

**COVER SHEET**

SEC Registration Number

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**Company Name**

|   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |  |  |  |  |
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| O | P | T | I | M | U | M |   | Q | U | A | L | I | T | Y |   | H | E | A | L | T | H |   |   |   |   |   |  |  |  |  |
| V | E | N | T | U | R | E | S |   | I | N | C | . | d | o | i | n | g |   | b | u | s | i | n | e | s | s |  |  |  |  |
| u | n | d | e | r |   | t | h | e |   | n | a | m | e |   | a | n | d |   | s | t | y | l | e |   | o | f |  |  |  |  |
| C | A | M | A | R | I | N |   | D | O | C | T | O | R | S |   | H | O | S | P | I | T | A | L |   |   |   |  |  |  |  |

**Principal Office (No./Street/Barangay/City/Town/Province)**

|   |   |   |   |   |   |   |   |   |   |   |   |   |   |  |   |   |   |   |   |   |   |   |  |   |   |   |   |  |  |  |
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| C | A | M | A | R | I | N | , |   |   |   |   |   |   |  |   |   |   |   |   |   |   |   |  |   |   |   |   |  |  |  |
| C | A | L | O | O | C | A | N |   | C | I | T | Y |   |  |   |   |   |   |   |   |   |   |  |   |   |   |   |  |  |  |

Form Type

Department requiring the report

Secondary License Type, If Applicable

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| N | / | A |
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**COMPANY INFORMATION**

Company's Email Address

Company's Telephone Number/s

Mobile Number

|                                       |
|---------------------------------------|
| <b>info@camarindoctorshospital.ph</b> |
|---------------------------------------|

|                      |
|----------------------|
| <b>(02)8260-5952</b> |
|----------------------|

|                       |
|-----------------------|
| <b>(63)9177134206</b> |
|-----------------------|

No. of Stockholders

Annual Meeting

Fiscal Year

Month/Day

Month/Day

|            |
|------------|
| <b>719</b> |
|------------|

|                          |
|--------------------------|
| <b>2nd SUNDAY OF MAY</b> |
|--------------------------|

|                    |
|--------------------|
| <b>December 31</b> |
|--------------------|

**CONTACT PERSON INFORMATION**

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

Name of Contact Person

Email Address

Telephone Number/s

Mobile Number

|                           |
|---------------------------|
| <b>Ricardo O. Javison</b> |
|---------------------------|

|            |
|------------|
| <b>N/A</b> |
|------------|

|                     |
|---------------------|
| <b>(02)82605952</b> |
|---------------------|

|            |
|------------|
| <b>N/A</b> |
|------------|

Contact Person's Address

**1 Camarin Road, Barangay 172, Camarin ,Caloocan City, 1421**

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

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

***OPTIMUM QUALITY HEALTH VENTURES, INC.  
Doing business under the name and style of  
CAMARIN DOCTORS HOSPITAL***

***Unaudited Interim Financial Statements  
As of June 30, 2024***

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q  
(2nd Quarter)

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC  
RULE 17(2) (b) THEREUNDER

1. For the quarterly period ended **June 30, 2024**
2. SEC Identification Number **CS 201738919** 3. BIR Tax Identification No. **009-895-673-000**
4. Exact name of issuer as specified in its charter **OPTIMUM QUALITY HEALTH VENTURES INC.**  
Doing business under the name and style  
Camarin Doctors Hospital
5. Province, Country or other jurisdiction of incorporation or organization **NCR, Philippines**
6. Industry Classification Code: (SEC Use Only)
7. **1Camarin Road, Barangay 172, Camarin Caloocan City** **1421**  
Address of principal office Postal Code
8. **(02) 82605952 / (63)9177134206**  
Issuer's telephone number, including area code
9. **N/A**  
Former name, former address, and former fiscal year, if changed since last report.
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

| Title of Each Class     | Number of Shares of Common Stock<br>Subscribed/Issued and Outstanding |
|-------------------------|---|
| <b>Preferred Shares</b> | <b>1,116,000 Shares</b>   |
| <b>Common Shares A</b>  | <b>930,000 Shares</b>   |
| <b>Common Shares C</b>  | <b>55,140 Shares</b>  |

11. Are any or all of these securities listed on a Stock Exchange?  
Yes [ ] No [ X ]

If yes, state the name of such stock exchange and the classes of securities listed therein:

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);  
Yes [ X ] No [ ]

(b) has been subject to such filing requirements for the past ninety (90) days.  
Yes [ X ] No [ ]

## TABLE OF CONTENTS

| <b>PART 1- FINANCIAL INFORMATION</b>   | <b>Page No.</b> |
|--|-----------------|
| <b>Item – 1 Financial Statements</b>   |                 |
| Statements of Financial Position as of June 30, 2024 (Unaudited) and December 31, 2023 (Audited)             | 5               |
| Unaudited Statements of Total Comprehensive Income for the six months ending June 30, 2024 and June 30, 2023 | 6               |
| Unaudited Statement of Cash Flows for the period June 30,2024 and June 30, 2023                              | 7               |
| Unaudited Statement of Changes in Equity for the period ending June 30, 2024 and June 30, 2023               | 8               |
| Notes to Financial Information   | 9-29            |
| <b>Item – 2 Management’s Discussion and Analysis of Results of Operation And Financial Condition</b>         | 30-32           |
| <b>Part II – Other Information</b>   | 33              |
| <b>Signature</b>   | 33              |

**OPTIMUM QUALITY HEALTH VENTURES, INC**  
**(Doing Business Under the Name and style of CAMARIN DOCTORS HOSPITAL)**  
**INTERIM STATEMENTS OF FINANCIAL POSITION**  
**As of June 30 and December 31, 2023**  
**( In Philippine Peso)**

|   | June 30 2024<br>(Unaudited) | December 31 2023<br>(Audited) |
|---|-----------------------------|-------------------------------|
| <b>ASSETS</b>                                     |                             |                               |
| <b>Current Assets</b>                             |                             |                               |
| Cash and cash equivalents                         | 63,220,418                  | 32,449,597                    |
| Trade and other receivables                       | 106,277,204                 | 59,011,162                    |
| Inventories                                       | 35,545,734                  | 29,023,403                    |
| Other current assets                              | 49,002,384                  | 76,995,795                    |
| <b>Total Current Asset</b>                        | <u>254,045,741</u>          | <u>197,479,957</u>            |
| <b>Non Current Assets</b>                         |                             |                               |
| Property and equipment - net                      | 603,178,043                 | 604,847,118                   |
| Right-of-use asset - net                          | 5,041,690                   | 6,722,254                     |
| Intangible asset - net                            | 781,250                     | 892,857                       |
| Security Deposit                                  | 600,000                     | 600,000                       |
| <b>Total Non-Current Asset</b>                    | <u>609,600,983</u>          | <u>613,062,229</u>            |
| <b>TOTAL ASSETS</b>                               | <u>863,646,724</u>          | <u>810,542,186</u>            |
| <b>LIABILITIES AND STOCKHOLDERS'S EQUITY</b>      |                             |                               |
| <b>Current Liabilities</b>                        |                             |                               |
| Trade and other payables                          | 198,243,331                 | 146,957,160                   |
| Accrued Finance Cost                              | 12,760,130                  | 2,246,502                     |
| Advances from Stockholders                        | 27,322,995                  | 36,965,345                    |
| Loans payable                                     | 8,000,000                   | 53,000,000                    |
| Retention Payable                                 | 40,965,214                  | 46,322,357                    |
| Lease liability                                   | 2,409,377                   | 3,344,254                     |
| <b>Total Current Liabilities</b>                  | <u>289,701,048</u>          | <u>288,835,618</u>            |
| <b>Non -Current Liabilities</b>                   |                             |                               |
| Loans payable - net of current portion            | 386,200,000                 | 345,200,000                   |
| Lease liability - net of current portion          | 3,614,066                   | 5,059,158                     |
| <b>Total Non-Current Liabilities</b>              | <u>389,814,066</u>          | <u>350,259,158</u>            |
| <b>TOTAL LIABILITIES</b>                          | <u>679,515,114</u>          | <u>639,094,776</u>            |
| <b>STOCKHOLDERS' EQUITY</b>                       |                             |                               |
| Capital Stock                                     | 85,230,000                  | 84,510,000                    |
| Additional paid In Capital                        | 157,090,000                 | 152,950,000                   |
| Deficits  | (58,188,389)                | (66,012,590)                  |
| <b>TOTAL STOCKHOLDERS' EQUITY</b>                 | <u>184,131,611</u>          | <u>171,447,410</u>            |
| <b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b> | <u>863,646,724</u>          | <u>810,542,186</u>            |

**OPTIMUM QUALITY HEALTH VENTURES INC**  
**(Doing Business Under the name and style of CAMARIN DOCTORS HOSPITAL**  
**Interim Statements of Comprehensive Income**  
**for the six months ending June 30, 2024 and 2023**  
**(All amounts in Philippine peso)**

|   | June 30<br>2024<br><u>(Unaudited)</u> | June 30<br>2023<br><u>(Unaudited)</u> |
|---|---------------------------------------|---------------------------------------|
| <b>Net revenues</b>                     | 327,104,171                           | 146,000,447                           |
| Direct Cost                             | <u>211,794,708</u>                    | <u>101,747,670</u>                    |
| <b>Gross Income</b>                     | 115,309,463                           | 44,252,777                            |
| Other Income                            | <u>5,965,679</u>                      | <u>2,896,134</u>                      |
| <b>Income (Loss) from operation</b>     | 121,275,142                           | 47,148,911                            |
| Operating Expense                       | (83,342,875)                          | (52,804,987)                          |
| Finance Cost                            | <u>(27,500,000)</u>                   | <u>(15,047,272)</u>                   |
| <b>Income (Loss ) before income tax</b> | 10,432,268                            | (20,703,348)                          |
| Income Tax Expense                      | <u>2,608,067</u>                      | <u>-</u>                              |
| <b>Net Income/(Loss)</b>                | <u><u>7,824,201</u></u>               | <u><u>(20,703,348)</u></u>            |

**OPTIMUM QUALITY HEALTH VENTURES, INC**  
**(Doing Business Under the Name and style of CAMARIN DOCTORS HOSPITAL)**  
**Interim Cash Flow Statement**  
**For the period ending June 30, 2024 and 2023**  
**(All amounts in Philippine Peso)**

|   | June 30<br>2024<br>(Unaudited) | June 30<br>2023<br>(Unaudited) |
|---|--------------------------------|--------------------------------|
| <b>Cash flows from operating activities</b>                   |                                |                                |
| Net Income/(Loss)   | 7,824,201                      | (20,703,348)                   |
| Adjustments to reconcile net income to net income to net cash |                                |                                |
| Depreciation  | 18,040,063                     | 15,206,056                     |
| <b>Operating Cash Flows before changes in working capital</b> | <b>25,864,263</b>              | <b>(5,497,292)</b>             |
| Accounts Receivable   | (47,266,042)                   | (55,804,269)                   |
| Inventory   | (6,522,331)                    | (14,476,887)                   |
| Other current assets  | 27,993,411                     | -                              |
| Input Tax   |                                | (5,915,745)                    |
| Prepaid Expenses  |                                | (798,023)                      |
| Creditable Withholding Tax                                    |                                | (555,338)                      |
| Trade and other payables                                      | 32,977,933                     | 97,108,802                     |
| <b>Cash Generated from operations</b>                         | <b>7,182,970</b>               | <b>19,558,540</b>              |
| <b>Cash Flows from investing activities</b>                   |                                |                                |
| Property and Equipment  | 1,669,075                      | (22,959,034)                   |
| Right-of-use asset - net                                      | 1,680,564                      | -                              |
| Intangible asset - net  | 111,607                        | -                              |
| <b>Net cash used in investing activities</b>                  | <b>3,461,246</b>               | <b>(22,959,034)</b>            |
| <b>Cash flows from financing activities</b>                   |                                |                                |
| Accrued finance cost  | 10,513,628                     | 631,240                        |
| Advances from stockholders                                    | (9,642,350)                    | (165,709,435)                  |
| Loans payable   | (45,000,000)                   | -                              |
| Retention Payable   | (5,357,143)                    | -                              |
| Lease liability -   | (3,076,079)                    | -                              |
| Loans payable - net of current portion                        | 41,000,000                     | -                              |
| Lease liability - net of Current portion                      | 964,285                        | -                              |
| Capital Stock   | 720,000                        | 26,600,000                     |
| Additional paid in capital                                    | 4,140,000                      | 152,950,000                    |
| <b>Net cash used in financing activities</b>                  | <b>(5,737,658)</b>             | <b>14,471,805</b>              |
| <b>Net Increase/(Decrease) in cash</b>                        | <b>30,770,822</b>              | <b>5,574,019</b>               |
| <b>Cash beginning of the year, 2023</b>                       | <b>32,449,597</b>              | <b>15,741,543</b>              |
| <b>Cash end of the period</b>                                 | <b>63,220,418</b>              | <b>21,315,562</b>              |

**OPTIMUM QUALITY HEALTH VENTURES, INC**  
**(Doing Business Under the Name and style of CAMARIN DOCTORS HOSPITAL)**  
**INTERIM STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY**  
**As of June 30, 2024 , December 31, 2023 and 2022**

**STOCKHOLDERS' EQUITY**

|                                     | Capital Stock     | Additional<br>Paid-up Capital | Income/<br>(Deficit) | Total              |
|-------------------------------------|-------------------|-------------------------------|----------------------|--------------------|
| <b>Balance at December 31, 2022</b> | 57,910,000        |                               | (51,624,636)         | 6,285,364          |
| <b>Issuance of Common Shares</b>    | 26,600,000        |                               |                      | 26,600,000         |
| <b>Additional paid -up capital</b>  |                   | 152,950,000                   |                      | 152,950,000        |
| <b>Net Income / ( Deficit )</b>     |                   |                               | (14,387,954)         | (14,387,954)       |
|                                     |                   |                               | -                    | -                  |
| <b>Balance at December 31, 2023</b> | 84,510,000        | 152,950,000                   | (66,012,590)         | 171,447,410        |
| <b>Net Income / ( Deficit )</b>     |                   |                               | 7,824,201            | 7,824,201          |
| <b>Issuance of Common Shares</b>    | 720,000           |                               |                      | 720,000            |
| <b>Additional paid -up capital</b>  |                   | 4,140,000                     |                      | 4,140,000          |
| <b>Balance at June 30, 2024</b>     | <u>85,230,000</u> | <u>157,090,000</u>            | <u>(58,188,389)</u>  | <u>184,131,611</u> |



## **Notes to Interim Financial Statements**

(In the notes, all amounts are shown in Philippine Peso unless otherwise stated)

### **Note 1- Business Information**

#### **1.1 General Information**

Optimum Quality Health Ventures, Inc. doing business under the name and style of Camarin Doctors Hospital) (the "Company") was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) and the Bureau of Internal Revenue (BIR) on November 23, 2017 and January 12, 2018, respectively. The principal activities of the Company are to establish, operate, own, manage and maintain a hospital or hospitals, medical and clinical laboratories and such other enterprises which may have similar or analogous undertakings or dedicated to services in connection therewith, subject to the condition that purely professional medical and surgical services shall be performed by duly qualified physicians or surgeons who may or may not be connected with the corporation and whose services shall be freely and individually contracted by the patients.

On December 27, 2022, SEC approved the Company's Registration Statement and issued a Certificate of Permit to Offer Securities for Sale consisting of 2,296,000 shares covered under SEC MSRD Order No. 93 series of 2022. The corporation was granted the permit to offer securities for sale by the Securities and Exchange Commission. The 250,000 Common Shares C or the "Offer Shares" is equivalent to 3,125 blocks (80 shares per block) for issuance to the public at an offer price of Php270,000.00 per block.

The Hospital has 450 employees as at June 30, 2024 (December 31, 2023 – 436 employees).

The Company's registered office address is located at #1 Camarin Road, Barangay. 172, Camarin, Caloocan City.

#### **1.2 Status of Operations**

The Hospital obtained its license to operate from the Health Facilities and Services Regulatory Bureau of the Department of Health on November 28, 2022. The Hospital shall allow medical and dental practitioners, who are shareholders, to practice their profession within the medical facilities.

The hospital is now in its 2nd year of operations in full capacity with its current services strengthened by its state of the art medical equipment. The Hospital expects to further expand its business operations through additional hospital services and expect to increase in the number of patients that will be provided with utmost care.

Management believes that all these business operations will generate sufficient and sustainable income for the Hospital.

**Note 2 - Cash**

Cash consists of the following:

|                           | <b>June 2024</b>  | <b>December 2023</b> |
|---------------------------|-------------------|----------------------|
| Cash in Banks             | 38,530,502        | 14,510,267           |
| Cash and Cash Equivalents | 23,692,125        | 16,988,730           |
| Petty Cash/Revolving Fund | 997,791           | 950,600              |
| <b>Total</b>              | <b>63,220,418</b> | <b>32,449,597</b>    |

Cash in banks represent demand deposit accounts in various universal banks that earn interest at prevailing bank deposit rates.

Interest Income earned from cash deposits in banks amounted to P111,558 and P237,488 for the period ending June 30, 2024 and December 31, 2023, respectively.

**Note 3 - Trade and other receivables-net**

Receivables consists of the following:

|                                | <b>June 2024</b>   | <b>December 2023</b> |
|--------------------------------|--------------------|----------------------|
| Account Receivable Trade       | 105,300,598        | 58,450,861           |
| Advances from Officers         | -                  | 124,446              |
| SSS Advance Sickness/Maternity | 430,241            | 169,189              |
| Account Receivable Others      | 283,713            | 233,713              |
| Advances to Employees          | 262,651            | 32,953               |
| <b>Total</b>                   | <b>106,277,204</b> | <b>59,011,162</b>    |

As of the 6th month of 2024, the company's receivables are mostly from Patient, Health Maintenance Organization (HMO) and Philippine Health Insurance Corporation (PHIC).

As of June 30, 2024, management sees that there is no need to provide provision or allowance for impairment of receivables.

**Note 4**

Inventories consists of the following:

|                   | June 2024         | December 2023     |
|-------------------|-------------------|-------------------|
| Pharmacy          | 15,712,802        | 15,668,876        |
| Hospital Supplies | 19,832,933        | 13,354,527        |
| <b>Total</b>      | <b>35,545,734</b> | <b>29,023,403</b> |

No provision for inventory losses has been recognized for the six (6) months period ended June 30, 2024.

**Note 5 - Other Current Assets**

Other Current Assets Consists of:

|   | June 2024         | December 2023     |
|---|-------------------|-------------------|
| Advances to Suppliers                           | 11,755,666        | 10,103,057        |
| Advances to Contractors                         | 1,323,200         | 1,323,200         |
| Creditable withholding tax                      | 3,676,813         | 168,068           |
| Input Tax - Current Portion (net of Output Tax) | 32,246,705        | 65,401,470        |
| <b>Total</b>                                    | <b>49,002,384</b> | <b>76,995,795</b> |

The Hospital's input VAT arose from building construction and purchases of various medical equipment, fixtures and payment of goods and services.

**Note 6 - Property And Equipment – Net**

Property and equipment consist of:

|                             | Land              | Furniture and<br>Fixtures | Transportation<br>Equipment | Hospital<br>Equipment | Office<br>Equipment | Janitorial<br>Equipment | Hospital<br>Building | Total              |
|-----------------------------|-------------------|---------------------------|-----------------------------|-----------------------|---------------------|-------------------------|----------------------|--------------------|
| Movements during 2024       |                   |                           |                             |                       |                     |                         |                      |                    |
| Balance (1st Quarter)       | 55,444,070        | 3,650,758                 | 1,584,025                   | 41,196,348            | 4,207,977           | 127,939                 | 535,257,186          | 641,468,303        |
| Additions (2nd Quarter)     | -                 | 662,493                   | -                           | 7,691,222             | 257,167             | -                       | 800                  | 8,611,681          |
| Accumulated<br>depreciation | -                 | (439,953)                 | (237,604)                   | (4,979,174)           | (454,522)           | (63,970)                | (40,726,718)         | (46,901,940)       |
| <b>Carrying Amount</b>      | <b>55,444,070</b> | <b>3,873,297</b>          | <b>1,346,421</b>            | <b>43,908,396</b>     | <b>4,010,622</b>    | <b>63,970</b>           | <b>494,531,268</b>   | <b>603,178,043</b> |

|                             | <b>Right Of Use<br/>Asset</b> |                             | <b>Intangible<br/>Assets</b> |
|-----------------------------|-------------------------------|-----------------------------|------------------------------|
| Movements during 2024       |                               | Movements during 2024       |                              |
| Balance                     | 10,083,381                    | Balance                     | 1,116,071                    |
| Additions                   | -                             | Additions                   | -                            |
| Accumulated<br>depreciation | (5,041,690)                   | Accumulated<br>depreciation | (334,821)                    |
| <b>Carrying Amount</b>      | <b>5,041,691</b>              | <b>Carrying Amount</b>      | <b>781,250</b>               |

The Hospital's land and building are mortgaged to secure a loan from the Development Bank of the Philippines.

Depreciation expense charge to profit and loss at June 30, 2024 amounted to P18,040,063.

*Critical accounting estimate and assumption: Useful lives of property and equipment*

The useful life of each of the Hospital's property and equipment is estimated on the period over which these assets are expected to be available for use. Such estimation is based on a collective assessment of 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 that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by the 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 accounting judgement: Recoverability of property and equipment*

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. On a regular basis, management determines if there are triggering events or impairment indicators based on current circumstances. An impairment loss is recognized whenever evidence exists that the carrying value is not recoverable.

Management believes that there are no events or changes in circumstances indicating that the carrying amount of their property and equipment may not be recoverable as at reporting date.

## Note 7 - Intangible Assets

The intangible asset of the Company pertains to the hospital information system.

Management had considered the remaining useful life of the intangible asset for four (4) years as of December 31, 2023. The asset is reviewed annually to ensure the carrying amount does not exceed the recoverable amount regardless of whether an indicator of impairment is present. The Company considers its hospital information system to be upgraded after the said period to enhance the company's operation in connection with professional medical and surgical services.

## Note 8 - Trade And Other Payables

Details of the Company's trade and other payables amounting to are as follows:

|                            | June 30, 2024        | DECEMBER 31, 2023    |
|----------------------------|----------------------|----------------------|
| Trade                      | 130,971,401          | 81,897,082           |
| Accrued Expenses           | 36,637,089           | 41,755,230           |
| Professional fees Payable  | 24,493,940           | 18,536,344           |
| Due to Government Agencies | 6,140,900            | 3,832,751            |
| Others                     | -                    | 935,753              |
| <b>Total</b>               | <b>P 198,243,330</b> | <b>P 146,957,160</b> |

Trade Payables include outstanding balances related to purchases of certain hospital supplies, office supplies, etc. that is related to operation of the Company.

Accrued expenses pertain to accrual of obligation from outside services, utilities, readers' fee and junior consultants' incentives, employees benefits and salaries and wages.

Professional fees payable pertains to the outstanding obligations of the Corporation to its doctors with respect to their rendered services.

Due to government agencies pertains to withholding taxes and SSS, PHIC and HDMF premium contributions.

## Note 9 - Loans Payable

|                                      | June 30, 2024        | DECEMBER 31, 2023    |
|--------------------------------------|----------------------|----------------------|
| Loans Payable - current              | 8,000,000            | 53,000,000           |
| Loans Payable net of current portion | 386,200,000          | 345,200,000          |
| <b>Total</b>                         | <b>P 394,200,000</b> | <b>P 398,200,000</b> |

On December 10, 2019 The Company entered into an Omnibus Loan Agreement with Development Bank of the Philippines (DBP) wherein DBP has approved to extend in favor of the Company two (2) term loans in the aggregate principal amount of P475,000,000 to be made available as follows: (a) Term Loan 1 in the amount of P400,000,000 or Seventy percent (70%) of validated project cost, whichever is lower; and (b) Term Loan II in the amount of P 75,000,000 or Seventy percent (70%) of validated project cost, whichever is lower.

The proceeds of the loan shall be used to finance the following: (a) Term Loan I – To partially finance construction of a seven-storey Level 2 hospital building with basement and roof deck located in Camarin, Caloocan City with one hundred five (105) Bed capacity; and (b) Term Loan II – To partially finance acquisition of hospital machinery and equipment.

The Company shall repay the Term Loan I in the following manner:

- (a) Twelve (12) years inclusive of two (2) years grace period on principal repayment.
- (b) Principal payable in forty (40) equal quarterly amortizations commencing at the end of ninth (9<sup>th</sup>) quarter from date of initial drawdown until fully paid;

As to the Term Loan II, the Company opted to not to avail of the said approved Term Loan, citing its favorable cash flow position from the previous year extending into the current reporting quarter.

For the current year 2024, the company entered into an agreement with the bank for a new payment scheme, as follows:

*“The borrower shall pay a principal installment of P1,000,000.00 on October 16, 2023; P2,000,000.00 per quarter from January 15, 2024 up to July 15, 2024; and P6,000,000.00 per quarter from October 14, 2024 to July 14, 2025 only. The outstanding principal balance after July 14, 2025, will be payable in Twenty-eight (28) equal quarterly installments commencing on October 14, 2025, until July 14, 2032.”*

Details of drawdown under Term Loan I is as follows:

|                    | June 30, 2024 | December 31, 2023 |
|--------------------|---------------|-------------------|
| Balance, Beginning | 398,200,000   | 399,200,000       |
| Payments           | (4,000,000)   | (1,000,000)       |
| Balance, Ending    | P 394,200,000 | P 398,200,000     |

The loan as of June 30, 2024 was subjected to an 8.50% interest rate per annum subject to bank’s revaluation of current prevailing interest rate. The interest may be increased or decreased during the term of the loan.

Movements of accrued finance cost are as follows:

|                       | June 30, 2024 | December 31, 2023 |
|-----------------------|---------------|-------------------|
| Balance, beginning    | P 2,246,503   | P 4,502,000       |
| Finance cost incurred | 10,513,628    | 27,712,635        |
| Finance cost paid     | -             | (29,968,225)      |
| Balance, Ending       | P 12,760,130  | P 2,246,503       |

The loan is secured by a parcel of land, including all improvements existing or may thereafter existing thereon as well as project assets to be financed. The aggregate carrying amounts of pledged assets are as follow:

|                          | June 30, 2024        | December 31, 2023    |
|--------------------------|----------------------|----------------------|
| Hospital Building        | 494,531,268          | 507,599,914          |
| Land                     | 55,444,070           | 55,444,070           |
| Hospital Equipment       | 43,908,393           | 33,715,776           |
| Office Equipment         | 4,010,624            | 3,536,164            |
| Furniture and Fixtures   | 3,873,297            | 3,040,279            |
| Transportation Equipment | 1,346,421            | 1,425,622            |
| Janitorial Equipment     | 63,970               | 85,293               |
|                          | <b>P 603,178,043</b> | <b>P 604,847,118</b> |

#### **Note 9.1 - Retention Payable**

Retention payable represents amounts withheld from payments to contractors as guarantee for any future claims against the contractor.

Details of Retention payable for June 30, 2024 and December 31, 2023 are as follows:

|                    | June 30, 2024       | December 31, 2023   |
|--------------------|---------------------|---------------------|
| Current portion    | P 40,965,214        | P 46,322,357        |
| <b>Total loans</b> | <b>P 40,965,214</b> | <b>P 46,322,357</b> |

These are non-interest bearing payable and will be remitted to contractors.

#### **Note 10 - Related Party Transactions**

The Company's related party is its stockholders acting as its key management personnel. Balances and transaction between the Company and its related party are disclosed below:

Balance of advances from stockholders as shown in the statements of financial position are as follows:

Transaction with advances from stockholders below as follows:

|          | June 30, 2024 | December 31, 2023 |
|----------|---------------|-------------------|
|          | Outstanding   | Outstanding       |
| Advances | P 27,322,995  | P 36,965,345      |

Advances from stockholders pertain to cash received to finance the purchase of land and future construction of hospital building. The amounts outstanding are non – interest bearing, unsecured, payable on demand and will be settled in cash. No guarantee has been given in respect to these advances.

#### **Remuneration of key Management Personnel**

The Company remuneration to its key management personnel amounted to P16,518,398 and P12,072,002 June 30, 2024 and 2023, respectively.

**Note 11 - Capital Stock**

Components of capital stock are as follows:

|                   | <b>2024</b>                | <b>2023</b>                    |
|-------------------|----------------------------|--------------------------------|
|                   | <b>As of June 30, 2024</b> | <b>As of December 31, 2023</b> |
| Common Shares     | P 74,070,000               | P 73,350,000                   |
| Preference Shares | 11,160,000                 | 11,160,000                     |
|                   | <b>P 85,230,000</b>        | <b>P 84,510,000</b>            |

**Common Shares**

Details of Company's authorized common shares as at June 30, 2024

Are as follows:

|                          | <b>SHARES</b>    | <b>AMOUNT</b>      |
|--------------------------|------------------|--------------------|
| Common A – P50 par value | 930,000          | P 46,500,000       |
| Common B – 300 par value | 155,000          | 46,500,000         |
| Common C – 500 par value | 250,000          | 125,000,000        |
|                          | <b>1,335,000</b> | <b>218,000,000</b> |

All common shares carry on (1) vote per share and a right to dividends.

As at June 30, 2024 Common B shares are still unissued.

**Common "A" Shares**

Shown below are the details of common "A" shares:

|                                    | <b>June 30, 2024</b> |               | <b>December 31, 2023</b> |               |
|------------------------------------|----------------------|---------------|--------------------------|---------------|
|                                    | <b>SHARES</b>        | <b>AMOUNT</b> | <b>SHARES</b>            | <b>AMOUNT</b> |
| Authorized, Issued and Fully paid: |                      |               |                          |               |
| P 50 par value                     | 930,000              | P46,500,000   | 930,000                  | P46,500,000   |

Common "A" shares tagged as founders' shares carry one (1) vote per share and right to dividends.

**Common "B" Shares - unissued**

Common "B" shares can be owned and held by both Filipino and foreign individuals and corporations.

Common "B" shares carry one (1) vote per share and right to dividends.



### Common "C" Shares

Shown below are the details of common "C" shares:

|  | June 30, 2024 |               | December 31, 2023 |               |
|--|---------------|---------------|-------------------|---------------|
|  | SHARES        | AMOUNT        | SHARES            | AMOUNT        |
| Authorized<br>Common "C"<br>P500 par value | 250,000       | P 125,000,000 | 250,000           | P 125,000,000 |
| Issued and fully paid:                     |               |               |                   |               |
| Balance, Beginning                         | 53,700        | 26,850,000    | 500               | 250,000       |
| Issuances                                  | 1,440         | 720,000       | 53,200            | 26,600,000    |
| Balance, Ending                            | 55,140        | 27,570,000    | 53,700            | 26,850,000    |

Common "C" shares carry one (1) vote per share and right to dividends.

### Common "C"

Additional paid in Capital P 157,090,000 P 152,950,000

### Preferred Shares

Shown below are the details of preferred shares in both years:

|   | June 30, 2024 |              | December 31, 2023 |              |
|---|---------------|--------------|-------------------|--------------|
|   | SHARES        | AMOUNT       | SHARES            | AMOUNT       |
| Authorized, Issued<br>And fully paid:<br>P 10 par value | 1,116,000     | P 11,160,000 | 1,116,000         | P 11,160,000 |

The Company's preferred shares are classified as founders' shares.

Preferred shares are non-voting and are entitled to dividends to be paid from the unrestricted retained earnings at pro-rata basis with the common stock based on their par values.

The preferred shares shall be participating with the common voting stock in the distribution of any residual dividends at pro-rata basis with the common stock based on their par value.

They shall have preference in the distribution of the assets of the Company in the event of liquidation.

### **Note 12 - Revenue**

As of June 30, 2024 the Company's revenue earned from professional medical and surgical services amounted to P327,104,171 net revenue (net of applicable discounts). Bulk of the revenue generated are from Pharmacy, Laboratories, and Medical Supplies for the period. The increase in revenues is also attributed to the new services and packages offered to clients in connection to the purchase of new medical equipment.

**Note 13 - Direct Cost/Cost of Sales**

As of June 30, 2024 Cost of Sales amounting to P211,794,708 while at the end of June 30, 2023 amounting to P 101,747,670.

|                                       | June 2024          | June 2023          |
|---------------------------------------|--------------------|--------------------|
| Salaries & Wages                      | 27,886,334         | 24,360,405         |
| Depreciation                          | 14,288,269         | -                  |
| Readers fee                           | 12,172,061         | 3,989,227          |
| Ed Incentives                         | 7,996,258          | 2,571,432          |
| Hazzard Pay ( De Minimis)             | 6,874,722          | 6,488,941          |
| Doctors Salary Icon                   | 6,432,400          | 3,776,167          |
| Laboratory Send Out                   | 4,802,636          | 2,668,802          |
| Allow_De Minimis                      | 4,764,159          | 2,469,630          |
| Pathologist Fixed Compensation        | 3,462,340          | 161,111            |
| Doctors Salary Rod                    | 2,718,205          | 985,946            |
| SSS Expense Employer Share            | 2,600,898          | 1,931,520          |
| 13th Month Pay Expense Employer Share | 2,291,024          | 1,681,316          |
| Icon/Rod Incentives                   | 1,920,300          | 767,274            |
| Laundry Expense                       | 1,144,667          | 564,627            |
| Philhealth Expense Employer Share     | 654,797            | 492,963            |
| Stat Fee                              | 617,940            | 147,040            |
| Pag- ibig Expense Employer Share      | 347,600            | 174,075            |
| On call Fees                          | 146,042            | 77,400             |
| Linen Supplies Expense                | 134,551            | 141,600            |
| Instrument Fee                        | 72,470             | -                  |
| Ams Fee                               | 51,000             | -                  |
| Pre-Employment                        | 3,850              | -                  |
| <b>Sub- Total</b>                     | <b>101,382,523</b> | <b>53,449,476</b>  |
| <b>Cost of Sales</b>                  | <b>110,412,185</b> | <b>48,298,195</b>  |
| <b>Sub- Total</b>                     | <b>110,412,185</b> | <b>48,298,195</b>  |
| <b>Total Direct Cost</b>              | <b>211,794,708</b> | <b>101,747,670</b> |

**Note 14 – Other Income**

Details of the Company's other income are as follows:

|                            | JUNE 30, 2024      | June 30, 2023      |
|----------------------------|--------------------|--------------------|
| Rental and Cafeteria Sales | 5,854,120          | 2,839,115          |
| Interest Income            | 111,558            | 57,019             |
| <b>TOTAL</b>               | <b>P 5,965,678</b> | <b>P 2,896,134</b> |

**Note 15 - Operating Expenses**

|                                     | <b>June 2024</b>  | <b>June 2023</b>  |
|-------------------------------------|-------------------|-------------------|
| Management Fees Expense             | 16,518,398        | -                 |
| Transportation/Travel Expense       | 14,877,859        | 80,407            |
| Salaries & Wages                    | 11,586,570        | 9,739,092         |
| Electricity Expense                 | 6,766,220         | 8,697,337         |
| Depreciation Expense                | 3,751,794         | 15,206,056        |
| Janitorial Services                 | 2,956,171         | 2,857,368         |
| Security Services Expense           | 2,747,873         | 1,802,738         |
| Misc. Expense                       | 2,290,164         | -                 |
| Office Supplies                     | 1,985,613         | 1,680,292         |
| Repair & Maintenance                | 1,912,266         | 1,019,801         |
| Water Expense                       | 1,739,272         | 1,126,272         |
| Taxes & License                     | 1,706,290         | 1,042,345         |
| Hazzard Pay_De Minimis              | 1,451,372         | 1,252,032         |
| 13th Month Pay Expense              | 1,274,415         | 653,016           |
| Management Employee Benefits        | 1,228,116         | 1,297,184         |
| Bank charge Expense                 | 1,072,637         | 782,631           |
| ITMD Expense                        | 983,348           | -                 |
| SSS Expense Employer Share          | 972,428           | 711,850           |
| Allow_De Minimis                    | 946,351           | 309,158           |
| Garbage Expense                     | 851,436           | 342,956           |
| Training/Seminar Expense            | 840,000           | 494,500           |
| Telecommunication                   | 641,463           | 214,955           |
| Rent Expense                        | 630,298           | 205,328           |
| Representation Expense              | 574,845           | 420,081           |
| Insurance Expense                   | 496,963           | -                 |
| Consultant fee                      | 446,667           | 326,107           |
| Advertising Expense                 | 359,450           | 1,078,587         |
| Meeting Allowance                   | 353,500           | -                 |
| Philhealth Expense Employer Share   | 255,803           | 176,238           |
| Interest expense (Lease liability)  | 255,747           |                   |
| Legal & Audit Expense               | 182,000           | 147,392           |
| Gasoline & Parking Expense          | 157,848           | 105,626           |
| Pag - ibig Expense Employer Share   | 134,100           | 59,425            |
| Donations                           | 130,000           | 30,805            |
| Housekeeping Supplies               | 85,481            | 249,099           |
| Meal allowance                      | 83,966            | 146,979           |
| Registration/Membership fee Expense | 52,012            | 40,357            |
| Notarial Fee Expense                | 30,508            | 27,235            |
| Postage/Notorial Expense            | 13,631            | 26,037            |
| Maternity Exp                       | -                 | 62,696            |
| Penalty Expense                     | -                 | 14,179            |
| Repair & maint-Car                  | -                 | 82,727            |
| Pest Control Expense                | -                 | 5,500             |
| Employee benefits                   | -                 | 22,772            |
| Cash Overage/Shortage               | -                 | (375)             |
| Amusement & Recreation              | -                 | 251,206           |
| Processing Fee                      | -                 | 16,000            |
| Photocopying Expense                | -                 | 1,000             |
| <b>Total</b>                        | <b>83,342,875</b> | <b>52,804,986</b> |

**Note 15.1 - FINANCE COST**

Details of the Company's Finance Cost are as follows:

|              | <b>JUNE 30, 2024</b> | <b>June 30, 2023</b> |
|--------------|----------------------|----------------------|
| Finance Cost | 27,500,000           | 15,047,272           |

**Note 16 - Income Taxes****Income Tax Recognized in Profit or Loss**

A numerical reconciliation between tax benefit and the product of accounting loss multiplied by the tax rate.

|                                       | <b>June 30, 2024</b> | <b>December 31, 2023</b> |
|---------------------------------------|----------------------|--------------------------|
| Accounting Income                     | 10,432,268           | (12,183,170)             |
| Tax benefit at 25%,                   | 2,608,067            | (3,045,793)              |
| Unrecognized DTA FROM NOLCO           |                      | 3,025,112                |
| Unrecognized DTA from MCIT            | 2,306,189            | 2,204,784                |
| Unrecognized DTA due to PFRS 16       |                      | 37,333                   |
| Non-deductible donation               |                      | 27,877                   |
| Non-deductible finance cost           |                      | 14,843                   |
| Finance income subjected to Final Tax |                      | (59,372)                 |
|                                       | <b>P 2,608,067</b>   | <b>P 2,204,784</b>       |

The company's Net Operating Loss Carry-Over (NOLCO) in 2022 and 2023 are as follows:

| Year Incurred | Amount              | Applied Previous Year | Applied Current Year | Expired | Unapplied           | Expiry Date |
|---------------|---------------------|-----------------------|----------------------|---------|---------------------|-------------|
| 2022          | 33,187,571          | -                     | -                    | -       | 33,187,571          | 2025        |
| 2023          | 12,100,448          | -                     | -                    | -       | 12,100,448          | 2026        |
|               | <b>P 45,288,019</b> | -                     | -                    | -       | <b>P 45,288,019</b> |             |

Details of NOLCO covered by Revenue Regulation No. 25-2020 is as follows:

| Year Incurred | Amount             | Applied Previous Year | Applied Current Year | Expired | Unapplied          | Expiry Date |
|---------------|--------------------|-----------------------|----------------------|---------|--------------------|-------------|
| 2020          | 4,377,308          | -                     | -                    | -       | 4,377,308          | 2025        |
| 2021          | 2,053,556          | -                     | -                    | -       | 2,053,556          | 2026        |
|               | <b>P 6,430,864</b> | -                     | -                    | -       | <b>P 6,430,864</b> |             |

The Bureau of Internal Revenue (BIR) has recently issued Revenue Regulations (RR) 25-2020 to inform all concerned on the longer period for claiming NOLCO from taxable years 2020 and 2021.

Pursuant to Section 4 of Bayanihan II and as implemented under RR 25-2020, the net operating losses of a business enterprise incurred for taxable years 2020 and 2021 can be carried over as a deduction from gross income for the next five (5) consecutive taxable years following the year of such loss. Ordinarily, NOLCO can be carried over as deduction from gross income for the next three (3) years only.

Details of MCIT are as follows:

| Year Incurred | Amount      | Applied Previous Year | Applied Current Year | Expired | Unapplied   | Expiry Date |
|---------------|-------------|-----------------------|----------------------|---------|-------------|-------------|
| 2023          | P 2,204,784 | -                     | -                    | -       | P 2,204,784 | 2026        |

#### Note 17– Lease Agreement

##### The Company as a Lessee

###### *Lease Payment recognized as Lease Liabilities*

The Corporation’s lease pertains to leases of parking space. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the statements of financial position as right-of-use asset and lease liability. The corporation presents its right-of-use asset as a separate line item on the statements of financial position.

The corporation leased a parking space located at 278 Susano Road, barangay Camarin, Caloocan City owned by Project 45 Ventures Corporation. The monthly rental fee shall be P300,000. The leased asset has lease term of three (3) years starting January 1,2023 up to December 31, 2025.

Security deposit amounted to P600,000 and nil as of December 31, 2023 and 2022 respectively.

The carrying amount of right-of-use asset P5,041,690 as of June 30, 2024 and P6,722,254 as of December 31, 2023 respectively.

##### The Company as a Lessor

Operating leases relate to the office space located in the ground floor of the building owned by Optimum Quality Health Ventures Corporation, which is leased out to third parties with lease terms between one (1) to three (3) years starting January 1, 2023 up to December 31, 2025, with escalation rate of five (5%) percent. The lease contract is renewable upon mutual agreement of both parties. The rental income earned by the Corporation from its office space, all of which is leased out under operating leases, amounted to P450,000 for the 2nd<sup>nd</sup> quarter of 2024 and P1,331,293 as of December 31, 2023.

### Note 18 - Loss Per Share

The Company's results of operation for the six (6 months) period June 30, 2024 and June 30, 2023 amounted to P7,824,200 net income after tax and P20,703,348 net loss respectively. Accordingly, the Company's income per share on June 30, 2024 and loss per share as of December 31, 2023, amounted to P7.94 and P(21.05), respectively.

The weighted average number of ordinary shares used in the calculations of loss per share are as follows:

|                                   | 2nd Quarter 2024 | December 31, 2023 |
|-----------------------------------|------------------|-------------------|
| Weighted average number of shares | 985,140          | 983,700           |

The Company did not have any potential dilutive instruments as of June 30, 2024 and December 31, 2023.

### Note 19 - Fair Value Measurements

The carrying amounts and estimated fair values of the Company's financial asset and financial liabilities as of June 30, 2024 and December 31, 2023, respectively are presented below:

|                              | JUNE 30, 2024        |                      | December 31, 2023    |                      |
|------------------------------|----------------------|----------------------|----------------------|----------------------|
|                              | Carrying Amount      | Fair Values          | Carrying Amount      | Fair Values          |
| <b>Financial Assets</b>      |                      |                      |                      |                      |
| Cash in Banks                | 63,220,418           | 63,220,418           | 32,449,597           | 32,449,597           |
| Trade Receivables            | 106,277,204          | 106,277,204          | 59,011,162           | 59,011,162           |
| Security Deposit             | -                    | -                    | 600,000              | 600,000              |
|                              | <b>P 169,497,622</b> | <b>P 169,497,622</b> | <b>P 92,060,759</b>  | <b>P 92,060,759</b>  |
| <b>Financial Liabilities</b> |                      |                      |                      |                      |
| Trade Payables               | 198,243,331          | 198,243,331          | 146,957,160          | 146,957,160          |
| Accrued Finance Cost         | 12,760,130           | 12,760,130           | 2,246,503            | 2,246,503            |
| Advances from Stockholders   | 27,322,995           | 27,322,995           | 36,965,345           | 36,965,345           |
| Loans Payable                | 394,200,000          | 394,200,000          | 398,200,000          | 398,200,000          |
| Retention Payable            | 40,965,214           | 40,965,214           | 46,322,357           | 46,322,357           |
| Lease Liability              | 6,023,443            | 6,023,443            | 8,403,411            | 8,403,411            |
|                              | <b>P 679,515,113</b> | <b>P 679,515,113</b> | <b>P 639,094,776</b> | <b>P 639,094,776</b> |

The fair values of financial asset and liabilities are determined as follows:

- Due to the short-term nature of cash in banks, trade receivable, security deposit, trade payables, accrued finance cost, advances from stockholders and retention payable, the carrying amount approximate their fair values.
- Loans payable bears market interest rate, hence, the fair value of these loans payable is equal to it carrying value.

- The Company measures its lease liability at the present value of the lease payments unpaid at that date, discounted using market rate. Management believes that fair value approximates amortized cost.

## **Note 20 - Financial Risk Management Objectives, Policies and Procedures**

Management function provides services to the business, coordinates access to domestic markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risks including interest rate risk, credit risk and liquidity risk.

The Company seeks to minimize the effects of these risks through appropriate dedicated investment planning aimed to reduce risk exposure. These parameters include monitoring cash flows and investigation of counterparty's credit quality. Compliance with policies and exposure limits are reviewed by the Management on a continuous basis.

Management reports quarterly to monitor the risks and policies implemented to mitigate risk exposures.

### **20.1 Market Risk Management**

#### **20.1.1 Interest Rate Risk Management**

The company's exposure to interest rate risk arises from its cash deposits in banks and which is subject to variable interest rates.

The interest rate risk arising from deposits with banks is managed by means of effective investment planning and analysis and maximizing investment opportunities in various local banks and financial institutions.

### **20.2 Credit Risk Management**

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risks from cash in banks.

The Company considers the following policies to manage its credit risk:

- *Cash in Banks and Cash Equivalents*  
The Company transacts only to banks with investment grade credit rating. This information is supplied by independent rating agencies. The Company uses other publicly available information such as annual reports to monitor the financial status of the banks. The Company assesses the current and forecast information of the banking industry and macro-economic factors such as GDP, interest and inflation rates to determine the possible impact to banks.

- ***Trade and Other Receivables***

The Company transacts with numerous patients with different financial capacities. It is the Company's policy to perform appropriate initial medical treatment to all new patients in emergency or serious cases to comply with the existing law. Moreover, in situations other than emergency or serious cases, it is the Company's policy that patients shall undergo background investigation. The Company assesses the creditworthiness of each recurring patient before the Company's performance of services. The Company's performance of services shall be approved by the management. The Company assesses the current and forecast information of the clients' industry and the macro-economic factors such as GDP, interest and inflation to determine the possible impact to clients.

The calculation of allowance for expected credit are based on the following three (3) components:

- ***Probability of Default (PD)***

PD is the likelihood over a specified period, usually one year, that a client will not be able to make scheduled repayments. PD depends not only on the client's characteristics, but also on the economic environment. PD may be estimated using historical data and statistical techniques.

- ***Loss Given Default (LGD)***

LGD is the amount of money a company loses when a client defaults on a contract.

The most frequently used method to calculate this loss is by comparing the actual total losses and the total amount of potential exposure sustained at the time that a contract goes into default.

- ***Exposure at Default (EAD)***

EAD is the total value a company is exposed to when a loan default. It refers to the gross carrying amount of financial assets.

### Cash in Banks and Cash Equivalent

The Company determined the probability of default rate by considering the following:

The credit ratings; the past, current, and forecast performance of Banking Industry, the past, current, and forecast macroeconomic factors that may affect the banks; and the current and projected financial information. The company estimated the probability of default to be nil on June 30, 2024 and December 31, 2023.

### Trade and Other Receivables

The Company determined the probability of default rate by considering the following:

The schedules of trade and other receivables for the past five years; the past, current, and forecast performance of each client's industry; and the past, current, and forecast macro-economic factors that may affect the Company's clients. The Company estimated the probability of default to be nil for its clients for the quarter ending June 30, 2024.

## **20.3 Liquidity Risks Management**

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining



adequate liquid assets in the form of cash through infusion and funding from its shareholders in order to meet the obligation to the creditors.

#### 20.4 Capital Management Objectives, Policies And Procedures

Management manages its capital to ensure that the Company will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged from the previous reporting period.

Pursuant to Section 42 of the Revised Corporation Code of the Philippines, stock corporations are prohibited from retaining surplus plus profits in excess of 100% of their paid-in capital stock, except:

- 1) when justified by definite corporate expansion projects or programs approved by the board of directors; or
- 2) when the corporation is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its/his consent, and such consent has not yet been secured; or
- 3) when it can be clearly shown that such retention is necessary under special circumstances obtained in the corporation, such as when there is a need for special reserve for probable contingencies. As of the reporting period, the Company is compliant with this agreement.

The Company's BOD reviews the capital structure of the Company on an annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital.

|                                 | JUNE 30, 2024 | DECEMBER 31, 2023 |
|---------------------------------|---------------|-------------------|
| Debt                            | 679,515,114   | 639,094,776       |
| Cash                            | (63,220,418)  | (32,449,597)      |
| Net Debt                        | 616,294,696   | 606,645,179       |
| Equity                          | 184,131,611   | 171,447,410       |
| <b>Net Debt to Equity Ratio</b> | <b>3.35:1</b> | <b>3.54:1</b>     |

#### Note 21 – Summary of Significant Accounting Policies

##### Changes in accounting policies and disclosure

In the application of the Company's accounting policies, Management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

***Critical Judgment in Applying Accounting Policies.***

The following is a critical judgment, apart from those involving estimations that Management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in financial statements.

**Assessment of Contractual Terms of a Financial Asset**

The Company determines whether the contractual terms of a financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. In making its judgments, the Company considers whether the cash flows before and after the changes in timing or in the amount of payments represent only payments of principal and interest on the principal amount outstanding. Management assessed that the contractual terms of its financial assets are solely payments of principal and interest and consistent with the basic lending arrangement.

**Assessment on Capitalization of Borrowing Cost**

The Conceptual Framework for Financial Reporting defines an asset as a resource controlled by the entity as a result of past events and from which future economic benefits are expected to flow to the entity. Entities normally obtain assets by purchasing or producing them, but other transactions or events may generate assets. Future economic benefits may flow to the entity in a number of ways, it could be used singly or in combination with other assets in the production of goods or services to be sold by the entity; exchange for other assets; used to settle liability; or distributed to the owners of the entity.

**Assessment of Timing of Satisfaction of Performance Obligations**

An entity satisfies a performance obligation by transferring control of a promised good or service to the customer, which could occur over time or at a point in time.

The Company's revenue from medical services is recognized over time. The Company transfers control of service over time and, therefore, satisfies a performance obligation and recognizes revenue over time, if the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs.

**Assessment of the Allocation of Transaction Price to Performance Obligations**

A performance obligation is a vendor's promise to transfer a good or service that is "distinct" from other goods and services identified in the contract.

Management assessed that the allocation of transaction price to performance obligations is not applicable because there is only one performance obligation in both sales of goods and services.

#### Assessment of 30 days Rebuttable Presumption

The Company determines when a significant increase in credit risk occurs on its financial assets based on the credit Management practice of the Company.

Management believes that the 30 days rebuttable presumption on determining whether there is a significant increase in credit risk in financial assets is not applicable because based on the Company's historical experience, credit risk has not increased significantly even the amounts are past due form more than 30 days.

#### Assessment of 90 Days Rebuttable Presumption

The Company determines when a default occurs on its financial assets based on historical experience on collections per patient, HMO, PHIC, PCSO and other counterparties and credit management practice of the Company.

Management believes that the 90 days rebuttable presumption on determining whether financial assets are credit impaired is not applicable because based on the Company's historical experience on collections per patients and aging schedules, the Company considers some of its financial assets to be not impaired even if this is past due for over one (1) year.

#### Determining whether or not it is Reasonably Certain that an Extension Option will be Exercised, and Termination Option will not Exercised

Lease term is the non-cancellable period for which the Company has the right to use an underlying asset including optional periods when the Company is reasonably certain to exercise an option to extend (or not to terminate) a lease. The Company considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option when determining the lease term and the enforceability of the option. The option to extend the lease term should be included in the lease term if it is reasonably certain that the lessee will exercise the option and the option is enforceable. The Company is required to reassess the option when significant events or changes in circumstances occur that are within the control of the lessee. The lease contracts state that the lease is terminated upon the expiration of the lease period, unless renewed by both parties. Thus, the lease term covers only the non-cancelable term of the contract.

For the lease agreement with Project 45 Ventures Corporation, Management assessed that the Company will extend the lease term beyond the non-cancelable lease period because the renewal is subject to mutual consent by both parties. However, extension of lease contract without mutual consent of both parties is not enforceable. The lease term determined by the Management comprises the non-cancelable term of three (3) years.

#### Determining Whether or not a Contract Contains a Lease

Management assessed that lease agreement with Project 45 Ventures Corporation qualifies as a lease since the contract contains an identified asset. The Company has the right to obtain substantially all the economic benefits, and the Company has the right to direct the use of the identified asset throughout the period of use.

### Assessment of Classification of Lease as a Lessor

The Company determines whether a lease qualifies as an operating lease. In making its judgements, the Company considers whether the risk and reward of the leased property will be transferred to the lessee. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. Whether a lease is finance lease or an operating lease depends on the substance of the transaction rather than the form of the contract.

Management assessed that the Company's lease contract qualifies as operating lease because the risk and reward of the leased property will not be transferred to the lessee at the end of the lease term.

### **Key Sources of Estimation Uncertainties**

The following are the key assumptions concerning the future and other key source of estimation uncertainty of the end of the reporting period that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### Estimating Inventories at Net Realizable Values

Net realizable values of inventories are assessed regularly based on the prevailing selling prices of inventories less estimated costs to sell. The Company recognizes expenses and provides allowances for decline in value of inventories whenever net realizable values of inventories becomes lower than cost due to damage, physical deterioration, obsolescence, changes on price levels or causes. Inventory items identified to be obsolete and unusable is written-off and charge against allowance account. Increase in the net realizable values will increase the carrying amount through reduction of allowance for decline but only to the extent of original acquisition cost.

As of June 30, 2024, Management determined that the net realizable values of the Company's inventories approximate their costs; hence no impairment or write-down was recognized. The cost of inventories as of June 30, 2024 and December 31, 2023 amounted to P35,545,732 and P29,023,403, respectively.

### Reviewing Useful Lives and Depreciation of Property and Equipment

The useful life and depreciation method of the Company's property and equipment are reviewed at least annually, and adjusted prospectively if appropriate, if there is an indication of a significant change in, how an asset is used; significant unexpected wear and tear; technological advancement; and changes in market prices since the most recent annual reporting date. The useful lives of the Company's assets are estimated based on the period over which the assets are expected to be available for use. In determining the useful life of an asset, the Company considers the expected usage, expected physical wear and tear, technical or commercial obsolescence arising from changes, improvements in production, or from a change in the market demand for the product or service output and legal or other limits on the use of the Company's assets. In addition, the estimation of the useful lives is based on the Company's collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that the future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors or circumstances. A reduction in the estimated useful lives of property and equipment would increase the recognized operating expenses and decrease non-current

assets. The Company uses a depreciation method that reflects the pattern in which it expects to consume the asset's future economic benefits. If there is an indication that there has been a significant change in the pattern used by which the Company expects to consume the asset's future economic benefits, the entity shall review its present depreciation method and if current expectations differ, change the depreciation method to reflect the new pattern.

Management assesses that there is no significant change from previous estimates. As of June 30, 2024 and December 31, 2023, the carrying amount of depreciable property and equipment amounted to P603,178,043 and P604,847,118, respectively.

#### Asset Impairment

The Company performs an impairment review when certain impairment indicators are present. Determining the fair value of property and equipment, right-of-use asset, intangible asset, which requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Company to make estimates and assumptions that can materially affect the financial statements. Future events could cause the Company to conclude that property and equipment, right-of-use asset, intangible asset are impaired. Any resulting impairment loss could have a material adverse impact on the financial condition and results of operations.

The preparation of the estimated future cash flows involves significant judgment and estimations. While the Company believes that its assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the assessment of recoverable values and may lead to future additional impairment charges under PFRS.

Management believed that there are no indications of impairment that could materially affect its other current assets, property and equipment, right-of-use asset, and intangible asset. As of June 30, 2024 and December 31, 2023, the aggregate carrying amounts of the aforementioned assets amounted to P869,268,923 and P810,542,186 respectively.

#### Estimating Allowance for Expected Credit Losses

The Company evaluates the expected credit losses related to a financial asset based on an individual assessment and available facts and circumstances, including, but not limited to historical loss experience and current and forecast macroeconomic information.

The Company uses credit ratings, performance of banking industry, macro-economic and bank's financial information to assess the expected credit losses on its cash in banks. In view of the foregoing factors, Management believes that the estimated expected credit loss is nil in both periods.

The Company uses growth in the health industry and other macro-economic factors to assess the expected credit losses on its trade and other receivables. In view of the foregoing factors, Management believes that the estimated expected credit loss is nil in both periods.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATION AND FINANCIAL CONDITION**

### **2nd QUARTER 2024**

*Review of results of operations for the three (6) months ended June 30, 2024.*

#### Result of Operations

##### *Revenues*

The Hospital's gross revenues of P355.971 million. Discounts of P28.867 million of which are given to senior citizens and Persons with Disability, equivalent to 8.10% gross revenues which resulted to a net revenue of P327,104,171

##### *Cost of services*

Cost of services of P211.794 million is equivalent to 64.75% of gross revenues.

##### *General and Administrative expenses*

General and administrative expense was P83.305 million the bulk of which are attributable to salaries and wages, utilities, management and travel expenses.

Finance Cost of P27.5 million due to accrual of interest for loan from Development Bank of the Philippines.

Other Income was P5.3965M million referring to rental income derived from the canteen concessionaires and space rental by the Stone Center.

##### *Net Operating Income (Loss)*

The 2nd quarter 2024 posted a net operating income before depreciation of P28.472 million and a net income of P7,824 million after depreciation and taxes. Interest income amounted to P0.111 million.

Review of the financial condition of the Hospital as of June 30, 2024 compared with the financial condition as of December 31, 2023:

##### *Financial Condition*

As of June 30, 2024, the Hospital's total assets reached P863.646 million, (December 31, 2023 – P810.542 million), which increased by P53.104 million, or 6.55%, compared to year-end last year.

Current assets increased by 28.64% or P254.045 million (December 31, 2023 – P197.480 million), primarily attributable increase in trade and other receivables (P47.26 million), inventories (P6.522 million), and partially decreased by other current assets amounting to P (27.99 million.)

Non-current assets went down by 0.1% or P3.462 million (December 31, 2023 – P613.062 million), caused mainly by accumulated depreciation of property and equipment.

Total liabilities of P679.515 million (December 31, 2023 – P639.095 million) increased by P40.420 million, due to the following: Increase in Trade and Other Payable amounted to P51.286 million or a percentage increase of 35%, Increase in Accrued Finance Cost amounted to P10.513 million or a percentage increase of 468%. Loans Payable, however, decreased minimally by P4 million or 0.01%.

### **Material Changes in the June 30, 2024 Financial Statements**

#### **Statement of Financial Position (Increase/Decrease of December 31, 2023)**

##### Increase in Cash

The increase in cash is attributable to the payments received from self-pay patients.

##### Increase in Receivables

This came from receivable from HMO due to the increase in medical services under HMO accounts. The increase is also attributable from claims filed with the Philippine Health Insurance Corporation (PHIC).

#### **Income Statements (Increase/Decrease of December 31, 2023)**

##### Increase in Gross Revenues

The increase is mainly due to the full operations of the hospital starting 2023. New medical services and packages were offered thus resulting in a favorable increase in revenue. Additional accredited HMOs were in place thus, resulting in the substantial increase in gross revenues.

##### Increase in Discounts

Increase in discounts were from senior citizens and PWD cardholders.

##### Increase in Cost of Services

Due to the increase in gross revenue, the increase in cost of services is directly proportional to the said increase. The increase is attributable to professional services of resident doctors and junior consultants, reader's fee and increase in number of personnel in the nursing service unit and ancillary departments.

##### Increase in Operating Expenses

Increase came from salaries, wages and benefits of back office, taxes and licenses and utilities, transportation and travel expenses, and management fees.

##### Increase in Finance Costs

The increase in finance cost is due to accruals of interest payable for the quarter.

## Financial Instruments

Discussions on financial instruments to the Unaudited Interim Financial Statements as of June 30, 2024.  
*Financial Soundness Indicators*

|                       | <b>Formula</b>   | <b>June 30,<br/>2024</b> | <b>December 31,<br/>2023</b> |
|-----------------------|--|--------------------------|------------------------------|
| Current ratio         | Total current assets divided by total current liabilities  | 0.88                     | 0.68                         |
| Acid test ratio       | Quick assets (total current assets less inventories and other current assets) divided by total current liabilities | .59                      | 0.32                         |
| Solvency ratio        | Net income after tax add depreciation divided by total liabilities   | 0.04                     | (0.01)                       |
| Debt to equity        | Total liabilities divided by total stockholders' equity  | 3.69                     | 3.73                         |
| Asset-to-equity ratio | Total assets divided by Stockholders' equity   | 4.69                     | 4.73                         |
| Return on Equity      | Net income divided by average stockholders' equity   | 0.04                     | (0.24)                       |
| Return on Assets      | Net Income divided by total assets   | 0.01                     | (2.55)                       |
| Net Profit margin     | Net Income Divided by revenues   | 0.02                     | (0.14)                       |
| Gross Profit margin   | Gross Profit (revenues less cost of services) divided by revenues  | 0.35                     | 0.30                         |
| Book Value per share  | Stockholders' equity divided by weighted average outstanding number of common shares                               | 187                      | 174                          |



**PART II - OTHER INFORMATION**

The Hospital is not in possession of any information which has not been previously reported in a report on SEC Form 17-C and with respect to which a report on SEC Form 17-C is required to be filled.

**SIGNATURE**

Pursuant to the requirements of the Securities Regulations Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**OPTIMUM QUALITY HEALTH VENTURES, INC.**  
Issuer

Subscribed and sworn to before me  
this \_\_\_\_\_ day \_\_\_\_\_ in \_\_\_\_\_  
Caloocan City, Metro Manila

By:

AUG 07 2024



**JONATHAN L. LATONIA**  
Corporate Treasurer

Doc. No. 312  
Page No. 44  
Book No. 177  
Series of 2024

*SS Catherine P. Cabalic*  
**ATTY. SEVERINA S. AGUILAR-ACUÑA**  
NOTARY PUBLIC FOR AND WITHIN THE JURISDICTION OF COLOCCAN CITY  
NOTARIAL COMMISSION NO. NC 444 until December 31, 2024  
PTR NO. 1841005 / January 2, 2024 / Caloocan City  
Attorney's Roll No. 30232  
*CPCabalic*  
**CATHERINE P. CABALIC**  
Compliance Officer  
Lifetime IBP No. 776295, January 27, 2009 / CALMANA CHAPTER  
MCLE Compliance No. VII-0019670 valid until April 14, 2025 / Pasig City  
No. 15 Zone, Brgy. 172 Zamora Comp. Gate 1, Camarin, Caloocan City