

COVER SHEET

SEC Number **CS201423954**

File Number _____

ASIA PACIFIC MEDICAL CENTER - ILOILO, INC.
(Formerly: ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-ILOILO, INC.)
(Company's Full Name)

Brgy. Ungka 1, Jaro, Iloilo City 5000
(Company's Address)

Tel # 321-57-48/0917-523-4802
(Company's Telephone Number)

2021 December 31
(Fiscal Year Ending-Month and Day)

17-Q
(FORM TYPE)

SEPTEMBER 30, 2021
(Period Ended Date)

(Amendment Designation, if Applicable)

Issuer of Securities
(Secondary License Type, if any)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **September 30, 2021**
2. Commission identification number **CS201423954** 3. BIR Tax Identification No: **008-922-703.**

ASIA PACIFIC MEDICAL CENTER (APMC) – ILOILO, INC. (Formerly Allied Care Experts (ACE) Medical Center – Iloilo, Inc.

4. Exact name of issuer as specified in its charter

Iloilo City, Philippines

5. Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code: (SEC Use Only)

Brgy. Ungka I, Jaro, Iloilo City

5000

7. Address of issuer's principal office

Postal Code

8. Issuer's telephone number, including area code: **(033) 3215748/09175234802**

9. **ALLIED CARE EXPERTS (ACE) MEDICAL CENTER-ILOILO INC , Iloilo Medical Society, Brgy. Bantud Luna St. La Paz, Iloilo City, August 5, 2021**

Former name, former address and former fiscal year, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of Shares Outstanding	Amount of Debt
Founder Shares	600	
Common Shares	234,460	
Debt Outstanding		P 1,048,276,262

11. Are any or all of the securities listed on a Stock Exchange?

Yes No

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 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 the registrant was required to file such reports)

Yes No

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes No

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PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

The Financial Statements (FS) of the Company as of and for the nine months ended September 30, 2021 is incorporated herein. (see Annex A)

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Management Discussions and Analysis (MD&A) or Plan of Operations

I. RESULTS OF OPERATIONS (September 30, 2021 vs September 30, 2020)

	Sept. 30, 2021	Sept. 30, 2020	Horizontal Analysis	
			Inc./ (Dec.)	%
Revenue	0	0	0	0.00%
Direct Cost	0	0	0	0.00%
Gross Profit	0	0	0	0.00%
Other Income	23,605	86,530	(62,925)	-72.72%
Gross Income	23,605	86,530	(62,925)	-72.72%
General and Admin Expenses	12,326,305	14,736,202	(2,409,897)	-16.35%
Loss From Operations	(12,302,700)	(14,649,672)	2,346,972	-16.02%
Finance Cost	9,578,222	6,864,579	2,713,643	39.53%
Net Loss Before Income Tax	(21,880,922)	(21,514,251)	5,060,615	-23.52%
Income Tax Expense	0	0	0	0.00%
Net Loss for The Year	(21,880,922)	(21,514,251)	(366,671)	1.70%
Other Comprehensive Income/(Loss) for the Year	0	0	0	0.00%
Total Comprehensive Loss for the Year	(21,880,922)	(21,514,251)	(366,671)	1.70%

Other Income

To date, the company is still in the completion stage of the hospital building. As of report date, it is at 96.95%. Given the status of the construction, the company does not generate operational income as of the moment other than those generated from bank interests and proceeds of sale of scraps.

General and Administrative Expenses

There were adjustments in the work schedules of the employees sometime in the second quarter due to pandemic. This adjustment helped a little in the decrease in the salaries expenses of the company. There were also decreases in Taxes and Licenses as well as professional fees. Utilities and Insurances were adjusted to properly take up the expenses.

Transportation expenses decreased mainly because of the pandemic. Rentals also decreased due to the transfer of the Investments Office to the hospital site.

Attached is the copy of the reported general and administrative expenses:

	For the 9-Month Period Ended		Horizontal Analysis	
	Sept. 30, 2021	Sept. 30, 2020	Inc./ (Dec.)	%
Salaries and Allowances	7,314,869	7,758,135	(443,266)	-6%
Seminars and Trainings	114,255	0	114,255	0%
Board Meetings and Meals	27,341	23,428	3,913	17%
Professional Fees and Legal Fees	1,351,435	1,661,644	(310,209)	-19%
Security Services	1,384,289	1,150,739	233,550	20%
Taxes and Licenses	188,119	1,105,086	(916,967)	-83%
Insurance Expense	144,642	586,364	(441,722)	-75%
Utilities	105,321	546,517	(441,196)	-81%
SSS, PHIC, and HDMF Contributions	444,028	391,925	52,103	13%
Depreciation Expense	370,531	300,516	70,015	23%
Amortization of Intangible Asset	29,167	0	29,167	0%
Transportation and Travel	30,001	368,373	(338,372)	-92%
Rentals	50,152	418,600	(368,449)	-88%
Office Supplies	328,016	208,698	119,318	57%
Advertising and Marketing Expenses	42,414	374,141	(331,727)	-89%
Postage and Communications	3,372	0	3,372	0%
Web Hosting	36,119	0	36,119	0%
Repairs and Maintenance	9,667	15,175	(5,508)	-36%
Miscellaneous	352,567	46,861	305,706	652%
TOTALS	12,326,305	14,956,202	(2,629,897)	-18%

Finance Costs

These are the interest expenses on bank loans.

Net Losses for the Period

As previously discussed, the company is still in the completion stage of the hospital building, thus, no operation income have been recorded. And given that the company incurred expenses relative to this construction, losses have been reported during the past 4 years.

II. FINANCIAL CONDITION (September 30, 2021 vs September 30, 2020)

<u>ASSETS</u>	Sept. 30, 2021	Sept. 30, 2020	Horizontal Analysis	
			Inc./ (Dec.)	%
CURRENT ASSETS				
Cash	2,734,040	38,554,742	(35,820,703)	-92.91%
Receivables – Others	3,924,906	55,208,070	(51,283,164)	-92.89%
Unused Office Supplies	11,894	0	11,894	0.00%
Advances to Related Party	35,595,773	163,423,514	(127,827,740)	-78.22%
Advances to Contractors	58,766,371	0	58,766,371	0.00%
Advances to Suppliers	4,108,949	0	4,108,949	0.00%
Prepayments	742,377	416,837	325,539	78.10%
	105,884,310	257,603,163	(151,718,853)	-58.90%

NON-CURRENT ASSETS				
Property and Equipment (net)	417,981,040	281,437,215	136,543,826	48.52%
Construction-In-Progress	1,339,111,298	1,130,537,065	208,574,233	18.45%
Intangible Asset (net)	20,833	0	20,833	0.00%
Other Non-Current Assets	5,015,171	5,310,000	(294,829)	-5.55%
	1,762,128,342	1,417,284,280	344,844,062	24.33%
TOTAL ASSETS	1,868,012,652	1,674,887,443	193,125,209	11.53%

LIABILITY AND EQUITY	Sept. 30, 2021	Sept. 30, 2020	Horizontal Analysis	
			Inc./ (Dec.)	%
CURRENT LIABILITIES				
Accounts Payable and Other Liabilities	99,450,002	70,009,600	29,440,401	42.05%
Income Tax Payable	0	0	0	0.00%
Loans Payable to Individuals	26,431,254	75,250,000	(48,818,746)	-64.88%
Loans Payable to Related Party	46,004,926	0	46,004,926	0.00%
Notes Payable - Current Portion	19,393,250	14,019,591	5,373,659	38.33%
	191,279,432	159,279,191	32,000,241	20.09%
NON-CURRENT LIABILITIES				
Notes Payable - net of Current Portion	856,996,830	832,370,489	24,626,341	2.96%
Advances from Shareholders	0	9,848,471	(9,848,471)	100.00%
	856,996,830	842,218,960	14,777,870	1.75%
TOTAL LIABILITIES	1,048,276,262	1,001,498,151	46,778,110	4.67%
EQUITY				
Share Capital (net)	235,060,000	184,400,000	50,660,000	27.47%
Share Premium	717,198,979	577,776,000	139,422,979	24.13%
Deficit	(132,522,589)	(88,786,708)	(43,735,881)	49.26%
	819,736,390	673,389,292	146,347,098	21.73%
TOTAL LIABILITIES AND EQUITY	1,868,012,652	1,674,887,443	193,125,208	11.53%

ASSETS

Current Assets

Total current Assets decreased significantly (60.24%) because the funds that are generated are immediately used for the construction of the hospital. The hospital building is now 96.95% complete and since it's on the finishing stage, expenses on detailed works have been enormous. It may also be noted that there is a very material decrease (78.22%) in the Advances to Related Party Account.

The related party account decreased due to the transfer of hospital equipment to the hospital site. Because of the transfer, the custody of the machines and equipment were also transferred to the company, thus, the adjustment to take up rightfully the equipment/machines as part of the property and equipment account.

There was also an adjustment to take up advances to contractors and suppliers, which before were part of the other receivables account.

During the year, we set up the Unused Supplies account to prepare for the operation of the hospital. It now has a balance of P11,894.00.

Non-Current Assets

The Property and Equipment account was adjusted (48.52% increase) to take up the portion that was delivered to the company. These were already fully paid. As effect to this recognition, the advances to related party account were decreased by the same amount (P127.8M).

The company recorded an intangible asset due to the temporary employment of the Xero Accounting system.

Construction of the hospital is now 96.95% complete. Thus, the enormous expenses recorded for the construction-in-progress account.

LIABILITIES

Current Liabilities

Total Current Liabilities increased by 20.09%. Phil Pharma (a related party account) lent a total of P43.8M to the company to augment its financial requirement. There were also changes in the account payables and other liabilities as follows:

	Sept. 30, 2021	Sept. 30, 2020
Retention Payable	41,625,719	37,890,007
Payables to Suppliers	3,455,852	9,769,957
Accrued Interest Payable	36,965,917	5,051,108
Government Liabilities	316,339	1,073,396
Other Accrued Expenses	273,222	555,815
Other Payables	16,812,953	15,669,317
	99,450,002	70,009,600

Loans from individual account, however, decreased by P48.8M. Present balance of the account is now at P26.4M. The Current portion of the Notes Payables from LBP now stands at P19.39M.

Non-Current Liabilities

The Non-Current portion of the LBP Notes Payable stands at P857.0M. Total loans granted to the company by LBP now totals P876.39. A total of P30.0M was released in favor of the company in 2021.

Also, it may be noted that the remaining P9.85M advances from shareholders were fully paid in 2020.

EQUITY

Outstanding Subscribed Share Capital is now at P235.06M. It is P4.94M short of the total outstanding share capital of P240.0M. As compared to the same month of 2020, it has increased by P50.66M. Overall, total share premiums (net) collected is P717.2M.

Over the years, the company has been recording a loss due to not having operational income. As of the writing of this report, total deficit now stands P132.52M. It increased P43.74M from last year's balance.

FINANCIAL SOUNDNESS INDICATOR

Key Performance Indicators

	September 30, 2021	September 30, 2020
LIQUIDITY		
	0.55 : 1	1.61 : 1
Quick Asset Ratio	The hospital building is almost finished. As of this report date, completion stands 96.95%. The QARatio is a little weak as of this time because most of the funds are being use for the construction of the hospital building.	
	0.55 : 1	1.62 : 1
Current Ratio	Funds are being utilized to finish the construction of the hospital. It may be noted that the PPEs and the construction in progress increases fast. That is because all of the company's resources are poured into the construction of the hospital which is now about 96.95% complete.	
SOLVENCY		
	1.05 : 1	1.25 : 1
Debt to Equity Ratio	The debt to equity ratio is used to evaluate the company's financial capabilities. This measures the percentage on how the company finances its operations (in this case construction) whether thru debts or via wholly owned funds.	
	The long term debt of the company is almost the same in amount as the equity reported. It just shows that the company is also doing its best to generate its own funds from sale of securities and not totally rely on the proceeds of the loans provided by the banks.	
PROFITABILITY		
Net Profit Margin Return on Equity	No data is available as of the moment because the hospital is still in the construction stage, thus, not yet operational.	
LEVERAGE		
	0.56 : 1	0.60 : 1
Debt to Asset Ratio	The company's assets are more than enough to cover the obligations of the company. Total debts of the company stand only 56% of the total assets.	
	2.28 : 1	2.49 : 1
Asset to Equity Ratio	The figures show a positive mark for the company. Its equity is getting bigger. Continuous selling of securities would surely help better the asset to equity ratio. Hopefully, the opening of the hospital could give a good forward push for the company.	
INTEREST RATE COVERAGE		
Interest Rate Coverage Ratio	No data is available as of the moment because the hospital is still in the construction stage, thus, not yet operational.	

Trends, Events or Uncertainties that have had or that are reasonably expected to affect revenues or income

As at September 30, 2021:

1. There are no known material commitments for capital expenditure. But the hospital now is trying to complete its list of equipment and machineries so as to be ready for the upcoming opening.
2. There are no known trends, events or uncertainties that have had an impact on net operational revenues or income since the hospital has not opened yet.

Early as now, the company has set up controls to mitigate the possible effect of COVID-19 pandemic. The hospital's physical set up was adjusted to be compliant to the requirements of governing bodies in relation to combating the pandemic. Trainings and seminars to key personnel were also hastened so as to make them ready for the tasks.

Though vaccines have been out and a big number of people have already been vaccinated, still, the scare of the pandemic continue to affect everyone, regardless of economic or social or health status. Given this, it may reasonably impact the hospital's revenues when it opens.

The company is doing its best to ensure that all its set goals, monetary or otherwise, are met and passed.

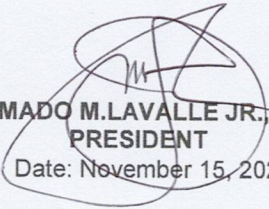
3. There are no seasonal aspects that had a material impact on the results of operations of the Company
4. There are no events or any default or acceleration of an obligation that will trigger direct or contingent financial obligation that is material to the Company
5. There are no off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the Company with unconsolidated entities or other persons created during the period
6. The Company is not a party to any lawsuit or claims arising from the ordinary course of business

PART II--OTHER INFORMATION

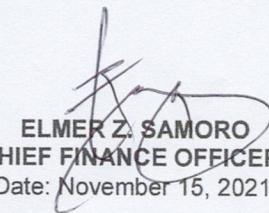
There are no additional material information to be disclosed which were not previously reported under SEC Form 17-C

SIGNATURES

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



AMADO M.LAVALLE JR. M.D.
PRESIDENT
Date: November 15, 2021



ELMER Z. SAMORO
CHIEF FINANCE OFFICER
Date: November 15, 2021



Statements of Financial Position

<u>ASSETS</u>	Sept. 30, 2021 (Unaudited)	Dec. 31, 2020 (Audited)	Sept. 30, 2020 (Unaudited)
CURRENT ASSETS			
Cash	2,734,040	48,022,046	38,554,742
Receivables - Others	3,924,906	0	55,208,070
Unused Office Supplies	11,894	140,652	0
Advances to Related Party	35,595,773	32,063,203	163,423,514
Advances to Contractors	58,766,371	46,605,879	0
Advances to Suppliers	4,108,949	7,022,271	0
Prepayments	742,377	213,858	416,837
	105,884,310	134,067,909	257,603,163
NON-CURRENT ASSETS			
Property and Equipment (net)	417,981,040	412,944,976	281,437,215
Construction-In-Progress	1,339,111,298	1,215,428,067	1,130,537,065
Intangible Asset (net)	20,833	0	0
Other Non-Current Assets	5,015,171	5,015,228	5,310,000
	1,762,128,342	1,633,388,271	1,417,284,280
TOTAL ASSETS	1,868,012,652	1,767,456,180	1,674,887,443
<u>LIABILITY AND EQUITY</u>	Sept. 30, 2021	Dec. 31, 2020	Sept. 30, 2020
CURRENT LIABILITIES			
Accounts Payable and Other Liabilities	99,450,002	96,662,087	70,009,600
Income Tax Payable	0	228	0
Loans Payable to Individuals	26,431,254	30,343,471	75,250,000
Loans Payable to Related Party	46,004,926	0	0
Notes Payable - Current Portion	19,393,250	19,393,250	14,019,591
	191,279,432	146,399,036	159,279,191
NON-CURRENT LIABILITIES			
Notes Payable - net of Current Portion	856,996,830	856,996,830	832,370,489
Advances from Shareholders	0	0	9,848,471
	856,996,830	856,996,830	842,218,960
TOTAL LIABILITIES	1,048,276,262	1,003,395,866	1,001,498,151
EQUITY			
Share Capital (net)	235,060,000	221,234,000	184,400,000
Share Premium	717,198,979	653,467,980	577,776,000
Deficit	(132,522,589)	(110,641,666)	(88,786,708)
	819,736,390	764,060,314	673,389,292
TOTAL LIABILITIES AND EQUITY	1,868,012,652	1,767,456,180	1,674,887,443



Statements of Comprehensive Loss

	Sept. 30, 2021 (Unaudited)	Sept. 30, 2020 (Unaudited)
Revenue	0	0
Direct Cost	0	0
Gross Profit	0	0
Other Income	23,605	86,530
Gross Income	23,605	86,530
General and Admin Expenses	12,326,305	14,736,202
Loss From Operations	(12,302,700)	(14,649,672)
Finance Cost	9,578,222	6,864,579
Net Loss Before Income Tax	(21,880,922)	(21,514,251)
Income Tax Expense	0	0
Net Loss for The Year	(21,880,922)	(21,514,251)
Other Comprehensive Income/(Loss) for the Year	0	0
Total Comprehensive Loss for the Year	(21,880,922)	(21,514,251)



Statement of Changes in Equity

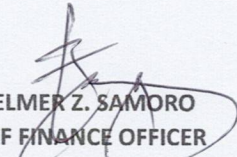
Changes in Equity	Share Capital	Share Premium	Deficit	Total
EQUITY				
As at December 31, 2017	120,000,000		(11,203,245)	108,796,755
Additional Share Capital	21,000,000			21,000,000
Net Loss for the Year			(18,806,175)	(18,806,175)
As at December 31, 2018	141,000,000		(30,009,420)	110,990,580
Additional Share Capital	27,150,000			27,150,000
Share Premium		226,900,000		226,900,000
Net Loss for the Year			(37,263,036)	(37,263,036)
As at December 31, 2019	168,150,000	226,900,000	(67,272,456)	327,777,544
Additional Share Capital	53,084,000			53,084,000
Share Premium		426,567,980		426,567,980
Net Loss for the Year			(43,369,210)	(43,369,210)
As at December 31, 2020	221,234,000	653,467,980	(110,641,666)	764,060,314
Additional Share Capital	13,826,000			13,826,000
Share Premium		63,730,999		63,730,999
Net Loss for the Quarter			(21,880,923)	(21,880,923)
As at September 30, 2021	235,060,000	717,198,979	(132,522,589)	819,736,390



Statement of Cash Flow	For the 9 Months ended Sept. 30	
	2021	2020
Cash Flows from Operating Activities		
Net Loss before taxes	(21,880,922)	(21,734,251)
Adjustments to reconcile net loss before tax to net cash used in operating activities:		
Interest Income	(19,505)	(86,530)
Operating cash flows before changes in working capital	(21,900,427)	(21,820,781)
Changes in working capital components:		
Decrease (increase) in current assets:		
Advances to Contractors	(12,160,492)	
Advances to Suppliers	2,913,322	
Advances to related Party	(3,532,570)	125,615,525
Other Receivables	(3,924,906)	(20,568,553)
Unused Office Supplies	128,758	
Prepayments	(528,519)	
Other Assets	0	(224,531)
Increase (decrease) in current liabilities:		
Accounts payable and other liabilities	4,957,872	2,499,529
Net cash provided by/(used in) operations	(34,046,962)	85,501,189
Interest received	19,505	86,530
Net cash provided by/(used in) operating activities	(34,027,457)	85,587,719
Cash Flows from Investing Activities		
Additions to construction in progress	(5,036,064)	(137,073,439)
Additions to property and equipment (net)	(123,683,231)	(125,519,139)
Intangible Asset	(20,833)	0
Increase in Non-Current Assets	57	(5,085,000)
Net cash used in investing activities	(128,740,071)	(267,677,578)
Cash Flows from Financing Activities		
Additional Loan release (Payment of Loan)	0	89,177,600
Proceeds from (payment of):		
Income Taxes Payable	(228)	
Loans from Individuals	(3,912,217)	
Loans from Related Party	43,834,969	
Advances from shareholders	0	(251,030,214)
Proceeds from Subscriptions receivable		
Issuance of share capital	13,826,000	16,506,000
Additional paid-in Capital	63,730,999	350,620,000
Net cash provided by financing activities	117,479,523	205,273,386

Net increase (decrease) in Cash and Cash Equivalent	(45,288,005)	23,183,527
Cash and Cash Equivalents, Beg.	48,022,046	15,371,215
Cash and Cash Equivalents, End	2,734,041	38,554,742

I hereby certify that the information set forth in this report is complete and correct.


ELMER Z. SAMORO
CHIEF FINANCE OFFICER
November 15, 2021

**ASIA PACIFIC MEDICAL CENTER (APMC) – ILOILO, INC.
(Formerly Allied Care Experts (ACE) Medical Center – Iloilo, Inc.)**

NOTES TO FINANCIAL STATEMENTS

As at September 30, 2021 and September 30, 2020

(Amounts in Philippine Peso)

NOTE 1 - CORPORATE INFORMATION AND STATUS OF OPERATIONS

Corporate Information

ASIA PACIFIC MEDICAL CENTER (APMC) – ILOILO, INC. (Formerly Allied Care Experts (ACE) Medical Center – Iloilo, Inc.) (the “Company”) was incorporated as a domestic corporation under Philippine laws and was duly registered with the Securities and Exchange Commission (SEC) under registration No. CS201423954 on December 10, 2014.

The Company’s primary purpose is to establish, maintain, operate, own and manage hospitals, medical and related healthcare facilities and businesses such as but without restriction to clinical laboratories, diagnostic centers, ambulatory clinics, condo-hospitals, scientific research institutions and other allied undertakings and services which shall provide medical, surgical, nursing, therapeutic, paramedic or similar care, provided that purely professional, medical or surgical services shall be performed by duly qualified and licensed physicians or surgeons who may or may not be connected with the hospitals and whose services shall be freely and individually contracted by the patients.

On December 27, 2018, the SEC En Banc under SEC MSRD Order No.37 approved effective the registration statement of the Company for 240,000 shares broken down as follows: the primary offering to be sold by way of initial public offering for 36,000 shares equivalent to 3,600 blocks or 10 shares per block at an offer price ranging from ₱250,000 up to ₱400,000 per block. Issued and outstanding Founder shares (600) and common shares (203,400) are not included in the offer. These shares have been registered and may now be offered for sale or sold to the public subject to full compliance with the provisions of the Securities Regulation Code and its Amended Implementing Rules and Regulations, Revised Code of Corporation Governance, and other applicable laws and orders as may be issued by the Commission.

The registered office of the Company is located in 2nd floor, Iloilo Medical Society Building, Luna Street, Brgy. Bantud, Lapaz, Iloilo City.

Status of Operations

Currently, the Company is constructing a multidisciplinary medical facility (hospital) which was expected to be fully completed by December 2018. However, due to circumstances beyond the control of Management, start of operation is expected to commence on the second quarter of 2022.

NOTE 2 - FINANCIAL REPORTING FRAMEWORK AND BASIS OF PREPARATION AND PRESENTATION

Statement of Compliance

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS), which includes all applicable PFRS, Philippine Accounting Standards (PAS), and interpretations issued by the International Financial Reporting Interpretations

Committee (IFRIC), Philippine Interpretation Committee (PIC) and Standing Interpretations Committee (SIC) as approved by the Financial Reporting Standards Council (FRSC) and Board of Accountancy (BOA) and adopted by the SEC.

Basis of Preparation and Presentation

The financial statements have been prepared on the historical cost basis, except for certain financial instruments carried at amortized costs, if any.

Functional and Presentation Currency

These financial statements are presented in Philippine Peso (₱), the currency of the primary economic environment in which the Company operates. All amounts are rounded to the nearest peso, except when otherwise indicated.

NOTE 3 - ADOPTION OF NEW AND REVISED ACCOUNTING STANDARD

Adoption of New and Revised Accounting Standards Effective in 2020

The accounting policies adopted are consistent with those of the previous financial year, except that the Company has adopted the following new standards and amendments starting January 1, 2020. The adoption of these new standards and amendments did not have any significant impact on the Company's financial statements.

Amendments to PFRS 3, Definition of Business

The amendments are to:

- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;
- add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and
- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

The amendments will not have an impact on the Company's financial statements as the Company did not acquire a business.

Amendments to PFRS 7, Financial Instruments: Disclosures and PFRS 9, Financial Instruments, Interest Rate Benchmark Reform

The amendments to PFRS 9 provide a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if

the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

These amendments do have a significant effect on the Company.

Amendments to PAS 1 and PAS 8, *Definition of Material*

The amendments relate to a revised definition of “material”:

“Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” Three new aspects of the new definition include (i) obscuring; (ii) could reasonably be expected to influence; and (iii) primary users.

The amendments stress especially five ways material information can be obscured:

- if the language regarding a material item, transaction or other event is vague or unclear;
- if information regarding a material item, transaction or other event is scattered in different places in the financial statements;
- if dissimilar items, transactions or other events are inappropriately aggregated;
- if similar items, transactions or other events are inappropriately disaggregated; and
- if material information is hidden by immaterial information to the extent that it becomes unclear what information is material.

The amendments are effective for periods beginning on or after January 01, 2020. Earlier application is permitted.

The application of these amendments has no significant impact in the Company’s financial statements.

Amendments to PFRS 16, *COVID-19-Related Rent Concessions*

Amendment to PFRS 16 provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to PFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying PFRS 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- b) Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and
- c) There is no substantive change to other terms and conditions of the lease.

The amendments are effective for annual periods beginning on or after June 1, 2020. Earlier application is permitted, including in financial statements not authorized for issue at May 28, 2020.

The application of the amendments has no significant impact in the Company's financial statements as the Company does not have COVID-19 related rent concessions.

PIC Q&A No. 2019-02, *Accounting for Cryptographic Assets*

The interpretation provides guidance regarding accounting treatment for cryptographic assets. In classifying cryptographic assets, two relevant factors to consider are (i) its primary purpose and (ii) how these assets derive its inherent value. The interpretation provided two (2) cryptographic classifications based on the aforementioned factors, these are (a) crypto currency, or (b) cryptographic assets other than crypto currencies, which are (b.1) asset-based token, (b.2) utility token, and (b.3) security token, or collectively the "Security Tokens".

From the holder of these assets' point-of-view, in the absence of a definitive accounting and reporting guidance from the IASB, the interpretation suggested to report cryptographic assets in the financial statements as either (i) crypto currencies held by an entity, (ii) cryptographic assets other than crypto currencies.

From the issuer of these assets' point-of-view, as a consensus, the following accounting treatments are suggested:

- Crypto currencies held by an entity can be treated either as (i) inventory under PAS 2, or (ii) intangible asset under PAS 38.
- Cryptographic assets other than crypto currencies, the interpretation suggested the following relevant accounting frameworks for consideration:
 - i. If the token meets the definition of a financial liability, apply guidance in PFRS 9;
 - ii. If the token meets the definition of an equity instrument, apply guidance in PAS 32;
 - iii. If the token is a prepayment for goods and services from a contract with a customer, apply guidance in PFRS 15; and
 - iv. If the token does not meet any of the aforementioned, consider other relevant guidance. The interpretation is effective for periods beginning on or after February 13, 2019.

The interpretation will not have an impact on the Company's financial statements as the Company has no cryptographic assets.

New Accounting Standards Effective after the Reporting Period Ended December 31, 2020

Standards Issued but not yet Effective:

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Company does not expect that the future adoption of the said pronouncements will have a significant impact on the financial statements. The Company intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2021

Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):

- Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
- Relief from discontinuing hedging relationships
- Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

The Company shall also disclose information about:

- The about the nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
- Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

The amendments are effective for annual reporting periods beginning on or after January 1, 2021 and must be applied retrospectively, however, the Company is not required to restate prior periods.

Effective beginning on or after January 1, 2022

Amendments to PFRS 3, *References to the Conceptual Framework*

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The amendments update PFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to PFRS 3 a requirement that, for obligations within the scope of PAS 37, an acquirer applies PAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

The amendments also add an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

The future adoption of the amendments will not have an impact on the Company's financial statements as the Company does not plan to enter into business combination.

Amendments to PAS 16, *Property, Plant and Equipment – Proceeds before Intended Use*

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognizes such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with PAS 2 *Inventories*.

The amendments also clarify the meaning of ‘testing whether an asset is functioning properly’. PAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity’s ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Management is still evaluating the impact of the amendment on the Company’s financial statements.

Amendments to PAS 37, *Onerous Contracts – Cost of Fulfilling a Contract*

The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labor or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Management is still evaluating the impact of the amendment on the Company’s financial statements.

Annual Improvements to PFRS Standards 2018-2020 Cycle

Amendments to PFRS 1 – Subsidiary as a first-time adopter

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in PFRS1:D16 (a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to PFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in PFRS 1:D16 (a).

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

The future adoption of the amendments will have no effect on the Company's financial statements as the Company has no investment in subsidiaries.

Amendments to PFRS 9 – Fees in the '10 percent' test for derecognition of financial liabilities

The amendment clarifies that in applying the '10 percent' test to assess whether to derecognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Management is still evaluating the impact of the amendment on the Company's financial statements.

Amendments to PAS 41 – Taxation in fair value measurements

The amendment removes the requirement in PAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in PAS 41 with the requirements of PFRS 13 *Fair Value Measurement* to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pretax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Management is still evaluating the impact of the amendment on the Company's financial statements.

Effective Beginning on or after January 01, 2023

Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

The amendments to PAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or service.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

Management is still evaluating the impact of the amendments on the Company's financial statements.

PFRS 17, *Insurance Contracts*

PFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of PFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.

The key principles in PFRS 17 are that an entity:

- identifies as insurance contracts those contracts under which the entity accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder;
- separates specified embedded derivatives, distinct investment components and distinct performance obligations from the insurance contracts;
- divides the contracts into groups that it will recognize and measure;
- recognizes and measures groups of insurance contracts at:
 - a risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all of the available information about the fulfilment cash flows in a way that is consistent with observable market information; plus (if this value is a liability) or minus (if this value is an asset)
 - an amount representing the unearned profit in the group of contracts (the contractual service margin)
- recognizes the profit from a group of insurance contracts over the period the entity provides insurance cover, and as the entity is released from risk. If a group of contracts is or becomes loss-making, an entity recognizes the loss immediately;
- presents separately insurance revenue (that excludes the receipt of any investment component), insurance service expenses (that excludes the repayment of any investment components) and insurance finance income or expenses; and
- discloses information to enable users of financial statements to assess the effect that contracts within the scope of PFRS 17 have on the financial position, financial performance and cash flows of an entity.

PFRS 17 includes an optional simplified measurement approach, or premium allocation approach, for simpler insurance contracts.

The standard is effective for periods beginning on or after January 1, 2023. Earlier application is permitted.

The adoption of the standard will not have a significant impact on the Company's financial statements as the Company does not issue insurance contracts.

Deferred Effectivity

Amendments to PFRS 10 and PAS 28, Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture

The amendments to PFRS 10 and PAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognized in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the Board; however, earlier application of the amendments is permitted.

The future adoption of the amendments will not have an impact on the Company's financial statements as the Company does not have investment in associates and joint ventures.

New Accounting Standards Effective after the Reporting Period Ended December 31, 2020 Adopted by FRSC but pending for approval by the Board of Accountancy

PIC Q&A No. 2020-02, Conclusion on PIC QA 2018-12E: On certain materials delivered on site but not yet installed

The interpretation provides guidance on the treatment of the customized materials in recognizing revenue using a cost-based input method.

For each performance obligation satisfied over time, entity shall recognize the revenue by measuring towards complete satisfaction. In such case, materials that are customized, even if uninstalled, are to be included in the measurement of progress in completing its performance obligations.

However, in the case of uninstalled materials that are not customized, revenue should only be recognized upon installation or use in construction. Revenue cannot be recognized even up to the extent of cost unless it met all the criteria listed in the standards.

The Management does not anticipate that the interpretation will have a significant impact on the Company's financial statements since the Company does not have customized materials for installation.

PIC Q&A No. 2020-04 (Addendum to PIC Q&A 2018-12-D), PFRS 15 - Step 3 - Requires and Entity to Determine the Transaction Price for the Contract

The interpretation clarifies that, in case of mismatch between the POC and schedule of payments, there is no significant financing component if the difference between the promised consideration and the cash selling price of the goods or service arises for the reasons other than the provision of finance to either the customer or the entity, and the difference between those amounts is proportional to the reason for the difference.

The Management does not anticipate that the interpretation will have a significant impact on the Company's financial statements since the Company does not have POC projects.

PIC Q&A No. 2020-05, PFRS 15 - Accounting for Cancellation of Real Estate Sales

The interpretation provided guidance on the accounting for cancellation of real estate sales and the repossession of the property. They provided three (3) approaches as follows:

1. The repossessed property is recognized at its fair value less cost to repossess
2. The repossessed property is recognized at its fair value plus repossession cost
3. Accounted as modification of contract

Either of the abovementioned approaches are acceptable as long as it's applied consistently. All approaches above should consider payments to buyers required under the Maceda Law and the write-off of any unamortized portion of cost of obtaining a contract in its determination of gain/loss from repossession.

The Management does not anticipate that the interpretation will have a significant impact on the Company's financial statements since the Company does not have Real Estate Sales.

PIC Q&A No. 2019-04, Confirming Changes to PIC Q&As – Cycle 2019

The interpretation sets out the changes (i.e., amendments or withdrawal) to certain interpretations. These changes are made as a consequence of the issuance of new PFRS that become effective starting January 1, 2019 and other relevant developments.

PIC Q&As Amended

The following table summarizes the changes made to the amended interpretations:

PIC Q&A Amended	Amendment
PIC Q&A No. 2011-05: PFRS 1 – Fair Value or Revaluation as Deemed Cost	Updated because of applying PFRS 16, <i>Leases</i> , for the first-time starting January 1, 2019
PIC Q&A No. 2011-06: Acquisition of investment properties – asset acquisition or business combination?	Reference to PAS 40, <i>Investment Property</i> , has been updated because of applying PFRS 16 for the first-time starting January 1, 2019
PIC Q&A No. 2012-02: Cost of a new building constructed on the site of a previous building	Reference to PAS 40 has been updated because of applying PFRS 16 for the first-time starting January 1, 2019
PIC Q&A No. 2017-02: PAS 2 and PAS 16 – Capitalization of operating lease cost as part of construction costs of a building	Updated to comply with the provisions of PFRS 16 and renamed as PIC Q7A No. 2017-02: PAS 2 and PAS 16 – Capitalization of depreciation of ROU asset as part of construction costs of a building

PIC Q&A No. 2017-10: PAS 40 – Separation of property and classification as investment property	Reference to PAS 40 has been updated because of applying PFRS 16 for the first-time starting January 1, 2019
PIC Q&A No. 2018-05: PAS 27 – Liability arising from maintenance requirement of an asset held under a lease	Updated to comply with the provisions of PFRS 16
PIC Q&A No. 2018-15: PAS 1 – Classification of Advances to Contractors in the Nature of Prepayments: Current vs. Non-current	Reference to PAS 40 (included as an attachment to the Q&A) has been updated because of applying PFRS 16 for the first-time starting January 1, 2019

PIC Q&A Withdrawn

PIC Q&A Amended	Basis for Withdrawal
PIC Q&A No. 2017-09: PAS 17 and Philippine Interpretation SIC – 15- Accounting for payments between and among lessors and lessees	The PIC Q&A is considered withdrawn starting January 1, 2019, which is the effective date of PFRS 16. PFRS 16 superseded PAS 17, <i>Leases</i> , and Philippines Interpretation SIC-15, <i>Operating Leases – Incentives</i>
PIC Q&A No. 2018-07: PAS 27 and PAS 28 – Cost of an associate, joint venture, or subsidiary in separate financial Statements	The PIC Q&A is considered withdrawn upon publication of IFRIC agenda decision – Investment in a subsidiary accounted for at cost: Step acquisition (IAS 27, <i>Separate Financial Statements</i>) in January 2019

The effective date of the amendments is included in the affected interpretations.

The Management does not anticipate that the new amendments and withdrawal of certain interpretations will have significant impact on the Company's financial statements since the Company did not enter into transactions enumerated above.

PIC Q&A No. 2019-06, *Accounting for step acquisition of a subsidiary in a parent*

The interpretation clarifies how a parent should account for the step acquisition of a subsidiary in its separate financial statements.

Salient points of the interpretation are the following:

IFRIC concluded either of the two approaches may be applied:

- Fair value as deemed cost approach

Under this approach, the entity is exchanging its initial interest (plus consideration paid for the additional interest) for a controlling interest in the investee (Exchange view). Hence, the entity's investment in subsidiary is measured at the fair value at the time the control is acquired.

- Accumulated cost approach

Under this approach, the entity is purchasing additional interest while retaining the initial interest (non-exchange view). Hence, the entity's investment in subsidiary is measured at the accumulated cost (original consideration).

Any difference between the fair value of the initial interest at the date of obtaining control of the subsidiary and its original consideration is taken to profit or loss, regardless of whether, before the step acquisition transaction, the entity had presented subsequent changes in fair value of its initial interest in profit or loss or other comprehensive income (OCI).

The interpretation is effective for periods beginning on or after October 19, 2019.

The future adoption of the interpretation will not have an impact on the Company's financial statements as the Company does not plan to acquire a subsidiary.

PIC Q&A No. 2019-07, *Classification of Members' Capital Contributions of Non-Stock Savings and Loan Associations (NSSLA)*

Background:

The Bangko Sentral ng Pilipinas (BSP) issued Circular No. 1045 on August 29, 2019 to amend the Manual of Regulations for Non-Bank Financial Institutions Applicable to Non-Stock Savings and Loan Associations (MORNBFIS) – Regulatory Capital of Non-Stock Savings and Loan Associations (NSSLAs) and Capital Contributions of Members.

Under the circular, each qualified member of an NSSLA shall maintain only one capital contribution account representing his/her capital contribution. While only one capital account is maintained, the Circular breaks down a member's capital contributions as follows:

- a. Fixed capital which cannot be reduced for the duration of membership except upon termination of membership. The minimum amount of fixed capital is Php1,000, but a higher minimum can be prescribed under the NSSLA's by-laws.
- b. Capital contribution buffer, which pertains to capital contributions in excess of fixed capital. The capital contribution buffer can be withdrawn or reduced by the member without affecting his membership. However, the NSSLA shall establish and prescribe the conditions and/or circumstances when the NSSLA may limit the reduction of the members' capital contribution buffer, such as, when the NSSLA is under liquidity stress or is unable to meet the capital-to-risk assets ratio requirement under Sec. 4116S of the MORNBFIS Regulations. Such conditions and/or circumstances have to be disclosed to the members upon their placement of capital contribution buffer and in manners as may be determined by the Board.

For purposes of identifying and monitoring the fixed capital and capital contribution buffer of a member's capital contribution, NSSLAs shall maintain subsidiary ledgers showing separately the fixed and capital contribution buffer of each member. Further, upon receipt of capital contributions from their members, NSSLAs shall simultaneously record the amount contributed as fixed and capital contribution buffer in the aforementioned subsidiary ledgers. However, NSSLAs may use other systems in lieu of subsidiary ledgers provided that the system will separately show the fixed and capital contribution buffer of each member.

The interpretation assessed and concluded that both Fixed Capital and the Capital contribution buffer qualify as "equity" in the NSSLA's financial statements as they both meet all the requirements of paragraphs 16A and 16B of PAS 32, Financial Instruments: Presentation.

The future adoption of the interpretation will not have an impact on the Company's financial statements as the Company is not a member of NSSLA.

PIC Q&A No. 2019-08, PFRS 16, Leases – Accounting for Asset Retirement or Restoration Obligation (“ARO”)

The interpretation clarifies the recognition of ARO under the following scenarios:

1) Accounting for ARO at lease commencement date

The cost of dismantling and restoration (i.e., the ARO) should be calculated and recognized as a provision in accordance with PAS 37, with a corresponding adjustment to the related ROU asset as required by PFRS 16.24(d). As such, the lessee will add the amount of ARO to the cost of the ROU asset on lease commencement date, which will then form part of the amount that will be amortized over the lease term.

2) Change in ARO after initial recognition

2.1) Because ARO is not included as a component of lease liability, the measurement of such ARO is outside the scope of PFRS 16. Hence, its measurement is generally not affected by the transition to PFRS 16. Except in cases where the reassessment of lease-related assumptions (e.g., lease term) would affect the measurement of ARO-related provision, the amount of ARO existing at transition date would not be remeasured; rather, the balance of the ARO provision and any related asset will remain as previously remeasured. The asset will simply be reclassified from property and equipment to the related ROU asset as required under PFRS 16.24(d).

2.2) Assuming there is a change in lease-related assumptions that would impact the ARO measurement (e.g., change in lease term due to the new PFRS 16 requirements), the following will be the accounting treatment depending on the method used by the lessee in adopting PFRS 16:

- a. *Modified retrospective approach* – Under this approach, the lessee uses the remaining lease term to discount back the amount of provision to transition date. Any adjustment is recognized as an adjustment to the ROU asset and ARO provision. This adjustment applies irrespective of which the two methods in measuring the ROU asset will be chosen under the modified retrospective approach.
- b. *Full retrospective approach* – The ARO provision and related asset, which gets adjusted to the ROU asset, should be remeasured from commencement of the lease, and then amortized over the revised or reassessed lease term. Because full retrospective approach is chosen, it is possible that the amount of cumulative adjustment to the ARO provision and the ROU asset at the beginning of the earliest period presented will not be the same; hence, it is possible that it might impact retained earnings.

The future adoption of the interpretation will not have an impact on the Company’s financial statements as the Company does not have an asset retirement or restoration obligation.

PIC Q&A No. 2019-09, Accounting for Prepaid Rent or Rent Liability Arising from Straight-lining under PAS 17 on Transition to PFRS 16 and the Related Deferred Tax Assets

The interpretation aims to provide guidance on the following:

1. How a lessee should account for its transition from PAS 17 to PFRS 16 using the modified retrospective approach. Specifically, this aims to address how a lessee should, on transition, account for any existing prepaid rent or rent liability arising from straight-lining of an operating lease under PAS 17, and

2. How to account for the related deferred tax effects on transition from PAS 17 to PFRS 16.

The Company followed the guidelines in the interpretation in determining how to account for any existing prepaid rent or rent liability for its transaction to PFRS 16.

PIC Q&A No 2019-10, *Accounting for variable payments with rent review*

Some lease contracts provide for market rent review in the middle of the lease term to adjust the lease payments to reflect a fair market rent for the remainder of the lease term. This Q&A provides guidance on how to measure the lease liability when the contract provides for a market rent review.

The Management does not anticipate that the interpretation will have a significant impact on the Company's financial statements since the Company does not have variable lease payments.

PIC Q&A No 2019-11, *Determining the current portion of an amortizing loan/lease liability*

This interpretation aims to provide guidance on how to determine the current portion of an amortizing loan/lease liability for proper classification/presentation between current and non-current in the statement of financial position.

The Company followed the guidelines in the interpretation in determining the proper classification of lease liability between current and non-current portion.

PIC Q&A No. 2019-12, *PFRS 16, Leases – Determining the Lease Term*

The interpretation provides guidance how an entity determines the lease term under PFRS 16.

A contract would be considered to exist only when it creates rights and obligations that are enforceable. Therefore, any non-cancellable period or notice period in a lease would meet the definition of a contract and, thus, would be included as part of the lease term. To be part of a contract, any option to extend or terminate the lease that are included in the lease term must also be enforceable.

If optional periods are not enforceable (e.g., if the lease cannot enforce the extension of the lease without the agreement of the lessor), the lessee does not have the right to use the asset beyond the non-cancellable period. Consequently, by definition, there is no contract beyond the non-cancellable period (plus any notice period) if there are no enforceable rights and obligations existing between the lessee and lessor beyond that term.

In assessing the enforceability of a contract, an entity should consider whether the lessor can refuse to agree to a request from the lessee to extend the lease. Accordingly, if the lessee has the right to extend or terminate the lease, there are enforceable rights and obligations beyond the initial non-cancellable period and this, the parties to the lease would be required to consider those optional periods in their assessment of the lease term. In contrast, a lessor's right to terminate a lease is ignored when determining the lease term because, in that case, the lessee has an unconditional obligation to pay for the right to use the asset for the period of the lease, unless and until the lessor decides to terminate the lease.

In assessing whether a lessee is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease an entity shall consider all relevant facts and circumstances (i.e., including those that are not indicated in the lease contract) that create an economic incentive for the lessee to exercise the option to extend the lease, or not to exercise the option to terminate the lease.

The Company followed the guidelines in the interpretation in determining the lease terms under PFRS 16.

PIC Q&A No. 2019-13, PFRS 16, Leases – Determining the lease term of leases that are renewable subject to mutual agreement of the lessor and the lessee

The interpretation provides guidance how an entity determines the lease term under PFRS 16. This interpretation focuses on lease contracts that are renewable subject to mutual agreement of the parties.

A renewal option is only considered in determining the lease term if it is enforceable. A renewal that is still subject to mutual agreement of the parties is legally unenforceable under Philippine laws until both parties come to an agreement on the terms.

In instances where the lessee have known to be, historically, renewing the lease contract after securing mutual agreement with the lessor to renew the lease contract, the lessee’s right to use the underlying asset does not go beyond the one-year period covered by the current contract, as any renewal still has to be agreed on by both parties. A renewal is treated as a new contract.

The Company followed the guidelines in the interpretation in determining the lease terms under PFRS 16.

PIC Q&A No. 2020-01, Conforming Changes to PIC Q&As – Cycle 2020

The interpretation sets out the changes (i.e., amendments or withdrawal) to certain interpretations. These changes are made as a consequence of the issuance of new PFRS that become effective starting January 1, 2019 and other relevant developments.

PIC Q&As Amended

The following table summarizes the changes made to the amended interpretations:

PIC Q&A Amended	Amendment
Framework 4.1 and PAS 1.25 – Financial statements prepared on a basis other than going concern	References to <i>The Conceptual Framework For Financial Reporting</i> have been updated due to the revised framework effective January 1, 2020
PIC Q&A No. 2016-03: Accounting for common areas and the related subsequent costs by condominium corporations	References to <i>The Conceptual Framework For Financial Reporting</i> have been updated due to the revised framework effective January 1, 2020
PIC Q&A No. 2011-03: Accounting for intercompany loans	References to <i>The Conceptual Framework For Financial Reporting</i> have been updated due to the revised framework effective January 1, 2020
PIC Q&A No. 2017-08: PFRS 10 – Requirement to prepare consolidated financial statements where an entity disposes of its single investment in a subsidiary, associate or joint venture	References to <i>The Conceptual Framework For Financial Reporting</i> have been updated due to the revised framework effective January 1, 2020

PIC Q&A No. 2018-14: PFRS 15 – Accounting for cancellation of real estate sales	References to <i>The Conceptual Framework For Financial Reporting</i> have been updated due to The revised framework effective January 1, 2020
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PIC Q&A Withdrawn

PIC Q&A Amended	Basis for Withdrawal
PIC Q&A No. 2011-06: Acquisition of investment properties – asset acquisition or business combination?	With the amendment to PFRS 3 on the definition of a business effective January 1, 2020, there is additional guidance in paragraphs B7A-B12D of PFRS 3 in assessing whether acquisition of investment properties is an asset acquisition or business combination (i.e. optional concentration test and assessment of whether an acquired process is substantive).

The effective date of the amendments is included in the affected interpretations.

The Management does not anticipate that the new amendments and withdrawal of certain interpretations will have significant impact on the Company’s financial statements since the Company did not enter into transactions enumerated above.

PIC Q&A No. 2020-02, *Conclusion on PIC QA 2018-12E: On certain materials delivered on site but not yet installed*

The interpretation provides guidance on the treatment of the customized materials in recognizing revenue using a cost-based input method.

For each performance obligation satisfied over time, entity shall recognize the revenue by measuring towards complete satisfaction. In such case, materials that are customized, even if uninstalled, are to be included in the measurement of progress in completing its performance obligations.

However, in the case of uninstalled materials that are not customized, revenue should only be recognized upon installation or use in construction. Revenue cannot be recognized even up to the extent of cost unless it met all the criteria listed in the standards.

The Management does not anticipate that the interpretation will have a significant impact on the Company’s financial statements since the Company does not have customized materials for installation.

PIC Q&A No. 2020-03, *On the accounting of the difference when the percentage of completion is ahead of the buyer’s payment*

The interpretation clarifies that recognition of either contract asset or receivable is acceptable in case the revenue recognized based on percentage of completion (POC) is ahead of the buyer’s payment as long as this is consistently applied in transactions of the same nature and disclosure requirements of PFRS 15 for contract assets or receivables, as applicable, are complied.

The Management does not anticipate that the interpretation will have a significant impact on the Company’s financial statements since the Company does not have POC projects.

PIC Q&A No. 2020-04 (*Addendum to PIC Q&A 2018-12-D*), *PFRS 15 - Step 3 - Requires and Entity to Determine the Transaction Price for the Contract*

The interpretation clarifies that, in case of mismatch between the POC and schedule of payments, there is no significant financing component if the difference between the promised consideration and the cash selling price of the goods or service arises for the reasons other than the provision of finance to either the customer or the entity, and the difference between those amounts is proportional to the reason for the difference.

The Management does not anticipate that the interpretation will have a significant impact on the Company's financial statements since the Company does not have POC projects.

PIC Q&A No. 2020-05, PFRS 15 - Accounting for Cancellation of Real Estate Sales

The interpretation provided guidance on the accounting for cancellation of real estate sales and the repossession of the property. They provided three (3) approaches as follows:

1. The repossessed property is recognized at its fair value less cost to repossess
2. The repossessed property is recognized at its fair value plus repossession cost
3. Accounted as modification of contract

Either of the above mentioned approaches are acceptable as long as it's applied consistently. All approaches above should consider payments to buyers required under the Maceda Law and the write-off of any unamortized portion of cost of obtaining a contract in its determination of gain/loss from repossession.

The Management does not anticipate that the interpretation will have a significant impact on the Company's financial statements since the Company does not have Real Estate Sales.

PIC Q&A No. 2020-06, PFRS 16 - Accounting for payments between and among lessors and lessees

The interpretation provides for the treatment of payments between and among lessors and lessees as follows:

		Treatments in the financial statements of			
	Transaction	Lessor	Old lessor	New Lessee	Basis
1	Lessor pays old lessee - lessor intends to renovate the building	<p>i. Recalculate the revised leased payments (net of the one-off amount to be paid) and amortize over the revised lease term.</p> <p>ii. If net payable, recognize as expense unless the amount to be paid qualifies as capitalizable cost under PAS 16 or PAS 40; in which case it is capitalized as part of the carrying amount of the associated property if it meets the definition of construction costs</p>	<p>i. Recognize in profit and loss at the date of modification the difference between the proportionate decrease in the right-of-use asset based on the remaining right-of-use asset for the remaining period and remaining lease liability calculated as the present value of the remaining lease payments discounted using the original discount rate of the lease.</p> <p>ii. Recognize the effect of remeasurement of the remaining lease liability as an adjustment to the right-</p>		<ul style="list-style-type: none"> • PFRS 16; par.87 • PAS 16; pars. 6, 16-17 • PAS 40; par.21 • PFRS 16; par.45 • Illustrative example 18 issued by IASB • PAS 16; pars.56-57

	Transaction	Treatments in the financial statements of			Basis
		Lessor	Old lessor	New Lessee	
		under PAS 16 or PAS 40.	of use-asset by referring to the revised lease payments (net of any amount to be received from the lessor) and using a revised discount rate. iii. Revisit the amortization period of right-of- use asset and any related leasehold improvement following the shortening of the term.		
2	Lessor pays old lessee - new lease with higher quality lessee	Same as Item 1	Same as Item 1		Same as Item 1 PFRS 16 par. 83
3	Lessor pays new lessee - an incentive to occupy	<p>i. Finance lease:</p> <ul style="list-style-type: none"> • If made after commencement date, incentive payable is credited with offsetting debit entry to the net investment lease. • If paid at or prior to commencement date, included in the calculation of gain or loss on disposal on finance lease. <p>ii. Operating lease: add the initial direct costs to the carrying amount of underlying asset and recognize as expense over the lease term either on a straight-line basis or another systematic basis.</p>		<p>i. Record as a deduction to the cost of the right-of-use asset.</p> <p>ii. Lease incentive receivable is also included as reduction in measurement of lease liability.</p> <p>iii. When lessee receives the payment of lease incentive, the amount received is debited with a credit entry to gross up the lease liability.</p>	<ul style="list-style-type: none"> • PAS 16; par. 68 • PAS 16; par. 71 • PFRS 16; par. 83 • PFRS 16; par. 24
4	Lessor pays new lessee - building alterations specific to the lessee with no further value to lessor	Same as Item 3		<p>i. Same as in fact pattern 1C.</p> <p>ii. Capitalize costs incurred by the lessee for alterations to the building as leasehold</p>	<ul style="list-style-type: none"> • Same as in fact pattern 1C. • PAS 40; par.21 • PAS 16; pars.16-17

Treatments in the financial statements of				
Transaction	Lessor	Old lessor	New Lessee	Basis
			improvement in accordance with PAS 16 or PAS 40.	
5 Old lessee pays lessor to vacate the leased premises early	Recognize as income immediately, unless it was within the original contract and the probability criterion was previously met, in which case, the amount would have already been recognized as income using either a straight-line basis or another systematic basis.	Recognize as expense immediately unless it was within the original contract and the probability criterion was previously met, in which case, the financial impact would have been recognized already as part of the lease liability.		<ul style="list-style-type: none"> • PAS 16 • PAS 38 • PFRS 16; par.18
6 Old lessee pays new lessee to take over the lease		Recognize as an expense immediately.	Recognize as income immediately.	<ul style="list-style-type: none"> • PAS 16 • PAS 38 • PFRS 16; • Appendix A
7 New lessee pays lessor to secure the right to obtain a lease agreement	<p>i. If finance lease, recognize gain or loss in the profit or loss arising from the derecognition of underlying assets</p> <p>ii. If operating lease, recognize as deferred revenue and amortize over the lease term on a straight- line basis or another systematic basis.</p>		Recognize as part of the cost of the right-of- use asset.	<ul style="list-style-type: none"> • PFRS 16; par.24 • PAS 16; par.71 • PFRS 16; par.81
8 New lessee pays old lessee to buy out the lease agreement		Recognize as again immediately. Any remaining lease liability and right- of- use asset will be derecognized with net amount through P&L.	Account for as initial direct cost included in the measurement of the right-of- use asset.	<ul style="list-style-type: none"> • PFRS 16; Appendix A • PFRS 16; Example 13 in par. IE5 • PFRS 16; par.24

These pronouncements do not have an effect on the financial statements of the Company.

PIC Q&A No. 2020-07, PAS 12 – Accounting for the Proposed Changes in Income Tax Rates under the Corporate Recovery and Tax Incentives for Enterprises Act (CREATE) Bill.

The interpretation explained the details of the CREATE bill and its impact on the financial statements once passed. Interpretation discussed that impact on the financial statements ending December 31, 2020 are as follows:

- Current and deferred taxes will still be measured using the applicable income tax rate as of December 31, 2020 • If the CREATE bill is enacted before financial statements' issue date, this will be a non-adjusting event but the significant effects of changes in tax rates on current and deferred tax assets and liabilities should be disclosed • If the CREATE bill is enacted after financial statements' issue date but before filing of the income tax return, this is no longer a subsequent event but companies may consider disclosing the general key feature of the bill and the expected impact on the FS For the financial statements ending December 31, 2021, the impact are as follows:
- Standard provides that component of tax expense(income) may include “any adjustments recognized in the period for current tax of prior periods” and “the amount of deferred tax expense(income) relating to changes in tax rates or the imposition of new taxes”
- An explanation of changes in the applicable income tax rates to the previous accounting period is also required to be disclosed
- The provision for current income tax for the year 2021 will include the difference between income tax per 2020 financial statements and 2020 income tax return
- Deferred tax assets and liabilities as of December 31, 2021, will be remeasured using the new tax rates

Any movement in deferred taxes arising from the change in tax rates that will form part of the provision for/benefit from deferred taxes will be included as well in the effective tax rate reconciliation. Management is still evaluating the impact of the amendment on the Company's financial statements.

NOTE 4 - SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these financial statements are summarized below. The policies have been consistently applied to all years presented, unless otherwise stated.

Current versus Noncurrent Classification

The Company presents assets and liabilities in the statement of financial position based on current/noncurrent classification.

An Asset is current when it is:

- expected to be realized or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within twelve months after the reporting period: or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Company classifies all other assets as noncurrent.

A liability is current when:

- it is expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as noncurrent.

Fair Value Measurement

The Company measures financial instruments at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability, takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability, the principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Financial Instruments

A financial instrument is any contract that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income, and fair value through profit and loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables, that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction cost. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price as disclosed in the Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss.

The Company's business model for managing financial assets refer to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- financial assets at amortized cost (debt instruments)
- financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instrument)
- financial assets designated at fair value through OCI with no recycling of cumulative gains or losses upon derecognition (equity instruments)
- financial assets at fair value through profit or loss

Financial assets at amortized cost (debt instruments)

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized cost includes cash (excluding cash on hand) and receivable – others as at reporting dates (see Note 6).

Financial assets fair value through OCI (debt instruments)

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit and loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Company does not have debt instruments at fair value through OCI as at reporting dates.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity instruments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: *Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as recovery of part of the cost of the financial assets, in which case, such gains are recovered in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company does not have equity instruments at fair value through OCI as at reporting dates.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognized as other income in the statement of profit or loss when the right of payment has been established.

The Company does not have financial assets at fair value through profit or loss as at reporting dates.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Company statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a 'pass-through' arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risk and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been significant increase in credit risk since initial recognition, a loss is required for credit expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For advances to related party, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full or in part before taking into account any credit enhancements held by the Company. A financial asset is written off in full or in part when there is no reasonable expectation of recovering the contractual cash flows.

Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include accounts payable and other liabilities (excluding government liabilities), loans payable to individuals, notes payable and advances from shareholders (see Notes 10, 11, 12 and 13).

Subsequent Measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortized cost (loans and borrowings)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are designated upon initial recognition at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by an entity that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the statements of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied. The Company has not designated any financial liability at fair value through profit or loss at the end of each reporting period.

Financial liabilities at amortized cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings and other payables are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as "Finance cost" in the statement of comprehensive loss.

This category generally applies to accounts payable and other liabilities (excluding government liabilities), loans payable to individuals, notes payable and advances from shareholders (see Notes 10, 11, 12 and 13).

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of comprehensive loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

The Company assesses that it has currently enforceable right to offset if the right is not contingent on a future event and is legally enforceable in the event of insolvency or bankruptcy of the Company and all of the counterparties.

Cash

Cash in the statement of financial position comprise of cash in banks and on hand and short-term highly liquid deposits with maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

Advances

Advances are payments made in advance such as down payments for a contractual project or services. They are already paid but not yet incurred. It will be recognized either as an asset or an expense upon completion of the project or services.

Receivable – others has many forms such as advances to contractors and advances to suppliers.

Advances to a related party and loans receivable on the other hand, is recognized if an amount of consideration that is unconditional is due from a related party (i.e. only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets earlier discussed.

Prepayments

Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to expense as they are consumed in operations or expire with the passage of time.

Prepayments are classified in the statements of financial position as current assets when the cost of services related to the prepayment are expected to be incurred within one year or the Company's normal operating cycle, whichever is longer. Otherwise, prepayments are classified as non-current assets.

Property and Equipment

Property and equipment are initially measured at cost. The cost of an item of property and equipment consists of:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent expenditures relating to an item of property and equipment that have already been recognized are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Company. All other subsequent expenditures are recognized as expenses in the period in which those are incurred.

At the end of each reporting period, items of property and equipment measured using the cost model are carried at cost less any subsequent accumulated depreciation and impairment losses. Land is carried at cost less any impairment in value. Land is not depreciated.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. When assets are derecognized, their cost, accumulated depreciation and amortization and accumulated impairment losses are eliminated from the accounts. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the statement of comprehensive income.

Fully depreciated assets are retained in the property and equipment until these are derecognized or until they are no longer in use.

Construction-in-progress

Property development and construction costs are recognized at cost and accumulated in this account. Construction in progress is not depreciated until transferred into appropriate accounts, when construction of asset is completed and put into operational use. Borrowings and any additional costs incurred in relation to the project are recognized in this account.

The Company recognizes the effect of revisions in the total project cost estimates in the year in which these changes become known. Any impairment loss from the construction project is charged to operations during the period in which the loss is determined.

Impairment of Non-Financial Assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the

extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized as an expense immediately.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income.

Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue cost.

Share capital

Share capital is measured at par value for all shares issued.

Share premium

Share premium is the difference between the issue price and the par value of the stock and is known as securities premium. The shares are said to be issued at a premium when the issue price of the share is greater than its face value or par value.

Deficit

Deficit represents accumulated losses incurred by the Company. Deficit may also include effects of changes in accounting policy as may be required by the standard's transitional provision.

Other comprehensive income/(loss)

Other comprehensive income/(loss) is defined as comprising items of income and expense that is not recognized in profit or loss as required or permitted by other standards.

Revenue Recognition

Revenue from Contracts with Customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Company

has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Revenue is recognized when the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognized is the amount allocated to the satisfied performance obligation.

The following specific recognition criteria must also be met before revenue is recognized:

Service income from hospital services

The Company renders primary healthcare services to its patients over a single period of time in the ordinary course of business. Revenue is recognized as the services are provided.

Sale of medical goods

Revenue from sale of goods is recognized at point in time when control of the asset is transferred to the customer.

The Company does not have revenues from service income from hospital services nor medical goods since the hospital is still in its construction in progress stage, thus the Company is said to be not in commercial operations as of September 30, 2021.

Revenue Recognition outside the Scope of PFRS 15

Interest income

Interest income is recognized as the interest accrues, taking into account the effective yield on the asset.

Other income

Other income is income generated outside the normal course of business and is recognized when it is probable that the economic benefits will flow to the Company and it can be measured reliably.

Expense Recognition

Expenses are recognized in the profit or loss when decrease in future economic benefit related to a decrease in an asset or an increase in liability has arisen that can be measured reliably. Expenses are recognized on the basis of a direct association between the costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the statements of financial position as an asset.

Expenses in the statements of comprehensive loss are presented using the function of expense method. General and administrative expenses are costs attributable to general administrative, and other business activities of the Company.

Employee Benefits

Short-term benefits

The Company recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period that are expected to be settled wholly before twelve months after the end of the reporting period. A liability is also recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

Post-employment benefits

Defined benefit plan

The Company is subject to the provision of Republic Act No. 7641 (known as the Retirement Law). This requires that in the absence of a retirement plan, an agreement providing benefits for retiring employees in the private sector, an employee upon reaching the age of 60 years or more, but not beyond 65 years, who has served at least 5 years in service, may retire and shall be entitled to a retirement pay equivalent to at least ½ month's salary for every year of service, fraction of at least 6 months being considered as 1 whole year. The current service cost is the present value of benefits, which accrue during the last year.

However as at reporting dates, the Company has not yet established a fund retirement benefits plan for its employees since the Company has not yet started its commercial operations.

Leases

The Company determines whether arrangements contain a lease to which lease accounting must be applied. The costs of the agreements that do not take the legal form of a lease but convey the right to use an asset are separated into lease payments if the entity has the control of the use or access to the asset, or takes essentially all of the outputs of the asset. The said lease component for these arrangements is then accounted for as finance or operating lease.

The Company as lessee

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except when another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except when another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily take a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Related Party Transactions

A related party transaction is a transfer of resources, services or obligations between the Company and a related party, regardless of whether a price is charged.

Parties are considered related if one party has control, joint control, or significant influence over the other party in making financial and operating decisions. An entity that is a post-employment benefit plan for the employees of the Company and the key management personnel of the Company are also considered to be related parties.

Taxation

Income tax expense represents the sum of the current tax expense and deferred tax expense.

Current tax

The current tax expense is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statements of comprehensive loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using 30% regular corporate income tax (RCIT) rate or 2% minimum corporate income tax (MCIT), whichever is higher.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computations of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive loss or directly in equity, in which case, the current and deferred tax rate also recognized in other comprehensive loss or directly in equity respectively.

Earnings (Loss) per Share

Basic earnings per share is calculated by dividing income/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year, after giving retroactive effect to any bonus issues declared during the year, if any.

For the purpose of calculating diluted earnings per share, profit or loss for the year attributable to ordinary equity holders of the Company and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential ordinary shares.

Provisions and Contingencies

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. When the Company expects a provision or loss to be reimbursed, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain and its amount is estimable. The expense relating to any provision is presented in the statement of comprehensive income, net of any reimbursement.

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but disclosed when an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements.

Events After the Reporting Period

The Company identifies events after the end of each reporting period as those events, both favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue. The financial statements of the Company are adjusted to reflect those events that provide evidence of conditions that existed at the end of the reporting period. Non-adjusting events after the end of the reporting period are disclosed in the notes to the financial statements when material.

NOTE 5 - CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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 the historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Judgments, estimates and assumptions are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The effects of any change in estimates are reflected in the financial statements as they become reasonably determinable.

Critical Judgments in Applying Accounting Policies

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements:

Functional currency

Based on the economic substance of the underlying circumstances relevant to the Company, the functional currency of the Company has been determined to be the Philippine Peso (₱). It is the currency that mainly influences the Company's operations.

Classification of Financial Instrument

The Company exercises judgment in classifying a financial instrument, or its component parts, on initial recognition either as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement and the definition of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the statement of financial position.

The Company determines the classification of financial instruments at initial recognition and re-evaluates this designation at every reporting date.

Determination of Whether a Lease is a Finance or Operating Lease

The evaluation of whether an arrangement contains a lease is based on its substance. An arrangement is, or contains, a lease when the fulfillment of the arrangement depends on a specific asset or assets and the arrangement conveys the right to use the asset.

Operating Lease Commitments – Company as Lessee

Based on Management evaluation, the lease arrangements entered into by Company as a lessee are accounted for as operating leases because the Company has determined that the lessor will not transfer the ownership of the leased assets to the Company upon termination of the lease.

Impairment of Non-Financial Assets

Property and equipment is periodically reviewed to determine any indications of impairment. Though the management believes that the assumptions used in the estimation of fair values are reasonable and appropriate, significant changes in these assumptions may materially affect the assessment of the recoverable amounts and any resulting impairment loss could have a material adverse effect in the results of operations.

Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition and disclosure of provision and disclosure of contingencies are discussed in Note 4, subheadings Provisions and Contingencies.

Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the financial reporting date that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

Estimating useful lives of assets

The useful lives of the Company's assets with definite life are estimated based on the period over which the assets are expected to be available for use. The estimated useful lives of the Company's property and equipment are reviewed periodically and are 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 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 future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timings of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property and equipment would increase the recognized operating expenses and decrease non-current assets.

Depreciation is calculated on a straight-line basis over the following estimated useful lives of the assets:

Categories	Estimated Useful Life
Office equipment	3 - 5 years
Medical equipment	5 years
Hospital equipment	5-10 years
Kitchen Tools	3-5 years
Books/Periodicals	3 years

As at September 30, 2021 and 2020, the Company's property and equipment had carrying amounts of ₱419,369,460 and ₱281,437,215, respectively, as disclosed in Note 9. Total accumulated depreciation as at September 30, 2021 and 2020 amounted to ₱1,388,420 and 897,907, respectively, as disclosed in Note 9.

Asset impairment other than goodwill

The Company performs an impairment review when certain impairment indicators are present.

Determining the recoverable amount of property and equipment, which require 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 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.

As at September 30, 2021 and 2020, Management believes that the recoverable amounts of the Company's property and equipment approximate its carrying amounts. Accordingly, no impairment loss was recognized in both years.

Deferred tax assets

The Company reviews the carrying amounts of deferred tax assets at each financial reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred tax assets to be utilized. The Company has recognized net deferred tax assets amounting to ₱228 as at December 31, 2020 (see Note 19).

Deferred tax assets with full valuation allowance as at September 30, 2021, December 31, 2020 and 2019 amounted to ₱36,423,367, ₱29,853,239 and ₱19,407,828 respectively (see Note 19).

Estimating allowances for doubtful accounts

The Company estimates the allowance for doubtful accounts related to its receivables based on assessment of specific accounts when the Company has information that certain counterparties are unable to meet their financial obligations. In these cases, judgment used was based on the best available facts and circumstances including but not limited to, the length of relationship with the counterparty and the counterparty's current credit status based on credit reports and known market factors. The Company used judgment to record specific reserves for counterparties against amounts due to reduce the expected collectible amounts. These specific reserves are re-evaluated and adjusted as additional information received impacts the amounts estimated.

The amounts and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized. An increase in the allowance for doubtful accounts would increase the recognized operating expenses and decrease current assets.

Estimating loss allowance for expected credit losses

The Company measures expected credit losses of a financial instrument in a way that reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and information about past events, current conditions and forecasts of future economic conditions. When measuring ECL the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

As at September 30, 2021 and 2020, Management believes that there are no expected credit losses in relation to their receivable - others accordingly, no loss allowance was recognized for the year. Total receivable - others as at September 30, 2021 and 2020 amounted to ₱3,821,539 and ₱47,472, respectively.

NOTE 6 – CASH

This account consists of:

	Sept. 30, 2021	Sept. 30, 2020
Cash on Hand	30,000	23,377
Cash in Bank	2,704,040	38,531,365
	2,734,040	38,554,742

NOTE 7 – RECEIVABLES and ADVANCES TO CONTRACTORS AND SUPPLIERS

These accounts consist of:

	Sept. 30, 2021	Sept. 30, 2020
Advances to Contractors and Suppliers	62,875,320	51,541,327
Advances for Liquidation	103,367	103,367
Other Receivables	3,821,539	47,472
	66,800,226	51,692,166

Advances to contractors represent advances for each awarded project activity and is liquidated via deduction, on a pro-rata basis, from the contractor's periodic progress billings.

Advances for Liquidation represents cash advances to employees for official business transactions.

Other Receivables represent advance payments for supplier. Reversals are within a short period of time.

NOTE 8 – UNUSED SUPPLIES

	Sept. 30, 2021	Sept. 30, 2020
Unused Supplies	11,894	0

Unused supplies were taken up in preparation for the opening of the hospital.

NOTE 9 – PROPERTY AND EQUIPMENT

Reconciliation of Property and Equipment as at September 30, 2021

	Land	Office Equipment	Medical Equipment	Hospital Equipment	Kitchen Tools	Books /Periodicals	TOTAL
Costs							
Beginning	28,291,630	2,594,493	291,678,238	90,921,038	473,521	6,395	413,965,315
Add/(Less)		298,460	546,500	3,992,943	566,241		5,404,144
End of Sept. 30, ,2021	28,291,630	2,892,953	292,224,738	94,913,981	1,039,762	6,395	419,369,459
Accumulated Depreciation							
Beginning		1,018,208				2,131	1,020,339
Add/(Less)		366,481				1,599	368,080
End of Sept. 30, ,2021	0	1,384,689	0	0	0	3,730	1,388,419
Net Carrying Value,							
Sept. 30, 2021	28,291,630	1,508,264	292,224,738	94,913,981	1,039,762	2,665	417,981,040

Reconciliation of Property and Equipment as at September 30, 2020

	Land	Office Equipment	Medical Equipment	Hospital Equipment	Kitchen Tools	Books /Periodicals	TOTAL
Costs							
Beginning	28,291,630	1,685,877	162,221,747	58,572,651	473,521	6,395	251,251,821
Add/(Less)	0	869,054	32,179,172	(1,964,925)			31,083,301
End of Sept. 30, ,2020	28,291,630	2,554,931	194,400,919	56,607,726	473,521	6,395	282,335,122
Accumulated Depreciation							
Beginning	0	597,213	0	0	0	178	597,391
Depreciation	0	299,095	0	0	0	1,421	300,516
End of Sept. 30, ,2020	0	896,308	0	0	0	1,599	897,907
Net Carrying Value,							
Sept. 30, 2020	28,291,630	1,658,623	194,400,919	56,607,726	473,521	4,796	281,437,215

Depreciation on kitchen tools, medical and hospital equipment shall commence when the hospital is in commercial operations.

The medical equipment have been paid in full and already recorded in the books. These, however, were stored in the warehouse of the supplier, thus, these were taken up as part of the advances to related party. Before the end of 2020, these equipment were transferred to the custody of the company in preparation for the opening of the hospital. Given so, the accounts were adjusted to take up the transfer of custody and correct recording of assets.

The Company has a total contract commitment to purchase medical equipment totaling ₱454,370,959 as of December 31, 2020. Advances to related party amounting to ₱32,079,869 (Note 14) was recognized in the books as it represents advance payment for medical equipment.

The land covered by TCT No. 095-2015000546 and TCT No. 095-2015000547 represent the area located at Barangay Sambag, Jaro District, Iloilo City, Panay Island, where the Company is currently constructing a multidisciplinary special medical facility (hospital) (Note 9) and is the subject of a real estate mortgage as disclosed in Note 13.

Management has reviewed the carrying values of property and equipment as at September 30, 2021 and 2020, for any impairment. Based on the results of its evaluation, there are no indications that these assets are impaired.

NOTE 10 - CONSTRUCTION-IN-PROGRESS

This account consists of accumulated costs for the construction of the Company's hospital building project which is still ongoing as at reporting dates:

	Sept. 30, 2021	Sept. 30, 2020
Construction in Progress (December - Prior Year)	1,215,428,067	993,243,626
Additions (9-month period)	123,683,231	137,293,439
Ending Balances - Construction in Progress	1,339,111,298	1,130,537,065

During the development of the hospital building, borrowing costs on interest-bearing loans were capitalized.

Other related costs pertain to planning and project management expenses directly attributable to the construction project were also capitalized.

As certified by the Construction Manager of the Company, the percentage of completion as of report date is pegged at ninety-six percent 95/100 (96.95%).

NOTE 11 – ACCOUNTS PAYABLE AND OTHER LIABILITIES

	Sept. 30, 2021	Sept. 30, 2020
Retention Payable	41,625,719	37,890,007
Payables to Suppliers	3,455,852	9,769,957
Accrued Interest Payable	36,965,917	5,051,108
Government Liabilities	316,339	1,073,396
Other Accrued Expenses	273,222	555,815
Other Payables	16,812,953	15,669,317
	99,450,002	70,009,600

Retention payable refers to the amount withheld by the Company from the contractor's periodic progress billings as provided for in their respective contract. This shall be released to the contractor, net of deductions, if any, upon full completion of the project and final acceptance by the Company.

Payables to suppliers are amounts that were already billed by the suppliers against the company but were not paid as of reporting date.

Accrued interest payable refers to interest expense incurred on loans from a bank.

Government liabilities pertain to tax withheld from payment to suppliers, employees' compensation and statutory contribution to SSS, PHIC and HDMF.

Accrued expense and other payables are normally settled within one year from financial reporting date.

NOTE 12 - LOANS PAYABLE TO INDIVIDUALS

This account constitutes non-interest bearing and demandable obligations to third parties which was primarily used by the Company to support the preliminary financing aspect of the construction of the hospital structure.

NOTES 13 – NOTES PAYABLE

	Sept. 30, 2021	Sept. 30, 2020
<hr/>		
Current Portion		
Notes Payable - CIP (Building)	19,393,250	14,019,591
Ending Balances - Construction in Progress	19,393,250	14,019,591
<hr/>		
	Sept. 30, 2021	Sept. 30, 2020
<hr/>		
Non-Current Portion		
Notes Payable - CIP (Building)	657,496,349	632,870,008
Notes Payable - Medical Equipment	199,500,481	199,500,481
Ending Balances - Construction in Progress	856,996,830	832,370,489
<hr/>		
	876,390,080	846,390,080
<hr/>		

The Landbank of the Philippines – Iloilo Branch (LBP – Iloilo) extended to the Company several term loans equivalent to a credit line facility totaling **₱1.060 BILLION** to finance the construction of hospital structure and the acquisition of various medical equipment and fixtures.

The foregoing credit line facility consists of a term loan 1 the availment of which was granted on 2015 amounting to **₱465 MILLION** allotted for building financing. However, term loan 2 availment amounting to **₱35 MILLION** was eventually cancelled or withdrawn. Subsequently, the bank approved on July 31, 2019, term loan 3 in the amount of **₱195 MILLION** for hospital structure and term loan 4 amounting to **₱400 MILLION** allotted for the acquisition of medical equipment and fixtures.

The loan is available in several drawdowns, payable ranging from 8 years to 10 years in ladderized quarterly amortizations, including grace periods ranging from 1 year to 4 years on principal amortization, with an interest rate of 5% - 6.63% per annum payable quarterly in arrears from date of loan release.

As discussed in Note 8, the loan is collateralized and secured by a Real Estate Mortgage (REM) on both parcels of land owned by the Company, including present and future improvements thereon and Chattel Mortgage on various medical equipment, furniture and fixtures.

Total finance costs incurred on loans for financing of hospital building amounted to **₱ 25,923,536** and **₱ 47,456,612** as at September 30, 2021 and 2020, respectively, and was capitalized to construction-in-progress account in the statements of financial position.

The Company incurred finance costs on loans for acquisition of medical equipment and fixtures amounting to **₱ 9,578,221** and **₱ 6,073,424** on September 30, 2021 and 2020, respectively, and is reflected in the statements of comprehensive loss.

NOTE 14 - RELATED PARTY TRANSACTIONS

In the normal course of business, the Company transacts with companies/individuals, which are considered related parties. The following were carried out with related parties as at September 30, 2021:

Category	Outstanding Balance 2019	Amount of Transaction 2020	Outstanding Balance 2020	Amount of Transaction 2021	Outstanding Balance, Sept 2021	Terms	Conditions
Advances to TIPP	0	0	0	3,515,904	3,515,904	Non-Interest Bearing to be collected in Cash	Unsecured, unguaranteed, not impaired
Advances to Related Party	289,092,970	(257,029,767)	32,063,203	16,666	32,079,869	Non-Interest Bearing to be collected in Cash	Unsecured, unguaranteed, not impaired
	289,092,970	(257,029,767)	32,063,203	3,532,570	35,595,773		
Loans /Advances from Related Party	22,032,294	(19,862,337)	2,169,957	43,834,969	46,004,926	Non-Interest Bearing to be collected in Cash	Unsecured, unguaranteed, not impaired
Advances from Shareholders	260,878,684	(260,878,684)	0	0	0	Non-Interest Bearing to be collected in Cash	Unsecured, unguaranteed, not impaired
	282,910,978	(280,741,021)	2,169,957	43,834,969	46,004,926		

(a) Advances to related party

The Company engaged the services of an indentor (Endure Medical, Inc.) which have relatively significant influence over a key management personnel of the Company. The Indentor facilitates the importation and acquisition of medical equipment, furniture and fixtures for the hospital allotment.

In 2021, we have taken up the Advances made to Tip Plus amounting to P3,515,904.

The foregoing is classified as a related party transaction(s) (pursuant to the condition set forth in PAS 24), wherein the key management personnel of Endure Medical, Inc. has significant influence over the Company and its key officer.

(b) Advances from shareholders

In the special meeting of the Board held last May 7, 2018, the directors and shareholders were mandated and empowered to contribute resources and make cash advances to the Company for the development/construction of its medical structures and appurtenances.

In view of this, the shareholders advanced monies in support of the Company's hospital building construction requirements. These advances are non-interest bearing and to be paid subject to availability of funds and/or the Board may decide to convert said advances to equity in the distant future. The Company, however, reserves the right to defer settlement in favor of prioritizing payments relative to hospital construction.

(c) Loans Payable to Related Party

To augment the needed resources for the completion of the hospital construction, the company sought financial assistance from Phil Pharmawealth, Inc., a related party company. These loans are short-termed and expected to be settled in a year's time.

Key Management Personnel Compensation

Key management compensation amounted to ₱ 3,410,000 and ₱ 2,520,000 for the years ended September 30, 2021 and 2020, respectively. These amounts are incorporated in the salaries and allowances account in the financial statements.

In 2018, only per diem and transportation allowance for meetings were given to members of the Board as per Board Resolution dated February 5, 2018.

NOTE 15 - SHARE CAPITAL

Details of the Company's share capital as at September 30, 2021:

	No. of Shares	Amount
Authorized share capital – ₱1,000 par value		
Founder's shares	600	600,000
Common shares	239,400	239,400,000
Total authorized share capital	240,000	240,000,000

Subscribed share capital:		
Founder's shares	600	600,000
Common shares	234,460	234,460,000
Total subscribed share capital	235,060	235,060,000

Paid-up share capital (net of subscriptions receivable)		
Founder's shares	600	600,000
Common shares	234,460	234,460,000
Total paid-up share capital	235,060	235,060,000

Details of the Company's share capital as at September 30, 2021:

	No. of Shares	Amount
Authorized share capital – ₱1,000 par value		
Founder's shares	600	600,000
Common shares	239,400	239,400,000
Total authorized share capital	240,000	240,000,000

Subscribed share capital:		
Founder's shares	600	600,000
Common shares	234,400	234,400,000
Total subscribed share capital	235,000	235,000,000

Paid-up share capital (net of subscription receivable)		
Founder's shares	600	600,000
Common shares	183,800	183,800,000
Total paid-up share capital	184,400	184,400,000

In 2018, the Company filed a Registration Statement covering its proposed Initial Public Offering (IPO) of its 36,000 common shares. Said registration statement was approved on December 27, 2019, in accordance with the provisions of the SEC's Securities Regulation Code (see Note 1).

For the year 2021, pursuant to the SEC's approval, the Company issued an additional **THIRTEEN THOUSAND EIGHT HUNDRED TWENTY SIX (13,826)** common shares. The total share premium after deducting transaction costs associated with the issuance of shares amounted to ₱717,198,979. The common share offer price amounted to ₱200,000 up to ₱400,000 per block [one (1) block = ten (10) common shares].

Founder's shares have the exclusive right to vote and be voted upon as directors for five (5) years from the date of SEC registration. Thereafter, the holders of Founder's shares shall have the same rights and privileges as holders of common shares.

NOTE 16 - OTHER INCOME

Details of account consists of:

	Sept. 30, 2021	Sept. 30, 2020
Interest Income	19,505	86,530
Gain on Sale of Scrap	4,100	0
	23,605	86,530

Interest income was generated from interests received from bank deposits.

The company was also able to generate a little fund from the sale of scraps and used materials and supplies.

NOTE 17 - GENERAL AND ADMINISTRATIVE EXPENSES

	Sept. 30, 2021	Sept. 30, 2020
Salaries and Allowances	7,314,869	7,758,135
Seminars and Trainings	114,255	0
Board Meetings and Meals	27,341	23,428
Professional Fees and Legal Fees	1,351,435	1,661,644
Security Services	1,384,289	1,150,739
Taxes and Licenses	188,119	1,105,086
Insurance Expense	144,642	586,364
Utilities	105,321	546,517
SSS, PHIC, and HDMF Contributions	444,028	391,925
Depreciation Expense	370,531	300,516
Amortization of Intangible Asset	29,167	0
Transportation and Travel	30,001	368,373
Rentals	50,152	418,600
Office Supplies	328,016	208,698
Advertising and Marketing Expenses	42,414	374,141
Postage and Communications	3,372	0
Web Hosting	36,119	0
Repairs and Maintenance	9,667	15,175
Miscellaneous	352,567	46,861
	12,326,305	14,956,202

Decrease in transportation expenses is due to travel restrictions.

The company terminated its lease contract with Millenium Warehouse and transferred its equipment to the Hospital site in Ungka, Jaro, Iloilo City. Also, the rental for the former office of the company was already stopped, thus, the decrease in the rentals expenses.

NOTE 18 - COMMITMENT UNDER OPERATING LEASES

The Company entered into various lease agreements for the rental of the Company's office space and warehouse for a period of one year, renewable at terms and conditions that the parties may agree upon. Lease agreement includes payment of security deposit amounting to ₱5,015,000 as at September 30, 2021 and 2020, respectively, which shall be refunded without interest on the expiration of the lease period, less any corresponding obligations or damages. This also includes a tax requirement of P171.00.

Total rental expense amounted to ₱50,152 and ₱418,600 in September 30, 2021 and 2020, respectively (Note 17).

During the year, the Company has not renewed the lease agreement for the office space since the administration function of the Company has moved to the construction site of the hospital building.

NOTE 19 - INCOME TAX EXPENSE

Computation of income tax due (RCIT or MCIT, whichever is higher) is as follows:

I. Regular Corporate Income tax (RCIT)	Sept. 30, 2021	2020	2019
Net loss before income tax	(21,880,922)	(43,369,210)	(37,263,036)
Add (deduct) reconciling items:			
Unrealized forex loss	-	-	179,510
Interest expense arbitrage	-	39,574	40,406
Interest income subjected to final tax	(19,505)	(95,937)	(97,953)
Unrealized forex gain	-	-	-
Net operating loss	(21,900,427)	(43,425,573)	(37,141,073)
Tax rate	30%	30%	30%
RCIT	NIL	NIL	NIL

II. Deferred Tax Asset

As at December 31, 2020, the Company's NOLCO and MCIT that can be claimed as deduction from future taxable income and income tax payable, respectively, are as follows:

Year Incurred	Expiration date	Beginning balance	Additions	Expired	Claimed	Ending Balance
NOLCO						
2017	2020	8,607,537	-	(8,607,537)	-	-
2018	2021	18,944,150	-	-	-	18,944,150
2019	2022	37,141,073	-	-	-	37,141,073
		64,692,760	-	(8,607,537)	-	56,085,223

On September 30, 2020, the Bureau of Internal Revenue issued Revenue Regulation No. 25-2020 implementing Section 4 (bbb) of Republic Act No. 1194, otherwise known as "Bayanihan to Recover as One Act." This regulation covers that the net operating loss of a business or enterprise for taxable years 2020 and 2021 shall be carried over as a deduction from gross income for the next

five (5) consecutive years immediately following the year of such loss.

Year Incurred	Expiration date	Beginning balance	Additions	Expired	Claimed	Ending Balance
NOLCO						
2020	2025	56,085,223	43,425,573	-	-	99,510,796
March 2021	2026	99,510,796	21,900,427	-	-	121,411,223

Year Incurred	Expiration date	Beginning balance	Additions	Expired	Claimed	Ending Balance
MCIT						
2020	2023	-	228	-	-	228

The significant component of the Company's deferred tax assets are as follows:

	September 30, 2021	2020	2019
NOLCO	121,411,223	99,510,796	64,692,760
Tax rate	30%	30%	30%
	36,423,367	29,853,239	19,407,828
MCIT		228	-
	36,423,367	29,853,467	
Valuation allowance (Note 5)	(36,423,367)	(29,853,239)	(19,407,828)
Deferred tax asset	-	228	-

The Company's deferred tax assets arises from the net operating loss and excess MCIT from the current and prior years' period that can be charged against income of the next three taxable years.

The Company provides full valuation allowance on its deferred tax assets from NOLCO since Management believes that the Company will not be able to generate future taxable income in which it can be applied, while the deferred tax assets from MCIT is presented as part of "other non-current assets" in the statements of financial position.

NOTE 20 - CREATE ACT

On March 26, 2021, the Corporate Recovery and Tax Incentives for Enterprises Act "RA 11534" was signed into law by the President of the Philippines. The law will take effect 15 days after its publication in the Official Gazette or in a newspaper of general circulation. Some of the provisions that may have an impact on the Company's operations are as follows:

1. Reduction of the Corporate Income Tax rate from 30% to 20% applicable to domestic corporations with net taxable income not exceeding P5,000,000 and with total assets not exceeding P100 Million (excluding land on which the business entity's office, plant and equipment are situated) in excess of these ceilings, the rate is from 30% to 25% starting July 01, 2020.
2. Reduction of the Minimum Corporate Income Tax from 2% to 1% starting July 1, 2020 to June 30, 2023.
3. Reduction of the non-deductible interest expense from 33% to 20% of the gross interest income.
4. Imposition of the Improperly Accumulated Earning Tax has been repealed.
5. Enhanced deduction in claiming NOLCO for five (5) years.

This is a non-adjusting event because the law has not yet been substantially enacted as of the reporting date. Accordingly, the current and deferred taxes reported on the financial statements are measured using the income tax rate of 30%. The effect of the CREATE Act will be reflected on the 2021 financial statements.

Presented below is a summary of the potential impact of the above provisions on the Company's 2020 financial statements:

	Amount reflected on the 2020 FS	Amount computed based on RA 11534	Impact Increase/(Decrease)
1. Deferred tax assets	228	171	(57)
2. Income tax payable	228	171	(57)
3. Interest expense arbitrage	39,574	31,779	(7,795)

NOTE 21 - BASIC LOSS PER SHARE

Basic loss per share is computed as follows:

	Sept. 30, 2021	Dec. 31, 2020	Dec. 31, 2019
Loss Attributed to ordinary shares	(21,880,922)	(43,369,210)	(37,263,036)
Divide by the Weighted Average of outstanding ordinary shares	235,060	235,030	168,150
Basic Loss per share	(93.09)	(184.53)	(221.61)

There are no potential dilutive ordinary shares outstanding as at September 30, 2021, December 31, 2020 and 2019.

NOTE 22 - FINANCIAL RISK MANAGEMENT

Financial risk management objectives and policies

The Company is exposed to financial risks such as market risk which includes interest rate risk, credit risk and liquidity risk. The Company's policies and objective in managing these risks are summarized below:

Market risk

Market risk refers to the possibility that changes in market prices, such as interest rates, affect the Company's profit or the value of its financial instruments. The Company focuses on market risk areas such as interest rate risk. The objective and management of these risks are discussed below.

Interest rate risk

Interest rate risk refers to the possibility that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate.

The Company's financial instruments that are interest-bearing are its cash notes payable (Note 6).

Cash in banks are subject to prevailing interest rates (see Note 6). Considering that such financial assets have short-term maturity, management does not foresee any cash flow and fair value interest rate risk to have a significant impact on the Company's operations.

The Company's notes payable is exposed to prevailing interest rates subject to repricing based on the tenor of the benchmark rate used (see Note 12). However, upon management assessment, these

do not present significant interest rate risk.

The Company has no established policy in managing interest rate risk. Management believes that fluctuations on the interest rates will not have significant effect on the Company's financial performance.

Credit risk

Credit risk refers to the possibility that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company does not have any significant credit risk exposure to any single counterparty or any Company. The Company defines counterparties as having similar characteristics if they are related entities.

The credit quality of the Company's financial assets is as follows:

Cash

The credit risk for cash is considered negligible since the counterparties are reputable banks with high quality external credit ratings.

Receivable - others

The Company has no significant concentrations of credit risk on receivable - others. The Company's receivable - others are actively monitored to avoid significant concentrations of credit risk. The Company evaluates balances of debtors lacking an appropriate credit history where credit records are available.

Management believes that there are no indicators of impairment on the Company's receivable - others.

Liquidity Risk

Liquidity risk arises when the Company may encounter difficulty in meeting the obligation associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company's objective of managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages liquidity risk by maintaining banking facilities and by continuously monitoring forecast and actual cash flows. The Company maintains sufficient levels of cash to meet building construction requirements. The Company avails of funds from related parties and shareholders and bank loans when needed.

The table below summarizes the maturity profile of the Company's financial liabilities:

As at September 30, 2021	1 to 12 Months	1 to 5 Years	Total
Accounts Payables and Other Liabilities*	99,133,663		99,133,663
Loans Payable to Individuals	26,431,254		26,431,254
Loans Payable to Related Party	46,004,926		46,004,926
Notes Payable	19,393,250	856,996,830	876,390,080
Advances from Shareholders	0	0	0
	190,963,093	856,996,830	1,047,959,923

As at September 30, 2020	1 to 12 Months	1 to 5 Years	Total
Accounts Payables and Other Liabilities*	68,936,204		68,936,204
Loans Payable to Individuals	75,250,000		75,250,000
Notes Payable	14,019,591	832,370,489	846,390,080
Advances from Shareholders	0	9,848,471	9,848,471
	158,205,795	842,218,960	1,000,424,755

**excluding government liabilities*

NOTE 23 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the categories of assets and liabilities presented in the statements of financial position are shown below:

Financial Assets	September 30, 2021	
	Carrying Values	Fair Values
Cash And Cash Equivalents*	2,704,040	2,704,040
Advances to Related Party	35,595,773	35,595,773
Receivables and Advances	66,800,226	66,800,226
	105,100,039	105,100,039

**excluding cash on hand*

Financial Assets	September 30, 2020	
	Carrying Values	Fair Values
Cash And Cash Equivalents*	38,531,365	38,531,365
Advances to Related Party	163,423,514	163,423,514
Receivables and Advances	55,208,070	55,208,070
	257,162,949	257,162,949

**excluding cash on hand*

Financial Liabilities	Carrying Values	Fair Values
Accounts Payable and Other Liabilities*	99,133,663	99,133,663
Loans Payable to Individuals	26,431,254	26,431,254
Loans Payable to Related Party	46,004,926	46,004,926
Notes Payable	876,390,080	876,390,080
Advances from Shareholders	0	0
	1,047,959,923	1,047,959,923

**excluding government liabilities*

Financial Liabilities	September 30, 2020	
	Carrying Values	Fair Values
Accounts Payable and Other Liabilities*	68,936,204	68,936,204
Loans Payable to Individuals	75,250,000	75,250,000
Notes Payable	846,390,080	846,390,080
Advances from Shareholders	9,848,471	9,848,471
	1,000,424,755	1,000,424,755

**excluding government liabilities*

The difference between the cash and accounts payable and other liabilities disclosed in the statements of financial position and the amounts disclosed in this note pertains to cash on hand and government liabilities, respectively, that are not considered as financial assets and liabilities.

Due to the short-term maturities of cash and cash equivalents, receivables – others, accounts payable and other liabilities and loans payable to individuals, their carrying amounts approximate their fair values.

The fair value of notes payable approximates its carrying value due to pre-determined contractual cash flow arrangements based on an applicable and regular re-priceable Philippine Dealing System Treasury (PDST) floating rate covering the term of the loan, as provided by a financial lending institution.

The fair value of advances from shareholders cannot be measured reliably since there was no comparable market data and inputs for the sources of fair value such as discounted cash flows analysis. However, Management believes that their carrying amounts approximate their fair value.

NOTE 24 - CAPITAL RISK MANAGEMENT

The Company's capital management objectives are:

- To ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.
- To invest the capital in investments that meet the expected return with the commensurate level of risk exposure.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payments to shareholders or issue new shares.

The Company monitors its financial leverage using the debt-to-equity ratio which is computed as total liabilities divided by total equity as shown in the table below:

	Sept. 30, 2021	Sept. 30, 2020
Total Liabilities	1,048,276,262	1,001,498,151
Total Equity	819,736,390	660,769,292
	1.28 : 1	1.53 : 1

The loan agreement provides certain restrictions and requirements with respect to, among others, maintenance of financial ratios (current ratio of 1:1 and debt-to-equity ratio of 80:20), percentage of ownership of specific shareholders, creation of property encumbrances and additional guarantees for the incurrence of additional long-term indebtedness.

As of reporting date, all covenants and requirements are complied with except for the required financial ratios wherein the financial institution was made aware of since the Company has not yet started commercial operations.

NOTE 25 - EVENTS BEFORE/AFTER REPORTING DATE

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the International community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based

on the rapid increase in exposure globally.

The Philippine Government, as a matter of national interest has implemented a nationwide community quarantine in March 2020, in accordance with the World Health Organization's (WHO) call for global response to combat the outbreak, as well as cushion the impending impact of the pandemic to the population, including both local and international commerce and industry.

Presently, the full impact of the lingering COVID 19 outbreak continues to evolve as of the date of this report and have threatened to impose its negative impact on the financial condition and results of operations, particularly solvency and liquidity, including the industry workforce and the supply chain.

Accordingly, the National Government enacted legislations (particularly the Bayanihan Act 1 & 2) to activate, among others, the logistical support mechanism of providing monetary grants to local communities and, above all, extend financial subsidies or assistance to the stakeholders and proponents of the local business sector.

However, since the Company has not started commercial operations, Management, therefore, have ascertained that the current circumstances of the lingering presence of the pandemic are not reasonably expected to have any immediate material impact on its financial standing or status and that no uncertainties yet, related to going concern may be applicable to the Company.

NOTE 26 - APPROVAL OF FINANCIAL STATEMENTS

The financial statements of the Company as at September 30, 2021 including its comparative amounts of September 30, 2020, were approved and authorized for issuance by the Board of Directors on November 14, 2021.

SUPPLEMENTARY INFORMATION REQUIRED BY REVENUE REGULATION (RR) 15-2010

The following information is presented for purposes of filing with the BIR and is not a required part of the basic financial statements.

On November 25, 2010, the Bureau of Internal Revenue (BIR) issued Revenue Regulations (RR) 15-2010, which requires certain information on taxes, duties, license fees paid or accrued during the taxable year to be disclosed as part of the notes to financial statements. This supplemental information, which is an addition to the disclosures mandated under PFRS is presented as follows:

Output and Input Value-Added Tax

Hospitals and clinics are exempt from VAT by virtue of Section 109 of the National Internal Revenue Code.

Documentary Stamp Tax

Documentary stamp tax paid by the Company for the period are as follow:

	September 30, 2021
Documentary stamp tax for loans payable charged to taxes and licenses	0
Documentary stamp tax for subscription of shares	33,250
	33,250

Taxes and licenses

Details of the Company's other local and national taxes for the period are as follows:

	September 30, 2021
Documentary stamp tax	33,250
Real property tax	15,119
Notarial fees	8,445
Others	131,904
	188,718

Withholding Taxes

Withholding taxes paid by the Company for the period ended are as follows:

	September 30, 2021
Expanded withholding taxes	1,504,747
Compensation withholding tax	863,361
	2,368,108

Deficiency Tax Assessment and Tax Cases

The Company has no deficiency tax assessments or any tax cases, litigation, and/or prosecution in court or bodies outside the Bureau of Internal Revenue as of September 30, 2021.

RR 19-2020 and RR 34-2020

During the year, the Bureau of Internal Revenue (BIR) issued the foregoing Revenue Regulations for the effective implementation of Philippine Accounting Standard No. 24 (PAS 24) governing the guidelines and procedures for "transfer pricing documentations" involving related party transactions thru the submission of BIR Form No. 1709 and the supporting documents, as an attachment to the financial statements to be filed with the BIR.

The Company reported net operating losses for the current taxable year and the immediately preceding two (2) consecutive taxable years, hence, meets the criteria provided by these Revenue Regulations, and accordingly, required to submit BIR Form 1709.

* * *




**ASIA PACIFIC
MEDICAL CENTER
ILOILO**

BRGY. UNGKA, JARO, ILOILO CITY,
PHILIPPINES 5000

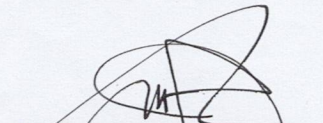
We hereby certify that the information set forth in this report for the quarter ended September 30, 2021 is complete and correct

That the Board of Directors reviews and approves the interim financial statements including the schedules attached therein.


That the interim financial statement of the company will be filed and subject to audit by the independent auditor appointed by the stockholders.



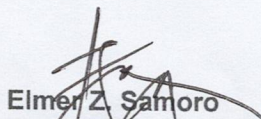
Dr. Ferjanel G. Biron
Chairman of the Board



Dr. Amado M. Lavallo Jr.
President



Dr. Agnes Jean M. Villaflor
Treasurer



Elmer Z. Samoro
Chief Finance Officer