						
Expected loss rates	0.3%	0.6%	1.7%	4.1%	16.8%	
Gross receivables	109,508	68,702	54,253	27,844	60,225	320,532
Loss allowance	378	416	923	1,136	10,093	12,946
Government						
Expected loss rates	2.8%	1.2%	1.7%	3.1%	44.1%	
Gross receivables	16,696	44,356	47,676	64,832	354,641	528,201
Loss allowance	462	528	801	1,989	156,234	160,014
Total loss allowance	7,615	11,328	19,124	18,116	291,444	347,627

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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.

23.2.3 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 2021 and 2020, the disruption in business brought by COVID-19 pushed management to strengthen is 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.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
At December 31, 2021					
Trade and other payables	713,003	-	-	-	713,003
Borrowings	110,000	45,000	-	-	155,000
Lease liabilities	105,207	118,677	30,641	34,225	288,750
Dividends payable	157,703	-	-	-	157,703
Other current liabilities	15,152	-	-	-	15,152
Future interest payables on leases	17,198	21,110	13,153	4,284	55,745
Future interest payables on borrowings	4,337	1,048	-	-	5,386
	1,122,600	185,835	43,794	38,509	1,390,739
At December 31, 2020					
Trade and other payables	1,040,223	-	-	-	1,040,223
Borrowings	335,500	60,000	45,000	-	440,500
Lease liabilities	86,299	100,199	110,239	43,449	340,186
Dividends payable	37,053	-	-	-	37,053
Other current liabilities	15,238	-	-	-	15,238
Future interest payables on leases	23,903	17,198	44,533	8,905	94,539
Future interest payables on borrowings	13,975	4,067	1,048	-	19,090
	1,552,191	181,464	200,820	52,354	1,986,829

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23.3 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:

	2021	2020
Debt service coverage ratio	4.61	2.26
Debt-to-equity ratio	0.40	0.47

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

Note 24 - 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.

24.1 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

There are no new standards, amendments and interpretations which are effective for the financial year beginning on or after January 1, 2021 that are relevant to and have a material impact on the Company's financial statements.

24.2 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, 2021. 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.

24.3 Financial assets

Classification and presentation

24.3.1 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, 2021. 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 23.1).

24.3.2 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.

24.3.3 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

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- 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.

24.3.4 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.

24.3.5 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.

24.3.6 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.

24.3.7 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.

24.4 Financial liabilities

24.4.1 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 23.1.

24.4.2 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.

24.4.3 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.

24.5 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 23.1 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.

24.6 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, 2021 and 2020.

24.7 Cash

Cash 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.

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24.8 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 24.3.

24.9 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 of 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.

24.10 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.

24.11 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:

Buildings and building improvements	30 years or the remaining useful life, whichever is shorter
Leasehold improvements, office and parking spaces	Lease term or useful life, whichever is shorter
Building equipment	3-15 years
Medical equipment, tools and instruments	2-10 years
Hospital furnishings, fixtures and office equipment	2-5 years

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 24.12).

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.

24.12 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.

24.13 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.

24.14 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.

24.15 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 24.4 for the initial recognition, subsequent measurement and derecognition policies on financial liabilities.

24.16 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.

24.17 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.

24.18 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.

24.19 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.

24.20 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.

24.21 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.

24.22 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.

24.23 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.

24.24 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.

24.25 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.

24.26 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.

24.27 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.

Steadfast Beyond the Norm

2021 ANNUAL REPORT

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