MAKATI MEDICAL CENTER

Breakthrough.

Recognizing Opportunities & Reinventing Innovation

2023 ANNUAL REPORT

About the Cover

The "Breakthrough: Recognizing Opportunities and Reinventing Innovation" cover encapsulates Makati Medical Center's steadfast commitment to resilience and adaptability. From groundbreaking medical advancements to transformative initiatives in patient experience, the hospital has remained at the forefront of innovation, constantly seeking new ways to deliver the highest quality care to its stakeholders.

In MakatiMed's pursuit of advancements in medicine and operations, we recognize opportunities for growth while embracing change and evolving with the needs of the people. Throughout the year, we have identified key areas for improvement and implemented solutions to enhance patient care, streamline operations, and embrace emerging technologies. As we rise stronger, we continue to set new standards for excellence in healthcare delivery.

Table of Contents

2	Vision, Mission, Core Values, Quality Policy
4	Financial Highlights 2023
6	Message from the Chairman
8	Report of the Interim Co-Presidents and Chief Executive Officers
22	Report of the Medical Director
38	Board of Directors
40	Advisory Committee
41	Corporate Governance Report
42	Senior Operations Management Council
44	MakatiMed Operational Highlights 2023
70	Makati Medical Center Leadership 2023
74	Financial Report 2023

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.

QUALITY POLICY

We, at Makati Medical Center, put our hearts in everything we do – live our values by doing what is right for the well-being of our patients and colleagues, compliant with regulatory & accreditation bodies' standards, practices continual improvement for the greater good of MakatiMed and the communities we serve, only through our brand of "Malasakit" care.

Quality Objectives

To provide excellent, quality, specialized medical care to MMC patients as evidenced:

- in clinical and managerial indicators achieving target;
- continuous improvement to achieve and exceed target;
- Positive patient experience and;
- Uninterrupted service amidst disaster through effective business continuity plan

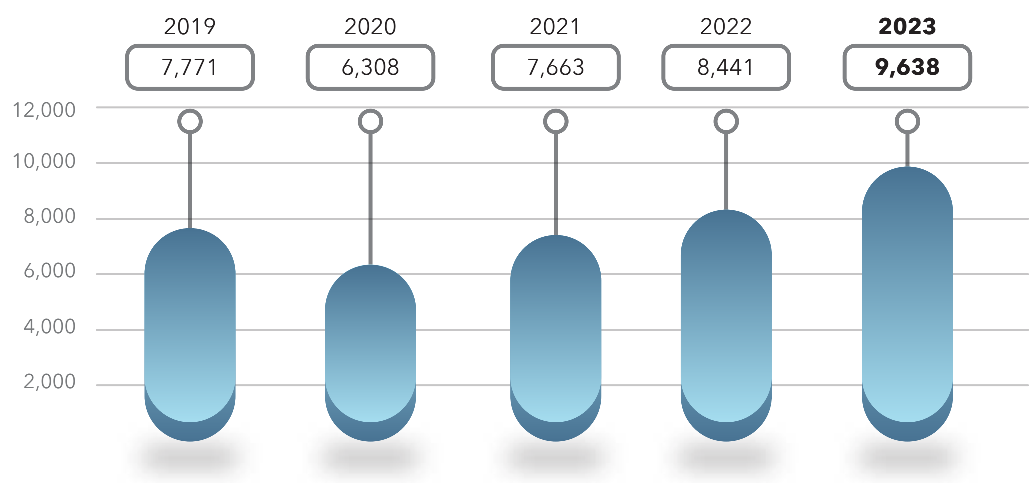
To ensure safety and continuous development of our employees, trainees and medical staff through:

- Sustained education and training of healthcare professionals;
- Timely analysis of possible gaps in employee safety practices as reflected in the culture of safety survey;
- Effective occupational safety and health program

To comply with the requirements of accreditation and regulatory bodies (Local and International)

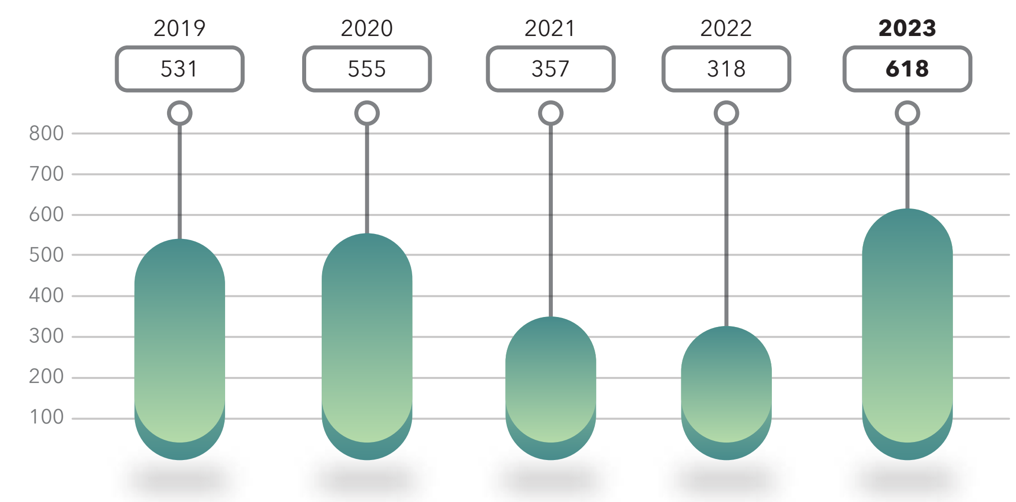
GROSS REVENUES

Group (In Million Peso)



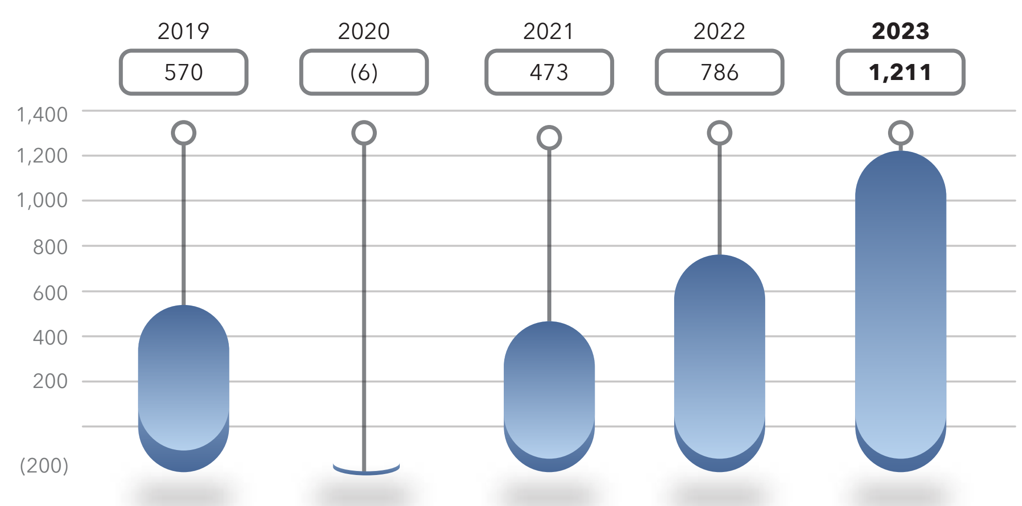
CAPITAL EXPENDITURES

Group (In Million Peso)



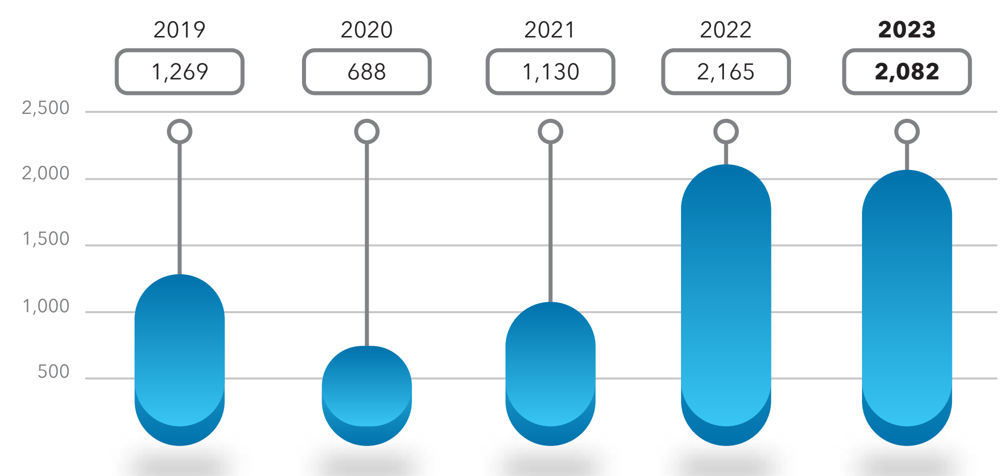
NET PROFITS (LOSS)

Group (In Million Peso)



OPERATING CASH FLOWS

Group (In Million Peso)



Message from the Chairman

Manuel V. Pangilinan
Chairman

Dear Shareholders,

2023 was an inflection point in Makati Medical Center's pandemic recovery story. After acclimating itself to the new normal, the organization is now in position to revisit its pre-pandemic goals and pivot towards service expansion to enrich the patient experience and elevate MakatiMed's brand of exceptional care.

Amidst unfamiliar circumstances, MakatiMed was able to fortify its financial foothold. Our gross revenue reached PhP9.6 billion while our Net Profit After Tax (NPAT) was at PhP1.2 billion—both substantial increases from the previous year's performance. This growth reinforced Management's resolve to invest in new innovations and modernize existing structures.

For the year, your Hospital committed a total of PhP618 million to procure top-tier medical equipment, enhance the hospital's facilities, and enhance IT infrastructure. Among our major investments were the acquisition of the da Vinci Xi robotic surgical system, which is helping revolutionize the conduct of minimally invasive procedures in the hospital; a SPECT/CT scanner; and an Endoscopy Tower System. To accommodate and care for more patients, we undertook the expansion of the Heart Station and the relocation of the Outpatient Surgery Suite.

Also a priority was investing in our employees. We provided opportunities for specialized training, as well as programs like the Career Architecture Plan (CAP—designed to develop the organization's top performers, aiding them as they deepen their expertise and map out their career trajectories. These initiatives—together with other people-centric endeavors—were acknowledged by accrediting bodies like Investors in People (IiP), which presented MakatiMed their esteemed Gold Level accreditation.

Propelled by a driven and service-oriented workforce, and guided by uncompromising quality management principles, the hospital likewise achieved the distinction of being International Organization for Standardization (ISO)-certified in 2023.

As we celebrate the successes of our people, we also recognize the individuals they earnestly look after—our patients—for their enduring patronage. We are humbled and grateful to have been entrusted with your health and wellness, and those of the ones you hold dearest. We remain committed to delivering unparalleled care through sustained excellence and innovation.

In collaboration with our doctors, personnel, stakeholders, and HMO, Corporate, and Strategic Hospital Alliance Program (SHAP) partners, your Hospital with a Heart remains resolute in seizing opportunities and solidifying its role as a catalyst for transformative change in the community. Together, we will continue to shape the country's healthcare landscape—one breakthrough at a time.

Yours cordially,

Manuel V. Pangilinan
Chairman
Makati Medical Center

...now in position to revisit its pre-pandemic goals and pivot its focus towards undertaking service expansion in order to enrich the patient experience and further elevate MakatiMed's brand of exceptional care.

Report of the Interim Co-Presidents and Chief Executive Officers

Saturnino P. Javier, MD, MMHoA
Medical Director
Interim Co-President and
Chief Executive Officer

Arnold C. Ocampo, MMHoA
Chief Financial Officer
Interim Co-President and
Chief Executive Officer

Dear Stakeholders,

Makati Medical Center (MakatiMed) saw 2023 as a landmark year as we were able to take monumental strides in our post-pandemic recovery. After years of navigating through uncharted waters, we experienced a semblance of stability and familiarity in this current landscape of what we call as the new and healthy normal. This emboldened us to diversify our services, while still remaining vigilant and primed to manage potential health emergencies.

As this year's theme – Breakthrough: Recognizing Opportunities and Reinventing Innovation – conveys, MakatiMed is driven to pursue new avenues and technologies in order to streamline our processes for both our patients and our doctors; and ultimately, provide our community with the highest standards of care. Buoyed by a sustained upswing of patients seeking face-to-face medical services and interventions, we are confident that we can continue to fully invest in this endeavor.

While we are relieved that the pandemic is conceivably behind us, we can nevertheless look back at having the shared experience of living through such unprecedented times with some perspective and appreciation. We, as an institution, are now more equipped to handle similar predicaments—knowing that we can rely on the character, expertise, and commitment of each member of the MakatiMed community to help us pull through any challenges we may encounter in the future.

Financial Results

MakatiMed's recovery is chronicled by a 14% increase in gross revenues to PhP9.6 billion, which directly contributed to a 33% increase in earnings before interest, taxes, depreciation, and amortization (EBITDA).

Strong EBITDA performance and improved patient receivable collections from PhilHealth, HMO partners and Corporate accounts, and private patients allowed for a reduction in provision for doubtful accounts, and led to cash from operating activities reaching PhP2.7 billion; a 51% increase from 2022 numbers. Such robust cash flow allowed us to fund our capital expenditures without the need for debt financing.

Tight control on expenses and supply costs further boosted profitability, resulting in a net profit after tax (NPAT) of PhP1.2 billion—a 54% growth compared to last year. Earnings per share rose from PhP229.92 in 2022 to PhP353.92 in 2023. Book value per share by the end of 2023 amounted to PhP2,836, a 9% increase from the previous year.

The partnerships that MakatiMed had cultivated and sustained over the years through its Creative, Communications, and Sales Services (CCSS) Division continued to provide key contributions to the hospital's census and revenue numbers. Referrals from our Health Maintenance Organization (HMO), Corporate, and Strategic Hospital Alliance Program (SHAP) partners made up 45% of the inpatient census, 50% of the outpatient census, and 68% of the Emergency Department census. The revenues derived from our partnerships amounted to PhP4,567.3 million, which grew by 15% compared to 2022 numbers. All three business segments experienced revenue growth: HMO by

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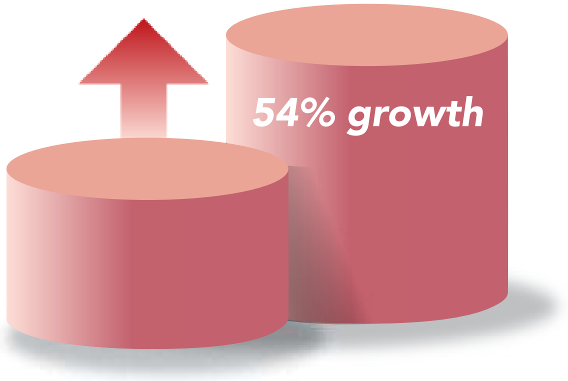

18%, Corporate by 3%, and SHAP by 9%. The HMO segment, which contributed 83% of the CCSS Division's sales revenues, accounted for approximately 39% of total hospital-wide revenue. These results underscore the essential role of our partnerships in driving overall growth, and enhancing our service delivery across all patient care areas.

MMC maintains a robust media presence across radio, TV, print, digital, and social media platforms throughout the year. Its strong and cost-effective media presence is retained in 2023 — featuring 517 press releases, blogs, feature articles, and radio and TV appearances by our medical experts—highlighted services, awards, achievements, and events. All these efforts generated a total PR value of PhP 1.05 billion, marking a 169% growth compared to 2022.

Print and digital advertising were also utilized to promote the larger clinical departments through CONGO + SOP (Cardiology, Oncology, Neurology, Gastroenterology, Orthopedics, Surgery, Obstetrics & Gynecology, and Pediatrics). Throughout the year, 106 print materials were placed in five major broadsheets. MakatiMed emerged as the leading healthcare institution in print advertising, with a value of PhP 12.9 million, representing a 95% increase from the previous year. With the strong shift towards online platforms, programmatic advertising was also employed to promote the same services, resulting in over 33 million of digital users who saw the ad (impressions)–23% higher than set target of 27 million viewers.

In 2023, MakatiMed also achieved a remarkable upturn in patient census. Public perception on hospital visits continued to ease up, as evidenced by the marked increases in both inpatient and outpatient census; a trend that began the previous year.

Our admission rate increased by 23% as the hospital admitted over 4,000 more patients in 2023 than it did in the previous year. This resulted in a 16% rise in average occupied beds, and a 13% growth in inpatient revenues. In anticipation of such an increase in inpatient census, MakatiMed hired more nurses to ensure that the admitted patients are attended to. The hospital also conducted renovations to its patient rooms, as well as reviewed the costs of its medical and surgical packages.

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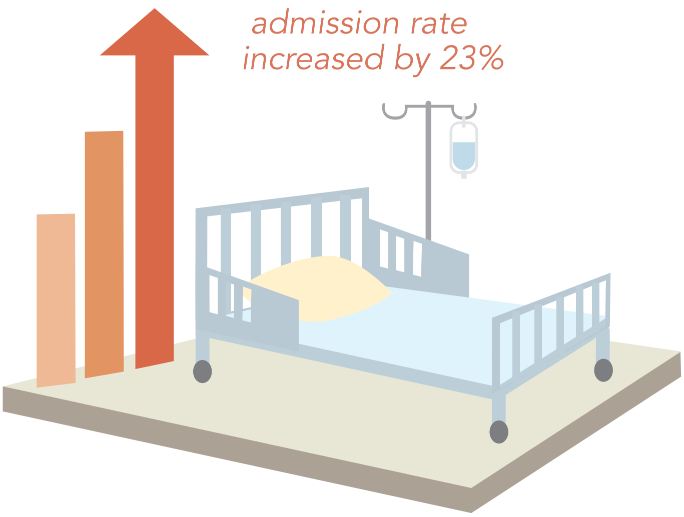


To complement the increase in availments of our outpatient services, we invested on new facilities and medical equipment and upgraded existing ones—such investments totaling to PhP367 million, which accounted for 59% of the year's capital expenditure. We expanded our Cardiovascular Diagnostic Laboratory (Heart Station); inaugurated and expandedan Outpatient Surgical Suite, to accommodate more outpatient surgical cases; and operationalized a third MRI machine. These investments contributed to a 12% increase in outpatient visits in 2023 – over 72,000 more visits than in the previous year – and a 16% rise in outpatient revenues. The Emergency Department has likewise recovered from the effects of the pandemic—seeing a 35% increase in its patient census.

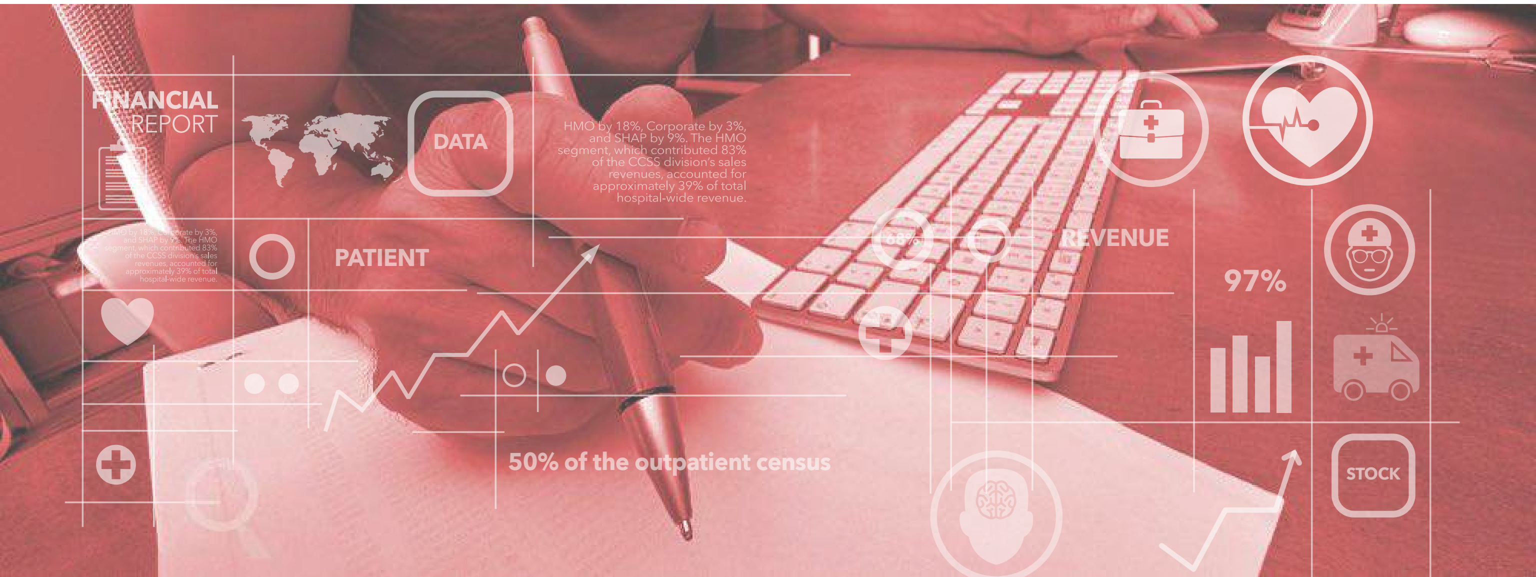
Service Operations

In line with the year's thrust, the hospital focused on expanding its service offerings through innovative means and initiatives in order to adequately cater to the evolving needs of the MakatiMed patient.

Pathology and Laboratories spearheaded the renewal of MakatiMed's agreement with MediLinx Laboratory, the hospital's clinical laboratory outsourcing partner, for five more years; thus, streamlining the delivery of certain diagnostic tests. The Division also introduced the Idylla PCR system, which improved molecular testing efficiency—resulting in shortened TATs, and limiting the need to send out tests.

The Heart Station initiated several advancements including the implementation of the Cardiovascular Information System (CVIS), which enhanced workflow efficiency. It also instituted the training arm of the Institute of Cardiovascular Learning & Care (ICLC) to further strengthen the competency and expertise of MakatiMed personnel in cardiovascular care. The project has already produced 16 graduates.

The Department of Radiology unveiled the hospital's new GE 3 Tesla Signa Architect MRI machine in January. The machine features superior imaging quality, and is accredited by both the Department of Health (DOH) and the Food and Drug Administration (FDA).



MakatiMed Care Access-Araneta, which celebrated its first anniversary, began to diversify its services by offering reuse dialyzer services as a cost-efficient option for renal patients. To ensure utmost safety, each reused dialyzer is properly labeled with the patient's name; as well as thoroughly cleaned and sterilized before and after a dialysis session.

Nursing and Patient Care Services

The Nursing and Patient Care Services (NPCS) Division plays a fundamental role in Makati Medical Center upholding its reputation of being the Hospital with a Heart. To ensure that MakatiMed nurses are competent, compassionate, and ethical professionals, the NPCS Division facilitates the participation of its personnel in a number of in-house and externally conducted training programs.

New MakatiMed nurses undergo the Nurse Residency Probationary Program (NRPP) to familiarize themselves with the hospital distinct brand of patient care. In 2023, 668 nurses successfully went through the said training program.

Formed in collaboration with Boehringer Ingelheim Philippines and the Section of Pulmonary Medicine, the 1st Interstitial Lung Disease (ILD) Nurse Academy aimed to equip nurses with the necessary skills and competency to properly care for individuals with interstitial lung disease. The training initiative ran from August 14 to December 4, 2023, and was participated by 22 nurses.

Members of MakatiMed's Liver Transplant Team, comprised of medical and nursing personnel, attended the Liver Transplant (LT) Masterclass of the National University Health System (NUHS) in Singapore, and the LT observership program at Asan Medical Center in South Korea to enhance their collective expertise in conducting liver transplantation.

NPCS assisted a total of 22 nursing leaders in pursuing a degree in Master of Science in Nursing (MSN) under the Graduate Studies Assistance Program (GSAP). Now on its second year, the program is a hospital-sponsored initiative that fosters career advancement, organizational development, and employee retention.

Eight (8) nurse supervisors and operations leaders achieved Lean Six Sigma Yellow Belt Certification in 2023. Having bolstered their leadership skills and problem-solving capabilities, they are now more equipped to contribute to the hospital's overall operational efficiency.

MakatiMed also took the time to share our best practices with sister hospitals under the Metro Pacific Health (MPH) banner. The hospital hosted the Peri-Operative Nursing Essentials (PO-NEST) program over the course of nine (9) days from November 2023 to January 2024. The program featured the division's surgical and peri-operative nurse leaders imparting their expertise to 14 of their colleagues from other MPH hospitals. Two nurse representatives from the Emergency Department likewise served as resource persons during an Emergency Nursing Training Consortium by the Metro Pacific Health Nursing Education Council last December 11, 2023.

The application of such excellence in training was quite evident at the Emergency Department (ED). The turnaround time from ED to Critical Care drastically decreased from a baseline of 13 to 17 hours down to 5 hours and 29 minutes. The Department also surpassed its target of 30% reduction of admission-related complaints, achieving a 50% reduction in 2023 compared to the previous year.

While the hospital – nursing a 30.76% attrition rate for RNs – continues to deal with the prevailing industry-wide struggle to keep competent nurses in the country, NPCS is doing its part to maintain a supportive and collegial environment for its nurse leaders by celebrating their accolades and proudly acknowledging their value to the organization and the Philippine healthcare landscape. – pullout quote The Division delighted in honoring each of their 12 colleagues who were bestowed by the US-based DAISY Foundation with a DAISY Award for Extraordinary Nurses, which recognizes exceptional clinical skills, and remarkable compassion and dedication to patient care.

The average inpatient occupancy for 2023 is 58%, which peaked at 62% in July and September and at a low of 51% in the month of December. Average functional bed capacity stood at 474 beds, the highest was in December with 508 beds while the month of February had lowest number of available beds at 448, showing a stable number.

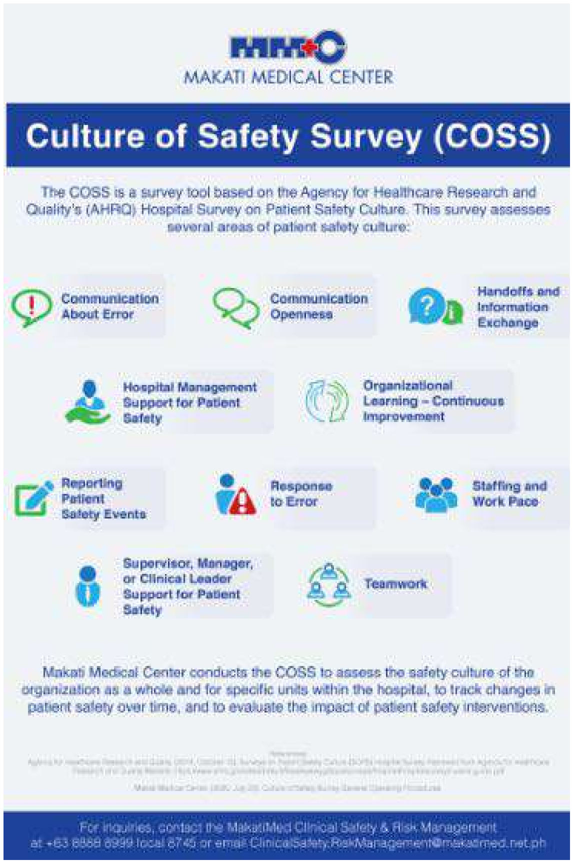
The MakatiMed Nursing Workforce & Bed Management Team was humbled to be named a 2023 TOWER Awardee. The award was in recognition of the team's COVID-19 Dashboard, a central electronic information and bed management system that was implemented during the pandemic.

NPCS was likewise grateful that two of the hospital's nurse leaders were presented by Metro Pacific Health with two of the three coveted Soledad Velez-Pangilinan Nursing Excellence Award (SVP-NEA)—one for Excellence in Leadership, and one for Excellence in Nursing Education.

The Division's Nursing Education, Research & Development team was humbled that its Clinical Care Associate Program was recognized as a finalist for Learning & Development Program of the Year during the 2023 Gawad Maestro Awards.

Quality Management

Makati Medical Center continued to uphold its reputation of delivering a distinct level of quality patient care and safety – one that consistently exceeds industry standards To confirm and monitor the efficiency of our processes, the Quality Management Division-Clinical Safety and Risk Management (QMD-CSRM) department regularly conducts hospital-wide surveys such as the Culture of Safety Survey (COSS).



The Department facilitated the month-long COSS, which is based on the updated Hospital Survey on Patient Safety Culture of the Agency for Healthcare Research and Quality (AHRQ), from August 14 to September 15, 2023. The results showed that MakatiMed achieved an average percent positive response of 78%, compared the AHRQ standard of 66%. The survey likewise determined the hospital's areas of strength as Communication about Error; Organizational

Learning – Continuous Improvement; Supervisor, Manager or Clinical Leader Support for Patient Safety; Teamwork; Hospital Management Support for Patient Safety; Reporting Patient Safety Events; and Communication Openness.

MakatiMed implements a number of internal structures to protect and enhance patient safety. Personnel can submit an Incident Report (IR), Root Cause Analysis (RCA), Preventive Action Plan (PAP) or Evidence of Preventive Actions Plan (EPAP) through the hospital's Automated Complaints & Incidents Tracking System (ACITS). Each division designates a Quality, Safety and Compliance Service Champion (QSCC) to facilitate the reporting process. From January to September of 2023, a total of 254 corrective action initiatives were conducted as a result of effective MMC-wide incident reports management.

The Hospital and Performance Department (HPID) identified and monitored 20 hospital priority performance indicators through the Senior Quality Management Council (SQMC); among them was Overall (Patient) Satisfaction Score, which is a foremost priority of the hospital.

The Division's Business Process Management (BPM) unit contributed to enhancing overall patient experience by streamlining the discharge process for private patients. In collaboration with the billing unit, nursing team, and medical team, BPM was successful in lowering the duration of the discharge process to less than 4.5 hours versus 5-10 hours in 2022. For 2024, the unit is keen on making significant headway in improving the same process for HMO patients.

The outcomes of such hospital-wide quality management and patient safety initiatives were well-received by MakatiMed patients. This was confirmed when the Patient Experience Unit (PXU) team conducted their rounds – both through face-to-face interviews and phone calls – to gather patient feedback. The team was able to reach out to 10,730 patients in 2023. Of that total, 8,158 (almost 80%) expressed that they were satisfied with the service that they received from the hospital. The rest gave their feedback and requested assistance.

The PXU team likewise processed a total of 20,568 commendations in 2023. Consequently, PXU handed out 5,028 individual and 656 unit awards as part of the hospital's Shining Star Awards program.

The Shining Star Awards is a recognition and rewards program that acknowledges and celebrates MakatiMed staff, departments/units, and service partners who received commendations from the hospital's patients through various avenues such as Patient Satisfaction Survey forms, emails, social media, or SMS. During the 58th Anvil Awards, Makati Medical Center received an Anvil Award in the Public Relations (PR) Programs on a Sustained Basis category for its Shining Star Awards initiative—attesting to the hospital's successful implementation of an employee recognition program; which, in turn, leads to sustained motivation for employees to consistently deliver high-quality patient care.

Human Resources Management and Development

Our Human Resources Management and Development Division (HRMDD) continued to spearhead MakatiMed community's smooth acclimation to the new normal in 2023.

Its Employee Engagement Department maintained its resourceful use of online means to interact with segments of the hospital community post-pandemic—holding virtual events like Zoomustahan and Birthday Blast for new hires and birthday celebrants, respectively; as well as a series of webinars on topics such as mental health wellness, men's and women's health, and various health topics such as Tuberculosis, HIV Awareness, Lifestyle Wellness, among others.

The conduct of face-to-face affairs likewise resumed. Employee Engagement helped celebrate the loyalty and achievements of our physicians and personnel during MakatiMed's 54th anniversary. It also held the Quarterly MMC Colloquium Lineheads and selected attendees from the Medical Group to provide employees with a better understanding of the current state of the hospital's business.

Since MakatiMed bagged the 2023 Outstanding Regional Labor-Management Cooperation (LMC) for industrial Peace and the 2023 Outstanding Regional Grievance Machinery for Industrial Peace, Employee Engagement reinforced the MMC-LMC relationship by organizing two offsite activities—a team building activity in Antipolo, Rizal, and a rockstar-themed Christmas get-together.

In the last quarter of the year, new engagement programs were introduced including the first ever HR-organized Entreployee Christmas Bazaar, Hug Your Boss, and FaMEALy photo sharing contests. These complimented the Christmas Dance Showdown and Christmas Raffle, staples of the hospital's Yuletide festivities.

LDD conducted 243 different training sessions to a total of 6,526 participants

Over the course of the year, HRMDD safeguarded the health and wellness of those who look after the MakatiMed patient—our employees. Equipped with the new Occupational Safety and Health data gathering system, the team at the Employee Well-being Clinic (EWC) – who provides our personnel with quality medical and dental care – is now able to track possible trends of the illnesses affecting the hospital community.

In 2023, the EWC team conducted a total of 2,548 Annual Physical Examinations (APE), 1,761 pre-employment assessments, 1,231 dental treatments, and 15,741 medical consultations. The team also handled 976 COVID-19 cases, delivered health talks on prostate cancer and tuberculosis, and extended the Gabay Mental Health Program for 2 months to accommodate more employees.

In response to the steady decline of COVID-19 cases, the EWC team began to make use of the teleconsult platform for other infectious diseases like tuberculosis, pneumonia and influenza. The team's flu vaccination drive catered 91% of the employee population, up from 75% in 2022.

HRMDD's Analytics Department continued to enhance operational efficiency, promote data-driven decision-making, and ensure compliance with industry standards. Through innovative strategies and technological advancements, the department achieved, among others, the streamlining of its online Certificate of Employment (COE) requisition process, the implementation of an online flexible leave requisition process, the development of a comprehensive incident reporting system, and the application on an improved payroll system with the integration of the Bonus module.

Under its "I Lead," "I Elevate," "I Connect," and "I Discover" framework, the Division's Learning & Development Department (LDD) remained fervent in empowering MakatiMed personnel through its training programs—utilizing a blended learning setup while gradually shifting to more face-to-face sessions. In 2023, LDD conducted 243 different training sessions to a total of 6,526 participants. In particular, 228 mandatory training sessions were delivered for 6,161 participants while 365 employees participated in 15 leadership programs and soft skills training sessions. At the core of these sessions is the objective of equipping our healthcare professionals and corporate employees with essential soft and technical skills to aid them in career progression.

The Organizational Development (OD) team, in collaboration with LDD, spearheaded MakatiMed's certification for Investors in People (IiP), a globally recognized standard for assessing human resources and leadership practices. Upon achieving Gold Level Accreditation from IiP, MMC cemented its reputation as one of the country's leading hospitals in terms of excellence in people management.

The Talent Acquisition Department (TAD) bolstered the hospital's workforce by hiring a total of 1,212 new MMC employees the previous year. TAD exceeded expectations and delivered 21% more than the total requested headcounts, compared to 2022, of the various departments—enabling the units to maximize its manpower capabilities and achieve uninterrupted operations.

Information Communication Technology

With the pandemic in the rear-view mirror, the Information and Communications Technology (ICT) Division was primed to streamline the hospital's processes and provide needed innovations and assistance to MakatiMed's system of operations.

Its Applications Development Team produced several key automation projects such as the revamp of the ACTS and ACITS systems, which are used for monitoring complaints and incidences; the creation of a queueing system for the Employee Wellness Clinic (EWC), which generates census reports and SMS notification to the EWC staff; and the ED Boarding Tool, which allowed the nursing team to monitor the flow and status of patients from the Emergency Department to admission through Viber notifications and the Microsoft Power BI mobile app—all contributing to enhanced coordination and efficiency.

ICTD also initiated a couple of cost and time saving measures by integrating the iHIMS and Archive One – enabling the Medical Records team to pull up data directly from the hospital information system, and bypass the need to manually encode such data – and pursuing the creation of electronic forms for hospital units; including the Human Resources Management and Development Division, and the Hospital Compliance, Licensing and Accreditation Division. During the first phase of the project in 2022, the Division saved about 5.5% from supposed total cost of services. By the end of 2023, the next phases have resulted in an incremental gain in savings, reaching 26%.

The Division played a critical part in the deployment of the GE ViewPoint 6 CardioPACS, a system used by the Heart Station for echocardiogram procedures. Furthermore, the ICTD team made the results of the procedures available online and through a Dashboard; as well as having the results automatically emailed to the referring physicians.

Cognizant of the essential need to stay connected online, the team conducted a Wi-Fi heatmapping survey – resulting in the relocation and installation of additional access points to improve the MMC community's access to Wi-Fi services – as well as the rehabilitation of several data frame facilities to ensure trouble-free connectivity to the hospital's network. Annual improvement activities such as network and server upgrades were likewise undertaken.

Measures to champion cybersecurity include the 100% completion of the migration to the latest anti-virus software for all servers and endpoints, and the deployment of a web application firewall for the MakatiMed website.

In support of the Digital Transformation initiative of Metro Pacific Health (MPH), members of the ICT team actively participated in the group's selection process for a next generation hospital information system (HIS) and electronic medical record (EMR) system.

Facilities Management and Engineering Services

The Facilities Management and Engineering Division (FMED) remained steadfast in catering to the dynamic needs of the hospital and the MakatiMed patient.

Among the projects undertaken by FMED in 2023 are:

- The expansion of the Heart Station, which included the renovation of the Cardio Vascular Diagnostic Laboratory and construction of 5 additional procedural rooms;
- The relocation of the expanded Outpatient Surgery Suite (OSS) to the ground floor of Tower 1 to accommodate an additional operating suite;
- The renovation of 100 patient rooms, which included upgrades on air conditioning; the expansion of the Outpatient MMC HealthHub, and subsequent upgrade of its patient lounge, waiting area, and staff work area;
- The replacement of 92 air conditioning systems and fan coil units (FCUs) located in various patient rooms and diagnostic centers; and
- The installation of an additional Heat Recovery Unit for the hospital's centralized hot water system

As part of its energy efficiency program, FMED managed to reduce MakatiMed's energy consumption by 87,186 kilowatt-hours.

Supply Chain Management

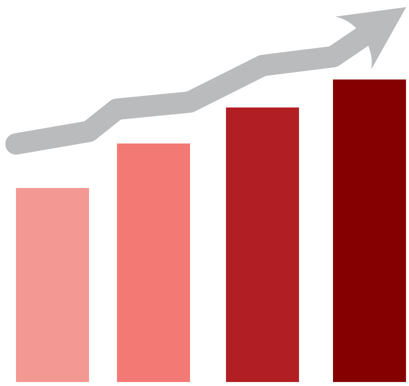
The Supply Chain Management (SCM) Division was created in 2023 to consolidate, integrate, and constantly enhance the hospital's end-to-end supply chain processes.

The SCM team processed a total of PhP 3.46 billion worth of transactions this past year—56% of which consisted of purchase orders and agreements relating to medicine and medical supplies while 22% and 13% were spent on medical equipment and facilities, respectively. Such was a 36% increase compared to PhP 2.55 Billion worth of transactions made in 2022.

Among the major procurement initiatives were the da Vinci Xi robotic surgical system, with a negotiated savings of 10%; the expansion of the Heart Station, the relocation of the Outpatient Surgery Suite (OSS), and the Endoscopy Tower System, and a SPECT/CT scanner with a negotiated savings of 34% and 27%, respectively.

For the year 2023, SCM's total negotiated savings versus transaction amount increased to 12% from 7% in 2022.

For the year 2023, MakatiMed achieved a total savings (versus the approved budget) of PhP 467.5 Million—234% higher than the PhP 199.9 Million saved the previous year. The total negotiated savings versus transaction amount likewise increased to 12% from 7% in 2022.



Corporate Social Responsibility

Throughout 2023, the various divisions of the hospital undertook a number of altruistic endeavors that benefited the greater MakatiMed community.

The Service Operations Division treated our housekeeping and security personnel – the unsung heroes of the hospital – with massages and foot spas through their Pamper Me initiative.

Human Resources Management and Development Division organized a donation drive dubbed Senior Smiles in order to provide the beneficiaries of the Anawim Lay Missions Foundation, Inc., impoverished elderlies who were abandoned by their families, with everyday essentials to help foster their wellness – and uplift their spirits – in our own little way.

During International Nurses Week, the Nursing and Patient Care Services Division, in collaboration with the Facilities Management and Engineering Division, again held a donation drive for the children at Manila Boys Town. The two Divisions also synergized to make a positive impact on the environment by participating in a tree planting activity at the SVD Laudato Si' Farm in Tagaytay City last October 14, 2023.

The Creative, Communications, and Sales Division participated in a community outreach event in Naic, Cavite, assisting patients during medical and dental services and distributed health and hygiene kits containing toothbrushes, toothpaste, soap, shampoo, bandages, and multivitamins.

Indeed, the members of our MakatiMed community embody our core value of compassion at work—and beyond the walls of our hospital.

Breaking Through

As we continue to tread on this winding road called the new normal, I have supreme confidence that Makati Medical Center can complete a full recovery and carry on with our pursuit to be the nation's most trusted, caring, and internationally-recognized healthcare institution.

Through extensive research and in consideration of the feedback we receive from our patients, we will seek new innovations and continue to invest soundly on not only equipment and facilities—but also on our people; whose expertise, intangibles, and commitment are unmatched within the industry.

Equipped with the wisdom that our organization is formidable enough to weather any storm, MakatiMed is poised to break through the walls of conventional wisdom, and surpass existing standards to provide all our stakeholders with the highest quality of care.

Sincerely,

Saturnino P. Javier, MD, MMHoA
Medical Director
Interim Co-President and Chief Executive Officer

Arnold C. Ocampo, MMHoA
Chief Financial Officer
Interim Co-President and Chief Executive Officer

Report of the Medical Director

Saturnino P. Javier, MD, MMHoA
Medical Director

Dear Stockholders and Colleagues,

The year 2023 is another year that Makati Medical Center [MMC] and its community ought to count its blessings. MMC marked its 4th year battling the COVID-19 pandemic in 2023. But very much unlike the previous years, the past year had become a golden opportunity for MMC to turn the waning crisis into an opportunity.

The Office of the Medical Director extended full support to all the 17 departments and 32 sections in their various clinical, educational, scientific and community involvement programs. Regular engagement sessions with the clinical leaders sought to address the gaps and challenges that would emerge during the year. Continuing physician education activities were held throughout the year - via postgraduate courses, workshops, symposia, lectures, among others. The noteworthy performance of the trainees in the diplomate examinations of their specific specialties spoke highly of the commitment of the physician mentors and trainers to produce competent and well-trained professionals.

Awards and recognition, although these were not the main motivation behind any pursuit, continued to be a singular source of pride for the institution and the medical community. Individually and collectively, the physicians brought honor to the institution through their exemplary involvement and participation in various activities of their national, regional and international organizations. They shone in every aspect of the medical profession - be it research undertaking, teaching and mentoring tasks, advocacy campaigns, editorial pursuits, publications, among others.

The accomplishments of 2023 continue to build on the legacy that have been achieved in the previous years. The continued resilience of the institution amid the global pandemic is a testament to the collaborative efforts of both the clinical and corporate sectors that keep MMC fully poised to confront and hurdle any challenge that may emerge along the way.

HERE ARE SOME HIGHLIGHTS OF THE PREVIOUS YEAR:

I. NETWORKING AND COLLABORATION

1. By the end of 2023, MMC sealed five official collaborations with foreign institutions - namely - MMC Stanford Health Care, UC Davis Comprehensive Cancer Care Center, Asan Medical Center [South Korea], Mount Elizabeth Novena Hospital [Singapore], Weill Cornell Medicine plus a research collaboration with University of Lubeck [Germany].

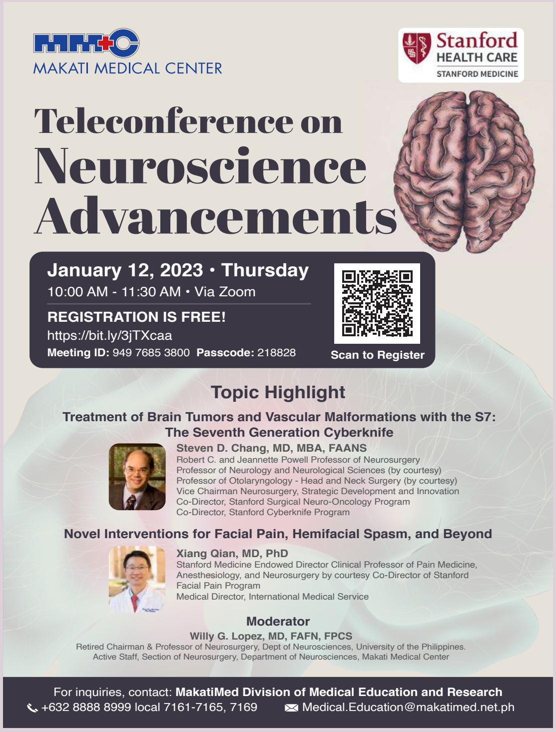
2. MMC signed a Partnership Agreement with Mount Elizabeth Hospitals Singapore on September 25, 2023 at the Boardroom of Tower 3. The agreement was signed by Saturnino P. Javier, MD and Mr. Arnold C. Ocampo for MMC and Mr. Jeffrey Law, Chief Commercial Officer of IHH Healthcare Singapore for Mount Elizabeth Hospitals. The partnership encompasses a "Physician Exchange Program," making it possible for the two healthcare providers to work collaboratively on patient consultations, procedure demonstrations and live surgery observations. Parkway Hospitals also committed to further supplementing the education and training of MakatiMed's healthcare staff.

3. On November 22, 2023, MMC signed a Memorandum of Understanding [MOU] with Asan Medical Center in Seoul, South Korea. The MOU covered the observership program by MMC hepatologists, hepatobiliary surgeons, anesthesiologists, critical care physicians and nurses in Asan Medical Center. The program aimed to acquire additional competencies for the members of the liver transplantation team of MMC. The memorandum was signed by Seung-Il Park, MD President of Asan Medical Center and Saturnino P. Javier, MD witnessed by Arnold C. Ocampo, Senior Vice President for Finance and Interim Co-CEO & President of MMC and Catherine SC Teh, MD, Section Chief of Hepatobiliary Surgery.

II. TOPNOTCH SYMPOSIA / POSTGRADUATE COURSES

Several clinical departments held a good number of topnotch postgraduate courses or symposia in 2023. These include the following:

1. MMC renewed its scientific collaboration with Stanford Health Care in January 2023 with the Teleconference on Neuroscience Advancements. The renowned faculty included Steven D. Chang, MD, MBA, FAANS and Xiang Qian, MD, PhD.

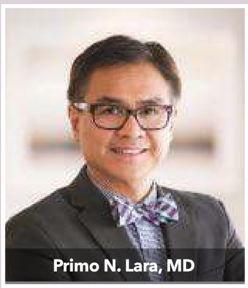


Steven D. Chang, MD

Xiang Qian, MD, PhD

2. As part of the collaboration with Weill Cornell Medicine, a scientific symposium on Advances in Breast Cancer Management was held on February 2, 2023. The international faculty included renowned experts in Oncology - including Alexander Julian Swistel, MD; Mia Talmor, MD; Anne Moore, MD and Silvia Chiara Formenti, MD.

3. 2nd Joint Makati Medical Center Cancer Center and UC Davis Comprehensive Cancer Center - "Leveraging the Multidisciplinary Treatment Approach in Cancer Care " held last July 10-11, 2023. The International Faculty was composed of Primo N. Lara, MD, Richard J. Bold, MD, MBA and Megan E. Daly, MD.


Primo N. Lara, MD

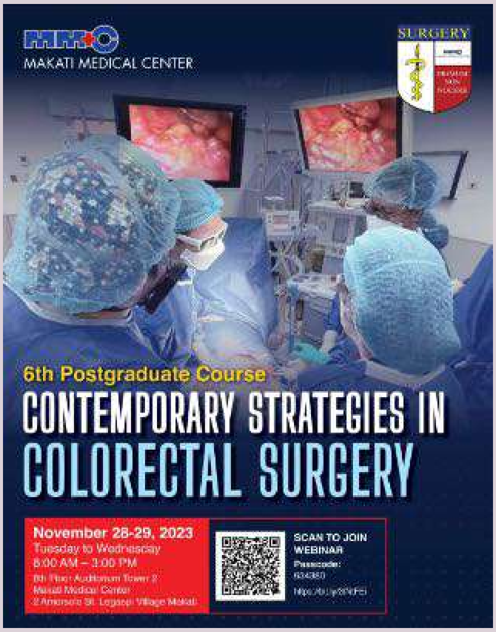

Richard J. Bold, MD, MBA

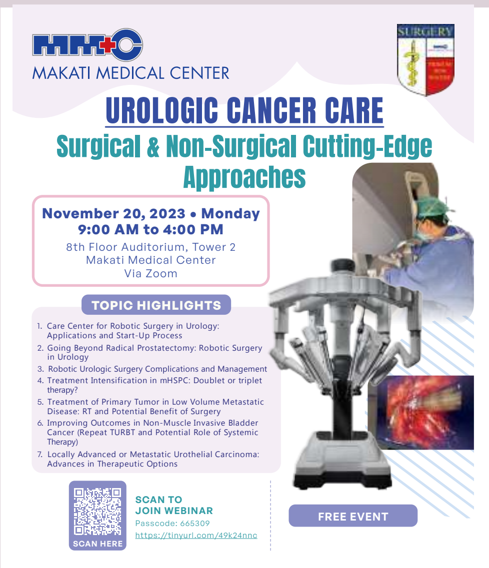

Megan E. Daly, MD

4. 20th Medicine Postgraduate Course held last August 3-4, 2023 "New Exciting Trends and Updates in Medicine [Next UP]" which featured notable experts Anthony S. Fauci, MD and Dan L. Longo, MD.

5. One of the initial activities of the partnership with Mount Elizabeth Hospitals [Singapore] was a Joint Symposium on Proton Therapy with Lee Kuo Ann, MD, radiation oncologist from Mount Elizabeth Novena Hospital, held on October 25, 2023.

6. In November, two important conferences were held to further promote and support the robotic surgery program of MMC namely - the Urologic Cancer Care Symposium [Surgical and Non-surgical Cutting Edge Approaches] on November 20, 2023 and the 6th Postgraduate Course of the Department of Surgery [Contemporary Strategies in Colorectal Surgery] on November 28-29, 2023.





7. The first Cardio-Oncology Symposium spearheaded by the Section of Cardiology with the International Cardio-Oncology Society [ICOS] was held on November 28-29, 2023 at the 8F Auditorium, Tower 2 of MMC. The faculty included world renowned cardio-oncologists headed by Susan F. Dent, MD, ICOS president.

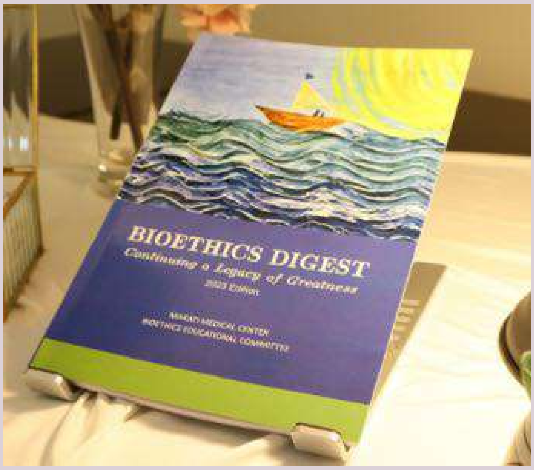
III. THREE PUBLICATIONS IN A ROW

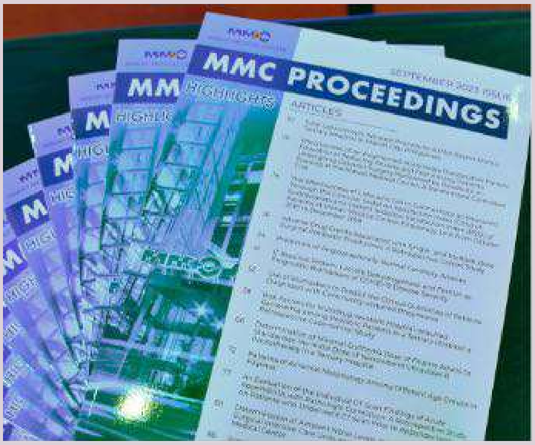
Three important publications were launched in 2023 - the Bioethics Digest II, Compendium of Clinical Outcomes and Makati Medical Center Proceedings.

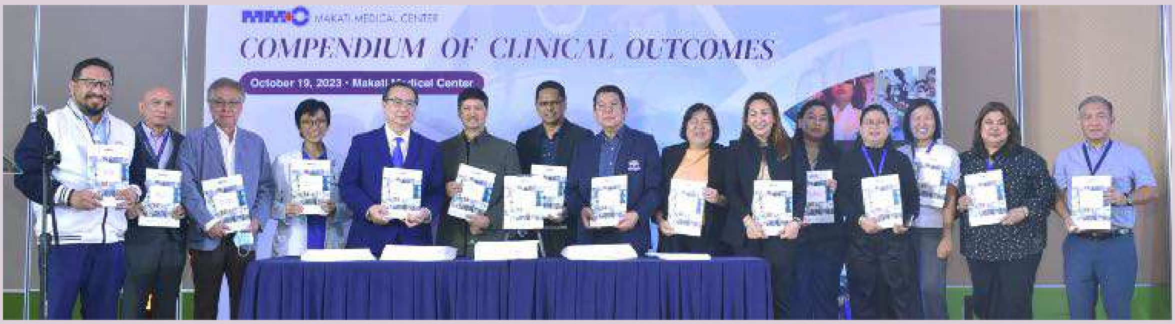
The Bioethics Committee formally launched the Bioethics Digest on September 18, 2023 at the Ledesma Hall. The Digest featured eight case studies with ethico-moral dilemmas from various clinical departments.

The Compendium of Clinical Outcomes is a compilation of all products, services, and programs of the different departments being offered in MMC. It puts great emphasis on the clinical outcomes [procedure success rates, risks, and complications]. The target sectors for this new publication are HMO partners, corporate clients, partner hospitals, business group and other medical stakeholders.

On November 23, 2023, MMC Proceedings was relaunched. The official publication of Makati Medical Center was last released in 2004. The MMC Proceedings provides a venue for the publication of the scientific research output of MMC physicians and trainees. The editorial board consisted of Saturnino P. Javier, MD, Robert Dennis J. Garcia, MD, Jose Paulo P. Lorenzo, MD, Nora F. Santos, MD, Sherman O. Valero, MD, Ramon I. Diaz, Jr., MD and Ivan Noel D. Olegario, MD.







IV. HONORING PHYSICIAN ACHIEVERS AND CELEBRATING LEGACIES

The 2nd MMC Physician Awards and Recognition Ceremonies was held on July 25, 2023. The event once again honored all members of the medical community who had achieved recognition in 2021-2022 as adjudged by the Awards Committee - based on the following criteria -

- Officer/board member of any national, regional or international organization or society
- Awardee of distinction from any national, regional or international organization or society
- Membership in prestigious national, regional or international councils/ committees/task force
- Membership or chairmanship of specialty boards/board of examiners of national or international organizations/societies
- Editor/member of the editorial board of national, regional or international medical publications
- Award of distinction from any academic institution, government agency, socio-civic group, non-governmental organization, charitable institution, among others
- Pioneering research or groundbreaking medical/surgical accomplishments
- Exemplary performance as public servant in any national post
- Others as deemed worthy of recognition by the MMC awards committee

The ceremonies also paid homage to the esteemed members of the community who had passed away in the recent years.

Retired Physician, Martesio C. Perez, MD
of the Section of Neurology
Department of Neurosciences
48 years of service

V: NEW PROGRAMS AND INITIATIVES

1. In January 2023, MMC launched its Second Opinion Program with UC Davis Center, a comprehensive cancer care center designated by the US National Cancer Institute. The range of services included written opinions or multidisciplinary consultation via video teleconference. This program gave patients and their families the convenience of overseas foreign consultations in the comfort of their homes or doctors' clinics.
2. The Section of Cardiology, through the Cardiovascular Learning Unit, initiated the training program for echocardiography technicians. The program consisted of a comprehensive curriculum on basic echocardiography including didactic sessions and learning workshops. The first batch of MMC-trained Basic Echocardiography technicians graduated on February 20, 2023 and were recognized during the celebration of Heart Week 2023. The following composed the first batch of graduates: Cyril Kierzten R. Perez, Erica Joan T. Catarata, RN, Frenzelyn C. Lamasan and Ma. Luisa G. Juan, LMT.
3. The Cardiovascular Learning Unit continued its program of training MMC technicians involved in allied services. The first batch of Vascular Ultrasound trainees graduated on June 21, 2023. The graduates were: Ma. Zarah Kay Ballelos, RN, CLT, MAN [Unit Manager], Mary Anne Robles, RN [Vascular Nurse], Emma Divina Gracia Daileg, RRT [Vascular Technologist], Julia Carmela Balabbo, RRT – Vascular Technologist and Marisol Panolino, RRT – Vascular Technologist.

Second opinion/consultations with UC Davis Cancer Center

Pleased to announce that our Makati Medical Center Cancer Specialty Center is now offering MMC patients and families the option of second-opinion consultations with UC Davis Comprehensive Cancer Center. UC Davis is a designated comprehensive cancer center by the National Cancer Institute of US, the nation's top cancer organization [only 52 other cancer centers have successfully earned this designation].
The range of services includes [1] a written opinion [2] 30-minute to 1-hour Multidisciplinary Consultation via Video Teleconference. You may call the Cancer Specialty Center at ext. 7102, 7115 and 7120 for any concerns/queries. Thank you.

Saturnino P. Javier, MD
Medical Director

4. A special Neuropsychiatry Care Center, the Esketamine Care Center, was inaugurated on September 19, 2023. This was an initiative of the Section of Psychiatry in collaboration with Johnson and Johnson [J&J]. The Center is essentially a special facility for treatment-resistant depression [TRD] and major depression with suicidal ideation [MDSI]. MMC is the first institution in the Philippines to offer this novel antidepressant in this special care setting.
5. The new Cardiac Diagnostic Laboratory [also known as the Heart Station] was inaugurated and blessed at its new location at the 1st floor of Tower 1 on October 10, 2023. The inauguration was graced by former Senator Mar Roxas. The new diagnostic facility would address the growing needs of the cardiology patient population - with its expanded line of services including new equipment, specifically the cardiopulmonary exercise testing [CPET].

VI. SPECIAL COURTESY VISITS/CALLS BY INTERNATIONAL SOCIETIES & AGENCIES:

1. Korea National Tuberculosis Association officials on May 16. 2023; the meeting was intended to lay out the operating foundation and promote the double reading system for TB screening of foreign workers.
2. Asian Myeloma Network [on July 11, 2023]; The team was composed of Priscilla Caguioa, MD [Philippine Society of Hematology and Blood Transfusion], Daniel Navid, [Senior Vice President in Global Affairs of IMF] and Prof Chung Wee Woo, Director, National University Cancer Institute, Singapore. The organization was seeking the possible inclusion of Philippines in the International Myeloma Foundation [a foundation comprised of myeloma experts from China, Hong Kong, Malaysia, Taiwan, Japan, South Korea, Singapore and Thailand].

VII. HONORS AND DISTINCTIONS, ACCREDITATIONS AND CERTIFICATIONS

1. In the second quarter of 2023, the World Stroke Organization [WSO] Angels Awards bestowed on the Neurology Section [Acute Stroke Care Team] the highest level of excellence - the Diamond Status Award. The award was received by Ana Sage Nollido, MD, for and in behalf of the Stroke Team of the Department of Neurosciences, during the 15th World Stroke Congress in Toronto, Canada on October 11, 2023.

   MMC was then the only private hospital in the Philippines to achieve the Diamond Status of distinction, reinforcing its expertise and commitment to render top quality stroke care.

   To date, MMC has the most awards from WSO - namely nine (9) Golds, two (2) Platinums and one (1) Diamond.
2. The Section of Neurology officially turned over to MMC the various Certificates of

Recognition eight (8) Gold, two (2) Platinum and one (1) Diamond from WSO during the celebration of its Neurology Week in September 2023.

3. MakatiMed was certified as an Acute Stroke Ready Hospital by the Stroke Society of the Philippines [May 1, 2023 to April 30, 2028]

4. Makati Medical Center was elevated to the DOH Hall of Fame during the 2023 DOH Hospital Star Awards held last November 13, 2023 with the theme "Breaking the Barriers of Mediocrity in Pursuit of Healthcare Innovation Towards a Healthy Philippines".

at the Iloilo Convention Center in Iloilo City. The distinction was bestowed on MMC for consistently winning the Hospital Star Awards since 2018. MMC garnered excellent ratings in various areas of hospital operation covered: infection control, antimicrobial stewardship, quality management, employee satisfaction, clinical practice guidelines, social and community responsibility, human resource development, patient satisfaction, public health programs, risk assessment and management among others.

5. Investors In People Gold Status Accreditation. On May 23, 2023, MakatiMed was accredited with the Sixth Generation Investors in People [IiP] Gold Status. [The IiP is a global accreditation focusing on the main strength of the organization – its People]. Overall score was 779 [IiP average benchmark: 729; average Industry benchmark: 735] which put MMC in the 46th rank out of 1115 organizations with 25-4999 employees and 2nd out of 73 in the same sector. MMC is the first in the hospital/ healthcare industry in the Philippines, only the 2nd to be awarded Gold Status on its first assessment and is now part of the elite 37 in the entire Philippines, and among the 6,000 leading organizations all over the world.

6. Throughout the year, MMC was the designated or preferred hospital for a number of regional and international events in 2023 - namely:
    - Asia Pacific Ministerial Conference on Disaster Risk Reduction
    - 22nd Zonta International District 17 Conference
    - FIBA Basketball World Cup
    - FIBA World Congress
    - Official Visit of HE Ursula Won Der Leyen of European Union
    - Volleyball Nations League
    - Alliance of Financial Inclusion Global Policy Forum
    - ASEAN Digital Ministers Meeting

7. The Nursing Care Services bagged the top two of the three major nursing excellence awards of the first ever Soledad Velez Pangilinan Awards organized by the Metro Pacific Hospital network. RN Daryl Jeremiah R. Gaba was bestowed the Excellence in Nursing Leadership Award while RN Joshua Jaime P Nario was awarded the Excellence in Nursing Education Award.

8. Department of Nuclear Medicine was awarded the DOH Star Awards Patient Safety "Two Eyes, Order Wise". [It is a 2-step validation system that ensures accurate, safe and timely delivery and management of tracer doses for diagnostic and therapeutic nuclear medicine procedures.]

9. The Nutrition and Dietetics Department won the top prize out of five competing hospitals in the Aminoleban Oral Summit:

The Cook-Off [1st Edition] held on June 23, 2023. Presented by Otsuka (Philippines) Pharmaceutical, Inc. held at the Manila Tytana Colleges, the contest participants from MMC were Estiffany Martina Brizuela, RND and Jean Vera Faronilo, RND.

10. MMC obtained the Mother-Baby Workplace Certification in January and March 2023. In August 2023, MMC successfully obtained additional ISO-9001:2015 certification.

11. One physicians' singular honors also brought honor to MMC. On July 6, 2023, a hepatobiliary surgeon of MMC, Catherine S.C. Teh, MD, was inducted to Les Compagnon by world's liver transplant pioneer Professor Henri Bismuth. She is the first and only Asian woman inducted to this elite organization

Certificate

Standard ISO 9001:2015

Certificate Registr. No. 01 100 2234783

Certificate Holder: Makati Medical Center
#2 Amorsolo St., Legaspi Village, 1229 Makati City, Philippines
including the locations according to annex

Scope: Provision of general and specialized medical, surgical and nursing care including preventive and wellness services utilizing state of the art diagnostic and treatment modalities

Proof has been furnished by means of an audit that the requirements of ISO 9001:2015 are met.

Validity: The certificate is valid from 2023-11-10 until 2026-11-09.
First certification 2023

2023-11-14

www.tuv.com IAF DAkkS TÜVRheinland® Precisely Right.

VIII. NEW SERVICES, PROGRAMS AND INITIATIVES

1. The MMC Outpatient Surgical Suite was inaugurated on April 18, 2023. The unit would provide convenient and swift outpatient surgical services for selected disease entities and procedures.

2. NEIA Project - joint project with Nursing Care Services, Emergency Medicine Department and Quality Management Division - that sought to improve patient experience through swift, safe and seamless ED transfer. The overarching goal of this project was to improve/shorten the admission turnaround time and thus ensure a speedy process of admission.

3. Project HIRO: On March 22, 2023 Medical Records Department launched Project HIRO: Health Information Request Online – an electronic mode of requesting health records: medical certificate, medical abstract, operative/procedural report, certificate of confinement, diagnostic results and medico-legal certificates among others. The project utilizes technology in ensuring operational efficiency and improving patient access to

their health information in a timely manner by gathering patient requests in real time, generating an objective list of for queuing of requests and creating an avenue to promptly notify doctors of requested documents.

4. Makati Medical Center is the FIRST user of the Atellica VTLi [Siemens] in the ASEAN region and in the Philippines. Atellica VTLi is a point-of-care testing for high sensitive troponin I in acute coronary syndrome. The Siemens officials - namely Michael Schmermer [Siemens President], Jerome Gavino [Country Head Diagnostics], Peter Merrilees [POC Cardiac Commercial Lead], Anthony Kirkham [Clinical Lead, POC Cardiac Asia Pacific], Ray-An Yabut [POC Product Manager], Jireh Briones

   [Marketing Communications Team had a meet-and-greet session with MMC leaders in the Boardroom, Tower 3.

   They were welcomed by the MMC group composed of Atty. Pilar Nenuca P. Almira [President/CEO], Saturnino Javier, MD [Medical Director], Noel Rosas [Head, Professional Services], Amado Flores, MD [Chairman, Emergency Department], Rey Lim [VP, Professional Services], Eric Angeles {Department of Pathology and Laboratory]

5. Cancer genetics has been made available starting 2023 since precision oncology is now an established subspecialty with the role of identifying high risk individuals through genetic testing. MMC has enlisted experts trained in the field of Oncogenetics who conduct the pre-test and post-test counseling process.

IX. DOWNGRADE OF COVID-19 PROTOCOLS

Zoning and screening protocols for COVID-19 in the hospital were downgraded in February 2023:

1. Routine PCR testing for most diagnostic test/procedures/intervention were discontinued. This was replaced – only when needed - by antigen testing [patients with fever, respiratory symptoms, radiologic findings etc.]
2. The only designated COVID-19 wing would be the 8th wing
3. The hot zone – cold zone delineation of MMC Emergency Department was abolished.
4. Finally, the Dela Rosa Driveway ceased its operation as alternative swabbing location and was reverted to its original purpose.
5. In July 2023, masking was rendered Optional in MMC.
6. Booster vaccination with the bivalent vaccine was rolled out on the following dates: June

26, 27, 29, 30, and July 3, 4, 2023 at the Auditorium. More than 500 doses were administered on Day 1.

On March 7, 2023, MMC gratefully ended its use of Convergys Parking Lot for its drive-thru swabbing operations and acknowledged the full support of Ayala Land Inc. in a luncheon at the Board Room of Tower 3. MMC used the Convergys lot for 910 days.

X. OTHER SPECIAL EVENTS

1. The Office of the Medical Director held a mini Meet and Mingle on March 30, 2023 at the Ledesma Hall, Tower 1. The event gathered all department chairpersons, section chiefs, corporate leaders, Metro Pacific Officers and Board Members to create a venue for camaraderie and foster goodwill among the different sectors of the MMC community.

2. As part of the continuing efforts to ensure a steady flow of communication with all managers and leaders of the hospital, the MMC Senior Management Team held a Clinical-Corporate Leadership Colloquium virtually last November 10, 2023. Four speakers presented updates from their respective divisions - Arnold C. Ocampo [Finance], Saturnino P. Javier [Medical-Clinical], MD, Artemio C. Salvador, MD [Quality Management Division] and Angelita P. Garcia [Human Resources Division].

3. Bivalent Covid vaccination was rolled out in the last week of June and early July at the 8F Auditorium.

   A total of 2,136 doses were administered

4. Measles, rubella and polio vaccination was conducted at the De La Rosa Driveway on May 1-15, 2023

5. In February 2023, the International Infection Control Program [Division of Healthcare Quality Promotion] of US Center for Disease Control and Prevention represented by Trisha Patel PharmD, BCIDP, Amara Fazal, MD and Charlene Siza DVM, MPH, DACVPM met with their counterparts in MMC to discuss the Antimicrobial Stewardship Program. The visitors commended the Antimicrobial Stewardship Program of the hospital – citing its topnotch practices and policies in place.

XI. MMC CIRCLE OF PRESIDENTS

MMC ended 2023 with a total of 961 physicians - consisting of 510 active, 145 associate active 2,178 associate active 1,127 visiting staff.

In 2023, a number of medical societies were headed by MMC physicians. The circle of presidents included the following:

Marie Jeanne L. Bertol, MD
President, Philippine Musculoskeletal Tumor Society (January 2023 - December 2024)

Marcelino T. Cadag, MD
President, ASEAN Arthroplasty Association (January – December 2023)

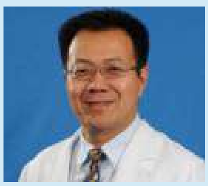
Geraldine Raphaela B. Jose, MD
President, Society for Neuroanesthesia of the Philippines (2016 – 2023)

Czar Louie L. Gaston, MD
President, Philippine Musculoskeletal Tumor Society (December 2020 – December 2022)

Carlo Angelo V. Borbon, MD
President, Philippine Orthopedic Foot and Ankle Society (November 2014 - Present)

Anne Kathleen Ganal-Antonio, MD
President, Philippine Society of Women Orthopedic Surgeons (January 1, 2023 – December 31, 2025)

D. Darwin A. Dasig, MD
President, Dementia Society of the Philippines - (January 2015 – Present)



Rodolfo G. Tuazon, MD
President, Philippine Society of Pediatric Surgeons (2023 – 2024)

Efren J. Domingo, MD
President, Philippine Obstetrical & Gynecological Society (2022 – present)

Jennifer Marie B. Jose, MD
President, Aesthetic Gynecologic Society of the Philippines Inc. (April 2021 – 2025)

Janice C. Caoili, MD
National Chair, Philippines Coalition Against Tubercolosis (PhilCAT) (2022 – 2024)

Raneil Joseph F. Bautista, MD
President, Philippine Radiologic Society of Nuclear Medicine and Molecular Imaging (March 2023 - 2025)

Patricia Anne Cabral-Prodigalidad, MD
President, Philippine Society of Digestive Endoscopy (March 2023 – March 2024)

Nepthalie R. Ordoñez, MD
President, Philippine Academy of Pediatric Pulmonologists (2020-2023)

Katerina Tanya P. Gosiengfiao, MD
President, Philippine League Against Epilepsy (January 2022 – December 2023)

BOARD OF DIRECTORS

Manuel V. Pangilinan
Benjamin N. Alimurung, MD
Diana P. Aguilar
Francisco A. Dizon
Jose Amado A. Fores
Victor L. Gisbert, MD
Agripino Beng A. Javier, MD
Susana A.S. Madrigal
Francisco S.A. Sandejas
Atty. German "Beetle" Q. Lichauco
Augusto P. Palisoc, Jr.
Jose Ma. K. Lim
Conrado Gabriel C. Lorenzo, III, MD
Judy A. Roxas
Remedios G. Suntay, MD















ADVISORY COMMITTEE

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

The Compliance activities for 2023 were geared towards effective implementation of programs and policies related to antibribery and anticorruption and conflict of interest, and to ensure continuous compliance with all regulatory requirements, amidst the new administrative ordinances from the local government.

I. Effective Implementation of Antibribery and Anticorruption and Conflict of Interest policies

Guidelines were created to streamline processes related to:

1. Whistleblowing Report and Investigation Process (Effective February 2023)
2. Processing of Donation by MMC (as Donor) (Effective May 2023)
3. Providing Hospitality to a Government Official and/or Private Individual Conducting Survey (regulatory or accreditation survey) in MMC (Effective September 2023)

The SEC mandated Annual Corporate Governance Report was submitted to SEC last June 2023.

The Corporate Governance and Compliance Committee of the Board met and reviewed processes related to Corporate Governance Policies including:

1. Board Diversity
2. Board Remuneration
3. Orientation and Training of the Board
4. Nomination and Election of the Board
5. Succession Planning of the Board

The same Committee met in August and September 2023 to discuss whistleblowing case submitted by the Compliance Officer.

The Ethics Committee of the Board met and discussed the Summary Report on Quality Data including Sentinel Events.

The Performance Assessment of the Board and Return of Results was August 2023 / September 2023.

Makati Medical Center participated in the Metro Pacific Healthcare (MPH)-initiated Joint Compliance Summit held on October 4-6, 2023 at Summit Ridge Tagaytay. Likewise, MDI Directors and Officers participated in the 2023 Annual Corporate Governance Enhancement Session (For Directors, Advisory Board Members and Officers).

A hybrid seminar held on November 9, 2023 at the Rizal Ballroom of Makati Shangri-La Hotel (in-person and virtual) with the theme: "Governance Imperatives, Opportunities and Challenges in the Age of AI" by Dr. Max Tegmark.

Through MMC Procurement, letters were sent to all vendors and contractors in November 2023 reminding them of MMC's policy on "Non-acceptance of gifts from MMC Service Providers/Contractors".

As of year-end 2023, Corporate Governance (CG) policies roll-out was 100% for Directors, Officers and Employees and Trainees, 100% for contracted services and vendors and 90% for medical staff.

For continuous process improvement, the Compliance Department, in coordination with Information & Communications Technology Division (ICT) and Human Resources Management and Development Division (HRMDD), initiated online access and accomplishment of Employee Anti-Corruption Certification and Declaration of Outside Interest and Employment Forms along with CG compliance policies orientation/re-training for all employees (December 2023)

A total of 89 Gifts, 14 Donations, 59 Sponsorships and 1 Grant were processed in 2023. Six whistleblowing reports, sent via anonymous emails, were reviewed and and all were dismissed for absence of substantial evidence after a thorough investigation. These were undertaken with HRMDD for one case, with Internal Financial Audit Department for another case, and with Corporate Governance and Compliance Committee of the Board for another case.

II.Compliance to local regulatory requirements and ordinances

- Continuous compliance to regulatory requirements are monitored and validated by the Hospital Compliance, License and Accreditation Division. Regulatory compliance is monitored through scheduled pre-survey licensing internal audits. The hospital was inspected by sixteen (16) regulatory bodies in2023, and licenses/permits were issued accordingly.
- To ensure compliance to new/revised regulations, the Division created a tracker to monitor issuances from regulatory bodies and track the progress of the action items prior to the implementation of the regulatory issuance. 149 applicable issuances were released by the Regulatory Bodies in2023; all issuances were cascaded and actions implemented to ensure continuous compliance.
- The hospital utilizes a dashboard to monitor and maintain the 144 permits and licenses. In 2023, all applicable permits and licenses were applied and renewed before its expiration. In addition, 191 mandatory reports were included in the dashboard to monitor the on time compliance to regulatory standards.

SENIOR OPERATIONS MANAGEMENT COUNCIL

Corporate Group
Arnold C. Ocampo, MMHoA - Finance, Division Head & Chief Finance Officer
Arlyn L. Songco, MMHoA - Creative, Communications & Sales Services, Division Head
Artemio C. Salvador, MD, MMHoA - Quality Management, Division Head
Engr. Gerry E. Cunanan - Facilities Management & Engineering, Division Head
Eda Bernadette P. Bodegon, RN MAN - Nursing & Patient Care Services, Division Head & Chief Nursing Officer
Reynaldo J. Lim - Service Operations, Division Head
Helene Bernice G. Uy - Supply Chain Management, Division Head



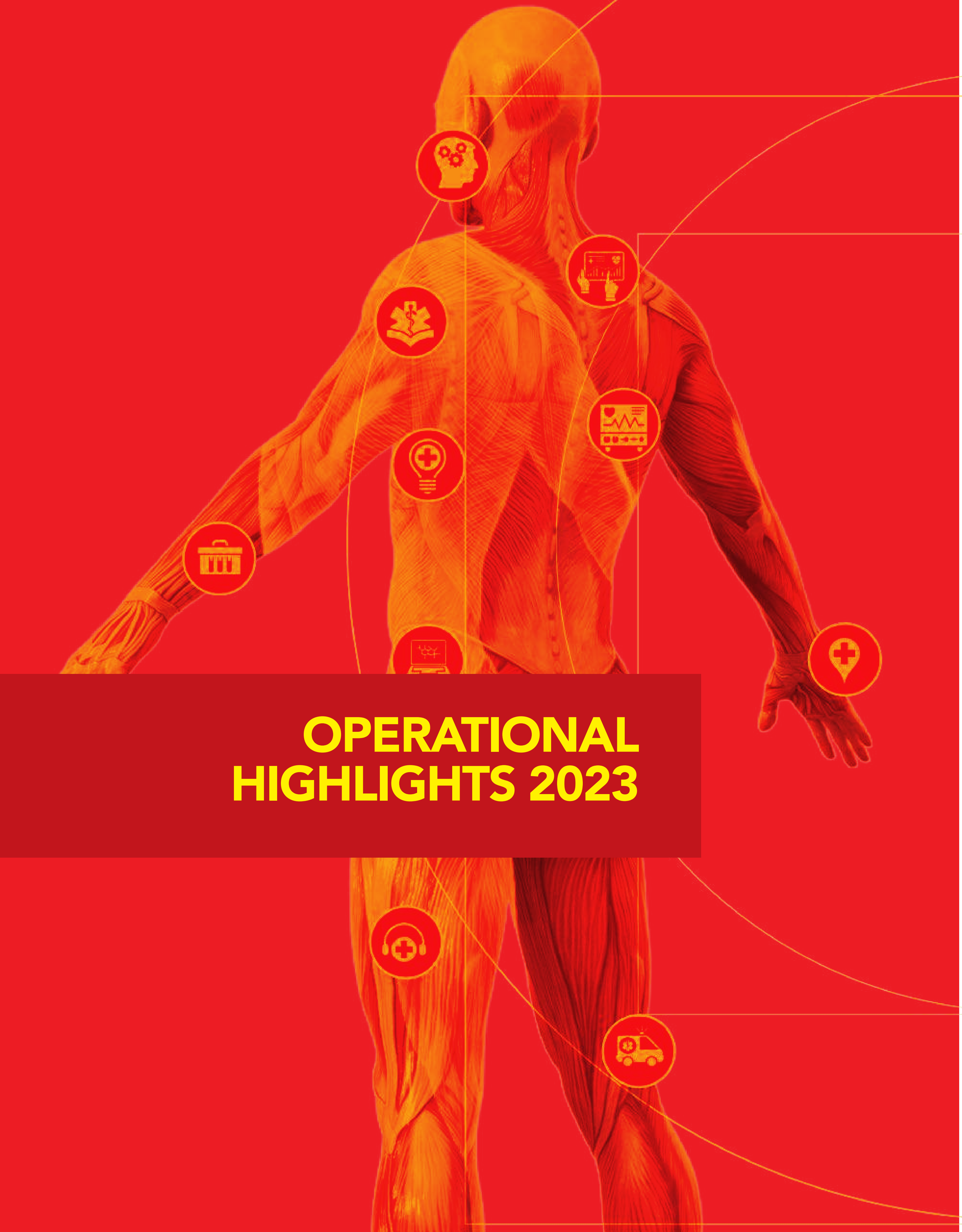




Medical Group
Saturnino P. Javier, MD, FPCP, FPCC, FACC, MMHoA - Medical Director
Noel L. Rosas, MD, MMHoA - Professional Services, Director
Mary Milagros D. Uy, MD - Hospital Compliance, License & Accreditation, Director
Ramon D.S. Francisco, MD - Division of Medical Education & Research, Director




No photo
Angelita P. Garcia – Human Resources Management & Development, Officer-in-Charge
Isidro M. Perfecto – Information & Communications Technology, Officer-in-Charge
Marichu L. Catan, MD - Business Development, Consultant



OPERATIONAL HIGHLIGHTS 2023

TRANSFORMING AND ADVANCING MEDICAL CARE

MMC Inaugurates Newest MRI machine

Makati Medical Center unveiled a new Magnetic Resonance Imaging (MRI) machine – the GE 3 Tesla Signa Architect – last January 12. The machine, distinguished for its ability to produce highly detailed images in shorter periods of time relative to other scanners, is duly accredited by both the Department of Health (DOH) and the Food and Drug Administration (FDA).

With the acquisition of a third MRI scanner, MakatiMed provides its patients with faster, safer, and more comprehensive MRI screenings.

MakatiMed Produces First Batch of “Home-grown" Echocardiography Technicians

The hospital’s Heart Station initiated the first Basic Echocardiography Training Program with Jose Ernesto B. Adea, MD (Cardiology Specialist) serving as Training Head, and Lariza I. Laming, RN, FPSE as Training Lead Officer. Designed to produce homegrown, competent, and skilled technicians in order to deepen and augment MakatiMed’s bench of proficient echocardiography technicians, the program successfully produced four graduates during its first run.

The graduates and the Center’s newest echocardiography technicians – Erica Joan T. Catarata, RN, Ma. Luisa G. Juan, Frenzelyn C. Lamasan, and Cyril Kierzten R. Perez – were recognized last February 20 during the Heart Week Celebration.

This 4-month long program is open for all Heart Station staff – electrocardiograph (ECG) technologists, nurses, and physical therapists.




MakatiMed Wellness Center Offers Life Coaching Services

In a move to further foster the overall well-being of its patients, the MakatiMed Wellness Center commenced in offering life coaching services under the counsel of Alex Torres, the Philippines’ only certified Ikigai Coach from the Ikigai Coaching Institute in the Netherlands. The services were introduced on February 3.

Life coaching provides people a chance to enhance their quality of life through a systematic approach of goal setting and planning. It allows them to work with someone in creating the steps needed to make their dreams come to life. Whether their goals involve purpose, work-life balance, social skills, or time management, working with a life coach is an efficient way to achieve such goals.

MMC, the First PH and ASEAN Hospital to Acquire Atellica VTLi Patient-Side Immunoassay Analyzer

The hospital made a significant investment in its diagnostic testing capabilities by procuring the Atellica® VTLi Patient-side Immunoassay Analyzer from Siemens Healthineers. The analyzer features cutting-edge technology that, among other capabilities, streamlines chest pain assessment—leading to faster and more accurate diagnostic testing. MakatiMed is the first hospital in the Philippines and in the ASEAN region to acquire this advanced equipment.

With the Atellica® VTLi System, the hospital is able to reduce wait times, enhance patient satisfaction, and improve the overall quality of care.

MakatiMed Provides Precision Oncology Cancer Genetics Testing

Makati Medical Center has taken a significant step forward in the fight against cancer by offering precision oncology cancer genetics testing, which aims to identify and provide personalized care to high-risk individuals based on their genetic profiles.

The innovative service is intended for families who have diseases affecting multiple generations, those with specific patterns of malignancies involving several family members, those with more than one primary cancer, and those whose family members develop cancer at a young age. By identifying individuals who are at high risk of developing cancer, the hospital can provide early detection and intervention—ultimately, improving patient outcomes.

MakatiMed has enlisted experts trained in the field of Oncogenetics to conduct pre-test and post-test counseling. These experts will work to ensure that patients fully understand the genetic testing process, including the benefits and limitations of the tests, and the potential impact of the results on their healthcare.

New Outpatient Surgical Suite Established

In an effort to decongest the hospital's Emergency Room (ER) and streamline its operations, the new Outpatient Surgical Suite (OSS) was inaugurated last April 2023. The facility is equipped with three (3) Operating Rooms, and primed to handle minor surgeries that do not require general anesthesia.

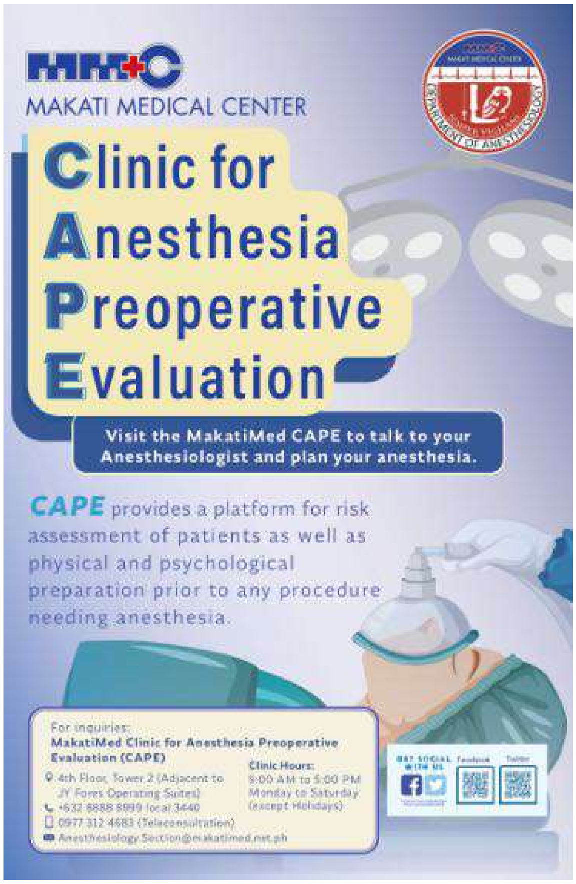
With the opening of the OSS, medical teams at the ER can now focus on providing affordable but quality care for patients in need of critical assistance.

MMC Becomes Acute Stroke Ready

In May, MakatiMed was certified as an Acute Stroke Ready Hospital (ASRH) by the Stroke Society of the Philippines (SSP). The certification recognizes hospitals that can provide immediate and time-critical care to stroke patients.

The Center was awarded the highest certification of Tier 3, which is valid for five (5) years from May 1, 2023 to April 30, 2028. As an ASRH-certified hospital, it will receive priority in training and guidance from the SSP Committee, and recognition as an institution that delivers quality healthcare to stroke patients.

MMC shall, in turn, commit to providing immediate and time-critical care to stroke patients by further enhancing its staff's expertise and skills—ensuring that they are well-equipped to serve more patients in need to address the growing incidence of stroke in the Philippines.



Clinic for Anesthesia Preoperative Evaluation (CAPE) Reopens

The Department of Anesthesiology's Clinic for Anesthesia Preoperative Evaluation (CAPE) reopened its doors in June, marking a significant milestone in patient care. Spearheaded by Illuminada T. Camagay MD, in collaboration with Merle D. Odi, MD, and under the chairmanship of Rosario M. Cloma, MD, CAPE was introduced in 2018 with a clear objective – to enhance the quality of care for patients requiring anesthesia before their surgeries or medical procedures.

Since its inception, the clinic has offered a distinctive feature where patients can directly engage with their chosen Anesthesiologist ahead of their scheduled procedures; leading to the development of an anesthesia care plan fit for each individual patient's needs.

MakatiMed Launches Country's First Esketamine Care Center

MMC established its Esketamine Care Center to address the profound challenges posed by depression, particularly the complexities of Treatment-Resistant Depression (TRD) and Major Depressive Disorder with Imminent Suicide Intent. It is the first private healthcare institution in the Philippines and the second in Southeast Asia to establish a dedicated facility for Esketamine Care.

The MakatiMed Esketamine Care Center aims to provide individuals battling depression with a secure and effective avenue for treatment. Patients shall receive esketamine via nasal spray. Esketamine is a derivative of ketamine known for its rapid-acting antidepressant effects. During the treatment, patients are closely monitored by a medical professional, and to self-administer two doses of esketamine, spaced five minutes apart. They remain in the clinic until any potential side effects have subsided, ensuring their safety throughout the process.

Heart Station Expanded

The Center inaugurated its new, expanded Cardiac Diagnostic Laboratory at the 1st Floor of Tower 1 in October.

Also known as the Heart Station, the facility – headed by Cardiology Consultant Benjamin N. Alimurung, MD. – now features a new cardiopulmonary exercise test machine that assesses one's exercise capacity and investigates symptoms like shortness of breath. It also has a dedicated child-friendly room for pediatric echocardiogram procedures to help identify congenital conditions and other possible abnormalities among kids.

With its improved capacity, the Heart Station is now equipped to accommodate more patients for routine and life-saving diagnostic procedures like treadmill stress tests, echocardiograms, and electrocardiograms to aid in the diagnosis of heart conditions and evaluation of patients' overall heart health.

Compendium of Clinical Outcomes Launch

Makati Medical Center revealed the first edition of its Compendium of Clinical Outcomes, a comprehensive 130-page publication that serves as a report of the institution's products, services, programs, and other various parameters measured per specialty, including procedure success rates, risks, and complications.

It is designed to inform a wide range of stakeholders, which includes insurance and HMO partners, corporate clients, partner hospitals, business groups, and other medical professionals.

The compilation of clinical outcomes presented in this compendium is the result of collaborative efforts between the hospital's departments and sections, in close partnership with the Creative, Communications, and Sales Services Division (CCSSD).

RECOGNITION AND PARTNERSHIPS

MMC Partners with UC Davis Cancer Center

MakatiMed's Cancer Specialty Center has partnered with UC Davis Comprehensive Cancer Center to offer patients and their families the option to seek second opinion-consultations at the leading California-based cancer care facility.

With this partnership, the hospital's patients can now request for a written opinion from, or a 30-minute to 1-hour multidisciplinary consultation via video conference with, experts from UC Davis; a designated comprehensive cancer center by the National Cancer Institute (NCI), the top cancer organization in the United States. With only 52 other comprehensive cancer centers in the US, the partnership with UC Davis serves a testament to MakatiMed's commitment to provide its patients with the best possible treatments and outcome against cancer by going beyond the walls of MMC and synergizing with an institution with the highest standards in cancer research, outreach, and education.

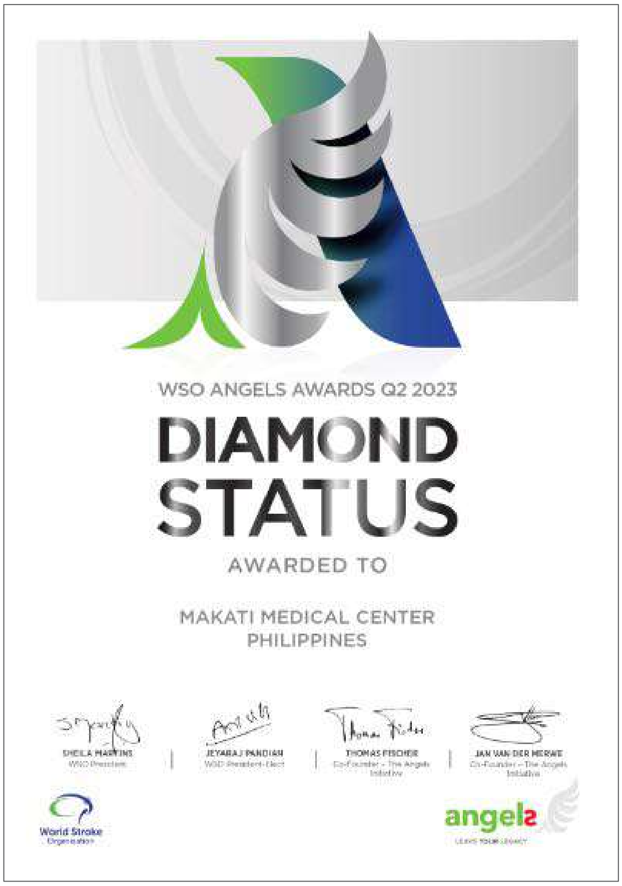
Patients can get access to leading-edge treatments, including the development of personalized therapies based on the unique molecular characteristics of individual patients' tumors. They can also opt to participate in clinical trials in early phases of drug development.

MakatiMed's Stroke Team Achieves Diamond Status – A First in the Philippines

The hospital's Section of Neurology Stroke Team was honored with the esteemed Diamond Status of the World Stroke Organization (WSO) Angel Awards program during the 15th World Stroke Congress in Toronto, Canada, in October.

MMC is the sole private hospital in the country to attain this recognition, the highest accolade in the WSO Angels Awards program.

Since 2019, MakatiMed has garnered a total of ten WSO Angels Awards including seven Gold Status awards and two Platinum Status awards.



United States Center for Disease Prevention and Control Visits MakatiMed

In February, officials from the International Infection Control Program Team of the United States Center for Disease Prevention and Control (CDC) – Division of Healthcare Quality Promotion conducted a visit to MakatiMed to touch base regarding the hospital's Antimicrobial Stewardship Program; which the team considered very impressive and advanced.

The CDC team was comprised of Pharmacist Twisha Patel, PharmD, BCIDP; Epidemic Intelligence Service Officer Amara Fazal, MD; and Epidemiologist Charlene Siza, DVM, MPH, DACVPM. Also with them was the Data Management Consultant of Health Security Partners – a nonprofit international development organization partnered up with the US CDC – Hygeia Agosto, RMT, MPH.

US CDC members and MMC leaders convened for an overview of the hospital and a tour covering key areas. They focused on phases of the Antimicrobial Use Project, aiming to improve data interpretation and support phases 2 and 3 activities — such as training on data collection tools, assessment of laboratory specimen workflow and storage, and development of process for collecting isolates for whole genome sequencing.

MakatiMed and Mapúa University Makati Seal Partnership

In February, MMC sealed a partnership with Mapúa University to provide practical training and support to future nurses from Mapúa.

Mapúa representatives, led by President and CEO Mr. Reynaldo B. Vea, PhD; Head of the School of Nursing Ms. Emmillie Joy B. Mejia, PhD; and EVP for International Alliances Mr. Bonifacio T. Doma, Jr., PhD, visited MakatiMed to formalize the agreement relating to the university's upcoming nursing program.

The partnership is in line with the hospital's focus to source, train, and help produce nurses who are competent and compassionate professionals—by according nursing students with opportunities to apply the education provided to them by Mapúa in a practical setting.

MakatiMed Remains a Certified Mother-Baby Friendly Workplace

Makati Medical Center successfully renewed its Mother-Baby Friendly Workplace certification from the Department of Health (DOH), continuing to champion initiatives for lactating employees; which include designating Lactation Stations and equipping such with essentials like chairs, breast pumps, and handwashing facilities.

At MakatiMed, three different Lactation Stations are open for its employees:

- Breastfeeding Station and Clinic located on the 3rd Floor Circular, Tower 1
- Well Baby Clinic located on the 2nd Floor, Tower 3, Health Services Unit Women's Wellness Center located at MakatiMed Wellness Center (7th Floor, Ayala North Exchange Tower 1)

Last February, Makati City Health Office-Nutrition Department and Family Planning Department representatives validated MakatiMed's compliance with their standards—marking MakatiMed's third consecutive certification.

It also recently received reaccreditation as Mother and Baby-Friendly Health Facility in support of the global Baby-Friendly Hospital Initiative for promoting proper breastfeeding beginning childbirth.

Shining Stars Program Wins at the 58th Anvil Awards

MakatiMed was recognized during the 58th Anvil Awards, receiving the award in the Public Relations (PR) Programs on a Sustained Basis category for the hospital's Shining Star Awards initiative. The Anvil Awards, which are bestowed by the Public Relations Society of the Philippines (PRSP), celebrate exceptional programs and tools in the field of public relations and highlight their contributions to the industry.

The Shining Star Awards program, which was launched in 2012, is a recognition and rewards initiative under the organization's Culture of Safety, Quality and Compliance (CSQC) program. It aims to recognize the contributions of MMC employees, medical and house staff, interns, nurses, and allied healthcare workers—the organization's lifeblood and the driving force behind its success.

Makati Medical Center Institutional Review Board (MMC-IRB) Details Achievements, Progress on Annual Year-end Report

The Makati Medical Center Institutional Review Board (MMC-IRB), which is accredited by the Philippine Health Research Ethics Board (PHREB) at Level 3, presented its annual year-end report last March.

MMC-IRB's multidisciplinary members specialize in the technical and ethical aspects of health-related studies. The hospital's ethics review committee also maintains a pool of Good Clinical Practice (GCP)-certified independent consultant reviewers.

MMC-IRB Chairman Dr. Darwin A. Dasig, MD discussed the committee's 2022 performance and financial health, noting a significant increase in the number of sponsored and investigator-initiated studies – the highest since 2010 – covering topics like COVID-19, tuberculosis, and cancer treatments.

Investors in People Gold Accreditation

The organization was recognized for its commitment to exceptional people management practices after achieving the Sixth Generation Investors in People (IiP) Gold Accreditation—becoming the first in the healthcare industry in the Philippines, and only the second to be awarded Gold Status on its first assessment.

As the accrediting body's evaluation states, MakatiMed has been establishing connections with their people, providing abundant learning opportunities, comprehensive infrastructure that

clarifies career paths, and recognitions to appreciate their contributions. Such determined the hospital as "Advanced" or "Established" in their practices, rating above the IiP average.

MMC Department of Otorhinolaryngology Commits to Knowledge Advancement through Medical Education

In May, physicians from the Department of Otorhinolaryngology-Head and Neck Surgery (ORL-HNS) imparted their expertise in research to international audiences on a number of medical conferences.

Location: CUHK ENT Conference, Chinese University of Hong Kong

Francis Angelo S. Maniego, MD (Third year ORL-HNS resident) "Metastatic Intranasal Mass In A Patient With Non-Small Cell Lung Carcinoma With Brain Metastasis: A Case Report"

Christel Diane A. Neri, MD (First year ORL-HNS resident) "A Case of Skull Base Osteomyelitis secondary to Malignant Otitis Externa in an Elderly Immunocompromised Diabetic Patient"

Location: Asia Forum of Aesthetic Surgery 2023, Korea Academy of Aesthetic Surgery & Medicine (KAAS)

Charles Anthony M. Mendez, MD (Resident graduate) "Take Your Pain Away: Local Anesthetic Blocks to the Scalp and Face for Aesthetic Procedures"

Location: 2nd International Conference of Laser, Aesthetic Medicine, and Surgery (ICLAS), Bangkok, Thailand

Jesster D. Navarro, MD (Consultant) "A Conservative Rhinoplasty using Folded Conchal Cartilage as a Septal Extension Graft"

MakatiMed's Nursing Workforce & Bed Management Team Honored as 2023 TOWER Awardees

The hospital's Nursing Workforce & Bed Management Team received the prestigious 2023 The Outstanding Workers of the Republic (TOWER) Award in the Innovative Team – Services Category

(Healthcare) for its COVID-19 Dashboard project. Organized by the Rotary Club of Manila, the People Management Association of the Philippines (PMAP), and the Department of Labor & Employment (DOLE), the award celebrates exceptional employee innovations.

The COVID-19 Dashboard Project was presented by Wilson S. Albay, RN, Bed Management Officer; Abby Laureen E. Enriquez, RN, and Justine Kristel B. Balacano, RN, Workforce Management Officers; with contributions from Doris V. Oreta, RN, Workforce Management Officer. Leading the Nursing Support Services were Charissa S. De Luna, RN, NWBI; Arthur Kevin V. Castor, MAN, RN, Head of Nursing Quality; and Ms. Maritess M. Colorado, Head of Admissions.

Implemented since July 2020, the project created an efficient electronic records system and formed a Bed Management Team to streamline the admission process. A Bed Prioritization Viber Group, comprising Bed Managers, Resident Doctors, Nurse Managers, an Infectious Control Fellow and Physician, and an Emergency Physician, was established to discuss bed allocation based on patient condition severity. This resulted in faster admission turnaround, allowing patients to commence inpatient care sooner.

MakatiMed Surgeon Becomes First and Only Asian Woman Accepted to the Prestigious Les Compagnons Hépato-Biliaires Society

The Department of Surgery's Catherine SC Teh, MD was welcomed into Les Compagnons Hépato-Biliaires, an esteemed society of Hepato-Pancreato-Biliary (HPB) surgeons. Endorsed by Professors Henri Bismuth, MD, and Daniel Cherqui, MD, the nomination recognizes Dr. Teh's exceptional contributions to HPB surgery—becoming the first and only Asian woman to join the society.

Les Compagnons Hépato-Biliaires – comprising 136 distinguished surgeons from 31 countries – has promoted advancements in HPB surgery for 37 years, fostering an international scientific and social community. Dr. Teh's membership in the society will contribute significantly to the continued progress and development of HPB surgery at MakatiMed.

MakatiMed Doctors Featured on Medical Channel Asia

As part of the Philippine Medical Expo, several of the hospital's distinguished physicians were featured on Medical Channel Asia (MCA), a reputable online platform that focused on health-related topics relevant to the ASEAN region. The series of enlightening interviews, which premiered in August, aimed to inform and empower the public on a wide range of key health issues. The collaboration was made possible through the assistance of MakatiMed's Creative, Communications, and Sales Services Division (CCSSD).

Reinalyn San Andres-Tiangha, MD - Pediatric Specialist "Childhood Vaccinations and Guidelines"

Paul C. Quetua, MD - Cardiology Specialist “Heart Rhythm Abnormalities”

Mari Joanne G. Joson, MD - Head of Integrative Palliative and Home Care“Challenges Faced by Cancer Patient Caregivers“

Margaret Joyce A. Cristi-Limson, MD - Obstetrics and Gynecology Specialist “Infertility”

Carmina Charmaine G. Bernardo, MD - Psychiatry Specialist “Treatment-Resistant Depression”

Charles Rainier F. Arandia, MD - Orthopedics and Sports Medicine specialist “Frozen Shoulder“

MakatiMed Receives Award from Investors in People (IiP) PH

Last July, the organization received the prestigious Rewards and Recognition Award – which was conferred by Investors in People (IiP) Philippines, a recognized accrediting body that assesses human resources and leadership practices – for MMC’s visionary leadership and commitment to fostering a supportive workplace through its Rewards and Recognition programs.

Among the hospital’s award-winning initiatives are the Shining Star Awards program, a monthly incentive created to honor employees who have received commendations from patients for delivering high-quality patient care; the EPICT Award by its Nursing & Patient Care Services Division, reserved for those who embody the core values of Excellence, Professionalism, Integrity, Compassion, and Teamwork; and the 15 Minutes of Wins by the Professional Services & Service Operations Divisions, which celebrates the small yet significant victories of its staff.

MakatiMed’s approach to workforce engagement, continuous quality improvement, and adherence to hospital programs has resulted a strong culture of appreciation within the institution.

Makati Medical Center Participates at the 39th ISQua International Conference in Seoul

MakatiMed participated in the 39th International Society for Quality in Healthcare (ISQUA) Conference held in Seoul, Korea last August. The event, with over 1,600 delegates from 77 countries, focused on enhancing global healthcare quality and safety through education, knowledge sharing, and system support, under the theme "Technology, Culture, and Coproduction: Looking to the Horizons of Quality and Safety."

Maria Michaela Caroline E. Miranda, RN, MAN - Clinical Supportive Care Services, Nursing & Patient Care Services “CVAD Nurse: Fighting CLABSI through a Specialized Nursing Team“

Julius L. Vinluan, RN, CLDP, CLSSYB; Joshua Jaime P. Nario, RN, MA, CLDP, CLSSYB; Charissa S. De Luna, RN, MAN; Daryl Jeremiah R. Gaba, RN, MAN - Nursing Support Services, Nursing & Patient Care Services “MakatiMed Clinical Care Associate Program: A Strategic Innovation in Addressing the Organizational Nursing Workforce Shortages during Crisis“

Aaron S. Lampa; Mary Grace Sta. Ana, DMD, MBAH; Amado Flores III, MD, MMHoA - Clinical

Emergency Preparedness Committee, Office of the Medical Director "Retrospective Chart Review of Cardiac Arrest Events in Non-Critical, Out-Patient, and Non-Clinical Areas to Measure Timeliness of Response"

Charmaine Marie Villa, MBA, CPHQ, CRM, MIIRSM; Mary Grace Sta. Ana, DMD, MBAH - Clinical Safety and Risk Management, Quality Management Division "Forging the Risk Management Path"

Engr. Jerick De Joya; Mary Grace Sta Ana, DMD, MBAH; Reyza Marxel Kennedy, MAN, RN - Clinical Safety and Risk Management, Quality Management Division "Chemical Work Environment Measurement (WEM) in Ensuring Workers' Safety"

Reyza Marxel Kennedy, MAN, RN; Mary Grace Sta Ana, DMD, MBAH - Clinical Safety and Risk Management, Quality Management Division "Workplace Prevention and Control of COVID-19 Compliance Monitoring"

Kristine Therese Cano, RN, MOH; Larissa Sutian, RN; Erwin Rommel Ponce; Kryzyll Distor - Hospital Compliance, License and Accreditation Division "Summary of Regulatory Issuances (SuRI) Tracker"

2023 Battle of the Nightingales

The hospital hosted the MakatiMed leg of the inaugural Battle of the Nightingales (BOTN), an Inter-School Nursing Quiz Bowl, in September. The contest witnessed spirited competition among prominent nursing schools from the National Capital Region. Participating schools included Arellano University-Pasay, Centro Escolar University (CEU)-Makati, De La Salle Medical and Health Sciences Institute (DLSMHSI), Manila Tytana Colleges, Medici Di Makati College, San Beda University-Manila, St. Paul University Manila, University of Makati, and World Citi Colleges.

The competition featured preliminary and final rounds with multiple-choice and identification questions about nursing. In the finals, DLSMHSI and University of Makati tied for 3rd place while San Beda University took 2nd place. CEU Makati emerged as champion, advancing to the national-level BOTN; which was held last October.

The Battle of the Nightingales concept is an initiative of Metro Pacific Health (MPH) to address the shortage of nurses in the country by engaging with nursing schools and helping its students – and future registered nurses – get acclimated with MPH hospitals like MakatiMed.

MMC Partners with Parkway Hospitals, Singapore's Healthcare Network

In September, MakatiMed partnered with Parkway Hospitals Singapore, part of IHH Healthcare Singapore, to enhance medical services and patient care in the hospital. This collaboration introduces a Physician Exchange Program for telemedicine consultations, procedure demonstrations, and live surgery observations.

Parkway Hospitals will also support the education and training of MakatiMed's staff in clinical education, healthcare innovation, leadership, and management development.

Representing MakatiMed during the contract signing were Co-Presidents and CEOs Saturnino P. Javier, MD, and Arnold C. Ocampo. IHH Healthcare Singapore was represented by Chief Commercial Officer Jeffrey Law and Country Manager Vincent Lai.

Gawad Galing Excellence in Patient Safety Award

The hospital was awarded the Excellence in Patient Safety Award for its safety initiatives during Gawad Galing 2023, which was held at The Manila Hotel

last September. MakatiMed Nurse Educator and Nurse Research Officer Julius L. Vinluan, RN, CLDP, CLSSYB, accepted the award on behalf of MMC leadership.

MakatiMed Nurses Recognized during Soledad Velez-Pangilinan Nursing Excellence Awards

Two of the organization's distinguished nurse-leaders were honored during the inaugural Soledad Velez-Pangilinan Nursing Excellence Awards (SVP-NEA), an event championed by Metro Pacific Health (MPH) to recognize and honor outstanding nurses.

Daryl Jeremiah R. Gaba, MAN, RN, CLSSYB, Assistant Director of Nursing and Patient Care Services (NPCS), received the Excellence in Nursing Leadership Award. Mr. Gaba was recognized for his exemplary leadership and positive impact on the nursing team and hospital operations. He spearheaded several programs, including the hospital-wide Continuous Quality Improvement (CQI) Project, the NEIA Project for reducing Emergency Department boarding time, and the Lean Six Sigma Yellow Belt Certification for Nurse Leaders.

Joshua Jaime P. Nario, MA, RN, CLDP, CLSSYB, Senior Program Manager in NPCS-Nursing Education, Research, and Development (NERD), was presented with the Excellence in Nursing Education Award. Mr. Nario was acknowledged for his significant contributions to the learning and development of nurses at MakatiMed. He initiated education programs such as the Competency Enhancement program for Clinical Care Associates, the Graduate Studies Assistant Program, and the MakatiMed Nursing Learning and Development Program.

Makati Medical Center Earns Hall of Fame Distinction at the 2023 DOH Hospital Star Awards

MakatiMed attained the Hall of Fame distinction at the 2023 Department of Health (DOH) Star Awards, becoming the first and only NCR hospital to do so.

Recognized for consistently surpassing the highest standards set by the DOH, the institution and its performance across multiple divisions – including infection control, antimicrobial stewardship, quality management, employee satisfaction, clinical practice guidelines, social responsibility, human resource development, patient satisfaction, public health programs, and risk management – were lauded by DOH surveyors during an assessment in October.

MMC Partners with Asan Medical Center, South Korea

Makati Medical Center signed a Memorandum of Understanding (MOU) with Asan Medical Center in Seoul, South Korea, on November 22, 2023.

This collaborative initiative involves an Observership Program tailored for MMC's esteemed hepatologists, hepatobiliary surgeons, anesthesiologists, critical care physicians, and nurses at the renowned Asan Medical Center. The primary objective of this program is to enhance the competencies of MakatiMed's medical professionals in preparation for the institution's upcoming liver transplantation program.

Representing for Asan Medical Center was its President, Seung-Il Park, MD, while MakatiMed was represented by Saturnino P. Javier, MD, Medical Director and Interim Co-CEO/President, Mr. Arnold C. Ocampo, Senior Vice President for Finance and Interim Co-CEO/President of, and Catherine S.C. Teh, MD, Section Chief of Hepatobiliary Surgery.

INSPIRING AND INVIGORATING WORK

Data Privacy Week 2023

The Data Privacy Unit, under the Hospital Compliance, License, and Accreditation Division (HCLAD), asserted the importance of upholding data privacy principles during the celebration of Data Privacy Week in January.

A lobby exhibit showcased how MakatiMed observes Privacy-By-Design, an approach to the development and implementation of projects, programs, and processes that follow certain measures meant to protect and promote the institution and its stakeholders' privacy. It also featured cybersecurity tips from the National Privacy Commission and the global cybersecurity education and awareness campaign, STOP. THINK. CONNECT™.

Digital posters were distributed to further support information dissemination related to data privacy, including content expounding on the appropriate ways to protect patient's data privacy and the ways to report data breach incidents.

Online pop quizzes were held throughout the week wherein the Unit sent out three different learning checks. These were geared to further promote awareness on data privacy, and to give employees a refresher about data subject rights and security measures.

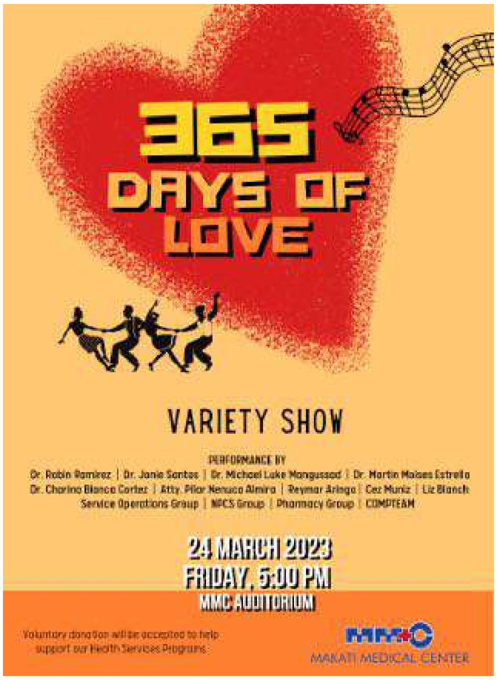
365 Days of Love

Last March, the institution held a benefit concert – 365 Days of Love – at MMC's Auditorium. Organized by the Office of the President and CEO, the event showcased the artistic talents of the MakatiMed community, and featured performances highlighting different forms of love.

Doctors who performed included Charina Bianca Cortez, MD (Dermatology), Fatima Johanna Santos-Ocampo, MD (Allergology and Immunology), Martin Moises Estrella, MD (Dermatology), Michael Luke Mangussad, MD (Pediatrics), and Robin Ramirez, MD (Otorhinolaryngology). Surprise performers were Joseph Ray Richard Cedeño, MD (Otorhinolaryngology) and Noel Aypa, MD (Anesthesiology), who played the saxophone, and Eric Tayag, MD, Undersecretary of the Department of Health, who danced with the Department of Dermatology Consultants.

The event also included performances from Nursing and Patient Care Services (NPCS), Pharmacy Services, and Service Operations. Unit Managers Liz L. Blanch (CCSS), Cez Z. Muñiz (QMD), and Reymar C. Aringo (FMED) also showcased their talents.

365 Days of Love served as a fundraising event to support MakatiMed's Health Services Programs through voluntary donations.



MakatiMed Care Access-Araneta City Celebrates First Anniversary with Health and Wellness Fair

Makati Medical Center Care Access-Araneta City marked its first anniversary with a Health and Wellness Fair held at the Gateway Mall Activity Area in April. The event intended to promote health and wellness among the attendees, and featured a range of health-focused activities.

Lay Forums and Zumba Fitcercise sessions were open to all attendees for free. Health screenings for blood pressure, blood sugar, and ankle-brachial index (ABI) tests were likewise available, free of charge. Aside from the health-focused activities, raffle prizes were given out to attendees whose names were drawn from the registration list.

Patient Experience Week

MakatiMed celebrated its 3rd Patient Experience Week last April, with the theme "Employee Engagement: Caring for the People who Care for You." Organized by the Patient Experience Unit under the Quality Management Division led by Artemio C. Salvador, MD, the event honored healthcare professionals dedicated to exceptional patient care.

The week featured a Patient Experience Exhibit, a pop quiz with prizes, unit visits with tokens of appreciation, and a PX Board Design Contest. The 3rd Patient Experience Forum attended by over 300 participants focused on the impact of employee engagement on hospital outcomes and patient experience, featuring three industry experts:

Ms. Bita Sigari, Vice President/Division Head of Human Resource Management and Development Division, presented "Why is Employee Engagement Important in the Workplace," correlating engagement to marriage and commitment to organizational goals.

Ramon S. Francisco, MD, Department Head of Residency Program under the Division of Medical Education and Research, lectured on "Defining the Unique Role of Physicians in the Patient Experience," emphasizing physician communication and care team coordination.

Ms. Joyce K. Nazario, Head of Patient Experience Excellence of Metro Pacific Health and the first Certified Patient Experience Professional in Asia, discussed "How Employee Engagement Can Foster a Better Patient Experience."

MakatiMed's 54th Anniversary Festivities

Makati Medical Center celebrated its 54th Anniversary in May, with activities centered on the theme Elevating People and Quality Healthcare. The events were designed to honor the hospital's history, acknowledge its staff, and express gratitude to its stakeholders.

An online weekly quiz was organized by Human Resources Management and Development Division (HRMDD) called "How Much Do You Know MakatiMed?" Employees with perfect scores entered a raffle draw during the Service Recognition Awards.

The Hospital Couture Contest showcased creativity with fashion designs made from everyday hospital items. Winners were announced during the Service Recognition Awards:

Facilities Management & Engineering (3rd place), Service Operations (2nd place), and Nursing and Patient Care Services - 6th Front (1st place).

Employees also received meal coupons for use during the Anniversary week, supporting local concessionaires in MakatiMed. On the day of the actual anniversary, free food carts were featured. A Thanksgiving Mass and the Service and Recognition Awards took place, honoring long-term staff.

The Patient Relations Department also surprised new mothers with special gifts, celebrating four babies born on the anniversary.

MakatiMed Midyear Operations Review 2023: Bridging Gaps for Achieving Yearly Targets

The 2023 MakatiMed Midyear Operations Review was conducted last July to assess the institution's progress, and identify areas for improvement in order to achieve organizational objectives by year's end.

Atty. Almira emphasized the significance of collectively reviewing goals and accomplishments. Arnold C. Ocampo, the Finance Division Head and Chief Finance Officer, analyzed the Financial Performance Year to Date (YTD) through May 2023, reviewing the first half's performance against set targets and identified gaps and recommended strategies for future targets.

The 2023 MMC balanced scorecard, offering a hospital-wide progress as of May 2023 was presented and discussed, along with project and infrastructure plans, offsite performance, and expansion plans.

The Midyear Operations Review facilitated detailed presentations, discussions, and action plans, steering MakatiMed towards achieving its 2023 targets.

Second Clinical Research Week

The MakatiMed Clinical Research Center (CRC) spearheaded the celebration of Clinical Research Week – the second of its kind for the institution – last May 15 to 19 with the theme "Competence, Resources, Collaboration: Unlocking the Keys to Successful Clinical Research".

The week-long event kicked off with an exhibit at the hospital lobby that highlighted MakatiMed's research capabilities. It also featured the 2023 winning research paper studies of MMC's Fellows and Residents.

A Research Quiz Bee for physicians-in-training was participated by eleven (11) pairs of residents, with the following winners:

First Place: Department of Anesthesiology – Gian Paolo M. Cañete, MD / Jerveleen C. Canlas, MD

Second Place: Section of Psychiatry –Raphael Joseph L. Chua, MD / Nadia F. Velasquez, MD

Third Place: Department of Ophthalmology – Diego Louise D. Ramos, MD / Ma. Patricia Riego De Dios, MD

The PicCollage Photo Contest saw 21 entries. Votes from the MakatiMed community and judges Ma. Tarcela S. Gler, MD (Infectious Disease Consultant, Study Investigator) and Ms. Monica Reyes-Dizon (Senior Department Manager, Creative Services & Communications) selected the winners:

First Place: Elijah Del Rosario, Interventional Radiology

Second Place: Angela M. Cambi, NPCSD / High Risk

Third Place: Gian Carla B. Laquijon, Maternity Services and Endoscopy-Delivery Room

A panel discussion on "Conduct of Clinical Trials in MMC," also featured seven panelists from various research collaborators at MakatiMed, sharing their knowledge and experience in the actual conduct of clinical trials in the hospital.

Celebrating Nutrition Month

In July, the hospital celebrated Nutrition Month with the theme Healthy Diet, Gawing Affordable for All! to promote the importance of accessible nutritious eating.

Events included a free taho giveaway at the hospital's canteen, courtesy of dietary concessionaire Kitchen City, and healthy oatmeal cookies for patients. Activities throughout the

month included Nutri-Quiz – How Well Do You KNOWtrition?, where employees tested their nutrition knowledge weekly; Guess that Dish - Filipino Cuisine Edition, in which participants identified mystery dish ingredients weekly via email for prizes; and Cooking Contest - Pagkaing Masustansya at Abot Kaya, which invited employees to demonstrate nutritious yet affordable cooking.

Nutrition trivias (Nutri-vias) were presented on Tuesdays and Thursdays throughout the month. Nutrition pop-up booths (Nutri-booths) and educational videos (Nutri-vids) were also featured during the Nutrition Exhibit in the MMC lobby.

The event highlighted the Nutrition and Dietetics Department's dedication to promoting well-being and advocated for affordable, quality healthcare and nutrition for all Filipinos.

MMC Physicians Awards and Recognition Ceremony

Makati Medical Center hosted its 2nd Physicians Awards and Recognition Ceremonies at the 8th floor Auditorium of Tower 2 last July. The event, previously part of the anniversary celebration, now stands alone to honor the center's esteemed physicians.

The event featured an In Memoriam and Honoring the MMC Retirees and an acknowledgment of outstanding trainees and published works. A total of 97 plaques were awarded.

Third DAISY Award Ceremony

The third DAISY Award Ceremony honored extraordinary nurses who have consistently delivered unparalleled patient care at MakatiMed.

The event was organized by the DAISY Core Team from the Nursing and Patient Care Services Division, in collaboration with Information & Communications Technology Division, Quality Management Division, and Creative Communications and Sales Services Division.

The ceremony emphasized the importance of recognizing nurses who embody professionalism, integrity, and unwavering dedication to their patients. Bonnie Barnes, FAAN, co-founder of the DAISY Foundation, then underscored the profound impact nurses have on their patients' lives through a video

message, reminding everyone of the difference they make in moments of vulnerability.

All 64 nominees from DAISY Award Cycle 3 were acknowledged, with each nominee receiving a DAISY nominee pin and a letter of recognition.

The spotlight then turned to the announcement and recognition of the DAISY Award Honorees, along with their remarkable stories. The honorees' stories were shared by nursing leadership, and the deserving recipients were presented with the DAISY Honoree pin, DAISY Award Certificate, and the Healers Touch sculpture.

Seven Daisy Awards Honorees:

- Elijah Ramos Del Rosario, RN - Interventional Radiology
- Roxanne Arabis Sagatinto, RN - NSCV ICU
- Miro Nicolai Dela Cruz Elazegui, RN - Neuropsychiatry Unit
- Virgilio Jr. Castillo Reyes, RN - 9th Wing
- Patricia Elaine Jamero Coronado, RN - Organ Transplant Services
- Timothy Joseph Dela Cruz Nolasco, RN - Renal Care - Kidney Unit
- Noriele Arroyo Calupig, RN - Neuropsychiatry Unit

National Hospital Week Celebration

MakatiMed expressed its profound appreciation for its dedicated healthcare workforce during National Hospital Week in August, with the theme, "Sulong Kalusugan: Ospital Maaasahan".

National Hospital Week

We join the entire healthcare workforce of the country in celebrating the collective and collaborative efforts of our hospitals in pursuing the goals of universal healthcare

[UHC] in the country. As we mark National Hospital Week this year, we ought to reflect on the sublime efforts of our hospitals and healthcare workers in responding to the challenges of delivering optimum healthcare to everyone in the community.

We must call to mind the sacrifices and the hardships that our healthcare workers confronted, and continue to confront, as we pursue the aspirations of UHC for everyone.

As if the path towards UHC is not challenging enough, the COVID-19 pandemic has inflicted unprecedented hardships on the entire community of healthcare professionals locally and globally - which has only served to showcase the resolve and resilience of the Filipino healthcare worker.

This week-long celebration is a timely opportunity to remind ourselves of the valuable contribution of our healthcare workforce in all endeavors that seek to uplift the health conditions of the citizenry.

God bless our hospitals, our healthcare sector and our country.

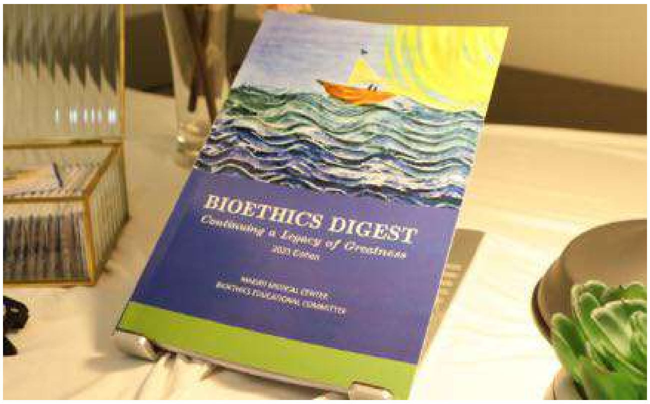
Saturnino P. Javier, MD
Medical Director

Hospital leadership provided snacks to MMC healthcare professionals in recognition of the dedication, hard work, and sacrifice that they consistently deliver to the community.

MMC Bioethics Digest

In September, Makati Medical Center launched the MMC Bioethics Digest. Compiled by the Division of Medical Education and Research-Bioethics Educational Committee, this resource features clinico-ethical cases initially presented by MakatiMed Resident Trainees in the Bioethical Grand Rounds.

The 2023 edition is a significant follow-up to the original compilation from 15 years ago. The Bioethics Digest serves as a vital tool for the hospital's physicians and trainees in delivering top-quality, patient-centered, and ethical healthcare.



Service Operations Day

Last October, the organization celebrated Service Operations Day to honor the dedication its personnel who provide exceptional healthcare.

The event featured awards for top performers, recognizing their contributions and acknowledging their role in making the hospital thrive. The Auditorium transformed into a marketplace with food and clothing booths. Free food was also provided in celebration of Customer Service Day. The day included games, raffles, a soap-making tutorial, and a CSR activity, "Pamper Me," offering foot spas and massages to staff and security personnel. The celebration ended with the competitions, "Mr. and Ms. Face of SO" and "Lip Sync Battle", showcasing the staffs' talents.

National Nurses Week

MakatiMed celebrated National Nurses Week in October with a series of activities to honor its dedicated staff.

The Nursing Patient Care Services Division lobby exhibit highlighted the essence of nursing care. A tree planting activity, "A Care for the Environment," promoted sustainability at SVD Laudato Si' Farm in Tagaytay Cavite.

A Nurses' Thanksgiving Mass and the Livelihood & Food Bazaar Innovation Skills Fair were held, along with a Mass Blood Donation Drive and a Wellness Program featuring a Sip & Gogh Painting Activity. Nurses' Pamper Day offered self-care treats. The NPCS Palarong Pinoy Kiosk Treats and a Sing Along Videoke Session promoted camaraderie. An Appreciation Day also featured nursing leadership rounds to express gratitude.

The IGNITE Clinical Nursing Forum 7 focused on "Optimizing Patient Care: Perioperative Nursing & Pain Management." The week concluded with the final leg of the MPH Battle of the Nightingales, showcasing nursing expertise.

MMC Celebrates Neurology Week

MakatiMed's celebration of National Neurology Week was highlighted by a remarkable display of the stroke care awards garnered by the hospital from the World Stroke Organization (WSO), which included documentation of MMC's Diamond Status, the highest recognition granted by the WSO as part of its Angel Awards program.

The ceremonial unveiling took place during the opening of Neurology Week at the hospital's Tower 1 on the 3rd floor, near the Neurosciences Center. The Diamond Angel Award stands as a testament to the unwavering dedication and exceptional service provided by the hospital's stroke team, supported by a collective effort from professionals across various departments including emergency medicine, radiology, laboratory, nursing services, pharmacy, clinical emergency preparedness committee, and quality management division.

Entreployee Christmas Market

The MMC community embraced the spirit of the extended Filipino holiday season by holding the Entreployee Christmas Market at the hospital's Auditorium in November. Organized by the Human Resource Management & Development Division (HRMDD), the bazaar saw the various hospital divisions offer a unique array of products—to the delight of their colleagues.

The day-long event witnessed an overwhelming response from both employees and medical staff.

Individuals browsed and indulged in a diverse selection of offerings, ranging from food to clothing, plants, and mementos. Every purchase at the market earned buyers a raffle stub, and a chance to win prizes that were sponsored by HRMDD.

Annual Nativity Blessing and Tree Lighting Ceremony

MakatiMed ushered in the holiday season with its annual Nativity Blessing and Tree Lighting Ceremony in early December. Adorned with festive decorations, the hospital lobby exuded a sense of profound gratitude for the remarkable successes of 2023.

The annual ceremony marked the end of another successful year, and the beginning of a new chapter filled with the promise of continued growth for Makati Medical Center.

Christmas Dance Showdown and Raffle

Last December, the hospital hosted its Christmas Dance Showdown at the MMC Auditorium; which featured five groups showcasing their talents in singing and dancing. The performances were judged based on concept and creativity, stage presence and showmanship, overall impact, and sustainability.

The event was witnessed by a passionate live audience, as well as numerous online viewers via a livestream available on Daloy: The Official MMC Employees Facebook Community.

GIVING BACK

"Cupids of Love", A Valentine's Day Fundraising Activity

The Service Operations (S.O.) Division at MakatiMed organized the "S.O. Cupids of Love", a fundraising event intended to spread love amongst colleagues on Valentine's Day. Employees were given the option to preorder chocolates and roses, and have them delivered to a colleague along with a serenade. A total of 194 employees received something sweet from cupid on February 14.

More importantly, the proceeds from the event were given to the hospital's unsung heroes—security guards, elevator attendants, and housekeeping staff.

CCSSD Joins Community Outreach in Cavite

Last May, members from the Creative, Communications, and Sales Services Division (CCSSD) represented the hospital in a community outreach event in Naic, Cavite. Collaborating with

Archipelago Builders Corporation (ABC) and non-profit organization Project PEARLS (Peace, Education, Aspiration, Respect, Love, and Smiles), CCSSD brought much-needed aid and support to their intended beneficiaries.

The program sought to reach out to a hundred relocated families who originally came from temporary housing in Tondo, Manila—providing them with essential services and sought-after care.

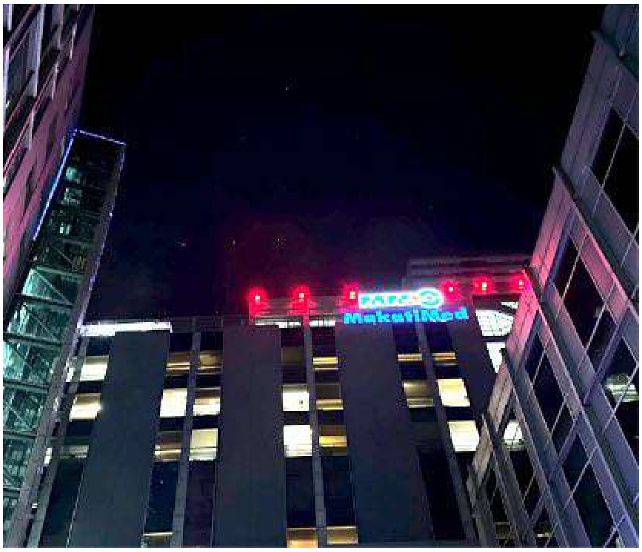
CCSSD members offered their assistance to the patients during the medical and dental services. Health and hygiene kits were also thoughtfully prepared and distributed by the division.

Aside from receiving healthcare support, the children in attendance also thoroughly entertained. Clowns delighted the young beneficiaries with games and a magic show while also showering them with prizes.

MakatiMed's Red Lights: Call for Blood Donors

The brainchild of the Section of Hematology, the lights on the façade of Makati Medical Center were altered to be illuminated in red in order to signal the need for blood donations.

With this initiative, MakatiMed invites passersby to donate their blood and help save countless lives.



The hospital's Facebook post calling for donations garnered significant attention, with over 25,000 reactions and 14,000 shares in 60 days, encouraging everyone to contribute to this life-saving cause.

Department of Pediatrics' Christmas Bazaar for a Cause

The Department of Pediatrics launched its first Christmas bazaar in December 2023. The event exclusively catered to the MakatiMed community, and featured thirteen (13) stalls offering food, plants, clothing, and trinkets.

Proceeds of the bazaar were for the benefit of the Bukas Palad Foundation, which the Pediatrics Department visits twice a week.

With the success of its first Yuletide bazaar, the department looks to make the initiative an annual tradition in support of those in need.

HRMDD Spreads Cheer to Anawim Lay Missions Foundation

As 2023 came to a close, the Human Resource Management and Development Division (HRMDD) orchestrated a heartwarming donation drive—uniting all divisions in a collective effort to support the Anawim Lay Missions Foundation, Inc. This foundation, situated in Rizal province, serves as a charitable home for impoverished and abandoned elderly individuals.

Anawim Lay Missions Foundation has been a consistent recipient of MakatiMed's generosity in the past, having benefited from both material and monetary donations. This year, HRMDD chose to extend support exclusively in kind, providing a variety of essential items to enhance the residents' well-being.

The Senior Smiles donation drive featured contributions from compassionate donors across MakatiMed’s divisions, including a diverse array of food items and toiletries to ensure the comfort and care of the elderly residents.

Electronic Waste Drive in Partnership with PLDT & SMART

In collaboration with PLDT and SMART Community Social Responsibility Department, MMC launched an Electronic Waste Drive as part of its sustainable waste management campaign.

The initiative aims to raise awareness regarding the proper disposal of electronic waste, ensuring accessibility to electronic waste management within the community. Accredited partners who were recognized by the Department of Environment and Natural Resources-Environmental Management Bureau (DENR-EMB) and the United Nations Industrial Development Organization (UNIDO), played a pivotal role in the success of the campaign.

Initiated by the MakatiMed Environmental, Social, and Governance (ESG) council, the Electronic Waste Drive commenced in December with active participation from forty-eight (48) departments. Employees, doctors, clinic staff, service providers, and house staff enthusiastically disposed of their electronic devices, resulting the successful collection and diversion from landfills of 117 kgs of electronic waste.

LEADERSHIP 2023

PRESIDENT & CEO	**Saturnino P. Javier, MD, MMHoA** *(interim)* **Arnold C. Ocampo, MMHoA** *(interim)*
Medical Director	**Saturnino P. Javier, MD, MMHoA**
Institutional Review Board	Carolyn A. Butler, MD
Infection Prevention & Control	Janice C. Caoili, MD
Medical Records	Mark Paul S. Castillo, MD
Nutrition & Dietetics	Maricar M. Esculto-Khan, RND, MD
Pharmacy Services	Hazel Faye R. Docuyanan, RPh, MS
Medical Services Division	
Director	John Vincent G. Pastores, MD
Assistant Director, Operations, Medical Services	Ernest J.A. Pagdanganan, MD
Assistant Director, Credentialing & Privileging	Karen L. Nielsen, MD
Medical Services 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
Allied Medicine	Jose Paulo P. Lorenzo, 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	Regina Edusma-Dy, MD
Pulmonary Medicine	Gregorio P. Ocampo, MD
Rheumatology	Augusto O. Villarubin, MD
Neurological Sciences	Edgardo Juan L. Tolentino, MD
Neurology	Cymbeline B. Perez-Santiago, MD
Neurosurgery	Carlos Francis A. Santiago, 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

PROFESSIONAL SERVICES DIVISION

Director	Noel L. Rosas, MD, MMHoA
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. Borromeo, MD
Osteoporosis & Bone Health	Josephine Y. Lu, MD
Center for Tropical & Travel Medicine	Marion Priscilla A. Kwek, MD
CV ICU, CV Recovery / Telemetry	Oliver M. Sansano, MD
Cardiac Diagnostic Laboratory *(Heart Station)*	Benjamin N. Alimurung, MD
Dermatology & Phototherapy Center	Patricia Anne T. Tinio, MD
(Dr. Manuel C. Fernandez, Sr. Center)	
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 Care Access | Araneta City	Frederick H. Verano, MD
MakatiMed Wellness Center	Gia Grace B. Sison, MD+
Medical Intensive Care Unit	Maria Claudia G. Alcancia, MD
MMC HealthHub	Minerva M. Laconico, MD
Neurosciences Center	Edgardo Juan L. Tolentino, 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	Edgardo Juan L. Tolentino, MD
Neuro Intensive Care Unit	Raquel T. Mallari-Alvarez, MD
Neuropsychiatry Unit	Jon Edward B. Jurilla, MD
Newborn Services/NICU	Sheryl Del Rosario-Famadico, MD
Nuclear Medicine	Marie Rhiamar S. Gomez, MD
OR-DR Complex (CP Manahan Pavillion)	Mercedes P. Viduya, MD
Pain Management Services	Rosario M. Cloma, 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 (J. 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

DIVISION OF MEDICAL EDUCATION & RESEARCH

Director	Ramon DS. Francisco, MD
Bioethics Educational Committee	Jacqueline H. King, MD
Clerkship and Observership 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

LEADERSHIP 2023

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	Anna Marie B. Sage-Nolido, MD

HOSPITAL COMPLIANCE, LICENSE & ACCREDITATION DIVISION

Director	Mary Milagros D. Uy, MD
Hospital License, Environment, Social, and Governance (ESG) and Sustainability Officer & Assistant Data Protection Officer	Kristine Therese C. Cano
Accreditation, Policies and Programs Management & Data Protection Officer	Sabrina Mae B. Murillo
Hospital License	Larissa E. Sutian
Department Manager, Accreditation	Sigrid D. Santos
Policies and Programs Management	Nadia Marie A. Aguirre

CREATIVE, COMMUNICATIONS & SALES SERVICES DIVISION

Division Head	Arlyn L. Songco, MMHoA
Creative Services & Communications	Monica Liza R. Dizon, MMHoA
MMC HealthHub – Operations	Eunice Astrid B. Mocas
Sales Services	Mary Ann B. Lee
HMO Business Segment	Maria Elizabeth L. Blanch, MMHoA

FACILITIES MANAGEMENT & ENGINEERING DIVISION

Division Head	Engr. Gerry E. Cunanan
Biomedical Engineering	Engr. Lysander P. Labitag
Engineering	Engr. Hubert S. Reyes
Facilities Maintenance/ Pollution Control	Engr. Ranie P. Sawe
FMED Quality & Compliance	Reymar C. Aringo
General Services	Kristine C. Surla
Project Design & Management	Engr. Rachelle R. San Jose

FINANCE DIVISION

Division Head/Chief Finance Officer	Arnold C. Ocampo , MMHoA
Controllership	Armyla B. Palomar
Credit, Billing & Collections	Joy Vincent E. Oconer
Financial Planning & Control	Marilou M. Gadiana
Pricing	Maria Jesusa M. Torres
Treasury	Bernardo F. Tawatao

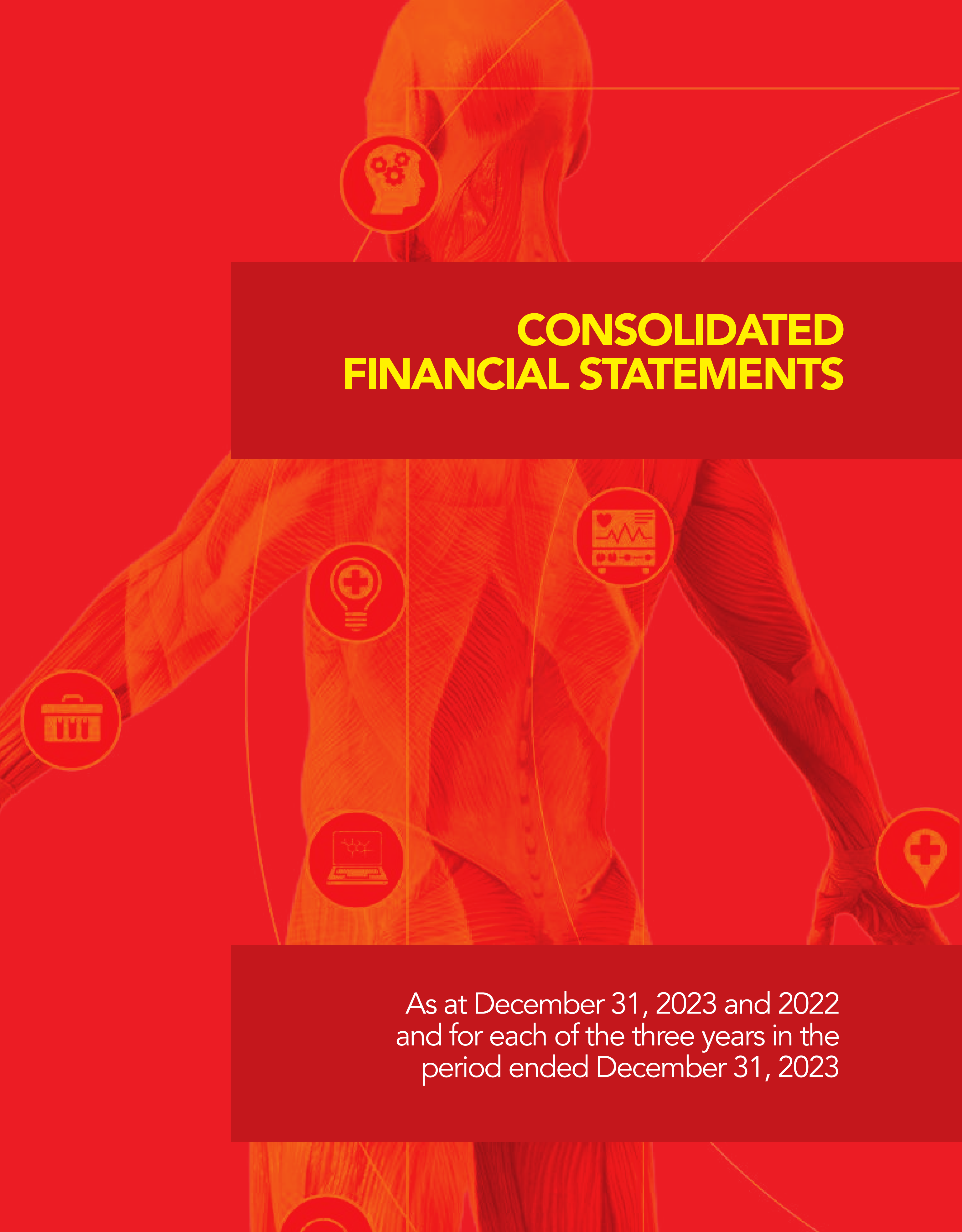
HUMAN RESOURCES MANAGEMENT & DEVELOPMENT DIVISION

Division Head	Angelita P. Garcia *(Officer-In-Charge, as of September 2023)*
Organization Development	Karen O. Torres
Labor Relations & Employee Engagement	Maria Victoria D. Flores *(Consultant)*
Employee Well-being Clinic	Ryan Raymond Y. Bautista, MD
Learning & Development	Portia A. Cruz, RN
Legal Services	Atty. Marcos Arcadio G. Lauron *(Consultant)*
Talent Acquisition	Jertrude Jade C. Oliveros
Total Rewards & Analytics	Angelita P. Garcia *(Concurrent)*

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 *(resigned February 16, 2024)*

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	Cyrine O. Sarmiento, RN, MAN
General Medicine Services	Nerissa A. Lagarico, MAN, RN
General Medicine Services 1	Dan Jerome A. Barrion, MAN, RN
General Medicine Services 2	Leonides B. Bernal, 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	Charissa S. De Luna, MAN, RN
Specialty Nursing Services	Alexander Gervacio M. Sangoyo, MAN, RN
Adult Critical Care Services	Roselyn M. Vejano, MAN, RN *(resigned February 11, 2024)*
Cancer Center, Pain Management & Organ Transplant Services	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	Ma. Christine C. Asi, MAN, RN
Operative Services & Central Sterilization Unit	Leah L. Ante, RN
QUALITY MANAGEMENT DIVISION	
Division Head	Artemio C. Salvador, MD *(resigned July 2024)*
Hospital Performance Improvement	Adrian M. Lawsin
Clinical Safety & Risk Management	Mary Grace U. Sta. Ana, DMD
Patient Relations	Michael John B. Rey *(resigned March 1, 2024)*
SERVICE OPERATIONS DIVISION	
Division Head	Reynaldo J. Lim
Business Operations Support Services	Maricor M. Bautista *(resigned March 7, 2024)*
Health Services	Joana Carla Elaine B. Tabamo
MakatiMed On-Call	Ryan Jay D. Herbias
Outpatient Services (Cluster 1) & Operations Support	Eric M. Angeles, MD
Outpatient Services (Cluster 2-4)	Erachelle L. Buagas
Cluster 1	Bryan Oneal T. Sanchez
Cluster 2	Catherine D. Higino *(resigned February 1, 2024)*
Cluster 3	Laurice Candy D. Guico
Cluster 4	Maribeth M. Mendoza, RN
Offsite Services	Thumbelina O. Tan, RN
Makatimed Wellness Center	Roderick B. San Gabriel
MakatiMed Araneta City	Mae Ann N. Dela Cruz
SUPPLY CHAIN MANAGEMENT DIVISION	
Division Head	Helene Bernice G. Uy
Inventory Management	Jason A. Pia
Procurement Department Manager	Agnes Josephine B. Ortonio
Supply Chain Management Quality & Compliance Department Manager	Ma. Concepcion L. Torres
INTERNAL AUDIT	TBA



CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2023 and 2022
and for each of the three years in the
period ended December 31, 2023

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 2023 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, 2023 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, 2023 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. Benjamin N. Alimurung, MD
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, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021, 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

ARNOLD C. OCAMPO
SVP Finance & Chief Finance Officer
Interim Co -President & CEO

SATURNINO P. JAVIER, MD, FPCD, FPCC, FACC
Medical Director
Interim Co -President & CEO

March 25, 2024

Independent Auditor's Report

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

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, 2023 and 2022, and their consolidated financial performance and their consolidated cash flows for each of the three years in the period ended December 31, 2023 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, 2023 and 2022;
- the consolidated statements of total comprehensive income for each of the three years in the period ended December 31, 2023;
- the consolidated statements of changes in equity for each of the three years in the period ended December 31, 2023;
- the consolidated statements of cash flows for each of the three years in the period ended December 31, 2023; and
- the notes to the consolidated financial statements, including material accounting policy information.

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 Code of Ethics.

Independent Auditor’s Report
To the Board of Directors and Shareholders of
Medical Doctors, Inc.
Page 2

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, but does not include the consolidated financial statements and our auditor’s report thereon. The SEC Form 17-A and Annual Report 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.

When we read the other information identified above which have not yet been received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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 Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

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.

Independent Auditor's Report
To the Board of Directors and Shareholders of
Medical Doctors, Inc.
Page 3

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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 the Group to cease to continue as a going concern.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

- 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.

Independent Auditor's Report
To the Board of Directors and Shareholders of
Medical Doctors, Inc.
Page 4

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 12, 2024, Makati City
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 November 14, 2025

Makati City
March 25, 2024

Medical Doctors, Inc. and Subsidiary

Consolidated Statements of Financial Position
As at December 31, 2023 and 2022
(All amounts in thousands of Philippine Peso)

	Notes	2023	2022
Assets			
Current assets			
Cash and cash equivalents	2	2,679,851	1,770,229
Receivables, net	3	625,021	814,875
Inventories, net	4	285,646	290,125
Prepayments and other current assets	5	29,522	25,085
Total current assets		3,620,040	2,900,314
Non-current assets			
Property and equipment, net	6	8,900,590	8,965,657
Other non-current assets	5	254,135	169,834
Total non-current assets		9,154,725	9,135,491
Total assets		12,774,765	12,035,805
Liabilities and Equity			
Current liabilities			
Trade and other payables	7	1,202,344	1,293,007
Provision for claims	10	120,082	60,306
Income tax payable		21,516	61,301
Dividends payable	12	53,509	41,204
Lease liabilities, current portion	21.2	2,743	121,404
Other current liabilities		16,744	20,755
Total current liabilities		1,416,938	1,597,977
Non-current liabilities			
Provisions	10	192,793	192,588
Retirement benefit obligation	11	615,600	487,089
Deferred income tax liabilities, net	17	775,259	746,123
Lease liabilities, net of current portion	21.2	73,314	76,056
Total non-current liabilities		1,656,966	1,501,856
Total liabilities		3,073,904	3,099,833
Equity			
Equity attributable to owners of the Parent Company:			
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	3,285,007	3,294,725
Remeasurements on retirement benefits	11	(54,399)	1,464
Retained earnings		4,417,342	3,586,865
		9,677,386	8,912,490
Non-controlling interest		23,475	23,482
Total equity		9,700,861	8,935,972
Total liabilities and equity		12,774,765	12,035,805

(The notes on pages 1 to 46 are an 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, 2023
(All amounts in thousands of Philippine Peso except for earnings per share)

	Notes	2023	2022	2021
Gross revenues	13	9,638,481	8,440,818	7,663,465
Discounts and free services	14	(1,232,780)	(1,050,334)	(976,580)
Net revenues		8,405,701	7,390,484	6,686,885
Cost of services	15	(4,968,380)	(4,167,454)	(4,231,295)
Gross profit		3,437,321	3,223,030	2,455,590
Administrative expenses	15	(1,894,901)	(2,184,711)	(1,715,783)
Other income (loss), net	16	90,940	36,489	(7,198)
Profit from operations		1,633,360	1,074,808	732,609
Finance costs	8, 21.2	(11,651)	(23,189)	(40,294)
Profit before income tax		1,621,709	1,051,619	692,315
Income tax expense	17	(410,948)	(265,148)	(219,457)
Profit for the year		1,210,761	786,471	472,858
Other comprehensive (loss) income				
Items that will not be reclassified to profit or loss				
Remeasurements on retirement benefits	11	(74,484)	124,947	112,800
Deferred tax on remeasurements on retirement benefits	11,17	18,621	(31,236)	(33,840)
Deferred tax adjustment on remeasurements on retirement benefits	17	-	-	(6,150)
Deferred tax adjustment on land and buildings and building improvements appraisal	17	-	-	222,570
Total other comprehensive (loss) income for the year		(55,863)	93,711	295,380
Total comprehensive income for the year		1,154,898	880,182	768,238
Profit for the year attributable to:				
Owners of the Parent Company		1,210,768	786,516	473,150
Non-controlling interest		(7)	(45)	(292)
		1,210,761	786,471	472,858
Total comprehensive income attributable to:				
Owners of the Parent Company		1,154,905	880,227	768,530
Non-controlling interest		(7)	(45)	(292)
		1,154,898	880,182	768,238
Earnings per share on profit for the year attributable to owners of the Parent Company				
Basic and diluted	18	353.92	229.92	138.31

(The notes on pages 1 to 46 are an 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, 2023
(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	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, 2022	342,862	1,701,610	(15,036)	3,294,725	1,464	600,000	2,986,865	8,912,490	23,482	8,935,972
Comprehensive income										
Profit for the year	-	-	-	-	-	-	1,210,768	1,210,768	(7)	1,210,761
Other comprehensive income, net of tax										
Remeasurements on retirement benefits	-	-	-	-	(55,863)	-	-	(55,863)	-	(55,863)
Total comprehensive income for the year	-	-	-	-	(55,863)	-	1,210,768	1,154,905	(7)	1,154,898
Depreciation transfer of revaluation surplus	-	-	-	(9,718)	-		12,957	3,239	-	3,239
Transactions with shareholders										
Dividends declared (Note 12)	-	-	-	-	-	-	(393,248)	(393,248)	-	(393,248)
Reversal of appropriation	-	-	-	-	-	(2,600,000)	2,600,000	-	-	-
Appropriation for the year	-	-	-	-	-	5,500,000	(5,500,000)	-	-	-
Balances as at December 31, 2023	342,862	1,701,610	(15,036)	3,285,007	(54,399)	3,500,000	917,342	9,677,386	23,475	9,700,861

(The notes on pages 1 to 46 are an 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, 2023
(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	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, 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
Comprehensive income										
Profit (loss) for the year	-	-	-	-	-	-	786,516	786,516	(45)	786,471
Other comprehensive income, net of tax										
Remeasurements on retirement benefits	-	-	-	-	93,711	-	-	93,711	-	93,711
Total comprehensive income (loss) for the year	-	-	-	-	93,711	-	786,516	880,227	(45)	880,182
Depreciation transfer of revaluation surplus	-	-	-	(9,718)	-	-	12,957	3,239	-	3,239
Transactions with shareholders										
Dividends declared (Note 12)	-	-	-	-	-	-	(236,442)	(236,442)	-	(236,442)
Balances as at December 31, 2022	342,862	1,701,610	(15,036)	3,294,725	1,464	600,000	2,986,865	8,912,490	23,482	8,935,972

(The notes on pages 1 to 46 are an 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, 2023
(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	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	2,222,708	7,778,677	23,819	7,802,496
Comprehensive income										
Profit (loss) for the year	-	-	-	-	-	-	473,150	473,150	(292)	472,858
Other comprehensive income, net of tax										
Deferred tax adjustment (Notes 17 and 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)	-	-	12,958	3,241	-	3,241
Transactions with shareholders										
Dividends declared (Note 12)	-	-	-	-	-	-	(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 46 are an 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, 2023
(All amounts in thousands of Philippine Peso)

	Notes	2023	2022	2021
Cash flows from operating activities				
Profit before income tax		1,621,709	1,051,619	692,315
Adjustments for:				
Provision for impairment of receivables	3,15	82,372	273,899	275,362
Provision for inventory losses	4	5,583	22,824	12,930
Depreciation and amortization	6	681,387	666,043	664,840
Provision for claims	10	77,317	64,204	83,451
Finance costs	8, 21.2	11,651	23,189	40,294
Loss (gain) on disposal of property and equipment	16	978	(76)	3,266
Interest income	2, 16	(53,238)	(4,485)	(2,141)
Unrealized foreign exchange gain	20	(826)	(4,757)	(791)
Operating income before working capital changes		2,426,933	2,092,460	1,769,526
Decrease (Increase) in:				
Receivables		121,322	209,837	(552,891)
Inventories		(1,104)	(36,912)	(7,911)
Prepayments and other current assets		(95,773)	(83,434)	(23,176)
(Decrease) increase in current liabilities:				
Trade and other payables		(140,073)	169,438	(2,456)
Other current liabilities		(4,011)	5,604	(85)
Increase in other non-current assets		(1,498)	(1,437)	(7,654)
Increase in provisions		206	2,964	(2,678)
Increase in retirement benefit obligation	11	90,027	92,120	94,187
Cash from operations		2,396,029	2,450,640	1,266,862
Interest received		47,981	4,485	2,141
Income taxes paid		(308,403)	(272,537)	(138,772)
Settlement of provision for claims	12	(17,541)	-	-
Contribution to the plan asset		(36,000)	(18,000)	(224)
Net cash from operating activities		2,082,066	2,164,588	1,130,007
Cash flows from investing activities				
Payments for property and equipment	6	(577,112)	(343,069)	(362,673)
Advances made to suppliers for equipment		(82,802)	(31,221)	18,215
Proceeds from disposal of property and equipment		641	76	159
Net cash used in investing activities		(659,273)	(374,214)	(344,299)
Cash flows from financing activities				
Borrowings paid	8	-	(155,000)	(285,500)
Payment of interest on borrowings	8	-	(4,709)	(17,666)
Dividends paid	12	(380,943)	(352,942)	(164,331)
Payment of principal portion of lease liability	21.2	(121,403)	(91,290)	(86,299)
Payment of interest on lease	21.2	(11,651)	(18,828)	(23,904)
Net cash used in financing activities		(513,997)	(622,769)	(577,700)
Net increase in cash and cash equivalents		908,796	1,167,605	208,008
Cash and cash equivalents, January 1		1,770,229	597,867	389,068
Effect of exchange rate changes on cash and cash equivalents		826	4,757	791
Cash and cash equivalents, December 31	2	2,679,851	1,770,229	597,867

(The notes on pages 1 to 46 are an integral part of these consolidated financial statements.)

Medical Doctors, Inc. and Subsidiary

Notes to the Consolidated Financial Statements
As at December 31, 2023 and 2022 and for each of the three years
in the period ended December 31, 2023
(In the notes, all amounts are shown in thousands of Philippine Peso unless otherwise stated)

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").

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, 2023 the Parent Company has 1,122 shareholders (2022 - 1,120) 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 at December 31, 2023 and 2022 as follows::

Metro Pacific Health Corporation	33.38%
Associated Holdings, Inc.	4.76%
Dr. Remedios Suntay	3.48%
San Miguel Corporation	2.44%
Dr. Benjamin N. Alimurung	1.38%
	45.44%

As at December 31, 2023 and 2022, the remaining 54.56% of the Parent Company's issued and outstanding shares are held by private individuals, local companies and practicing doctors of the Hospital. Of the total 3,420,737 outstanding shares in 2023, 220,686 shares or 6.45% are owned by the Parent Company's directors, officers and employees (2022 - 3,420,737 outstanding shares, 212,057 shares or 6.20%).

At December 31, 2023 and 2022, 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, CIII sold its property and equipment, settled most of its payables and liquified all assets including the collection of the receivables. However, CIII'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 Street, Legaspi Village, Makati City. CIII's registered business address is at 5th Floor, Keyland Centre, 143 Dela Rosa corner Adelantado Streets, Legaspi Village, Makati City.

The Group has a total of 3,342 regular employees as at December 31, 2023 (2022 - 3,015).

These consolidated financial statements have been approved and authorized for issuance by the Parent Company's BOD on March 25, 2024.

2 Cash and cash equivalents

Cash and cash equivalents as at December 31 consist of:

	2023	2022
Cash on hand	836	836
Cash in banks	1,092,388	969,393
Short-term cash placements	1,586,627	800,000
	2,679,851	1,770,229

Short-term cash placements as at December 31, 2023 pertain to time deposits with local banks with maturity of less than three months and earn annual interest at rates ranging from 4.20% to 6.30% in 2023 (2022 - 1.25% to 5.75%).

Interest income for cash deposits in banks, short-term cash placements and restricted cash (Note 23.1) for the year ended December 31, 2023 amounted to P53,238 (2022 - P4,485; 2021 - P2,141 interest from cash deposits in bank and restricted cash) (Note 16).

3 Receivables, net

Receivables, net as at December 31 consist of:

	2023	2022
Patient receivables	1,009,335	1,377,212
Allowance for impairment of patient receivables	(463,958)	(619,890)
Net patient receivables	545,377	757,322
Receivables from employees and officers	31,797	25,635
Rent receivable	18,944	9,596
Receivables from pharmaceutical and medical companies	14,422	11,353
Receivable from a regulatory agency	8,959	8,714
Interest receivable	5,256	-
Other receivables	1,230	3,219
	80,608	58,517
Allowance for impairment of other receivables	(964)	(964)
Net other receivables	79,644	57,553
	625,021	814,875

Patient receivables arise from healthcare, accommodation and other ancillary services which are generally on a 15 to 30-day credit term. As at December 31, 2023, 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 P343,962 (2022 - P681,322). Such amounts, net of payment to doctors, are treated as liability upon collection and presented under other accruals 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.

Interest receivable pertains to accrued interest earned but not yet received from short-term placements with local banks (Note 2).

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.

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

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

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

	Note	2023	2022
Allowance for impairment of:			
Patient receivables		619,890	479,150
Other receivables		964	964
Beginning of the year		620,854	480,114
Provision during the year	15	82,372	273,899
Write-off		(238,304)	(133,159)
End of the year		464,922	620,854

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 judgments.

In determining the ECL of patient receivables, the Parent Company has used five 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 Parent 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.

4 Inventories, net

Inventories, net as at December 31 consist of:

	2023	2022
Pharmaceutical products	149,408	177,364
Laboratory and other hospital supplies	130,061	121,245
Office and housekeeping supplies	15,400	9,989
	294,869	308,598
Allowance for inventory losses	(9,223)	(18,473)
	285,646	290,125

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 for the year ended December 31, 2023 amounted to P1,988,571 (2022 - P1,824,398; 2021 - P1,854,704) (Note 15).

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

	2023	2022
Beginning of the year	18,473	12,930
Provision during the year	5,583	22,824
Write-off	(14,833)	(17,281)
End of the year	9,223	18,473

For the year ended December 31, 2023, provision for inventory losses amounting to P5,583 (2022 - P22,824) 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.

5 Prepayments and other current assets; Other non-current assets

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

	2023	2022
Prepaid expenses	27,720	22,848
Advances to suppliers	1,802	2,237
	29,522	25,085

Prepaid expenses include payments for advance rental, employee uniforms and subscription, insurance, software license maintenance fees and building dues.

Other non-current assets as at December 31 consist of:

	Note	2023	2022
Advances to suppliers		117,037	34,235
Restricted cash		95,896	94,586
Refundable deposits	21.2	41,202	41,013
		254,135	169,834

Advances to suppliers mainly consist of downpayments made for medical equipment purchased by the Parent Company.

Restricted cash are earmarked for a specific use and are therefore not available for general use by the Group.

Refundable deposits as at December 31, 2023 and 2022 mainly include security deposits on lease agreements (Note 21.2) amounting to P32,015 (2022 - P31,826) and various deposits to utility companies which are refundable at the end of the contract term.

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, 2023								
Cost or revalued amount	4,063,136	5,066,457	4,148,907	1,910,105	321,319	498,263	34,203	16,042,390
Accumulated impairment	-	-	(13,397)	-	-	-	-	(13,397)
Accumulated depreciation and amortization	-	(2,057,045)	(3,075,747)	(1,467,667)	(131,032)	(331,845)	-	(7,063,336)
Net carrying value	4,063,136	3,009,412	1,059,763	442,438	190,287	166,418	34,203	8,965,657
For the year ended December 31, 2023								
Opening net carrying value	4,063,136	3,009,412	1,059,763	442,438	190,287	166,418	34,203	8,965,657
Additions	-	38,382	366,805	116,595	-	-	96,157	617,939
Transfer and reclassification	-	80,331	-	22,691	368	-	(103,390)	-
Depreciation and amortization, at cost	-	(164,500)	(242,799)	(139,068)	(33,395)	(88,668)	-	(668,430)
Depreciation, at appraisal (Note 19)	-	(12,957)	-	-	-	-	-	(12,957)
Disposals:								
Cost	-	-	(80,745)	(10,499)	-	-	-	(91,244)
Accumulated depreciation	-	-	79,819	9,806	-	-	-	89,625
Closing net carrying value	4,063,136	2,950,668	1,182,843	441,963	157,260	77,750	26,970	8,900,590
As at December 31, 2023								
Cost or revalued amount	4,063,136	5,185,170	4,434,967	2,038,892	321,687	498,263	26,970	16,569,085
Accumulated impairment	-	-	(13,397)	-	-	-	-	(13,397)
Accumulated depreciation and amortization	-	(2,234,502)	(3,238,727)	(1,596,929)	(164,427)	(420,513)	-	(7,655,098)
Net carrying value	4,063,136	2,950,668	1,182,843	441,963	157,260	77,750	26,970	8,900,590

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, 2022								
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
For the year ended December 31, 2022								
Opening net carrying value	4,063,136	3,168,078	1,123,826	482,520	166,980	255,086	54,075	9,313,701
Additions	-	-	177,230	78,831	-	-	61,938	317,999
Transfer and reclassification	-	16,326	-	11,195	54,289	-	(81,810)	-
Depreciation and amortization, at cost	-	(162,035)	(241,293)	(130,108)	(30,982)	(88,668)		(653,086)
Depreciation, at appraisal (Note 19)	-	(12,957)	-	-	-	-	-	(12,957)
Disposals:								
Cost	-	-	(16,713)	(9,854)	-	-	-	(26,567)
Accumulated depreciation	-	-	16,713	9,854	-	-	-	26,567
Closing net carrying value	4,063,136	3,009,412	1,059,763	442,438	190,287	166,418	34,203	8,965,657
As at December 31, 2022								
Cost or revalued amount	4,063,136	5,066,457	4,148,907	1,910,105	321,319	498,263	34,203	16,042,390
Accumulated impairment	-	-	(13,397)	-	-	-	-	(13,397)
Accumulated depreciation and amortization	-	(2,057,045)	(3,075,747)	(1,467,667)	(131,032)	(331,845)	-	(7,063,336)
Net carrying value	4,063,136	3,009,412	1,059,763	442,438	190,287	166,418	34,203	8,965,657

The cost of fully depreciated assets still in use by the Group as at December 31, 2023 amounted to P3,399,992 (2022 - P3,226,191).

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):

	2023	2022	2021
Cost of services	407,299	403,328	410,488
Administrative expenses	274,088	262,715	254,352
	681,387	666,043	664,840

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

	2023	2022
Beginning of the year	83,057	108,127
Acquisitions	617,939	317,999
Payments	(577,112)	(343,069)
End of the year	123,884	83,057

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, 2023 and 2022 are treated as right-of-use assets in accordance with PFRS 16 (Note 21.2).

6.2 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, 2023 and 2022 as the ongoing constructions of the Parent 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 Parent 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, 2023 and 2022, that there are no indicators that the remaining carrying amount of property and equipment may not be recoverable.

6.3 Appraisal of land and buildings and building improvements

The fair values of the land and buildings and building improvements were based on the latest appraisal report dated October 17, 2019 determined by Cuervo Appraisers, Inc. using combination of market and cost approach.

The Parent Company's land in Makati City where the Hospital is located has original cost of P600. Total land area is approximately 12,320 square meters. The land is carried at fair value as appraised on various dates as follows:

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 Parent Company's buildings and building improvements amounted to P2,911,761. The appraisal is recognized as addition to revaluation surplus in the consolidated statements of total comprehensive income and in the consolidated 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, 2023 would amount to P2,306,196 (2022 - P2,376,250).

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

	2023	2022
Land	3,046,902	3,046,902
Buildings and building improvements	238,105	247,823
	3,285,007	3,294,725

Valuation techniques

Taking into account the most recent independent valuations, the Group updates their assessment of the fair value of the land and buildings and building improvements. The Group determines that the said properties were valued within a range of reasonable fair value estimates where all resulting fair value estimates are categorized as fair value measurements using significant unobservable inputs (Level 3). Fair values of land have been derived using the market approach. In market approach, the value of the land is based on recorded sales and listings (or asking prices) of comparable property registered within the vicinity. The most significant input into this valuation approach is price per square meter. Adjustments are then made to reflect factors affecting the value such as property location, desirability, neighborhood, utility, size and the time element involved.

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

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

	2023	2022
Beginning of the year	3,009,412	3,168,078
Depreciation	(177,457)	(174,992)
Additions, transfer and reclassification	118,713	16,326
End of the year	2,950,668	3,009,412

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, 2023 and 2022 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	2023	2022
Cost approach	Cost per square meter	P30.5/square meter (2022 - P31.4/ square meter)	The higher the cost per unit, the higher the fair value	2,611,130	2,686,288

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
2023			
Land	+/- 5%	+/- 203,157	-
Buildings and building improvements	+/- 5%	+/- 143,517	+/- 8,873
2022			
Land	+/- 5%	+/- 203,157	-
Buildings and building improvements	+/- 5%	+/- 150,471	+/- 8,750

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 and building and building improvements. Where the fair value at the balance sheet date differs materially from its carrying amount, obtaining an independent valuation is necessary. If there is no indication that the movements in the fair value of land and building and building improvements are materially different from its carrying amount, management obtains an independent valuation once every three to five years.

As at December 31, 2023 and 2022, management believes that there are no indicators that the inputs and assumptions used in the prior valuation are materially different.

7 Trade and other payables

Trade and other payables as at December 31 consist of:

	Notes	2023	2022
Trade payables		543,838	455,327
Funds collected on behalf of medical and other organizations		235,867	427,540
Patients' refunds		79,591	119,381
Payable to regulatory agencies		49,973	51,012
Accruals for:			
Contracted services		135,456	84,549
Professional services		47,202	46,237
Repairs and maintenance		23,135	30,857
Utilities		19,785	24,562
Dietary services		14,501	14,367
Employee benefits		2,721	895
Rent	21.2	1,006	869
Others		49,269	37,411
		1,202,344	1,293,007

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

Accrued contracted services as at December 31, 2023 include purchasing services from related party amounting to P3,300 (2022 - P2,200) (Note 9.F) 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.

8 Borrowings

(a) Bank loans

In 2022, the Parent Company fully settled its remaining outstanding bank loans obtained from various local banks secured by a Mortgage Trust Indenture to fund the Parent Company's working capital requirements. These loans were interest-bearing loans with fixed annual interest rates from 4.7% to 5.48% and terms ranging from 7 to 10 years. The Parent Company made payments on bank loans amounting to P155,000 for the year ended December 31, 2022 (2021 - P263,750).

(b) Loans payable - related party

On July 1, 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%.

The Parent Company fully settled the outstanding balance of this loan amounting to P10,500 during the year ended December 31, 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.

The Parent Company fully settled the outstanding balance of this loan amounting P11,250 during the year ended December 31, 2021.

The movements in borrowings in the consolidated statements of cash flows for the year ended December 31 are as follows:

	2023	2022	2021
Beginning of the year	-	155,000	440,500
Additions during the year	-	-	-
Payment of bank loans	-	(155,000)	(263,750)
Payment of related party loan	-	-	(21,750)
End of the year	-	-	155,000

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
2022				
Beginning of the year		348	-	348
Interest expense		4,361	-	4,361
Payment		(4,709)	-	(4,709)
End of the year	7	-	-	-
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		348	-	348

The Group has no outstanding borrowings as at December 31, 2023 and availed of no new borrowings during the year ended December 31, 2023

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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	
		2023	2022	2021	2023	2022
(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 from key officers 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).	1,383	946	1,296	16	17
(B) Collection on behalf of related parties						
Key officers	The Parent Company pays its key officers for professional fees collected from patients. Outstanding balances are unguaranteed, unsecured, non-interest bearing, payable on demand and presented as part of other accruals (Note 7).	47,874	45,462	52,192	7,392	20,493
(C) Professional services						
Key officers	The Parent Company pays its key officers for readers fees and professional fees included on medical packages. The amount is recognized as part of professional services presented in cost of services (Note 15). Outstanding balances are unguaranteed, unsecured and non-interest bearing, payable on demand and presented as part of accruals for professional services (Note 7).	9,627	6,969	6,847	398	353
(D) Dividend payments						
Entity with significant influence	The Parent Company paid dividends to its shareholders, net of the applicable withholding tax. Amounts are settled in cash.	131,264	121,730	52,318	-	-
Key officers		25,542	22,767	9,145	-	-
	Refer further to Note 12 for details of dividend declarations and payments.					
		156,806	144,497	61,463	-	-

	Terms and conditions	Transactions for the years ended December 31			Outstanding balances as of December 31	
		2023	2022	2021	2023	2022
(E) Borrowings and interest expense					-	
Key officer	The Parent Company availed of various loans from a key officer which were payable based on contract terms and subject to interest at rates ranging from 5.00% to 5.30%. The loans from a key officer were fully settled in 2021.					
Principal		-	-	-	-	-
Interest		-	-	304	-	-
(F) 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	3,300	2,200
	These are payable within fifteen (15) days after receipt of billing. Outstanding balances are unguaranteed, unsecured, non-interest bearing, payable on demand and are presented as part of accruals for contracted services (Note 7).					
(G) 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).	36,000	18,000	224	-	-
(H) 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.	53,331	46,193	32,670		-
Professional fees	Professional fees are paid to doctor consultants holding key management positions in the Hospital.	21,821	18,029	16,329		-
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.	3,653	(706)	(1,141)	19,915	16,276
	The Group has not granted any share-based compensation and termination benefits to its key management personnel for each of the three years.					
		78,805	63,516	47,858	19,915	16,276

	Terms and conditions	Transactions for the years ended December 31			Outstanding balances as of December 31	
		2023	2022	2021	2023	2022
(I) Revenues						
Key Officers	The Parent Company recognized revenue for hospital services provided to certain key officers and for hospital services provided to entities under common control for patient referrals from its partnerships with other hospitals.	395	923	781	94	250
Entities under common control		1,867	1,756	922	-	423
	Amounts are settled in cash on a net basis. These are unguaranteed, unsecured, non-interest bearing and are collectible on or before the 30th day of the following month. These are presented as part of patient receivables (Note 3).					
		2,262	2,679	1,703	94	673
(J) Contracted services						
Entity with common control	The Parent Company outsourced certain clinical laboratory services to its related party presented as part of contracted services under administrative expenses (Note 15).	43	-	1,646	-	-
	Amounts are settled in cash on a net basis. These are unguaranteed, unsecured, non-interest bearing and are payable on demand. These were fully paid as at reporting period.					

No allowance for impairment was recognized against receivables from related parties for the years ended December 31, 2023 and 2022.

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

	2023	2022
Investment in subsidiary / share capital	835	835
Receivables, net	8,580	8,580
Trade and other payables	-	(3)

10 Provisions

Provisions as at December 31 consist of:

	2023	2022
Current		
Provision for claims	120,082	60,306
Non-current		
Provision for medical benefits	105,444	105,239
Provision for claims	87,349	87,349
	192,793	192,588
	312,875	252,894

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

	Note	2023	2022
Beginning of the year		147,655	83,451
Provision for the year	16	77,317	64,204
Settlement during the year		(17,541)	-
End of the year		207,431	147,655

Provision for claims

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

Critical accounting estimate, assumptions and judgment: 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 consolidated financial statements in current or future periods.

Provision for medical benefits

Provision for medical benefits recognized as at December 31, 2023 and 2022 pertains to reserve liability arising from medical benefits covering certain affiliated doctors and qualified dependents. The 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, 2022.

The principal actuarial assumptions used as at December 31, 2023 and 2022 are as follows:

Discount rate	5% compounded annually
Future increase on projected medical benefits	4%-6% annually
Average life in years	51.8 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:

	2023	2022
Beginning of the year	105,239	102,275
Provision	72,915	83,620
Actualization	(72,710)	(80,656)
End of the year	105,444	105,239

Provision recognized amounting to P72,915 for the year ended December 31, 2023 (2022 - P83,620) is presented 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.

The Parent Company recognized additional provision amounting to P72,915 for the medical benefits of its qualified affiliated doctors and their dependents for the year ended December 31, 2023 (2022 - P83,620) based on similar assumptions used in the latest actuarial computation. The carrying amount of provision for medical benefits at December 31, 2023 amounted to P105,444 (2022 - P105,239).

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 management 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:

	2023	2022
Present value of defined benefit obligation	896,883	756,706
Fair value of plan assets	(281,283)	(269,617)
	615,600	487,089

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

	2023	2022
Beginning of the year	756,706	850,850
Current service cost	54,655	64,599
Interest cost	54,861	42,457
Benefits paid from plan assets	(37,601)	(48,192)
Remeasurement loss (gain)	68,262	(153,008)
End of the year	896,883	756,706

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

	2023	2022
Beginning of the year	269,617	312,933
Interest income	19,489	14,937
Contributions	36,000	18,000
Benefits paid	(37,601)	(48,192)
Remeasurement (loss) gain	(6,222)	(28,061)
End of the year	281,283	269,617

Plan assets as at December 31 consist of:

	2023		2022	
	Amount	Percentage	Amount	Percentage
Debt	187,248	67%	221,827	82%
Equity	55,016	20%	54,696	20%
Others	39,019	13%	(6,906)	(2%)
	281,283	100%	269,617	100%

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 P36,000 to the fund for the year ended December 31, 2023 (2022 - P18,000). Expected contributions to retirement benefit plan for the year ending December 31, 2024 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	2023	2022
Beginning of the year		487,089	537,917
Retirement benefit expense recognized in profit or loss	15	90,027	93,718
Remeasurements on retirement benefits recognized in other comprehensive income		74,484	(124,947)
Benefits paid from book reserve		-	(1,599)
Contributions during the year		(36,000)	(18,000)
End of the year		615,600	487,089

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	2023	2022
Beginning of the year		1,464	(92,247)
Remeasurements on retirement benefits recognized in other comprehensive income		(74,484)	124,947
Deferred tax adjustment	17	18,621	(31,236)
End of the year		(54,399)	1,464

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

	2023	2022	2021
Current service cost	54,655	64,599	72,738
Net interest cost	35,372	27,521	21,449
Retirement benefit expense charged to profit or loss	90,027	92,120	94,187
Remeasurement loss (gain) on defined benefit obligation			
Due to change in financial assumption	68,776	(140,047)	(77,228)
Due to demographic assumption	(2,298)	(5,909)	(10,077)
Due to experience adjustment	1,784	(7,052)	(22,065)
	68,262	(153,008)	(109,370)
Remeasurement loss (gain) on plan assets	6,222	28,061	(3,430)
Remeasurements on retirement benefits recognized in other comprehensive income	74,484	(124,947)	(112,800)

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

	2023	2022	2021
Cost of services	58,099	45,630	59,978
Administrative expenses	31,928	48,088	34,209
	90,027	93,718	94,187

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

	2023	2022
Discount rate	6.10%	7.25%
Salary increase rate	6.00%	6.00%

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 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
2023			
Discount rate	+/-1.00%	(60,366)	68,851
Salary increase rate	+/-1.00%	68,232	(60,958)
2022			
Discount rate	+/-1.00%	(50,006)	56,789
Salary increase rate	+/-1.00%	56,931	(51,011)

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, 2023, the average remaining working life of the employees is 27.4 years (2022 - 26.5 years).

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

	2023	2022
Less than a year	120,688	82,757
Between 1-2 years	206,850	200,368
Between 2-5 years	221,183	180,209
Between 5-10 years	581,922	579,640

12 Equity

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

Details of authorized share capital as at December 31, 2023, 2022 and 2021 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, 2023, 2022 and 2021 are as follows:

(P100 par value per share)	Number of shares	Amount
Issued common shares	3,428,617	342,862
Treasury shares, at cost		
End of the year	7,880	15,036
Issued and outstanding	3,420,737	327,826

For the years ended December 31, 2023 and 2022, no additional shares were reacquired and no new shares were issued to practicing doctors.

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 20, 2021	August 30, 2021	July 31, 2021	45.82	156,739
December 2, 2021	January 28, 2022	December 31, 2021	37.49	128,243
July 19, 2022	August 26, 2022	July 30, 2022	69.12	236,442
July 18, 2023	August 31, 2023	July 31, 2023	114.96	393,248

Details of unpaid dividends as at December 31 are as follows:

	2023	2022	2021
Beginning of the year	41,204	157,704	37,053
Dividends declared	393,248	236,442	284,982
Payment of dividends during the year	(380,943)	(352,942)	(164,331)
End of the year	53,509	41,204	157,704

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 was expected to happen in 2019. On March 27, 2020 and March 18, 2021, the Parent Company's BOD approved the continued retention of the P600 million appropriation considering the postponement of the planned expansion projects due to the impact of the COVID-19 pandemic.

On March 27, 2023, the Parent Company's BOD approved the reversal of the P600 million appropriation due to the completion of the Parent Company's expansion projects. On the same day, the Parent Company's BOD approved the appropriation of P2 billion for the construction and fit out of a building which is expected to happen from 2023 to 2026.

On December 1, 2023, the Parent Company's BOD approved the reversal of the initial P2 billion appropriation and approved the appropriation of P3.5 billion due to an increase in estimated cost for the aforementioned construction and fit out project.

The Parent Company also plans to declare dividends up to 50% of the 2023 net profit in 2024.

13 Gross revenues

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

	Note	2023	2022	2021
Patient revenue				
In-patient		4,654,763	4,134,790	4,251,967
Out-patient		4,076,441	3,611,590	2,950,117
Emergency		865,689	666,475	421,936
		9,596,893	8,412,855	7,624,020
Rental income from doctors	21.2	41,588	27,963	39,445
		9,638,481	8,440,818	7,663,465

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 five (5) days for in-patient services.

14 Discounts and free services

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

	2023	2022	2021
Regular discounts	1,152,251	970,878	898,200
Employees' dependents	47,421	44,337	51,520
Others	33,108	35,119	26,860
	1,232,780	1,050,334	976,580

15 Expenses by nature

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

	Notes	2023	2022	2021
Drugs, medicines and supplies	4	1,988,571	1,824,398	1,854,704
Salaries and wages		1,599,403	1,308,582	1,160,311
Depreciation and amortization	6	681,387	666,043	664,840
Professional services		623,344	589,593	458,266
Contracted services		541,009	490,934	484,072
Employee benefits		280,105	215,094	182,948
Utilities		235,812	257,713	177,383
Repairs and maintenance		191,877	177,960	147,165
Security and janitorial services		125,246	109,659	116,966
Dietary, linen and laundry services		96,753	78,887	79,090
Retirement benefit expense	11	90,027	93,718	94,187
Provision for impairment of receivables	3	82,372	273,899	275,362
Taxes and licenses		63,395	56,043	48,372
Commission expense		50,495	42,708	37,661
Computer programming and support		44,973	36,216	45,130
Entertainment and representation		34,661	19,857	30,739
Advertising		29,290	17,340	11,797
Training		19,280	10,071	6,183
Communication		15,366	15,018	14,379
Rent	21.2	12,869	11,365	12,284
Transportation expense		9,556	8,951	4,023
Photocopying		9,201	8,522	5,508
Insurance		8,051	7,176	8,632
Others		30,238	32,418	27,076
		6,863,281	6,352,165	5,947,078

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

	2023	2022	2021
Cost of services	4,968,380	4,167,454	4,231,295
Administrative expenses	1,894,901	2,184,711	1,715,783
	6,863,281	6,352,165	5,947,078

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.

16 Other income (loss), net

The components of other income (loss), net for the years ended December 31 are as follows:

	Notes	2023	2022	2021
Provision for claims	10	(77,317)	(64,204)	(83,451)
Rental income from concessionaires	21.2	67,737	57,287	50,826
Interest income	2	53,238	4,485	2,141
Income from other hospital services		44,388	32,127	23,338
Foreign exchange gain, net	20	1,166	4,148	705
(Loss) gain on disposal of property and equipment		(978)	76	(3,266)
Scrap sales		328	392	688
Others		2,380	2,178	1,821
		90,940	36,489	(7,198)

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

17 Income tax

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

	Notes	2023	2022
DIT assets			
Provision for impairment of receivables	3	113,305	152,288
Retirement of benefit obligation	11	153,900	121,772
Provision for medical benefits	10	26,361	26,310
Provision for claims	10	21,837	36,914
Leases (PFRS 16)	21.2	6,815	14,997
Provision for inventory losses	4	2,306	4,618
Provision for impairment of property and equipment	6	3,349	3,349
		327,873	360,248
DIT liabilities			
Appraisal surplus on:			
Land	6	(1,015,634)	(1,015,634)
Buildings and building improvements	6	(87,498)	(90,737)
		(1,103,132)	(1,106,371)
DIT liabilities, net		(775,259)	(746,123)

Critical accounting judgment: Realizability of DIT assets

Realization of the future tax benefit related to DIT assets is dependent on the Parent Company's ability to generate future taxable income during the periods in which the DIT assets are expected to be recovered. The Parent Company has considered these factors in reaching a conclusion as to the recognized DIT assets amounting to P357,242 at December 31, 2023 (2022 - P360,248).

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

	2023	2022
DIT assets to be recovered		
Beyond one year	212,262	166,428
Within one year	115,611	193,820
	327,873	360,248
DIT liabilities to be settled		
Beyond one year	(1,099,893)	(1,103,132)
Within one year	(3,239)	(3,239)
	(1,103,132)	(1,106,371)
	(775,259)	(746,123)

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

	Note	2023	2022	2021
Beginning of the year		360,248	320,248	330,890
(Debited) credited to profit or loss		(50,996)	71,236	29,348
Credited (charged) to OCI	11	18,621	(31,236)	(39,990)
End of the year		327,873	360,248	320,248

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.

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

	2023	2022	2021
Beginning of the year	1,106,371	1,109,610	1,335,421
Credited to OCI	(3,239)	(3,239)	(225,811)
End of the year	1,103,132	1,106,371	1,109,610

The movement in DIT liabilities credited to OCI for the year ended December 31, 2023 amounting to P3,239 pertains to depreciation transfer on revaluation surplus (2022 - P3,239; 2021 - P225,811 includes deferred tax adjustment on depreciation and depreciation transfer on revaluation surplus amounting to P3,241).

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

	2023	2022	2021
Current	359,952	336,384	248,805
Deferred	50,996	(71,236)	(29,348)
	410,948	265,148	219,457

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:

	2023	2022	2021
Income tax expense at statutory tax rate of 25%	405,427	262,905	173,079
Tax effect of:			
Other non-deductible items	15,586	97	244
Interest income subject to final tax	(13,309)	(1,121)	(535)
Depreciation on appraisal increase	3,239	3,239	3,241
Unrecognized DIT assets	5	28	70
Effect of change in tax rate	-	-	43,358
	410,948	265,148	219,457

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 Parent Company prepared its annual income tax return for the year ended December 31, 2023 and 2022 using the updated rate of 25%.

For financial reporting purposes, the enactment of CREATE after 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.

18 Profit earnings per share

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

	2023	2022	2021
Profit attributable to owners of the Parent Company	1,210,768	786,516	473,150
Divided by:			
Weighted average number of common shares	3,421	3,421	3,421
Profit earnings per share - basic and diluted	353.92	229.92	138.31

There are no potential dilutive potential common shares for the years ended December 31, 2023, 2022, and 2021.

19 Revaluation surplus

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

	Notes	2023	2022
Beginning of the year		3,294,725	3,304,443
Reversal of deferred tax on depreciation	17	3,239	3,239
Transfer of depreciation on appraisal to retained earnings	6	(12,957)	(12,957)
End of the year		3,285,007	3,294,725

20 Foreign currency denominated assets and liabilities

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

	2023		2022	
	U.S. Dollar	Euro	U.S. Dollar	Euro
Current assets	1,025	174	466	174
Current liabilities	(119)	-	(1)	-
Net foreign currency denominated assets	906	174	465	174
Closing rate at December 31	55.57	61.47	56.12	59.55
Equivalents in Philippine Peso	50,346	10,696	26,096	10,362

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

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

	2023	2022	2021
Unrealized foreign exchange gain, net	826	4,757	791
Realized foreign exchange gain (loss), net	340	(609)	(86)
	1,166	4,148	705

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, 2023 but not yet incurred amounted to P549,819 (2022 - P397,390).

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 Parent Company paid the required refundable security deposit in relation to the foregoing lease agreement amounting to P13,384 as at December 31, 2023 (2022 - 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 (Note 5).

(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 Parent 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

The Parent Company paid refundable security deposit in relation to the above lease agreements as at December 31, 2023 and 2022 amounting to P14,100. 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 (Note 5).

(iii) 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 Parent 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 Parent 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 Parent Company paid refundable security deposit amounting to P4,531 as at December 31, 2023 (2022 - P4,351). 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 (Note 5).

(iv) 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, 2023 on short-term leases and low-value assets are presented under cost of services and administrative expenses amounted to P12,869 (2022 - P11,365) (Note 15). Accrued rent relating to leases of short-term and low-value assets as at December 31, 2023 amounted to P1,006 (2022 - P869) (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	2023	2022
Right-of-use asset, net			
Office and parking spaces	6	77,750	166,418
Lease liabilities			
Current		2,743	121,404
Non-current		73,314	76,056
		76,057	197,460
Deferred tax asset on:			
Right-of-use asset		26,251	56,602
Lease liabilities		(19,436)	(41,605)
	17	6,815	14,997

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

	2023	2022
Beginning of the year	197,460	288,750
Additions during the year		-
Lease payments:		
Principal	(121,403)	(91,290)
Interest	(11,651)	(18,828)
Accretion of interest	11,651	18,828
End of the year	76,057	197,460

Amounts recognized in the consolidated statements of total comprehensive income

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

	Notes	2023	2022	2021
Depreciation of right-of-use assets				
Office and parking spaces	6	88,668	88,668	83,327
Interest expense (included in finance costs)		11,651	18,828	23,904
Expense relating to leases of low-value assets and short-term leases (included in cost of services and administrative expenses)	15	12,869	11,365	12,284
		113,188	118,861	119,515

(v) 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 Parent Company used a single incremental borrowing rate lifted from the Parent Company's recent loan as at January 1, 2019 (adoption of the new lease standard), which is adjusted based on the movement of the comparable BVAL or PDST-R2 rates from the date of the loan to the commencement date of each lease. The discount rate applied by the Parent Company for its various lease agreements range from 4.51% to 8.17%.

(vi) 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 Parent Company 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 P9,782 as at December 31, 2023 (2022 - P5,341) 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 P109,325 for the year ended December 31, 2023 (2022 - P85,250; 2021 - P90,271) (Notes 13 and 16). Rent receivable as at December 31, 2023 amounted to P18,944 (2022 - P9,696) (Note 3).

21.3 Purchase commitment

The Parent Company 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 up until 2022.

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 6.2)
- Fair value estimation of land and building (Note 6.3)
- 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 6.2)
- Frequency of valuation (Note 6.3)
- Provision for claims (Note 10)
- Realizability of deferred income tax assets (Note 17)
- Determination of lease term (Note 21.2)

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	2023	2022
Cash and cash equivalents	2	2,679,851	1,770,229
Receivables, gross	3	1,049,187	1,401,380
Restricted cash and refundable deposits	5, 21.2	137,098	135,599
		3,866,136	3,307,208

Receivables at December 31, 2023 are presented gross of provision for impairment amounting to P464,922 (2022 - P620,854) and exclusive of receivable from a regulatory agency amounting to P8,959 (2022 - P8,714) and receivables from employees and officers amounting to P31,797 (2022 - P25,635) which are considered as non-financial assets.

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

	Notes	2023	2022
Trade and other payables	7	916,504	814,455
Lease liabilities	21.2	76,057	197,460
Dividends payable	12	53,509	41,204
Other current liabilities		16,744	20,755
		1,062,814	1,073,874

Trade and other payables exclude payable to regulatory agencies amounting to P49,973 (2022 - P51,012) and funds collected on behalf of medical and other organizations amounting to P235,867 (2022 - P427,540). 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 Parent Company's 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.

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.

23.2.2 Credit risk

The Group is exposed to credit risks arising from its cash in banks, short-term cash placements, 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 23.1. 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, 2023, the Group's net receivables from its corporate accounts amounted to P267,354 (2022 - P242,006) comprising 50% (2022 - 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 and short-term cash placements

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

Patient receivables

To measure the expected credit losses, patient receivables of the Parent Company have been grouped based on shared credit risk characteristics and days past due. Gross patient receivables from doctors and employees amounting to P38,567 (2022 - P46,442) 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.

As the community recovers from the pandemic, the Parent Company's collection rate increased. This resulted in an overall net lower loss allowance as at December 31, 2023 despite the aggregate net negative impact of the relevant forward-looking macroeconomic factors used in the calculation.

In determining the aging bracket of the patient receivables, management also continuously analyzes 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, 2023. For government accounts, management has experienced generally better collection of recent receivables due to recovery from the pandemic. However, aged accounts remained uncollected resulting to a higher expected credit loss rate as of December 31, 2023.

For corporate accounts, the Parent Company has collected most long-outstanding receivables due to the recovery from the pandemic. 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 overall expected credit loss rates applied to corporate accounts as at December 31, 2023.

As at and for the years ended December 31, 2023 and 2022, 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
2023						
Private individual patients						
Expected loss rates	8.8%	48.5%	55.7%	67.4%	84,0%	
Gross receivables	143,741	17,320	14,278	8,070	154,536	337,945
Loss allowance	12,717	8,394	7,954	5,438	129,812	164,315
Corporate accounts						
Expected loss rates	0.2%	0.6%	3.0%	36.8%	50.9%	
Gross receivables	187,458	79,029	575	68	2,617	269,747
Loss allowance	430	465	17	25	1,331	2,268
Government						
Expected loss rates	2.0%	6.4%	6.3%	27.8%	100.0%	
Gross receivables	37,370	25,852	26,501	13,900	277,733	381,356
Loss allowance	745	1,652	1,678	3,863	277,733	285,671
Total loss allowance	13,892	10,511	9,649	9,326	408,876	452,254
2022						
Private individual patients						
Expected loss rates	5.2%	46.8%	58.4%	53.1%	78.4%	
Gross receivables	105,362	24,310	10,903	10,566	295,805	446,946
Loss allowance	5,531	11,379	6,366	5,609	232,007	260,892
Corporate accounts						
Expected loss rates	0.0%	0.0%	0.5%	0.4%	63.7%	
Gross receivables	182,024	56,271	1,394	776	4,507	244,972
Loss allowance	72	12	8	3	2,871	2,966
Government						
Expected loss rates	3.2%	4.2%	3.5%	8.7%	63.9%	
Gross receivables	30,149	33,542	35,862	37,219	528,237	665,009
Loss allowance	951	1,409	1,272	3,226	337,470	344,328
Total loss allowance	6,554	12,800	7,646	8,838	572,348	608,186

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 2022 and 2021, the disruption in business brought by the COVID-19 pandemic 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. In 2023, these practices were still retained by the Group resulting to better financial performance.

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 Parent Company's 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, 2023					
Trade and other payables	916,504	-	-	-	916,504
Dividends payable	53,509	-	-	-	53,509
Other current liabilities	16,744	-	-	-	16,744
Future interest payables on leases	5,911	7,976	4,266	-	18,153
Lease liabilities	2,743	37,289	36,025	-	76,057
	995,411	45,265	40,291	-	1,080,967
At December 31, 2022					
Trade and other payables	814,455	-	-	-	814,455
Dividends payable	41,204	-	-	-	41,204
Other current liabilities	20,755	-	-	-	20,755
Future interest payables on leases	11,651	10,540	7,100	514	29,805
Lease liabilities	121,403	23,362	41,040	11,655	197,460
	1,009,468	33,902	48,140	12,169	1,103,679

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, 2023 and 2022, the Group is not subject to any specific restrictions or capital requirements. The Group has no outstanding borrowings and is not subject to any debt covenants.

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

24 Summary of material 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.

New and amended standards adopted by the Group

The Group has applied the following amendments for the first time for their annual reporting period commencing January 1, 2023:

- *Definition of Accounting estimates - Amendments to PAS 8*
- *Disclosure of Accounting Policies - Amendments to PAS 1 and PFRS Practice Statement 2*

The amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

New standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for December 31, 2023 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

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, 2023. 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. 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.

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.

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.

(b) 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, 2023 The Group's financial assets under category (b) includes cash and cash equivalents (Note 2), receivables (Note 3) and other non-current assets (Notes 5 and 21.2).

24.3.2 Recognition and measurement

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
- 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.

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 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 Recognition and measurement

Financial liabilities are recognized in the consolidated statement of financial position when, and only when the Group becomes a party to the contract provisions of the instrument.

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.

24.5 Fair value measurement

The Group classifies its fair value measurements of land and buildings and building improvements as Level 3. Please refer to Note 6.2 for the related policies.

The Group uses valuation techniques that are appropriate in circumstances and applies the technique consistently. Commonly used valuation techniques are 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).

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

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 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 Cash and cash equivalents

Short-term cash placements are presented as cash equivalents if they have a maturity of three months or less and are readily convertible to known amount of cash and which are subject to insignificant changes in value.

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.

24.7 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 30 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.

24.8 Inventories

The Parent Company determines the cost of inventory is determined 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.

24.9 Prepayments and other assets

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.

24.10 Property and equipment

All property and equipment, except for land and buildings and building improvements, are recorded at cost less accumulated depreciation and any impairment. Construction-in-progress is stated at cost. The cost is subsequently transferred to specific property and equipment component, depending on the intended purpose, upon completion. 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.

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

Fully depreciated assets still in use by the Group are retained in the property and equipment accounts until these are retired.

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount.

When revalued assets are sold or disposed, the related revaluation surplus included in equity is transferred directly to retained earnings.

24.11 Current and deferred income tax

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.

DIT assets are recognized for all deductible temporary difference that are expected to reduce taxable profit in the future 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.

24.12 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.

Refer to Note 24.4 for the initial recognition, subsequent measurement and derecognition policies on financial liabilities.

24.13 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.

24.14 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.

24.15 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.

24.16 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.

24.17 Dividend distribution

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.

24.18 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.

24.19 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) Other income

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.

24.20 Costs and expenses

Costs and expenses are presented in the profit or loss according to their function.

24.21 Leases

When the Group is the lessee

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.

(i) Measurement of lease liabilities

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).

(ii) Measurement of right-of-use assets

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 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 non-current assets or non-current liabilities.

24.22 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 24.16).

(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.

24.23 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.

24.24 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.

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