Re: Allied Care Experts (ACE) Medical Center Iloilo Inc _17-Q_16 November 2020

From: ICTD Submission (ictdsubmission+canned.response@sec.gov.ph)

To: acemciloilo.corpsec@yahoo.com

Date: Monday, November 16, 2020, 04:50 PM GMT+8

Dear Customer,

SUCCESSFULLY ACCEPTED
(subject to verification and review of the quality of the attached document)

Thank you.

SEC ICTD.

COVER SHEET

CS201423954

S.E.C. Registration Number

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER - ILOILO, INC.

(Company's Full Name)

2ND FLOOR IMS BLDG., BRGY., BANTUD LUNA ST., LAPAZ ILOILO ILOILO CITY 5000

(Business address: No. Street City / Town / Province)

MAYLENE B. VILLAUEVA

Contact Person

(033) 321-57-78/320-22-32

Company Telephone Number

12 31

Month Day

Fiscal Year

17Q SEPTEMBER 30, 2020

FORM TYPE

05 19

Month Day

Annual Meeting

Secondary License Type, If Applicable

SEC

Dept. Requiring this Doc.

N/A

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

Top be accomplished by SEC Personnel concerned

LCU

CASHIER

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, 2020**

2. Commission identification number **CS201423954** 3. BIR Tax Identification No: **008-922-703**.

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)

Iloilo Medical Society, Brgy. Bantud Luna St. La Paz, Iloilo City **5000**
7. Address of issuer's principal office Postal Code

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

9. Former name, former address and former fiscal year, if changed since last report – Not Applicable

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	234,400	
Debt Outstanding		P 1,001,498,151

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 [ ]

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, 2020 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

RESULTS OF OPERATIONS (Sept. 30, 2020 vs Dec. 31, 2019 vs Sept. 30, 2019)

	30-Sep-20	31-Dec-19	Change	%age	30-Sep-19	Change	%age
Revenue	0	0	0	0.0%	0	0	0.0%
Direct Cost	0	0	0	0.0%	0	0	0.0%
Gross Profit	0	0	0	0.0%	0	0	0.0%
Other Income	86,530	97,953	-11,423	-11.7%	79,012	7,518	9.5%
Gross Income	86,530	97,953	-11,423	-11.7%	79,012	7,518	9.5%
General and Admin Expenses	14,736,202	25,904,499	-11,168,297	-43.1%	19,519,629	-4,783,427	-24.5%
Loss from Operations	-14,649,672	-25,806,546	11,156,874	-43.2%	-19,440,617	4,790,945	-24.6%
Finance Cost	6,864,579	11,456,490	-4,591,911	-40.1%	6,073,424	791,155	0.0%
Net Loss Before Income Tax	-21,514,251	-37,263,036	15,748,785	-42.3%	-25,514,041	3,999,790	-15.7%
Income Tax Expense	0	0	0	0.0%	0	0	0.0%
Net Loss for the Year	-21,514,251	-37,263,036	15,748,785	-42.3%	-25,514,041	3,999,790	-15.7%
Other Comprehensive Income/(Loss) for the	0	0	0	0.0%	0	0	0.0%
Total Comprehensive Loss for the Year	-21,514,251	-37,263,036	15,748,785	-42.3%	-25,514,041	3,999,790	-15.7%

INCOME

Income reflected in the Results of Operations as of Sept. 30, 2020 are only those earned from Interest on Bank Deposits. As of this time, no other income is recognized because the Hospital is still being constructed.

EXPENSES

General and administrative expenses decreased by 42.3%. See data below:

GENERAL & ADMINISTRATIVE EXPENSES (Sept. 30, 2020 vs Dec. 31, 2019 vs Sept. 30, 2019)

	30-Sep-20	%-age	31-Dec-19	%-age	Change	%-age	30-Sep-19	%-age	Change	%-age
Salaries and Allowances	7,758,135	52.6%	9,990,330	38.6%	(2,232,195)	-22.3%	5,328,029	27.3%	2,430,106	45.6%
SSS, PHIC, HDMF Contributions	391,925	2.7%	333,792	1.3%	58,133	17.4%	212,522	1.1%	179,403	84.4%
Professional and Legal Fees	1,661,644	11.3%	5,561,460	21.5%	(3,899,816)	-70.1%	5,592,603	28.7%	(3,930,959)	-70.3%
Board Meetings and Meals	23,428	0.2%	1,815,312	7.0%	(1,791,884)	-98.7%	1,656,602	8.5%	(1,633,174)	-98.6%
Security Services	1,150,739	7.8%	1,081,964	4.2%	68,775	6.4%	775,200	4.0%	375,539	48.4%
Transportation and Travel Expenses	368,373	2.5%	1,025,919	4.0%	(657,546)	-64.1%	836,751	4.3%	(468,378)	-56.0%
Taxes and Licenses	1,105,086	7.5%	1,775,777	6.9%	(670,691)	-37.8%	1,713,699	8.8%	(608,613)	-35.5%
Rentals	418,600	2.8%	1,725,859	6.7%	(1,307,259)	-75.7%	1,441,449	7.4%	(1,022,849)	-71.0%
Utilities	546,517	3.7%	528,286	2.0%	18,231	3.5%	358,949	1.8%	187,568	52.3%
Depreciation Expenses	300,516	2.0%	305,461	1.2%	(4,945)	-1.6%	225,057	1.2%	75,459	33.5%
Insurance Expenses	586,364	4.0%	715,015	2.8%	(128,651)	-18.0%	514,172	2.6%	72,192	14.0%
Office Supplies	208,698	1.4%	439,014	1.7%	(230,316)	-52.5%	258,652	1.3%	(49,954)	-19.3%
Repairs and Maintenances	15,175	0.1%	0	0.0%	15,175	0.0%	0	0.0%	15,175	0.0%
Advertising Expenses	154,141	1.0%	0	0.0%	154,141	0.0%	0	0.0%	154,141	0.0%
Miscellaneous Expenses	46,861	0.3%	426,800	1.6%	(379,939)	-89.0%	0	0.0%	46,861	0.0%
Unrealized Forex Loss	0	0.0%	179,510	0.7%	(179,510)	-100.0%	605,944	3.1%	(605,944)	-100.0%

FINANCE COST (INTEREST EXPENSES)

The company began paying interests for its loan from Land Bank since 2019. As of Sept 2019, ACE MC Iloilo paid P6.07M, P11.45M as of Dec 31, 2019, and P6.86M at the end of Sept. 30, 2020.

LOSS FOR THE PERIOD

Losses recognized by the company year after years are attributed to the administrative and general expenses of the company. Also a factor for the losses is the Interest payments for loans related to purchase of equipment.

FINANCIAL CONDITION (Sept. 30, 2020 vs Dec. 31, 2019 vs Sept. 30, 2019)

	30-Sep-20	%-age	31-Dec-19	%-age	Change	%-age	30-Sep-19	%-age	Change	%-age
ASSETS										
Current Assets										
Cash and Cash Equivalent	38,554,742	2.3%	15,371,215	1.0%	23,183,527	150.8%	21,676,851	1.5%	16,877,891	77.9%
Short Term Investments	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Advances to Related Party	163,423,514	9.8%	289,039,039	19.4%	(125,615,526)	-43.5%	123,601,682	8.8%	39,821,832	32.2%
Receivable - Others	55,208,070	3.3%	34,639,517	2.3%	20,568,553	59.4%	32,505,260	2.3%	22,702,810	69.8%
Loans Receivable	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Prepayment	416,837	0.0%	192,306	0.0%	224,531	116.8%	175,689	0.0%	241,148	137.3%
	257,603,163	15.4%	339,242,077	22.8%	(81,638,914)	-24.1%	177,959,482	12.6%	79,643,681	44.8%
Non-Current Assets										
Property and Equipment (net)	281,437,215	16.8%	155,918,076	10.5%	125,519,139	80.5%	339,220,512	24.1%	(57,783,297)	-17.0%
Construction-In-Progress	1,130,537,065	67.5%	993,243,626	66.7%	137,293,439	13.8%	891,640,031	63.3%	238,897,034	26.8%
Other Non-Current Assets	5,310,000	0.3%	225,000	0.0%	5,085,000	2260.0%	225,000	0.0%	5,085,000	2260.0%
	1,417,284,280	84.6%	1,149,366,702	77.2%	267,897,578	23.3%	1,231,085,543	87.4%	186,198,737	15.1%
TOTAL ASSETS	1,674,887,443	100.0%	1,488,628,779	100.0%	186,258,664	12.5%	1,409,045,025	100.0%	265,842,418	18.9%
LIABILITIES and EQUITY										
LIABILITIES										
Current Liabilities										
Accounts Payable and Other Liabilities	70,009,600	4.2%	67,510,071	4.5%	2,499,529	3.7%	48,004,122	3.4%	22,005,478	45.8%
Loans Payable to Individual	75,250,000	4.5%	75,250,000	5.1%	0	0.0%	75,250,000	5.3%	0	0.0%
Loans Payable to Related Party	0	0.0%	0	0.0%	0	#DIV/0!	50,000,000	3.5%	(50,000,000)	-100.0%
Notes Payable - Current Portion	14,019,591	0.8%	17,970,720	1.2%	(3,951,129)	-22.0%	13,193,171	0.9%	826,420	6.3%
	159,279,191	9.5%	160,730,791	10.8%	(1,451,600)	-0.9%	186,447,293	13.2%	(27,168,102)	-14.6%
Non-Current Liabilities										
Notes Payable - Net of Current Portion	832,370,489	49.7%	739,241,760	49.7%	93,128,729	12.6%	720,407,309	51.1%	111,963,180	15.5%
Advances from Shareholders	9,848,471	0.6%	260,878,684	17.5%	(251,030,213)	-96.2%	332,743,884	23.6%	(322,895,413)	-97.0%
	842,218,960	50.3%	1,000,120,444	67.2%	(157,901,484)	-15.8%	1,053,151,193	74.7%	(210,932,233)	-20.0%
TOTAL LIABILITIES	1,001,498,151	59.8%	1,160,851,235	78.0%	(159,353,084)	-13.7%	1,239,598,486	88.0%	(238,100,335)	-19.2%
EQUITY										
Share Capital (net)	184,400,000	11.0%	168,150,000	11.3%	16,250,000	9.7%	167,040,000	11.9%	17,360,000	10.4%
Share Premium	577,776,000	34.5%	226,900,000	15.2%	350,876,000	154.6%	57,930,000	4.1%	519,846,000	897.4%
Deficit	(88,786,708)	-5.3%	(67,272,456)	-4.5%	(21,514,252)	32.0%	(55,523,461)	-3.9%	(33,263,247)	59.9%
	673,389,292	40.2%	327,777,544	22.0%	345,611,748	105.4%	169,446,539	12.0%	503,942,753	297.4%
TOTAL LIABILITIES AND EQUITY	1,674,887,443	100.0%	1,488,628,779	100.0%	186,258,664	12.5%	1,409,045,025	100.0%	265,842,418	18.9%

ASSETS

CASH AND CASH EQUIVALENTS

Cash is the most use resources of the company. Given that the hospital is now on its finishing stage of construction. Funds generated by the company, automatically goes to the building of the hospital. As of end of Sept, 2020, cash balance is at P38.6M. This is 151% higher than at year end's total of P15.3M. It is also 78% higher than last year's P21.7M.

SHORT-TERM INVESTMENTS

The Short Term investments of the company were withdrawn in 2019 and used as additional funds for the construction of the hospital.

ADVANCES TO RELATED PARTY

The company hired an indentor (considered a related party) to facilitate the importation and acquisition of machines and equipment for the hospital. As of the end of Sept., 2020, account balance is at P163.4M. This was previously recorded at P289.0M in Dec. 2020. But with the delivery of equipment, during the year, net decrease is at P125.6M accounting for 43% decrease.

RECEIVABLES – OTHERS

Advances made in favor of the suppliers and contractors make up for the receivables account of the company. These advances are gradually collected from the contractors as the construction progresses.

OTHER ASSETS

The increase in the prepayments account is due to the payment of insurance premiums for the building and some hospital equipment.

PROPERTY AND EQUIPMENT

Property and Equipment account represents the fixed assets of the company. These may be movable or immovable assets used by the company for its benefit and mainly to generate income. As of present, the company has been starting to purchase equipment for hospital use. Movement in the PPE account is mainly due to the effort of the company to show the actual classification of its assets. As of the end of Sept. 2020, total amount recorded as part of the property and equipment is P281.4M which is 81% higher than 2019 year-end balance of P155.9M.

CONSTRUCTION-IN-PROGRESS

The construction progress is now about 92.88%. The hospital building is almost done and as of the end of the quarter, total amount spent to finance is recorded at P1.13B. Expenditures increased 14% from year end's total of P993.2M. Comparing to the same period last year, the account balance is 27% higher or a total of P238.9M additional spending.

OTHER NON-CURRENT ASSETS

The amount of P5.31M is composed of the following: Warehouse rental deposits with Iloilo Millenium Realty & Development Corp. (P210.0K), rental deposits with ATC (P85.0K), office rental deposits with IMS (P15.0K) and the refundable deposit against MORE Power Corp. of P5.0M.

LIABILITIES

PAYABLES

SSS, Pag-Ibig, and PhilHealth contributions account to about 1.5% of the payables of the company. The biggest of the chunks goes to Retention payables which account to at almost 46% of the total payables. Other obligations include those in favor of suppliers (27%), accrued interests (6%), and other payables (19.5%).

LOANS PAYABLE TO INDIVIDUALS
This account pertains to the non-interest bearing borrowings of the company from private individuals. The funds generated were used partly to finance the Building Construction. Payments shall be taken from the excess operational cash upon demand of lenders.

NOTES PAYABLE
The company obtained a term loan from Land Bank of the Philippines amounting to P1.06B. The purpose of such loan was to finance the construction of the hospital and purchase of medical equipment. Funds are made available to the company on several draw downs. As of this quarter, LBP was able to release a total of P846.4M.

ADVANCES FROM SHAREHOLDERS
This is part of the advances made by the shareholders to the company for the development of its medical structures and appurtenances. These are non-interest bearing advances, and payments are subject to availability of excess operational funds. Gradually, advances are paid off by the company. As of end of September 2020, the remaining unpaid balance of the account is P9.8M.

SHARE CAPITAL
The company started selling shares in 2019 after the approval of its secondary license. Since then, the company was able to sell 31,000 shares (13.19% of the outstanding shares) of the total 36,000 shares for IPO. As of end of September 2020, the amount of share capital recorded in the company's books is P184.4 M.

ADDITIONAL PAID-IN CAPITAL
Some of the securities were sold at a premium. As of this period, premium on sales recorded a total of P577.78M.

DEFICIT
The deficit reflected in the statement of financial condition is due to the increasing expenses incurred by the company especially that as of now, the hospital is not yet operational and not generating any income other than bank interests.

Key Performance Indicators

	September 2020	September 2019	September 2018
LIQUIDITY			
Quick Asset Ratio	1.50 : 1	0.95 : 1	2.13 : 1
	The company's figures shows that it is liquid enough to cover its current obligations. There was a time in 2019 where the funds where a little low because of the heavy use of resources for the construction of the building.		
Current Ratio	1.50 : 1	0.95 : 1	2.13 : 1
	The numbers reflected in the current asset ratio of the company shows that the company has enough resources to fund its current obligations.		
SOLVENCY			
Debt to Equity Ratio	1.25 : 1	6.22 : 1	7.49 : 1
	Comparing the 3 periods, it can be said that the numbers are improving quite well. The present figures show that the company can answer for all its obligations, even those that are of long term status. Given now that its equity is almost equal its obligations.		
PROFITABILITY			

Net Profit Margin	The hospital is still in the construction stage, thus, no operational income has been recorded.		
Return on Equity			
LEVERAGE			
Debt to Asset Ratio	0.60: 1	0.88 : 1	0.89 : 1
	In all three periods, the figures show that the company has more than enough asset to pay off its obligations.		
Asset to Equity Ratio	2.49 : 1	8.32 : 1	9.54 : 1
	Because of the sale of securities it may be noted that the portion of the equity has gone higher. In effect, its ratio in relation to the company's assets has gone down. Once the hospital is in operation and generating income on its own, this figures will eventually stabilize.		
INTEREST RATE COVERAGE			
Interest Rate Coverage Ratio	Given that the hospital is not yet operating, we cannot provide information as to its capacity to pay interest using own generated income.		

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

As of September 30, 2020:

1. There are no known material commitments for capital expenditure
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.

The COVID 19 Pandemic however may reasonably exert an impact on the hospital's revenue, as it is forecasted to persist when the hospital is estimated to open in 2021. Since the start of the pandemic, hospital admissions, elective surgical operations and outpatient consultations and diagnostic procedures have dropped down. The Pandemic and the stringent protocols of the hospitals in screening patients entering the healthcare facilities, though aimed to mitigate virus transmission, has changed the attitude and practice of the community as regards their sick and well patient family members to go to the hospitals. The engineering modifications of our hospital to accommodate COVID 19 will indeed answer the need for more ideal rooms for COVID cases and importantly address the safety issues of healthcare workers of the hospital but then, as long as no vaccine is yet available within the next 6 months, patients and the community as a whole will likely avoid hospitals for non-emergent sick and well consultations.

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

Net Profit Margin	The hospital is still in the construction stage, thus, no operational income has been recorded.		
Return on Equity			
LEVERAGE			
Debt to Asset Ratio	0.60: 1	0.88 : 1	0.89 : 1
	In all three periods, the figures show that the company has more than enough asset to pay off its obligations.		
Asset to Equity Ratio	2.49 : 1	8.32 : 1	9.54 : 1
	Because of the sale of securities it may be noted that the portion of the equity has gone higher. In effect, its ratio in relation to the company's assets has gone down. Once the hospital is in operation and generating income on its own, this figures will eventually stabilize.		
INTEREST RATE COVERAGE			
Interest Rate Coverage Ratio	Given that the hospital is not yet operating, we cannot provide information as to its capacity to pay interest using own generated income.		

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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.

ATTY. MAYLENE VILLANUEVA
CORPORATE SECRETARY
Date: November 16, 2020

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.

ELMER Z. SAMORO
CHIEF FINANCIAL OFFICER
Date: November 16, 2020

ANNEX A

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER - ILOILO, INC.
STATEMENT OF FINANCIAL CONDITION
(Amounts in Philippine Peso)

	30-Sep-20	30-Sep-19	30-Sep-18
ASSETS			
Current Assets			
Cash and Cash Equivalent	38,554,742	21,676,851	47,890,668
Short Term Investments	0	0	10,218,347
Advances to Related Party	163,423,514	123,601,682	150,977,011
Receivable - Others	55,208,070	32,505,260	29,440,523
Loans Receivable	0	0	37,000,000
Prepayment	416,837	175,689	222,408
	257,603,163	177,959,482	275,748,957
Non-Current Assets			
Property and Equipment (net)	281,437,215	339,220,512	195,943,115
Construction-In-Progress	1,130,537,065	891,640,031	587,474,226
Other Non-Current Assets	5,310,000	225,000	15,000
	1,417,284,280	1,231,085,543	783,432,341
TOTAL ASSETS	1,674,887,443	1,409,045,025	1,059,181,298
LIABILITIES and EQUITY			
LIABILITIES			
Current Liabilities			
Accounts Payable and Other Liabilities	70,009,600	48,004,122	27,916,809
Loans Payable to Individual	75,250,000	75,250,000	75,250,000
Loans Payable to Related Party	0	50,000,000	0
Notes Payable - Current Portion	14,019,591	13,193,171	16,064,148
	159,279,191	186,447,293	119,230,957
Non-Current Liabilities			
Notes Payable - Net of Current Portion	832,370,489	720,407,309	488,085,852
Advances from Shareholders	9,848,471	332,743,884	340,873,909
	842,218,960	1,053,151,193	828,959,761
TOTAL LIABILITIES	1,001,498,151	1,239,598,486	948,190,718
EQUITY			
Share Capital (net)	184,400,000	167,040,000	141,000,000
Share Premium	577,776,000	57,930,000	0
Deficit	(88,786,708)	(55,523,461)	(30,009,420)
	673,389,292	169,446,539	110,990,580
TOTAL LIABILITIES AND EQUITY	1,674,887,443	1,409,045,025	1,059,181,298

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER - ILOILO, INC.
STATEMENT OF COMPREHENSIVE LOSS
(Amounts in Philippine Peso)

	30-Sep-20	30-Sep-19	30-Sep-18
Revenue	**0**	0	0
Direct Cost	**0**	0	0
Gross Profit	**0**	0	0
Other Income	**86,530**	79,012	124,742
Gross Income	**86,530**	79,012	124,742
General and Admin Expenses	**14,736,202**	19,519,629	12,966,094
Loss from Operations	**-14,649,672**	-19,440,617	-12,841,352
Finance Cost	**6,864,579**	6,073,424	0
Net Loss Before Income Tax	**-21,514,251**	-25,514,041	-12,841,352
Income Tax Expense	**0**	0	0
Net Loss for the Year	**-21,514,251**	-25,514,041	-12,841,352
Other Comprehensive Income/(Loss) for the Year	**0**	0	0
Total Comprehensive Loss for the Year	**-21,514,251**	**-25,514,041**	**-12,841,352**

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER - ILOILO, INC.
STATEMENT OF CHANGES IN EQUITY
(Amounts in Philippine Peso)

	Share Capital	Share Premium	Deficit	Total
EQUITY				
As of Jan. 1, 2017	120,000,000		(2,959,006)	117,040,994
Net Loss for the Year			(8,244,239)	(8,244,239)
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	16,250,000			16,250,000
Share Premium		350,876,000		350,876,000
Net Loss for the 6-Month Period			(21,514,252)	(21,514,252)
As at September 30, 2020	**184,400,000**	**577,776,000**	**(88,786,708)**	**673,389,292**

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER - ILOILO, INC.
STATEMENT OF FINANCIAL CONDITION
(Amounts in Philippine Peso)

	30-Sep-20	30-Sep-19	30-Sep-28
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Loss before income Tax	(21,734,251)	(25,514,041)	(12,741,353)
Adjustments to reconcile net loss to net cash			
used in operating activities			
Depreciation		225,057	38,318
Interest Income	(86,530)	(79,012)	(102,733)
Operating loss before changes in working capital	(21,820,781)	(25,367,996)	(12,805,768)
Changes in working capital components:			
Decrease (increase) in current assets:			
Short term investments		10,218,347	(99,590)
Advances to related party	125,615,525	27,375,328	(84,385,059)
Receivable - Others	(20,568,553)	(3,064,737)	(15,268,969)
Other Current Assets	(224,531)	46,718	(32,764)
Increase (decrease) in current liabilities:			
Payables	2,499,529	20,087,314	(1,792,018)
Net Cash used in Operations	85,501,189	29,294,974	(114,384,168)
Interest received	86,530	79,012	102,733
Net Cash provided (used in) operating activites	85,587,719	29,373,986	(114,281,435)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property and equipment	(125,519,139)	(143,502,454)	(90,744,341)
Additions to construction in progress	(137,073,439)	(304,165,805)	(231,809,348)
Increase in other noncurrent assets	(5,085,000)	(210,000)	0
Net Cash used in ibvesting activities	(267,677,578)	(447,878,259)	(322,553,689)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of shares	0	0	21,000,000
Payment of loans receivable	0	37,000,000	0
Proceeds from bank loan	89,177,600	229,450,480	222,300,000
Proceeds from advances from shareholders	(251,030,214)	(8,130,025)	69,520,003
Proceeds from loans payable to related party	0	50,000,000	0
Additional share capital	16,506,000	26,040,000	(21,000,000)
Additional paid in capital	350,620,000	57,930,000	0
Net Cash provided by financing activities	205,273,386	392,290,455	291,820,003
NET DECREASE IN CASH AND CASH EQUIVALENTS	23,183,527	(26,213,818)	(145,015,121)
CASH AND CASH EQUIVALENTS Beginning of the Year	15,371,215	47,890,668	191,137,640
CASH AND CASH EQUIVALENTS End of September 2020	38,554,742	21,676,850	46,122,519

NOTE 1 - CORPORATE INFORMATION AND STATUS OF OPERATIONS

Corporate Information

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, the hospital is estimated to be fully completed and operational in 2021.

NOTE 2 - FINANCIAL REPORTING FRAMEWORK AND BASIS OF PREPARATION 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

The accounting standards adopted are consistent with those of the previous financial year, except that the Company has adopted the following new standards and amendments starting January 01, 2019. The adoption of these new standards and amendments did not have any significant impact on the Company's financial statements.

- PFRS 16, *Leases*
- Amendments to PFRS 9, *Prepayment Features with Negative Compensation*
- Amendment to PAS 19, *Employee Benefits Plan Amendment, Curtailment or Settlement*
- Amendment to PAS 28, *Long – term Interest in Associates and Joint Ventures*
- Philippine Interpretation IFRIC – 23, *Uncertainty over Income Tax Treatments*
- Annual Improvements to PFRSs 2015 – 2017 Cycle
    - Amendments to PFRS 3, *Business Combinations*
    - PFRS 11, *Joint Arrangements Previously Held Interest in Joint Operation*
    - Amendments to PAS 12, *Income Tax Consequences of Payments on Financial Instruments Classified as Equity*
    - Amendments to PAS 23, *Borrowing Cost, Borrowing Cost Eligible for Capitalization*

New Accounting Standards Effective after the Reporting Period Ended December 31, 2019

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 Company does not expect significant impact relative to these amendments.

Amendments to PFRS 3, *Definition of a 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 definition 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 cost;
- add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- removed 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 combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 01, 2020 and to asset acquisitions that occur on or after the beginning of that period.

The Company does not expect significant impact relative to these amendments.

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 contacts 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 contacts (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 01, 2022. 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.

New Accounting Standards Effective After the Reporting Period Ended December 31, 2019 Adopted by FRSC but pending for approval by the Board of Accountancy

PIC Q&A No. 2019 – 01, PFRS 15, *Revenue from Contracts with Customers – Accounting for Service Charges*

The interpretation clarifies the treatment of service charges collected from hotel guests or restaurant customers.

Salient points of the interpretation are the following:

- Eighty-five (85%) percent, as a minimum, of the collected Service Charge should be excluded from the transaction price and as such should be recognized as a liability to the employees pursuant to Article 96 of the Labor Code.

  As paragraph 47 of PFRS 15 defines transaction price as "the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties."

- The remaining portion should be included in the transaction price because this is an additional consideration in exchange for the goods and services provided and benefits directly inure to the hotel/restaurant.

The interpretation is effective for period beginning on or after February 13, 2019.

The Company does not expect a significant impact relative to this interpretation as the said revenue stream is not relevant to the principal business activity of the Company.

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

The interpretation provides guidance regarding the 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 provides two (2) Cryptographic classification based on the aforementioned factors, these are (a) Cryptocurrency, or (b) Cryptographic assets other than Cryptocurrencies, 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 suggests to report Cryptographic assets in the financial statements as either (i) Cryptocurrencies held by an entity, or (ii) Cryptographic assets other than cryptocurrencies.

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

- Cryptocurrencies 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 Cryptocurrencies, 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 a significant impact on the Company's financial statements as the Company does not have cryptographic assets.

PIC Q&A No. 2019 – 03, PFRS 15, *Revenue from Contracts with Customers – Revenue Recognition guidance for Sugar Millers*

The interpretation clarifies the revenue recognition of Sugar Milling Companies under: (i) Output Sharing Agreement, and (ii) Cane Purchase Agreement.

Under Output Sharing Agreement, revenue recognition commences upon conversion of Planter's cane into raw sugar. Further, unsold raw sugar owned by the Miller shall be accounted for as inventory in accordance with PAS 2, *Inventories*.

Under Cane Purchase Agreement, revenue recognition commences upon transfer of control, at a point in time, to customer or buyer of a sale transaction. Further, the cost of purchased canes shall be treated either as production or milling cost of the Miller.

The interpretation is effective for periods beginning on or after March 28, 2019.

The Company does not expect a significant impact relative to this interpretation as the said revenue stream is not relevant to the principal business activity of the Company.

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.

<u>Financial Assets</u>

Initial Recognition and Measurement

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

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 amortised 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 FVOCI with recycling of cumulative gains and losses (debt instruments)
- financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- financial assets at FVTPL.

<u>Financial assets at amortized cost (debt instruments)</u>

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 deregognized, modified or impaired.

The Company's financial assets at amortized cost includes cash and cash equivalents (excluding cash on hand), short-term investments, advances to related party, receivable – others, and loans receivable as at September 30, 2020 .

<u>Financial assets fair value through OCI (debt instruments)</u>

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 FVOCI as at reporting dates.

<u>Financial assets designated at fair value through OCI (equity instruments)</u>

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 FVOCI 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 derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if; the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

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.

Write-off

Financial assets are written-off when the Company has no reasonable expectations of recovering the financial asset either in its entirety or a portion of it. This is the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event.

Finacial Liabilities

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, 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 11, 12, 13 and 14).

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 FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition at FVTPL.

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 comprehensive 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)

This is the category most relevant to the Company. 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 11, 12, 13 and 14).

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 and cash equivalents

Cash and cash equivalents 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 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 purchases price, including import duties and non-refundable purchases 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 assesses whether there is any indication that any of its tangible assets may 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. When a reasonable and consistent basis of allocation can be identified, assets are also allocated to individual cash-generating units (CGUs), or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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.

Impairment losses recognized in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. A reversal of an impairment loss is recognized as income.

Equity Instruments

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.

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 contruction in progress stage, thus the Company is said to be not in commercial operations as of September 30, 2020.

Revenue Recognition Outside the Scope of PFRS 15

Interest income

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

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 serve 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.

Comparatives

Where necessary, certain accounts have been reclassified and comparative figures have been adjusted to conform with the current year's financial statements presentation.

For financial statements presentation, property and equipment, net amounting to ₱99,350,046 is reclassified to advances to related party in the statement of financial position as at December 31, 2018. This pertains to medical equipment that are already fully paid but not yet delivered.

The effect of this reclassification in the financial statements as at December 31, 2018, is summarized below:

	2018		
	As previously reported	*Net Adjustment*	*As currently reported*
Statement of financial position			
Advances to related party	150,977,011	99,350,046	250,327,057
Property and equipment (net)	195,943,115	(99,350,046)	96,593,069
Statement of cash flows:			
Increase in advances to related party	(32,590,315)	(99,350,046)	(131,940,361)
Additions to property and equipment	(155,048,016)	99,350,046	(55,697,970)

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.

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

Critical Judgments in Applying Accounting Policies

The following are the critical judgments, apart from those involving estimations, that Management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognized in 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. The Philippine Peso is the currency of the primary economic environment in which the Company operates. It is the currency that mainly influences the Company's cost of operation, and in effect, its revenue.

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.

<u>Operating Lease Commitments – Company as Lessee</u>

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.

Key Sources of Estimation Uncertainty

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

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

As at September 30, 2020 and 2019, the Company's property and equipment had carrying amounts of ₱281,437,215 and ₱339,220,512, respectively, as disclosed in Note 9. Total accumulated depreciation as at September 30, 2020 and 2019 amounted to ₱897,907 and ₱516,987, 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 reporting dates, 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 its deferred tax assets at each reporting date and reduces its carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. The Company's assessment on the recognition of deferred tax assets on deductible temporary difference is based on the Company's forecasted taxable income of the following reporting period. This forecast is based on the Company's past results and future expectations on revenues and expenses. As at September 30, 2020, December 31, 2019 and 2018, the Company had assessed that they will not generate sufficient taxable income for the utilization of deferred tax assets in the succeeding years.

Deferred tax assets with full valuation allowance as at September 30, 2020, December 31, 2019 and 2018 amounted to ₱23,305,801, ₱19,407,828 and ₱8,930,906, 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, 2020 and 2019, Management believes that there are no expected credit losses in relation to their advances to contractors and advances to suppliers, accordingly, no loss allowance was recognized for the year. Total advances to contractors and advances to suppliers as at September 30, 2020 and 2019 amounted to ₱55,057,231 and ₱32,334,990, respectively (see Note 8).

NOTE 6 - CASH AND CASH EQUIVALENTS

This account consists of:

	2020	2019
Cash on hand	**23,377**	1,116,515
Cash in bank	**38,531,365**	20,560,336
Cash equivalents	**-**	-
	38,554,742	21,676,851

Cash includes cash on hand and cash in bank that are unrestricted and available for current operations. This is stated in the statement of financial position at face amount.

Cash equivalents are made for varying periods of up to three (3) months depending on the immediate cash requirements of the Company. To date, no cash equivalent was recorded in the company's books.

Cash in banks and cash equivalents generally earn interest at the bank's deposit rates. Interest earned from cash in banks amounted to ₱86,530, ₱79,012 and ₱124,742 in 2020, 2019, and 2018, respectively, and is presented as part of "other income" in the statements of comprehensive loss.

NOTE 7 - SHORT-TERM INVESTMENT

This account pertains to short-term time deposits with original maturity date of more than three (3) months but less than a year with interest rate ranging from 1.00% to 2.50% per annum. To date, however, the company did not invest in any short term or long term investments as its resources were used for the construction of the hospital.

NOTE 8 - RECEIVABLE – OTHERS

This account consists of:

	2020	2019
Advances to contractors[1)]	**51,541,327**	28,819,086
Advances to supplier[2)]	**3,515,904**	3,515,904
Advances for liquidation[3)]	**103,367**	-
Accrued interest receivable[4)]	**-**	104,540
Other receivables	**47,472**	65,730
	53,996,943	32,505,260

[1)]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.

[2)]Advances to supplier represents a 15% downpayment made for the acquisition of Healthcare Management Information System.

[3)]Advances for liquidation represents cash advances to employees for official business transactions.

[4)]Accrued interest receivable represents interest earned on loans receivable from a related party and from cash equivalents (see Notes 14 and 6).

NOTE 9 - PROPERTY AND EQUIPMENT (net)

Reconciliation of property and equipment (net) as at September 30, 2020 is as follows:

	Land	Office Equipment	Medical Equipment	Hospital Equipment	Kitchen Tools	Books/ Periodicals	Total
Cost:							
At beginning of year	28,291,630	1,685,877	162,221,747	58,572,651	473,521	6,395	251,251,821
Additions (Disposals)	-	869,054	32,179,172	(1,964,925)	-	-	31,083,301
At end of period	**28,291,630**	**2,554,931**	**194,400,919**	**56,607,726**	**473,521**	**6,395**	**282,335,122**
Accumulated depreciation:							
At beginning of year	-	597,213	-	-	-	178	597,391
Depreciation	-	299,095	-	-	-	1,421	300,516
At end of the period	-	**896,308**	-	-	-	**1,599**	**897,907**
Net carrying value as at September 30, 2020	**28,291,630**	**1,658,623**	**194,400,919**	**56,607,726**	**473,521**	**4,796**	**281,437,215**

Depreciation on medical equipment shall commence when the hospital is in commercial operations.

The medical equipments have been paid in full and already recorded in the books. However, the same is still stored in the warehouse of the supplier awaiting delivery upon completion of the Company's hospital building. These are subject of a chattel mortgage as disclosed in Note 13.

Reconciliation of property and equipment (net) as at September 30, 2019 is as follows:

	Land	Office Equipment	Medical Equipment	Hospital Equipment	Kitchen Tools	Total
Cost:						
Beginning	28,291,630	1,107,976	166,835,439			196,235,045
Additions	0	414,361	30,550,237	87,884,265	24,653,591	143,502,454
Disposals						
Balance, end	28,291,630	1,522,337	197,385,676	87,884,265	24,653,591	339,737,499
Accumulated Depreciation						
Beginning		291,930				291,930
Additions		225,057				225,057
Disposals						
Balance, end	0	516,987	0	0	0	516,987
Net Carrying Value - Sept 30, 2019	**28,291,630**	**1,005,350**	**197,385,676**	**87,884,265**	**24,653,591**	**339,220,512**

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 10) 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 December 31, 2019 and 2018, 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:

	As at end of year 2019	**Amount of Transactions 2020**	**As at end of September 30, 2020**
Construction in Progress	993,243,626	**137,293,439**	**1,130,537,065**

The total construction cost of the hospital building is estimated to be at ₱1,180,130,700 as of December 31, 2019.

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

As certified by the Construction Manager of the Company, the percentage of completion as of report date is pegged at ninety two and eighty eight hundreth percent (92.88%).

NOTE 11 - ACCOUNTS PAYABLE AND OTHER LIABILITIES

This account consists of:

	2020	2019
Retention payable[1]	**37,890,007**	28,896,997
Accounts payable - suppliers[2]	**9,769,957**	-
Accrued interest payable[3]	**5,051,108**	5,274,802
Government liabilities[4]	**1,073,396**	551,924
Accrued expense[5]	**555,815**	1,654,295
Due to contractors	**-**	4,498,152
Other payables[6]	**15,669,317**	7,127,952
	70,009,600	48,004,122

[1]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.

[2]Accounts payable – suppliers represent balances of equipment already installed in the construction building as of reporting date.

[3]Accrued interest payable refers to interest expense incurred on loans from a bank (see Note 13).

[4]Government liabilities pertains to tax withheld from payment to suppliers, employees' compensation and statutory contribution to SSS, PHIC and HDMF.

[5]Accrued expense is normally settled within one year from financial reporting date.

[6]Other payables pertain to unpaid expenses incurred during the year which are noninterest-bearing and are generally settled within the next 12 months.

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.

NOTE 13 - NOTES PAYABLE

Notes payable as at September 30 consist of:

	2020	2019
Current portion:		
Notes payable – construction-in-progress	**14,019,591**	13,193,171
Notes payable – medical equipment	**-**	-
	14,019,591	13,193,171
Non-current portion:		
Notes payable – construction-in-progress	**632,870,008**	507,026,918
Notes payable – medical equipment	**199,500,481**	199,500,481
	832,370,489	720,407,309
	846,390,080	733,600,480

The Landbank of the Philippines – Iloilo Branch (LBP – Iloilo) extended 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 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, 2018, 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 9, the loan is collaterized 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 equipments, furniture and fixtures.

Total finance costs incurred on loans for financing of hospital building amounted to ₱47,456,612 and ₱29,348,591 as at September 30, 2020 and 2019, 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 equipents, fixtures and transportation equipment amounting to ₱6,864,579 and ₱6,073,424 in September 30, 2020 and 2019, 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, 2020 and 2019:

(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 equipments, furniture and fixtures for the hospital allotment (see Note 9).

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) Loans payable – ACEMC Bacolod Inc.

The Company borrowed from its affiliate, ACE Medical Center – Bacolod, Inc., in the amount of ₱50,000,000 with interest rate of 5.8% per annum payable monthly. Maturity date of the said loan is three months from the execution of the agreement, renewable upon mutual consent. As of reporting date, the account has been fully paid.

Interest expense incurred from the loan payable amounted ₱483,333 as of December 31, 2019 and are capitalized as borrowing costs to construction-in-progress (see Note 10).

(c) Advances from shareholders

In the special meeting of the Board held last May 7, 2017, 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 distinct future. The Company, however, reserves the right to defer settlement in favor of prioritizing payments relative to hospital construction.

Key Management Personnel Compensation

Key management compensation amounted to ₱2,520,000 and ₱-0- for the period ended September 30, 2020 and 2019, respectively. These amounts are incorporated in the salaries and allowances account in the financial statements.

Prior to this, only per diem and transportation allowance for meetings were given to members of the Board as per Board Resolution dated February 5, 2017 (see Note 17).

NOTE 15 - SHARE CAPITAL

Details of the Company's share capital as at September 30, 2020:

	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 ₱50,600,000):		
Founder's shares	600	600,000
Common shares	183,800	183,800,000
Total paid-up share capital	184,400	184,400,000

Details of the Company's share capital as at September 30, 2019 :

	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	229,440	229,440,000
Total subscribed share capital	230,040	230,040,000
Paid-up share capital (net of subscription receivable ₱63,000,000):		
Founder's shares	600	600,000
Common shares	166,440	166,440,000
Total paid-up share capital	167,040	167,040,000

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, 2018, in accordance with the provisions of the SEC's Securities Regulation Code (see Note 1).

In 2018, the SEC approved the increase in the Company's authorized share capital from **ONE HUNDRED TWENTY MILLION (₱120,000,000) PESOS** to **TWO HUNDRED FORTY MILLION (₱240,000,000) PESOS** divided into **SIX HUNDRED (600) FOUNDER SHARES AND TWO HUNDRED THIRTY NINE THOUSAND FOUR HUNDRED (239,400) COMMON SHARES** both at **ONE THOUSAND (₱1,000) PESOS PAR VALUE PER SHARE.**

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 priviledges as holders of common shares.

NOTE 16 - OTHER INCOME

This account consist of:

	Sept. 30, 2020	Sept. 30, 2019
Interest income (Note 6)	**86,530**	79,012

NOTE 17 - GENERAL AND ADMINISTRATIVE EXPENSES

This account consists of the following:

	30-Sep-20	**30-Sep-19**
Salaries and Allowances[1)]	**7,758,135**	5,328,029
SSS, PHIC, HDMF Contributions	**391,925**	212,522
Professional and Legal Fees	**1,661,644**	5,592,603
Board Meetings and Meals	**23,428**	1,656,602
Security Services	**1,150,739**	775,200
Transportation and Travel Expenses	**368,373**	836,751

Taxes and Licenses	**1,105,086**	1,713,699
Rentals	**418,600**	1,441,449
Utilities	**546,517**	358,949
Depreciation Expenses	**300,516**	225,057
Insurance Expenses	**586,364**	514,172
Office Supplies	**208,698**	258,652
Repairs and Maintenances	**15,175**	0
Advertising Expenses	**154,141**	0
Miscellaneous Expenses	46,861	0
Unrealized Forex Loss	**0**	605,944
	14,736,202	19,519,629

1)The increase is due to payment of salaries of directors and officers.

NOTE 18 - COMMITMENT UNDER OPERATING LEASES

The Company entered into various lease agreements for the rental of the Company's office space warehouse for a period of one year, renewable at terms and conditions that the parties may agree upon. Also, security deposit for MORE Electrical Power Corp. amounting to P5.0M was taken up for this account. Lease agreement includes payment of security deposit amounting to ₱5,310,000 and ₱225,000 as at September 30, 2020 and 2019, respectively, which shall be refunded without interest on the expiration of the lease period, less any corresponding obligations or damages. Total rental expense amounted to ₱418,600 and ₱1,441,449 in September 30, 2020 and 2019, respectively (Note 17).

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, 2020**	Dec. 31, 2019	Dec. 31, 2018
Net loss before income tax	**(21,514,251)**	(37,263,036)	(18,806,175)
Add: Non-deductible expenses			
Unrealized forex loss	**0**	179,510	-
Interest expense arbitrage	**0**	40,406	-
Less: Non-taxable income			
Interest income subjected to final tax	**(86,530)**	(97,953)	(115,966)
Unrealized forex gain	**-**	-	(22,009)
Net operating loss	**(21,600,781)**	(37,141,073)	(18,944,150)
Tax rate	**30%**	30%	30%
RCIT	**NIL**	NIL	NIL

II. Minimum Corporate Income Tax (MCIT)

No MCIT due to absence of taxable revenues in 2019 and 2018. In 2017, as per National Internal Revenue Code (NIRC), the Company is not yet covered by the Minimum Corporate Income Tax (MCIT) since the Company has not yet started its commercial operations

III. Deferred Tax Asset - Net Operating Loss Carry-Over (NOLCO)

As at December 31, 2019, the Company's NOLCO that can be claimed as deduction from future taxable income are as follows:

Year Incurred	Expiration date	Beginning balance	Additions	Expired	Claimed	Ending Balance
2016	2019	1,095,383	2,217,999	-	-	3,313,382
2017	2020	3,313,382	8,607,537	(244,342)	-	11,676,577
2018	2021	11,676,577	18,944,150	(851,041)	-	29,769,686
2019	2022	29,769,686	37,141,073	(2,217,999)	-	64,692,760
Sept 2020	**2023**	**21,600,781**	**64,692,760**	**(8,607,537)**	-	**77,686,004**

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

	Sept. 30, 2020	Dec. 31, 2019	Dec. 31, 2018
NOLCO	**77,686,004**	64,692,760	29,769,686
Tax rate	**30%**	30%	30%
	23,305,801	19,407,828	8,930,906
Valuation allowance (Note 5)	**(23,305,801)**	(19,407,828)	(8,930,906)
	-	-	-

The Company's deferred tax assets arises from the net operating loss from the current and prior years 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.

NOTE 20 - BASIC LOSS PER SHARE

Basic loss per share is computed as follows:

	Sept. 30, 2020	Dec. 31, 2019	Dec. 31, 2018
Loss attributable to ordinary shares	**(21,514,251)**	**(37,263,036)**	(18,806,175)
Divide by: Weighted average number of ordinary shares outstanding	**184,400**	**168,150**	141,000
Basic loss per share	**(116.67)**	**(221.61)**	(133.38)

There are no potential dilutive ordinary shares outstanding as at September 30, 2020, December 31, 2019 and 2018.

NOTE 21 - 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 and cash equivalents, short-term investments and notes payable (Note 6, 7 and 13).

Cash and cash equivalents, and short-term investments are subject to prevailing interest rates (see Note 6 and 7). 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.

Loans receivable do not present significant interest rate risk as these are subject to fixed rates (see Note 14).

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 13). 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:

<u>Cash and cash equivalents</u>
The credit risk for cash is considered negligible since the counterparties are reputable banks with high quality external credit ratings.

<u>Advances to related party and receivable - others</u>
The Company has no significant concentrations of credit risk advances to related party and receivable - others. The Company's advances to related party and 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 advances to related party and 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. Excess cash are invested to short-term investments such as time deposits which can be used for emergency expenses.

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

September 30, 2020	**1 to 12 months**	**1 to 5 years**	**Total**
Accounts payable 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	**-**	**9,848,471**	**9,848,471**
	158,205,795	**842,218,960**	**1,000,424,755**

September 30, 2019	1 to 12 months	1 to 5 years	Total
Accounts payable and other liabilities*	47,487,135	-	47,487,135
Loans payable to individuals	75,250,000	-	75,250,000
Notes payable	13,193,171	720,407,309	733,600,480
Advances from shareholders	-	332,743,884	332,743,884
	135,930,306	1,053,151,193	1,189,081,499

**excluding government liabilities*

NOTE 22 - 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:

	September 30, 2020		September 30, 2019	
Financial assets	**Carrying Value**	**Fair Value**	Carrying Value	Fair Value
Cash and cash equivalents	**38,531,365**	**38,531,365**	20,560,336	20,560,336
Short-term investments	**-**	**-**	-	-
Advances to related party	**163,423,514**	**163,423,514**	123,601,682	123,601,682
Receivable - others	**55,208,070**	**55,208,070**	32,505,260	32,505,260
Loans receivable	**-**	**-**	-	-
	257,162,949	**257,162,949**	176,667,278	176,667,278

**excluding cash on hand*

Financial liabilities				
Accounts payable and other liabilities	**68,936,204**	**68,936,204**	47,487,135	47,487,135
Loans payable to individuals	**75,250,000**	**75,250,000**	75,250,000	75,250,000

Notes payable	**846,390,080**	**846,390,080**	733,600,480	733,600,480
Advances from shareholders	**9,848,471**	**9,848,471**	332,743,884	332,743,884
	1,000,424,755	**1,000,424,755**	1,189,081,499	1,189,081,499

**excluding government liabilities*

The difference between the cash and cash equivalents, 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, short-term investments, advances to related party, receivables - others, loans receivable, 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 23 - 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:

	September 30, 2020	September 30, 2019
Total liabilities	**1,001,498,151**	1,239,598,486
Total equity	**660,769,292**	169,446,539
	1.53 : 1	7.32 : 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 24 - APPROVAL OF FINANCIAL STATEMENTS

The financial statements of the Company as at September 30, 2020, including its comparative amounts of December 31, 2019 and September 30, 2019, were approved and authorized for issuance by the Board of Directors on November 14, 2020.

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.

Supplementary information required by Revenue Regulations 15-2010

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 taxes paid by the Company for the period ending September 30 are as follow:

	2020
DST – LBP Loans	688,832
DST – Sale of Securities	110,300
	799,132

Taxes and licenses

Details of the Company's other local and national taxes for the period ending September 30 are as follows:

	2020
Documentary stamp tax	799,132
Local government taxes	3,805
BIR – Annual Registration Fee	500
Real Property Tax	15,119
Others	215,297
	1,033,853

Withholding Taxes

Withholding taxes paid by the Company for the period ending September 30 are as follows:

	2020
Expanded withholding taxes	236,883
Compensation withholding tax	1,756,218
	1,993,101

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 December 31, 2019.

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