



2020

Annual Report

Value Care Health Systems, Inc.

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COMPANY BACKGROUND

VALUCARE is a Managed Care Company established by a group of medical practitioners united by a commitment to provide comprehensive health care through outpatient, inpatient, emergency care and dental benefits packaged and accessed via its vast network of accredited health care providers.

Since its inception in 1997, it has grown to become one of the industry leaders in the land. From an initial team of 40 employees, ValuCare now employs more than 300 service-oriented personnel serving more than 300,000 members from over 500 corporate accounts nationwide as of December 2020.

Branch offices have been established in Cebu, Davao, Iloilo and Bicol and local Liaison Officers deployed in Cavite, Batangas, Laguna, Bulacan-Pampanga, Cagayan De Oro, Bacolod, and General Santos City to meet the needs of its ever-expanding client base.

Its center of operations is now housed in the ValuCare building, its very own 10-storey corporate headquarters located at the Ortigas business district.

ValuCare is among the few financially-viable HMOs and with one of the highest paid up capitals in the industry, able to comply with the stringent requirements of the Insurance Commission.

Its robust financial competence and sturdy human resource and business investments assure that ValuCare will stay and keep on with its service commitments that its card holders are counting on.

Over the years, ValuCare attributes its success to its dedicated employees and the service-oriented commitment that has become ValuCare's principle – a legacy that our growing number of satisfied clients has come to expect and trust.

ValuCare is a proud member of the Association of Health Maintenance Organizations of the Philippines, Inc. (AHMOPI), the 13-member strong recognized trade association of top managed care organizations in the Philippines.





ABOUT THE COMPANY

VISION

To be the number one managed care organization in the Philippines, globally competitive in providing holistic care with compassion to the Filipino people.

MISSION

We commit:

To provide affordable quality healthcare and promote the well-being of our plan members.

To determine risks and rewards to foster harmonious alliances and keep our providers and intermediaries abreast with the latest tools and approaches in assessing quality in managed care.

To develop opportunities for personal and professional growth of our employees to improve their quality of life.

To ensure fair returns of investment to our shareholders.

To lead in uplifting the industry's standard through innovative strategies, health reform efforts, research and technology.

To contribute to the socio-economic progress of the nation through a healthy citizenry.

ValuCare at a Glance



1997

Established by a group of Doctors and took office at Tektite Towers in Ortigas



2015

Transferred its Operation Center to its new Corporate Head Quarters in Pasig



300

Initial work force started at 20 multi-tasking employees and now has grown to a 300-employee workforce



319,084

Enrolled members and some of them have been with us for the last 15-20 years



1,355

Total Network of Hospitals and Clinics

1,011

Accredited Dental Facilities



19,692

Medical Specialists providing service to VCHSI members

VALUCARE SATELLITE OFFICES



SALES AND MARKETING HIGHLIGHTS

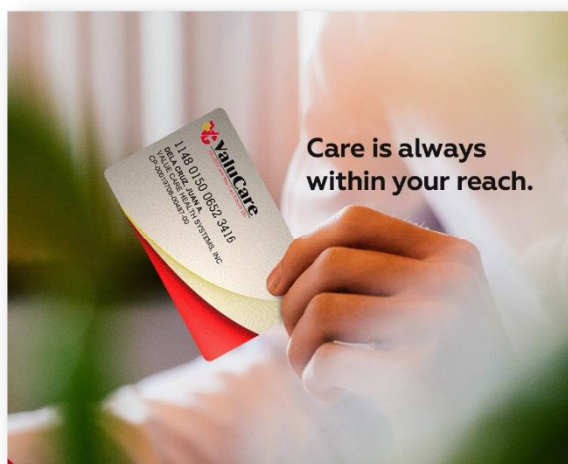
Year 2020 proved to be challenging with regards to communication to the market on what ValuCare has to offer in terms of healthcare programs and its corresponding competitive advantage. Doing company presentation to prospective accounts and face to face meeting with existing customers were restricted due to the quarantine lockdown implemented by the Government in mid-March 2020.

ValuCare focused its effort with its existing customer, helping them in making sure the healthcare programs scheduled are implemented, healthcare benefits of members can be availed and assistance are extended especially to those members availing that were infected by the COVID 19 Virus.

The organization took advantage of digital platform to communicate to our customer both existing and prospective information that is important in managing their company's healthcare program.

- Wellness programs were done digitally via different platform in order for ValuCare to maintain educating its membership on healthcare
- Meetings with HR were continued to discuss the trend of their utilization and update them on developments of COVID and updates on accredited network

Under our Marketing Group, they shifted their focus on Social Media instead of traditional media. From billboards and elevator ads the focus changed to Social Media such as Facebook communicating to/educating our members on how to best take care of themselves during the pandemic.



BY THE NUMBERS

REVENUE

Php 1.944 billion

NET INCOME FROM OPERATIONS

Php 437 million

PROFIT MARGIN

22%

EXPENSES

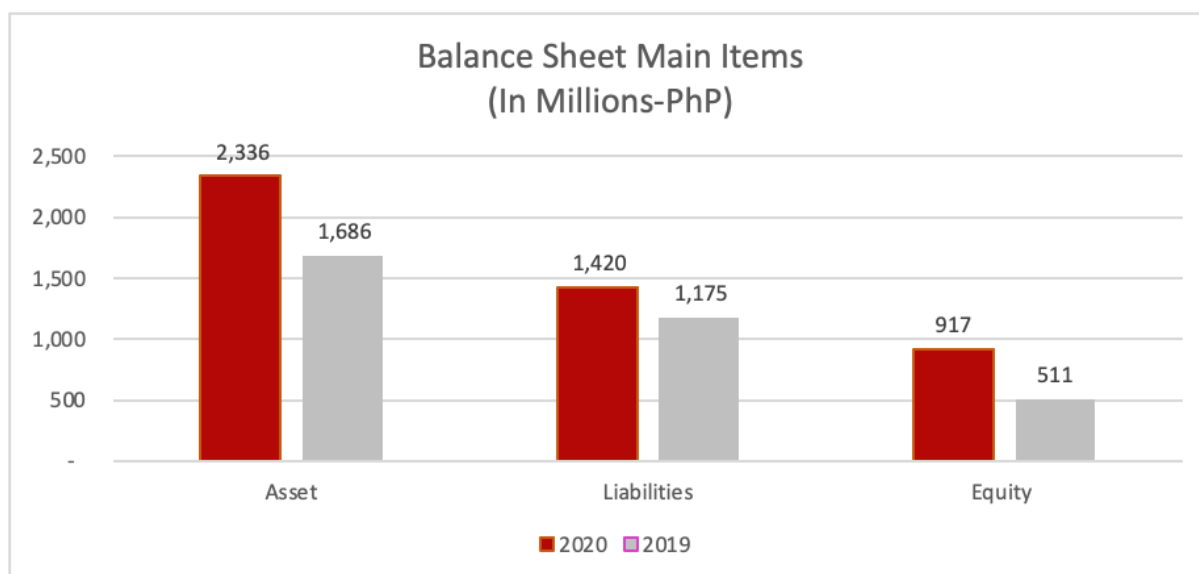
Php 1.34 billion

FINANCIAL HIGHLIGHTS

COMPARATIVE YEARS 2020 AND 2019

Statement of Financial Position

Value Care Health Systems Inc. had closed for year 2020 with total resources of Php2.34billion which is Php650million or 39% higher from previous year of Php1.69billion as a result of substantial increase in revenue. The excess funds were placed in various short-term investment to maximize earnings bearing an annual interest that ranges from .250% to 6% and .625% to 6% in 2020 and 2019 respectively.



The total liabilities showed an upward trend from Php1.17billion in 2019 to Php1.42billion in 2020, resulting to an annual increase of Php244million or 21%. The increase was mainly from unearned membership account, dividend declaration and income tax liability. The loan acquired (3-year loan agreement) amounting to Php63million have been fully paid last 31 December 2020.

The increase in paid up capital from Php173.4million in 2019 to Php173.9million in 2020 represents the issuance of additional shares during the year amounting to Php518,672. The earning per share for this year was Php2.50 per share which is substantially higher than the previous year of Php0.37per share.

Results of Operations

ValuCare had posted a Net Income After Tax (NIAT) of Php437Million in 2020. The profit margin ratio of 22% for this year is the highest ratio generated for the last 5-years of its operation. The increase in revenue was due to lower availment of services and efficiency in providing ValuCare's on-line consultation program that support client servicing.

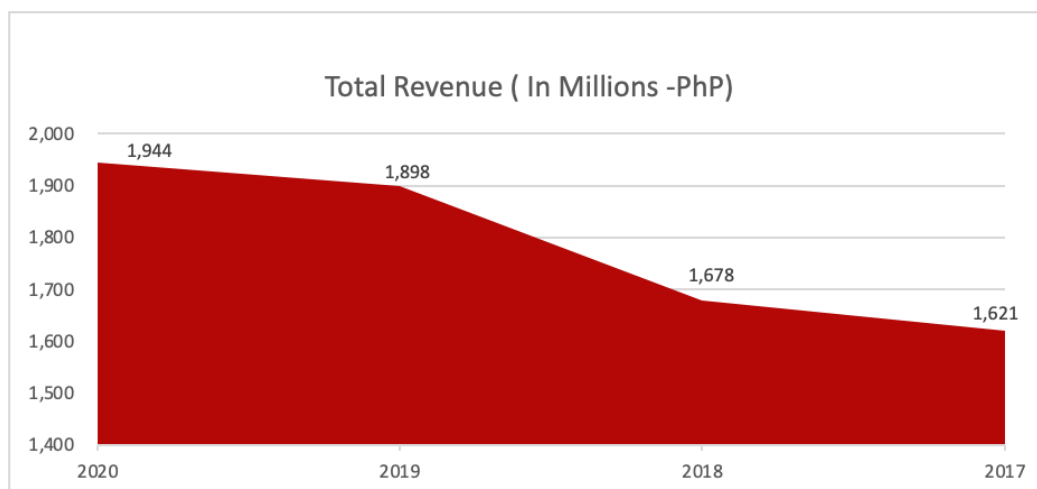
Despite the pandemic situation the company still managed to increase its Revenue from Php1.898billion in 2019 to Php1.944 in 2020 or a 2.4% growth.

2.4%

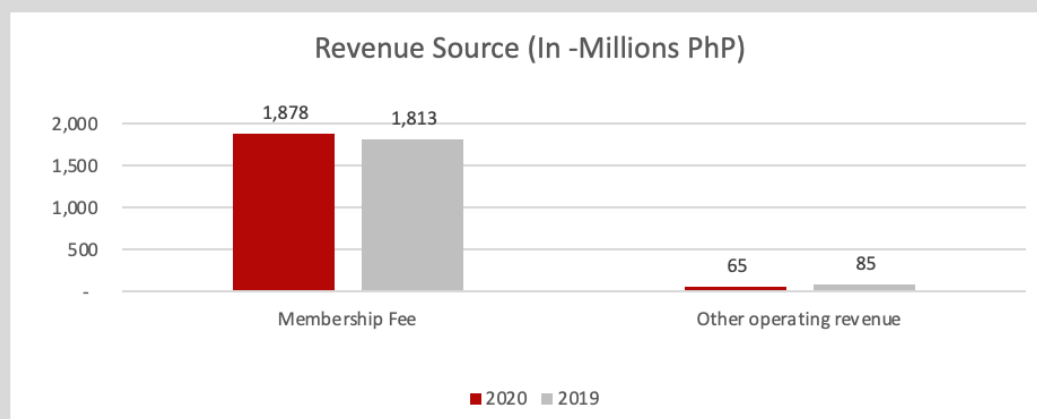
Revenue Growth 2019 vs 2020

4.65%

4-year Compounded Annual Growth Rate



The main contributor in revenue generation was from membership fee totaling to Php1.88billion in 2020 and Php1.81billion in 2019. The other revenue referring to Administrative fee and network access fee from ASO account had decreased from Php85million in 2019 to Php65million this 2020.



FINANCIAL HIGHLIGHTS

The Operating expense ratio had increase from 11.5% in 2019 to 13.1% in 2020. The increase was mainly to support operations marketing strategy for the year where the company incurred an advertising campaign to strengthen its media mileage, brand awareness and internal marketing campaign. In addition, a teleconsulting outsource service was introduced in 2020 to continue servicing ValuCare members during the pandemic crisis.

	2020	2019	2018
Profitability			
Revenues	1,943,630,845	1,897,960,560	1,678,282,540
Cost of Services	1,081,995,929	1,620,012,758	1,430,081,002
Operating Expenses	255,241,645	218,452,793	206,843,557
Comprehensive Income	435,401,094	63,507,719	51,588,324
Selected Balance Sheet Data			
Liquid Assets	1,861,821,264	1,150,072,237	1,230,556,141
Working capital	522,480,655	102,201,536	13,411,311
Total Assets	2,336,491,710	1,686,437,802	1,816,062,786
Liabilities	1,419,513,149	1,175,379,007	1,368,511,710
Total Equity	916,978,561	511,058,795	447,551,076
Key Performance Indicators			
Acid test ratio	1.38	1.09	1.01
Accounts Receivable turnover	6	8	8
Average collection days	60	43	43
Debt to equity ratio	1.55	2.3	3.06
Debt to asset ratio	0.61	0.70	0.75
Earning per share	2.5	0.37	0.30
Return on assets	19%	4%	3%

The Chairman's Message



Let me begin by telling you three things in prospect:

- that 2020 was a tough year for ValuCare, but that we are still standing despite the difficult times,
- that we ought to work harder together, become more united, and supportive of each other as a family,
- and that we will remain strong and competitive over the next five years, like always, because of your hard work and resilience amidst the challenges that include the pandemic.

But beyond these three things is a simple message for all, and that is to personally thank each one of you for your loyalty and hard work, and for selflessly sharing yourselves to make ValuCare a bigger Family that it is today.

Our company is truly standing strong because of your efforts and individual contributions.

Your support and your love for ValuCare continues to bring us closer, every single day, to our goal of becoming the number one managed care organization in the Philippines.

CONGRATULATIONS AND WELL DONE EVERYONE!

" ...[I] personally thank each one of you for your loyalty and hard work, and for selflessly sharing yourselves to make ValuCare a bigger Family that it is today. "

Dr. Samuel D. Ang
- Chairman of the Board

President's Message



The year 2020 has been a difficult year for everyone.

The contagion's new normal may have forced us to face many significant challenges in all aspects of our professional, social and personal lives.

But with pride we look back to 2020 and the trials that we were able to successfully hurdle, and look forward to others we continuously maneuver to our advantage.

As COVID-19 cases continue to rise around the world, my thoughts go out to all those who have suffered from its symptoms and to those who have lost loved ones.

But amidst all these, my confidence and sincerest gratitude remain to all the courageous and dedicated medical professionals and essential workers – ValuCare employees included – who have put their own lives at the forefront to be of service to others.

Together we will face the challenge and together we will deliver.

" Together we will face
the challenge and
together we will deliver."

- Dr. Patricia L. Tan
President and CEO

ValuCare has and will always be committed to prioritize the health and safety of all our stakeholders, customers, partners, and employees and their families – collectively the pillar of all that we have worked hard for over the years.

THE CHAIRMAN

Dr. Samuel D. Ang practices Surgery and specializes in Surgical Oncology. Graduated Magna Cum Laude at the University of Santo Tomas in 1975.

Dr. Ang completed his General Surgery Residency at the Graduate Hospital of the University of Pennsylvania in 1982 and surgical oncology fellowship at the Memorial Sloan Kettering Cancer Center in New York City in 1984.

Currently he is the Medical Director of Chinese General Hospital and Medical Center and concurrent Chairman of the Surgery Department in the same hospital.

He was the former chairman of the Philippine Board of Surgery year 2005, former Director of St. Luke's Medical Center Cancer Center and Cardinal Santos Cancer Center.

He is a member of various societies here in the Philippines and abroad such as Philippine Medical Association (PMA), Philippine Society of General Surgeons (PSGS), Surgical Oncology Society of the Philippines (SOSP), Philippine Breast Cancer Society (PBCS), American College of Surgeons (ACS) and Society of Surgical Oncology (SSO), both in the USA.



DR. SAMUEL D. ANG

PRESIDENT & CEO

Dra. Patricia L. Tan graduated from Far Eastern University with a Bachelor of Science Degree in Preparatory Medicine in 1975. She had her OB-GYNE Residency training at Chinese General Hospital and Medical Center under the Department of Obstetrics and Gynecology in 1982.

She is a fellow of the Philippine Obstetrical and Gynecological Society and a Fellow of the Philippine Society of Gynecologic Endoscopy.

Dra. Patricia L. Tan is currently Chairman of the Department of OB-GYN, Chinese General Hospital, President and CEO of Value Care Health System Inc., President of Delex Pharma International Inc., and Chairman of TC Global, Inc.



DR. PATRICIA L. TAN

BOARD MEMBERS



Dr. Josefina C. Chua

Treasurer

Dr. Josefina Chua graduated from Far Eastern University with a degree in Bachelor of Science in Nursing last 1972 and finished her Medical Degree in 1978. She took her Masters Degree in Hospital Administration at UP-Institute of Public Health on year 1981. She is a board member of ValuCare Health Systems, Inc., New World Diagnostics Laboratory and Mdpharma, Inc. During her free time, she travels and spends time with her family. She is currently a practicing Pediatrician at Chinese General Hospital and Medical Center, and a Fellow of Philippine Pediatric Society.

Dr. Lawrence O. Gotamco

Board Member

Dr. Lawrence O. Gotamco graduated with a Bachelor of Science Degree in Preparatory Medicine at University of Santo Tomas in 1978. He finished his medicine study at the same school in 1982 and completed his internship in 1983. Dr. Gotamco had his residency training in General Surgery from 1984 to 1988 at Chinese General Hospital and became Chief Resident.

Dr. Gotamco is a Fellow of Philippine College of Surgeons. He was the former Vice Chairman of the Operating Room Committee of Chinese General Hospital and Medical Center and involved in Residency training for five years. He remains to be an active consultant of the hospital. He is also affiliated as a visiting consultant at Cardinal Santos Medical Center. Dr. Gotamco also attended various medical workshops both here and abroad.



BOARD MEMBERS



Dr. Jose Y. Garcia, Jr.

Board Member

Dr. Jose Y. Garcia graduated with flying colors from medical school in the University of Santo Tomas - Magna cum Laude Bachelor of Science in general in 1975 and Magna cum Laude in class in UST Medicine in 1979. Dr. Garcia was ranked number one in three major exams – the Philippine Board of Medicine Licensure Exam, the Philippine College of Physician Licensure Exam and the Philippine Society of Nephrology Licensure Exam. Dr. Garcia went to the United States of America and pursued residency training in Internal Medicine in St. Luke's Hospital at Cleveland, Ohio. Afterwards, he sought fellowship training in Hypertension and Nephrology in the

Cleveland Clinic Educational Foundation. He earned 99th percentile score in Nephrology American Board of Internal Medicine (ABIM) in 1997.

A very passionate and dedicated teacher, Dr. Garcia has inspired many students to follow in his footsteps to become full-fledged nephrologists. Dr. Garcia is an active member of the American College of Physicians, Philippine College of Physicians, Philippine Medical Association and Philippine Society of Nephrology. Dr. Garcia currently practices in Chinese General Hospital, Cardinal Santos Medical Center, Tricity Medical Center and Ortigas Medical Center.

Dr. Cesar S. Co

Board Member

Dr. Cesar S. Co is a Bachelor of Science Degree holder from the University of Santo Tomas. Dr. Co finished his Medical Degree in 1975 from the same school. Dr. Co completed his training in various hospitals from 1975 to 1986 and continued his medical training abroad. Dr. Co held several key positions in Philippine College of Radiology from 1990 to 1997. Dr. Co is currently the Chairman of Department of Radiology of Chinese General Hospital and Consultant in Cardinal Santos Medical Center. Dr. Co was frequently invited as a speaker in various seminars and attended numerous conventions both here and abroad.



BOARD MEMBERS



Mr. Johnlu Koa

Independent Director

Mr. Johnlu Koa, founder of The French Baker, had an academic career before his bread business took off. He earned his MBA from the University of the Philippines (UP) after earning a degree in Business Administration from the same university. While earning his master's degree, Koa taught Business Administration in UP, and was later appointed Secretary of the College of Business Administration. Mr. Koa was named one of The Outstanding Young Filipinos in 1996 for his commitment to his company and to the baking industry.

He was also honored by the UP College of Business Administration with the Alumni Association Professional Award in the field of Entrepreneurship. He was also named one of the 500 Great Asians of the 21st Century by the Bibliotheque Worldwide Organization in the US. Mr. Koa has not yet run out of business ideas for the future. His plans for expansion include standalone stores, as well as outlets in Hong Kong and China. He also plans to set up a flour mill that will cater to the specific needs of the local baking industry, and for The French Baker to be listed on the Philippine Stock Exchange.

Mr. Robertson K. Laurel

Independent Director

Mr. Robertson K. Laurel is a graduate from Ateneo de Manila University with a Bachelor of Arts degree in English. He took up his Masteral in Philosophy also at the same school in 2001. In 2005, Mr. Laurel finished his Doctorate course in Literature at the University of the Philippines. Mr. Robertson K. Laurel is a partner and currently the Chief Executive Officer of Sunfu Solutions, Inc., one of the leading companies in the field of medical equipment technology.



BOARD MEMBERS



Mr. Owen Y. Lee

Independent Director

Mr. Owen Y. Lee graduated cum laude with Bachelor Degree in Business Administrator major in Accounting at the University of the East, Philippines in 1968. He passed the Philippine Government Examination Board exam and became Certified Public Accountant (CPA) in 1969. He also took Advance Management Program at Banff School of Advance Management in Canada. Owen started as Junior Auditor in SGV & Co and was assigned in Singapore office until promoted as Auditor Partner of SGV Goh Tan & Co/Deloitte Haskins & Sells in 1982.

He was a member of the Audit Services Committee of Deloitte Haskins & Sells International (DHSI). This committee is responsible for worldwide audit policies to be implemented by all member firms of DHSI. After retirement from Public Accountancy he serves as Financial Director and Consultant of several companies engaged in various industries.

THE EXECUTIVE COMMITTEE



DR. SAMUEL D. ANG
Chairman



DR. PATRICIAL. TAN
President & CEO



MR. ARMANDO S. MACALINO
Executive Vice President
and Chief Operating Officer



MS. SHIRLEY CATIBOG
Chief Finance Officer

THE MANAGEMENT COMMITTEE



MR. ARMANDO S. MACALINO

Executive Vice President
and Chief Operating Officer



CHRISTIAN G. CRISTOBAL, MBA

SVP for Sales / Deputy COO



SHIRLEY M. CATIBOG

Chief Finance Officer



REYNALDO M. MAGDULOT, MBA

Head of Actuarial, Contract Admin & Util.
Support / IC Compliance Officer



ELMER M. PALOMATA, MD, RN, DPCOM

Assistant Vice President
Claims Administration



GREGORIO V. MAGBALON, MBA

Head of Billing & Collection
/ AML Compliance Officer

CORPORATE GOVERNANCE



ValuCare as a regulated entity under Insurance Commission, believe that Corporate Good Governance was established in order to maintain the quality of management, afford better protection to their customers and public in general.

The Board of Directors, Management and Staff commit themselves to adhere to all policies set in Corporate Good Governance, through transparency in the manner of doing business. All are expected to perform their function with **integrity, fairness and professionalism.**

The company operations are guided by Organizational Structure and Policies and Procedures, which is periodically reviewed and approved by the Management Committees.

The Board has established different committees to further strengthen implementation of the Corporate Good Governance. These committees are: **Audit and Compliance Committee, Risk Oversight Committee, Related Party Transaction Committee and Executive Committee.**

BOARD MEETINGS

The Company had six (6) meetings in 2020. Below is the attendance of the board in the aforesaid meetings:

NO.	BOD NAME		DATE OF MEETING						Percentage
			15-Jan-20	3-Mar-20	27-Jul-20	30-Sep-20	25-Nov-20	21-Dec-20	
			Regular Meeting	Regular Meeting	Regular Meeting	Regular Meeting	Regular Meeting	Regular Meeting	
1	Dr. Samuel Ang	Chairman	/	/	/	/	/	/	100%
2	Dr. Patricia Tan	President & CEO/Director	/	/	/	/	/	/	100%
3	Dr. Jose Y. Garcia, Jr.	Director	Absent	/	/	/	/	/	83%
4	Dr. Lawrence O. Gotamco	Director	/	/	/	/	/	/	100%
5	Dr. Josefina C. Chua	Treasurer/Director	/	/	/	/	/	/	100%
6	Dr. Cesar S. Co	Director	/	/	/	/	/	/	100%
7	Robertson K. Laurel	Independent Director	/	/	/	/	/	/	100%
8	JohnLu G. Koa	Independent Director	/	/	/	/	/	/	100%
9	Owen Y. Lee	Independent Director	/	/	/	/	/	/	100%

The following Board Resolutions were unanimously approved:
(Copies of the Minutes may be requested from the office of the Corporate Secretary)

January 15, 2020

The Corporation was authorized to enter into fixed income transactions including Peso Government Securities, US Dollar Sovereign Bonds and Special Time Deposits with the Philippine National Bank.

March 3, 2020

- A. The Corporation appointed authorized representatives for purposes of enrollment and use of Optima Online Banking Facility of Sterling Bank of Asia.
- B. The Corporation was given authority to apply for an Authority to Print its Official Receipts and Invoices with Bureau of Internal Revenue and further resolved that Mr. Arnold Lachica is hereby authorized to sign, execute, endorse and deliver documents for, and on behalf of the Corporation.
- C. The Board approved the removal of Charlotte C. Chante as a signatory for the Corporation due to the sale of the latter's shares and her resignation as Assistant Treasurer. Effective 3 March 2020, all deposits, withdrawals, and other transactions pertaining to any and all funds of the Corporation from its existing deposit account/s, whether time, placement, current or savings, with all depository banks by means of checks, drafts, withdrawal slips, report or other similar instruments shall be signed by Class A, B & C signatories.

27 July 2020

Joint Meeting of Board of Directors and Stockholders

- I. Nomination and Election of New Directors
- II. Approval of Audited Financial Statements of the Corporation for year ended December 31, 2019.
- III. Appointment of External Auditor - Maceda Valencia & Co. as External Auditor for fiscal year ending 31 December 2020.

Organizational Meeting of Board of Directors

- I. Election of Officers and Appointment of Committee Members
- II. The Board approved the Authority to Print Provisional Receipts and authorized Mr. Harvey Pramo of Trojan Computer Forms Manufacturing Corp. to sign, execute, endorse and deliver for and in behalf of the Corporation, any document and other writings of whatever nature or kind, and to execute and perform any and all acts and deeds proper and necessary, under such terms and condition as he may deem to be most beneficial the Corporation.
- III. The Board approved authorized signatories for reportorial requirements to various government agencies - Dr. Patricia L. Tan- President/CEO; Shirley M. Catibog-CFO; and Vincent Ryan A. Notario-Human Resources Manager.
- IV. The Board approved authorized signatories for various agreements - Elmer M. Palomata, MD for Providers' Agreement; Dr. Patricia L. Tan or Armando S. Macalino for Service Agreements; and Dr. Patricia L. Tan for Lease Agreements.
- V. The Board approved authorized signatories for availment of Bank of Philippine Islands (BPI) banking services. Any two of the following officers were designated as authorized signatories: Dr. Samuel D. Ang, Dr. Patricia L. Tan, Dr. Josefina C. Chua, and Dr. Jose Y. Garcia.

30 September 2020

- I. Appointment of Independent Director -Mr. Owen Y. Lee who shall replace Robertson K. Laurel as a member of the Compensation Committee
- II. Approval of the opening of an account with First Metro Asset Management (FAMI) and the mutual funds it manages. Initial investment shall be PhP100M and the Board approved any additional amount that may be invested in the future.
Any two (2) of the following officers were designated as authorized signatories: Dr. Samuel D. Ang, Dr. Patricia L. Tan, and Dr. Josefina C. Chua.
- III. Appointment of representatives for PNB Online Banking Access. The corporation authorized any two (2) of the officers of the Corporation to do all acts, sign, execute and deliver, for and in behalf of the corporation the agreement/s, documents or instruments, checks and withdrawal slips, debit and credit instructions, forms as well as renewals, amendments or supplements thereto prescribed by PNB.

IV. The Board authorized the sale of one of the Corporation's vehicles- Honda Civic with Plate Number WTI 836.

25 November 2020

I. Approval of the appointment of Ms. Shirley M. Catibog as Alternate Anti-Money Laundering Compliance Officer effective 25 November 2020.

II. Approval of the appointment of Mr. Rommel R. Adarna as Data Protection Officer effective 25 November 2020.

III. Appointment of Atty. Roberto L. Tan and Atty. Nasha Jemimah R. Reyes as authorized representatives for the SEC Online Submission Tool pursuant to SEC Memorandum No. 28, s. 2020.

IV. The Board approved the upgrading of the information communications technology infrastructure of the Corporation, and authorized Dr. Patricia L. Tan to enter into an agreement with Artifnet Global for a total contract price of Php1,290,240.

V. The Board approved the write-off of bad debts in the amount of Php51,424,433.43 for fiscal year December 31, 2020.

VI. The Board authorized the sale of one of the Corporation's vehicles- Toyota Innova with Plate Number PQO 541

21 December 2020

The Board approved the declaration of cash dividends in the amount of Php30,000,000.00 subject to the approval of the Insurance Commission (IC) under IC Circular Letter 2020-66.-66.

KEY COMPANY POLICIES

DATA PRIVACY ACT

ValuCare recognizes its responsibilities under the Republic Act No. 10173, otherwise known as the Data Privacy Act of 2012, with respect to the data it collects, records, organizes, updates, uses, consolidates, or destructs from its members. The Company ensures that the privacy of its members, patients, employees, and accredited individuals are protected and managed.

As such, the Company had established its own policy to protect personal and sensitive personal information in accordance with the Data Privacy Act of 2012. The policy can be accessed on the following link – <https://www.valucarehealth.com/privacy.html>.

ANTI-MONEY LAUNDERING ACT

ValuCare submitted its Anti-Money Laundering Manual to the Insurance Commission. It aims to prevent any terrorist-financing activities or any form of money laundering on the membership of ValuCare or purchase of any ValuCare products.

The Company is committed to acting fairly and with integrity in all of its business dealings and relationships, and shall only conduct business with partners involved in legitimate business activities with funds derived from legitimate sources. The Company shall take reasonable steps to prevent and detect any illegal form of payments, and prevent the Company's financial transactions from being used by others to launder money or finance an illegal activity.

This policy applies to the members of the Board of Directors, ValuCare's officers, managers, employees, whether regular or contractual, its agents and other representatives, including its subsidiaries and affiliates.



Corporate Social Responsibility

NURSING HOME FOR THE ELDERLY

Kanlungan ni Maria - Antipolo City (June 19, 2020)

On June 19, 2020, with ValuCare's untiring effort to serve the community, the company extended a hand to the elders of Kanlungan ni Maria at Antipolo, Rizal. It has been the company's advocacy even then, to provide assistance to those in need. This includes distribution of essentials like rice and other food items, condiments, toiletries (diapers, soaps and etc), and stuffs that will support their daily needs. Kanlungan ni Maria sheltered more than sixty (60) elders from different walks of life. Some are deposited by their families who are not capable of nurturing them, while others came from the streets unattended by their loved ones. These elders are yearning for affection and attention. With the participation of Human Resource and Facility Management Department, ValuCare has conveyed the adoration and concern to them that even in this situation they are not forgotten.

Corporate Social Responsibility



VICTIMS OF TYPHOON ULYSSES AND ROLLY

Caritas Manila (November 25, 2020)

When typhoon Ulysses and Roly ravaged various parts of the country, ValuCare participated in providing assistance in partnership with Caritas Manila. Among the items provided by the company were canned goods, instant foods, personal stuff and toiletries, water, slippers, and much more. ValuCare that wishes to provide aid after a disaster which requires a balance of wisdom and compassion for the company is aware how the needy suffered the traumatic state brought by these typhoons. The company felt the need to extend its helping hands and care while remembering the goal of lifting the survivors out of the catastrophic incident. As a result, ValuCare designed an Aid Program in cooperation with all the employees who in one way or the other could alleviate the typhoon victim's basic and immediate needs and to find strength within themselves.

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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Company Name

V	A	L	U	E	C	A	R	E		H	E	A	L	T	H		S	Y	S	T	E	M	S	,		I	N	C	.

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

N	O	.		3	3		M	E	R	A	L	C	O		A	V	E	N	U	E	,								
B	A	R	A	N	G	A	Y		S	A	N		A	N	T	O	N	I	O	,									
P	A	S	I	G	,		C	I	T	Y																			

Form Type

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Department requiring the report

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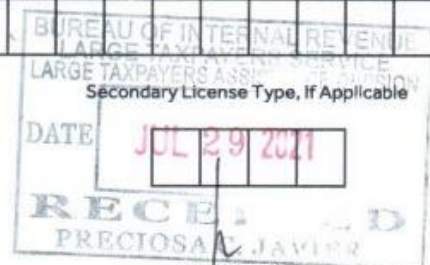
COMPANY INFORMATION

Company's Email Address

wecare@valuecarehealth.com

Company's Telephone Number/s

7 0 2 - 3 3 8 8



Mobile Number

No. of Stockholders

17

Annual Meeting
Month/Day

3rd Friday of May

Fiscal Year
Month/Day

December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person

Shirley M. Catibog

Email Address

shirley.catibog@valuecarehealth.com

Telephone Number/s

Mobile Number

Contact Person's Address

No. 33 Meralco Avenue, Brgy. San Antonio, Pasig, City

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.

VALUE CARE HEALTH SYSTEMS, INC.

FINANCIAL STATEMENTS

December 31, 2020

(With Comparative Figures for 2019)

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS


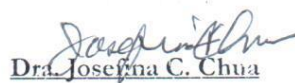
The management of Value Care Health Systems, Inc. is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2020 and 2019, in accordance with the prescribed financial reporting framework indicated therein, 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 and 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 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 Management is responsible for overseeing the Company's financial reporting process.

The Management reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders or members.

Maceda Valencia & 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.


Dr. Samuel D. Ang
Chairman of the Board
Dra. Patricia L. Tan
President and Chief Executive Officer
Dra. Josefina C. Chua
Treasurer

Signed this 27th day of JULY 2021

VALUE CARE HEALTH SYSTEMS, INC.

Value Care Building, 33 Meralco Avenue, Barangay San Antonio, Pasig City
Trunk lines: (02) 702-3310 (Medical Services); (02) 702-3388 / 317-4388 (Other Departments)
24 Hour Hotlines: 0917-7-WECARE / (02) 687-3219 / 317-4310 / 0917-8862892 / 0925-6100301
Fax no: (02) 637-9456 Email: wecare@valuecarehealth.com

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS


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Dr. Samuel D. Ang

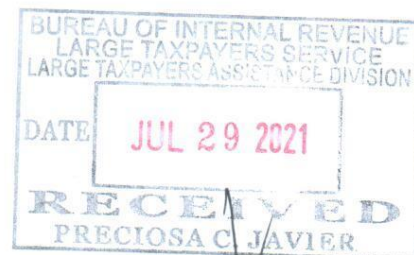
Chairman of the Board


Dra. Patricia L. Tan

President and Chief Executive Officer


Dra. Josefina C. Chua

Treasurer



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**REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY FINANCIAL STATEMENTS FOR FILING WITH THE
SECURITIES AND EXCHANGE COMMISSION**

The Shareholders and Board of Directors
Value Care Health Systems, Inc.
No. 33 Meralco Avenue
Brgy. San Antonio, Pasig City

We have audited the accompanying financial statements of Value Care Health Systems, Inc., as at and for the year ended December 31, 2020, on which we have rendered our report dated July 27, 2021.

In compliance with Revised Securities Regulation Code Rule 68 and based on the certification received from the Company's corporate secretary and the results of our work done, we are stating that as at December 31, 2020, the said Company has fourteen (14) shareholders owning one hundred (100) or more shares.

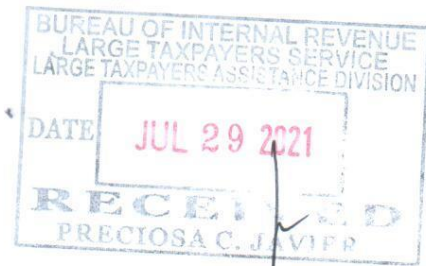
MACEDA VALENCIA & CO.



ARACELI F. CASELES
Partner
CPA License No. 113583
PTR No. 8564729

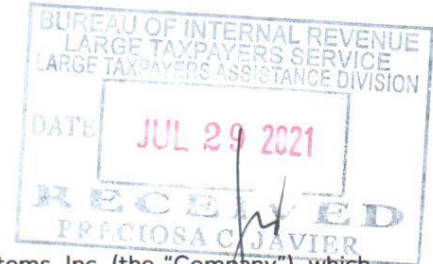
Issued on January 22, 2021 at Makati City
SEC Accreditation No. (individual) as general auditor 1779-A Category A,
Effective until September 23, 2022
SEC Accreditation No. (firm) as general auditors 4748-SEC;
Effective until February 17, 2023
TIN 228-154-366-000
BIR Accreditation No. 08-007752-001-2019
Issued on December 19, 2019; effective until December 18, 2022
BOA/PRC Reg. No. 4748, effective until August 7, 2024
IC Accreditation No. (individual) 113583-IC, Group A
Effective until March 3, 2025
IC Accreditation No. (firm) 4748-IC, Group A
Effective until March 3, 2025

July 27, 2021
Makati City



REPORT OF INDEPENDENT AUDITORS

The Shareholders and Board of Directors
Value Care Health Systems, Inc.
No. 33 Meralco Avenue
Brgy. San Antonio, Pasig City



Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Value Care Health Systems, Inc. (the "Company"), which comprise the statement of financial position as at December 31, 2020, and the statement of total comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

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

We are independent of the Company 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 financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

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

Other Matter

The financial statements of the Company for the year ended December 31, 2019 were audited by another auditor who expressed an unmodified opinion on those statements on July 27, 2020.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS, 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.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the 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 Company'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 Company'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 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on the Supplementary Information Required by the Bureau of Internal Revenue

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes and licenses in Note 32 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of management. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as whole.

MACEDA VALENCIA & CO.


ARACELI F. CASELES

Partner

CPA License No. 113583

PTR No. 8564729

Issued on January 22, 2021 at Makati City

SEC Accreditation No. (individual) as general auditor 1779-A Category A,

Effective until September 23, 2022

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July 27, 2021

Makati City

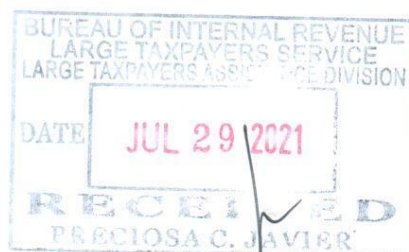


VALUE CARE HEALTH SYSTEMS, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020
(With Comparative Figures for 2019)



	Note	2020	2019
ASSETS			
Current Assets			
Cash and cash equivalents	3	P1,402,247,028	P887,866,196
Financial assets at fair value through profit or loss (FVPL)	4	87,081,737	-
Trade and other receivables - net	5	372,492,499	220,274,761
Excess of receivables over medical fund	6	-	41,931,280
Prepayments and other current assets	7	50,515,330	76,430,662
Total Current Assets		1,912,336,594	1,226,502,899
Non-current Assets			
Property and equipment - net	8	321,950,004	337,986,501
Investment properties - net	9	4,506,528	5,536,702
Intangible asset - net	10	2,074,355	3,156,844
Right-of-use assets - net	11	5,153,612	7,259,315
Available-for-sale financial asset	12	-	2,535,000
Deferred tax assets - net	24	82,815,393	89,371,318
Other non-current assets	13	7,655,224	14,089,223
Total Non-current Assets		424,155,116	459,934,903
		P2,336,491,710	P1,686,437,802
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and accrued expenses	14	P494,658,097	P516,720,450
Medical fund - net	6	24,758,111	-
Unearned membership fees	15	733,402,498	578,050,438
Lease liability - current portion	11	4,368,948	2,950,137
Loans payable - current portion	16	361,972	26,580,338
Cash dividends payable	19	30,000,000	-
Income tax payable		102,306,313	-
Total Current Liabilities		1,389,855,939	1,124,301,363
Non-current Liabilities			
Lease liability - net of current portion	11	1,338,063	4,581,179
Loans payable - net of current portion	16	645,322	1,007,294
Retirement benefit obligation - net	17	27,673,825	45,489,171
Total Non-current Liabilities		29,657,210	51,077,644
		P1,419,513,149	P1,175,379,007

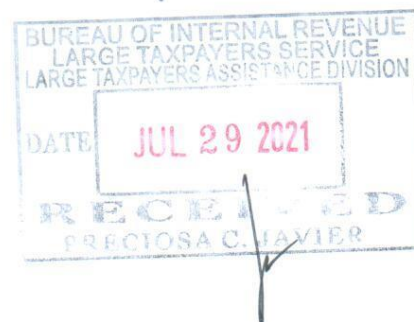
Forward



VALUE CARE HEALTH SYSTEMS, INC.
 STATEMENT OF FINANCIAL POSITION
 DECEMBER 31, 2020
 (With Comparative Figures for 2019)

Equity			
Share capital	19	P173,499,997	P172,981,325
Additional paid-in capital		500,000	500,000
Treasury shares		(8)	(8)
Retained earnings	19	748,831,931	341,513,543
Remeasurements of retirement benefit obligation - net	17	(5,853,359)	(3,936,065)
Total Equity		916,978,561	511,058,795
		P2,336,491,710	P1,686,437,802

See Notes to the Financial Statements.



VALUE CARE HEALTH SYSTEMS, INC.

STATEMENT OF TOTAL COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2020

(With Comparative Figures for 2019)

	Note	2020	2019
REVENUES	20	P1,943,630,845	P1,897,960,560
COST OF SERVICES	21	1,081,995,929	1,620,012,758
GROSS PROFIT		861,634,916	277,947,802
OPERATING EXPENSES	22	255,241,645	218,452,793
INCOME FROM OPERATIONS		606,393,271	59,495,009
FINANCE INCOME	3	12,228,475	12,479,066
FINANCE COST	11,16	(753,532)	(1,438,379)
OTHER INCOME - NET	23	1,642,279	20,537,388
INCOME BEFORE INCOME TAX		619,510,493	91,073,084
INCOME TAX EXPENSE	24	182,192,105	21,043,930
NET INCOME		437,318,388	70,029,154
OTHER COMPREHENSIVE LOSS- net of tax			
Item that will not be reclassified to profit or loss			
Remeasurements of retirement benefit obligation, net of tax	17	(1,917,294)	(6,521,435)
TOTAL COMPREHENSIVE INCOME		P435,401,094	P63,507,719

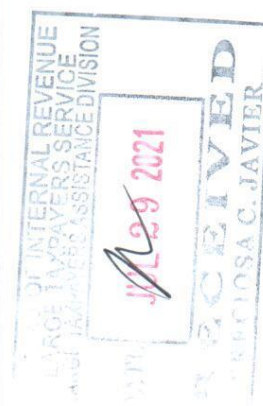
See Notes to the Financial Statements.



VALUE CARE HEALTH SYSTEMS, INC.
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2020
(With Comparative Figures for 2019)

	Share Capital (Note 19)	Additional Paid-in Capital (Note 19)	Treasury Shares (Note 19)	Reserves (Note 17)	Retained Earnings (Note 19)		Total Equity
					Appropriated	Unappropriated	
Balance as at January 1, 2019	P172,981,325	P500,000	(P8)	P2,585,370	P10,473,630	P261,010,759	P447,551,076
Comprehensive income							
Net income for the year	-	-	-	-	-	70,029,154	70,029,154
Other comprehensive loss for the year	-	-	-	(6,521,435)	-	-	(6,521,435)
Total comprehensive income for the year	-	-	-	(6,521,435)	-	70,029,154	63,507,719
Appropriation during the year	-	-	-	-	130,720,880	(130,720,880)	-
Balance as at December 31, 2019	172,981,325	500,000	(8)	(3,936,065)	141,194,510	200,319,033	511,058,795
Transaction with owners							
Issuance of shares	518,672	-	-	-	-	-	518,672
Comprehensive loss							
Net income for the year	-	-	-	-	-	437,318,388	437,318,388
Other comprehensive loss for the year	-	-	-	(1,917,294)	-	-	(1,917,294)
Total comprehensive income for the year	-	-	-	(1,917,294)	-	437,318,388	435,401,094
Declaration during the year	-	-	-	-	-	(30,000,000)	(30,000,000)
Balance as at December 31, 2020	P173,499,997	P500,000	(P8)	(P5,853,359)	P141,194,510	P607,637,421	P916,978,561

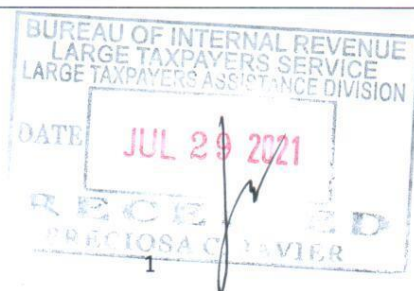
See Notes to the Financial Statements.



VALUE CARE HEALTH SYSTEMS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020
(With Comparative Figures for 2019)

	<i>Note</i>	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		P619,510,493	P91,073,084
Adjustments for:			
Depreciation and amortization	8,9,10,11	28,408,212	28,209,996
Loss on write-off	5,6	26,454,898	-
Retirement expense	17,22	8,584,995	15,011,816
Provision for impairment losses on trade and other receivables	5,22	7,445,832	4,736,220
Unrealized fair value loss on financial assets at FVPL	4,23	1,526,788	-
Interest expense	11,16	753,532	1,438,379
Foreign exchange loss (gain)	23	69,947	(5,475)
Impairment losses on available-for-sale financial asset	12	-	465,000
Other income	23	-	(10,625,902)
Gain on sale of property and equipment	23	(232,143)	(27,270)
Interest income	3	(12,228,475)	(12,479,066)
Operating income before working capital changes		680,294,079	117,796,782
Decrease (increase) in:			
Financial assets at FVPL		(88,608,525)	-
Trade and other receivables		(182,755,076)	(54,447,515)
Excess of receivables over medical fund/Medical Fund - net		63,325,999	(25,067,436)
Prepayments and other current assets		(38,360,396)	7,943,003
Other non-current assets		6,433,999	35,107,144
Increase (decrease) in:			
Accounts payable and accrued expenses		(22,062,351)	22,656,037
Other non-current liability		-	(6,804,305)
Unearned membership fees		155,352,060	(197,626,628)
Cash generated from (absorbed by) operations		573,619,789	(100,442,918)
Retirement benefits paid	17	(2,018,831)	(789,903)
Income tax paid		(8,232,445)	(24,258,509)
Contributions to plan assets	17	(27,120,500)	-
Net cash from (used in) operating activities		536,248,013	(125,491,330)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	3	12,228,475	12,479,066
Proceeds from sale of AFS financial asset	12	2,535,000	-
Proceeds from sale of property and equipment		232,143	309,895
Additions to:			
Intangible asset	10	(1,102,910)	(1,893,245)
Property and equipment	8	(5,030,547)	(3,637,555)
Net cash from investing activities		P8,862,161	P7,258,161

Forward



VALUE CARE HEALTH SYSTEMS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020
(With Comparative Figures for 2019)

CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of shares of stocks	19	P518,672	P -
Interest paid	16	(322,862)	(949,717)
Payments of lease liability	11	(4,274,867)	(4,283,755)
Payments of loan		(26,580,338)	(31,801,469)
Net cash used in financing activities		(30,659,395)	(37,034,941)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH			
		(69,947)	5,475
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
		514,380,832	(155,262,635)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR			
		887,866,196	1,043,128,831
CASH AND CASH EQUIVALENTS AT END OF YEAR			
		P1,402,247,028	P887,866,196

See Notes to the Financial Statements.

