

MSRD_ Asia Pacific Medical Center - Iloilo, Inc. (formerly: Allied Care Experts (ACE) Medical Center-Iloilo Inc). _17-Q 3rd Qtr_ 14 November 2023 External Inbox x



APMC CORPSEC

Tue, 14 Nov 2023

14 November 2023 Dear Sir/Madam: I, ROCELYN A. PATOPATIN, of legal age, Filipino, with office address at Barangay Ungka, Jaro, Iloilo City 5000, do hereby decla



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Tue, Nov 14, 6:26 PM

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COVER SHEET

SEC Number **CS201423954**

File Number _____

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

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

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

2023 December 31
(Fiscal Year Ending-Month and Day)

17-Q (3rd Qtr)
(FORM TYPE)

September 30, 2023
(Period Ended Date)

(Amendment Designation, if Applicable)

Issuer of Securities
(Secondary License Type, if any)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended September 30, 2023
2. Commission identification number: CS201423954
3. BIR Tax Identification No: 008-922-703
4. Exact name of issuer as specified in its charter: ASIA PACIFIC MEDICAL CENTER (APMC) – ILOILO, INC.
5. Province, country or other jurisdiction of incorporation or organization: Iloilo City, Philippines
6. Industry Classification Code: (SEC Use Only)
7. Address of issuer's principal office: Brgy. Ungka, Jaro, Iloilo City Postal Code: 5000
8. Issuer's telephone number, including area code: (033) 3215748 / 09175234802
9. Former name, former address and former fiscal year, if changed since last report:
(Formerly Allied Care Experts (ACE) Medical Center – Iloilo, Inc.)
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

	Number of shares	
Title of Each Class	outstanding	Amount of Debt
Founder Shares	600	
Common Shares	239,950	
Debt Outstanding		P1,546,483,070

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 unaudited financial statements of Asia Pacific Medical Center – Iloilo, Inc. (“APMCI” or “The Company”) as of and for the period ended September 30, 2023 (with comparative figures as of December 31, 2022 and for the period ended September 30, 2022) and selected Notes to Financial Statements is hereto attached as “Annex A”.

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

I. RESULTS OF OPERATIONS (For the 3rd quarter periods ended September 30, 2023 and 2022)

			Horizontal Analysis		Vertical Analysis	
	Sept. 30, 2023	Sept. 30, 2022	Inc/(Dec)	%	Sep. 30, 2023	Sep. 30, 2022
Revenue	P -	P -	P -	-	N/A	N/A
Direct Cost	-	-	-	-	N/A	N/A
Gross Profit	-	-	-	-	N/A	N/A
Other Income	17,524	8,164	9,360	114.65%	N/A	N/A
Gross Income	17,524	8,164	9,360	114.65%	N/A	N/A
General and Admin Expenses	69,818,199	14,933,443	54,884,757	367.53%	N/A	N/A
Loss from Operations	(69,800,675)	(14,925,279)	(54,875,396)	367.67%	N/A	N/A
Finance Cost	37,001,509	21,506,428	15,495,081	72.05%	N/A	N/A
Net Loss Before Income Tax	(106,802,184)	(36,431,707)	(70,370,478)	193.16%	N/A	N/A
Income Tax Expense	-	-	-	-	N/A	N/A
Net Loss	(106,802,184)	(36,431,707)	(70,370,478)	193.16%	N/A	N/A
Other Comprehensive Loss	-	-	-	-	N/A	N/A
Total Comprehensive loss	(P106,802,184)	(P36,431,707)	(P70,370,478)	193.16%	N/A	N/A

Other Income - The Company recognized other income amounting to Php17,524 and Php8,164 on September 30, 2023 and September 30, 2022, respectively. These represent interest earned from bank deposits. The hospital is yet to recognize operational income. This will hopefully be in the last quarter of 2023 when the hospital commences commercial operations. To date, the hospital is 99.86% complete.

Finance Costs - These are the interest expenses on bank and related party loans.

General and Administrative Expenses – consist of the following:

	For the 3 rd quarter period ended		Horizontal Analysis		Vertical Analysis	
	Sep. 30, 2023	Sep. 30, 2022	Inc/(Dec)	%	Sep. 30, 2023	Sep 30, 2022
Salaries and Allowances	P40,588,051	P8,514,987	P32,073,064	376.67%	58.13%	57.02%
Taxes and Licenses	6,344,689	941,235	5,403,454	574.08%	9.09%	6.30%
Utilities	5,060,214	-	5,060,214	100.00%	7.25%	0.00%
SSS, PHIC, and HDMF Contributions	4,593,517	508,310	4,085,207	803.68%	6.58%	3.40%
Office Supplies	3,660,589	239,100	3,421,489	1430.99%	5.24%	1.60%
Board Meetings and Meals	2,577,030	1,307,659	1,269,371	97.07%	3.69%	8.76%
Depreciation Expense	2,033,455	471,700	1,561,755	331.09%	2.91%	3.16%
Professional Fees and Legal Fees	1,998,552	1,220,903	777,649	63.69%	2.86%	8.18%
Security Services	660,508	904,339	(243,831)	-26.96%	0.95%	6.06%
Seminars and Trainings	304,339	128,739	175,600	136.40%	0.44%	0.86%
Advertising and Marketing Expenses	591,167	55,000	536,167	974.85%	0.85%	0.37%
Postage & Communication Expenses	332,900	95,166	237,734	249.81%	0.48%	0.64%
Transportation and Travel	202,125	43,183	158,942	368.07%	0.29%	0.29%
WEB Hosting	163,869	146,595	17,274	11.78%	0.23%	0.98%
Repairs & Maintenance	103,979	22,351	81,628	365.21%	0.15%	0.15%
Bank Charges	10,533	6,550	3,983	60.81%	0.02%	0.04%
Rentals	3,500	9,500	(6,000)	-63.16%	0.01%	0.06%
Amortization of Intangible Asset	-	8,333	(8,333)	-100.00%	0.00%	0.06%
Miscellaneous	589,182	309,793	279,390	90.19%	0.84%	2.07%
	P69,818,199	P14,933,443	P54,884,757	367.53%	100.00%	100.00%

For the 3rd Quarter period ended September 30, 2023, the general and administrative expenses increased by Php54.88 million or 367.53%. As shown in the above comparative schedule, the material variances were noted on Salaries and Allowances (+376.67% or Php32.10 million), Taxes and Licenses (+574.08% or Php5.40 million), Utilities (+100% or Php5.10 million), and SSS, PHIC, and HDMF Contributions (+803.68% or Php4.10 million). Also, there were accounts whose balances decreased: Security Services (-26% or Php243,831). The material increases in salaries, as well as the corresponding increase in employees' benefits - SSS, PHIC, and HDMF contributions - can be attributed to the increase in manpower as the Company prepares for the start of commercial operations. The increase in taxes is primarily due to the various licenses that the Company is processing, which is also in relation to the hospital's opening. Security services expenses decreased due to proper take of applicable expenses.

Net Losses for the Period – The expenses incurred by the Company are mostly administrative costs. This is mainly due to the supervision of the construction of the building which includes supplies, materials, etc.

II. STATEMENTS OF FINANCIAL POSITION

ASSETS	As of 3 rd Quarter	As of Calendar	Horizontal Analysis		Vertical Analysis	
	Ended (Unaudited)	Year Ended (Audited)	Inc/(Dec)	%	Sep. 30, 2023	Dec. 31, 2022
CURRENT ASSETS	Sep. 30, 2023	Dec. 31, 2022				
Cash	P21,498,190	P11,514,560	P9,983,630	86.70%	0.89%	0.55%
Other Receivables	8,928,691	2,425,116	6,503,575	268.18%	0.37%	0.12%
Advances to Contractors	52,150,244	58,043,017	(5,892,773)	-10.15%	2.17%	2.77%
Advances to Suppliers	936,953	1,551,654	(614,701)	-39.62%	0.04%	0.07%
Prepayments and other current assets	811,894	559,910	251,984	45.00%	0.03%	0.03%
TOTAL CURRENT ASSETS	84,325,972	74,094,257	10,231,715	13.81%	3.51%	3.53%
NON-CURRENT ASSETS						
Property and Equipment (net)	528,288,080	447,444,919	80,843,161	18.07%	21.97%	21.32%
Construction-In-Progress	1,748,146,328	1,536,817,631	211,328,697	13.75%	72.69%	73.22%
Advances to Related Party	39,030,125	35,608,713	3,421,412	9.61%	1.62%	1.70%
Other Non-Current Assets	5,015,171	5,015,171	-	0.00%	0.21%	0.24%
TOTAL NON-CURRENT ASSETS	2,320,479,704	2,024,873,494	295,558,738	14.60%	96.49%	96.47%
TOTAL ASSETS	P2,404,805,676	P2,098,980,690	P305,824,986	14.57%	100.00%	100.00%
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Accounts Payable and Other Liabilities	P216,241,333	P132,799,504	P83,441,829	62.83%	8.99%	6.33%
Loans Payable to Individuals	48,068,862	20,766,700	27,302,162	131.47%	2.00%	0.99%
Notes Payable-Current Portion	5,338,258	28,747,867	(23,409,609)	-81.43%	0.22%	1.37%
TOTAL CURRENT LIABILITIES	269,648,453	182,314,071	58,833,220	32.27%	11.21%	8.69%
NON-CURRENT LIABILITIES						
Loans Payable to Related Party	323,434,969	237,834,969	85,600,000	35.99%	13.45%	11.33%
Notes Payable-net of Current Portion	953,399,648	857,748,031	95,651,617	11.15%	39.65%	40.86%
TOTAL NON-CURRENT LIABILITIES	1,276,834,617	1,095,583,000	181,251,617	16.54%	53.10%	52.20%
TOTAL LIABILITIES	1,546,483,070	1,277,897,071	268,585,999	21.02%	64.31%	60.88%
EQUITY						
Share Capital (net)	239,950,000	235,670,000	4,280,000	1.82%	9.98%	11.23%
Share Premium	923,045,000	783,283,829	139,761,171	17.84%	38.38%	37.32%
Deficit	(304,672,394)	(197,870,210)	(106,802,184)	53.98%	-12.67%	-9.43%
TOTAL EQUITY	858,322,606	821,083,619	37,238,986	4.54%	35.69%	39.12%
TOTAL LIABILITIES AND EQUITY	P2,404,805,676	P2,098,980,690	P305,824,985	14.57%	100.00%	100.00%

ASSETS

As at September 30, 2023, the Company's total assets amounted to Php2.40 billion of which 96.5% pertains to non-current assets and 3.5% to current assets.

The non-current assets amounting to Php2.32 billion are represented by Construction-In-progress and Property and Equipment (net) amounting to Php1.75 billion and Php528.29 million which shares 73% and 22% of the total non-current assets, respectively.

Construction-In-Progress. This pertains to the construction of the hospital building which is expected to be completed this November 2023. A little more cost will eventually finish the construction. Company commercial operations will definitely start before the year ends.

Property and Equipment. This represents various equipment/machineries acquired by the hospital during the period in preparation for the commencement of commercial operations.

Other Non-Current Assets. This account represents deposits to MORE POWER Corporation (Php5.00 million), and to Iloilo Medical Society (Php15,000) for office rent.

The current assets amounting to Php46.46 million consist of the following:

Cash and Cash Equivalents. The lion's share of Company funds went to the construction of the hospital, thus the low balances of these current assets. When the hospital operates, these figures will have a remarkable change leading to better financial standing for the Company.

Receivables and Advances. Total receivables and advances amounted to Php101.05 million. Of this, Php52.15 million or 51.61% are advances to Contractors and Php937K or 0.93% are advances to suppliers. Advances to Related Parties amounted to P39M or 38.59%, and the remaining receivables total P9.0 million or 8.9%.

Prepayments and other Current Assets. This pertains to prepaid insurance amounting to Php750,110 and unused office supplies amounting to Php61,783. Prepaid insurance and office supplies are taken up as prepayments and unused supplies and gradually dispensed as used. The balance represents the remaining cost of supplies still unused as of September 30, 2023.

LIABILITIES

The Company's liabilities account for 63.12% of its resources. As compared to the previous year's total, this year's balance was higher by 18.80% (Php240.10 million). Loans payable to related party increased by 36% (Php85.60 million). These loans were used to pay off interest and principal payables of the company.

Accounts Payables and Other Liabilities. This account consists of the following: Retention Payable (Php37.59 million); Accrued Interest Payable (Php12.39 million); Statutory Liabilities (Php1.65 million); Accrued Expenses (Php3.46 million); Accounts Payable - (PTP) (Php5.88 million) - these are non-refundable payments made by medical investors for the Privilege to Practice at the hospital; and Accounts Payable - contractors and supplier (Php155.27 million).

Loans Payable to Related Parties. These are loans extended by Phil Pharmawealth, Inc. (PPI) to the Company. Account balance now stands at Php323.43 million. Interest is paid every quarter. These loans were availed to help pay off company obligations.

Loans from Individuals. These are loans accorded to the Company to help in the construction of the hospital building. These are gradually liquidated whenever funds are available. Ending balance as of September 30, 2023 is at Php48.07 million.

Notes Payable (LBP) - As of September 30 2023, total loans provided by LBP amounted to P1.060 billion. Total payments made totaled Php81.85 million. To date, outstanding bank loan amounts to Php958.74 million.

EQUITY

The equity as of end of September 2023 account for 35.69% of the total resources. Share capital now amounts to Php239.950 million, while share premium increased by P139.76 million for a total of P923.05 million. The deficit increased by P106.80 million.

Share Capital. These are the total paid up shares of the Company. Of the 240,000 shares, 239,950 have been sold and paid up. This is 99.98% of the total shares.

Share Premiums (net). Shares are sold via IPO at a premium. 1 Block is equal to 10 shares, and a total of 3,600 blocks were offered to the public. Prices are as follows: Php250,000/block for the first 2,600 blocks; Php300,000/block for the next 500 blocks; and Php400,000/block for the last 500 blocks. The balance reflected in this account is the total sold shares at a premium, net of subscriptions receivable. This account now stands at Php923.05 million, P139.76 million higher than the previous year's balance.

Deficit. This is the result of all the deficits recorded by the Company over the years. The hospital is not yet in operation, thus administrative and finance costs caused the Company to take up a deficit.

Financial Soundness Indicator			
Key Performance Indicator	30-Sep-23	31-Dec-22	Remarks
1. Liquidity			
Quick Asset Ratio	0.013 : 1	0.007 : 1	Most of the company's resources are now being utilized for the completion of the construction of the hospital building and the installation of medical equipment in preparation for its opening. This is the very reason for the low ending balances of quick assets, especially for cash. The construction now is at 99.86% complete, and it is expected to finish before the year ends.
Current Ratio	0.31 : 1	0.41 : 1	Cash and other current assets do not project very positive numbers due to utilization of its resources mostly on completion of the construction of the hospital building and the installation of medical equipment. Positive inflow of funds is expected once the hospital starts commercial operations.
2. Solvency			
Debt to Equity Ratio	1.44 : 1	1.33 : 1	There is a significant increase in the Company's financial obligations. This is attributable to the final stages of the construction of the hospital building and the installation of medical equipment. Positive inflow of funds is expected once the hospital starts commercial operations.
3. Profitability			
Net Profit Margin	-	-	Hospital is not yet operational. Data is not yet available.
Return on Equity	-	-	Hospital is not yet operational. Data is not yet available.

4. Leverage			
Debt to Total Asset Ratio	0.64 : 1	0.61 : 1	The liquidity of the Company may have been affected but the total assets, though not readily convertible to cash, are more than enough to cover its present obligations. This is attributable to the final stages of the construction of the hospital building and the installation of medical equipment. Positive inflow of funds is expected once the hospital starts commercial operations.
Asset To Equity Ratio	2.80 : 1	2.56 : 1	The hospital is expected to open before this year ends, generating a positive inflow of funds. Gradually, the company will be able to have stable financial reports. Currently, the Company's assets are 271% higher than its equity.
5. Interest Rate Coverage Ratio	-	-	Hospital is not yet operational. Data is not yet available.

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

As at September 30, 2023:

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

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

The company is doing its best to ensure that all its goals, monetary or otherwise, are achieved.

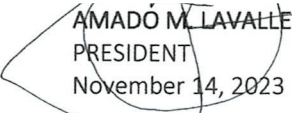
3. There are no seasonal aspects that has a material impact on the results of operations of the Company.
4. There are no events or any default or acceleration of an obligation that will trigger direct or contingent financial obligation that is material to the Company.
5. There are no off-balance sheet 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.
7. The Company intends to commence operations on the last quarter of 2023 when the hospital facility will be completed.
8. The company has no investments on foreign securities.

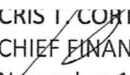
PART II--OTHER INFORMATION

There is 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.


AMADÓ M. LAVALLE JR., MD
PRESIDENT
November 14, 2023


CRIS T. CORTES
CHIEF FINANCE OFFICER
November 14, 2023

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

UNAUDITED FINANCIAL STATEMENTS
As of and for the 3rd quarter period ended September 30, 2023
(with comparative figures as of December 31, 2022 and for the period ended September 30, 2022)

ASIA PACIFIC MEDICAL CENTER - ILOILO, INC..
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2023 AND DECEMBER 31, 2022

	<i>Note</i>	2023 Unaudited	2022 Audited
ASSETS			
Current Assets			
Cash	3,5,6,18	P21,498,190	P11,514,560
Other receivables		8,928,691	2,425,116
Advances to contractors	7	52,150,244	58,043,017
Advances to suppliers	7	936,953	1,551,654
Prepaid expenses and other current assets		811,894	559,910
Total Current Assets		84,325,972	74,094,257
Noncurrent Assets			
Property and equipment - net	8	528,288,080	447,444,919
Construction-In-Progress	9	1,748,146,328	1,536,817,631
Advances to related party	13	39,030,125	35,608,713
Other non-current assets	18	5,015,171	5,015,171
Total Noncurrent Assets		2,320,479,704	2,024,886,434
		P2,404,805,676	P2,098,980,691
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and other liabilities	10,18	P216,241,333	P132,799,504
Loans payable to individuals	11,18	48,068,862	20,766,700
Notes payable - current portion	12,18	5,338,258	28,747,867
Total Current Liabilities		269,648,453	182,314,071
Noncurrent Liability			
Loan payable to related party	13,18	323,434,969	237,834,969
Notes payable - net of current portion	12,18	953,399,648	857,748,031
Total Noncurrent Liabilities		1,276,834,617	1,095,583,000
Equity			
Share Capital (net)	14	239,950,000	235,670,000
Share Premium	14	923,045,000	783,283,829
Deficit		(304,672,394)	(197,870,209)
Total Equity		858,322,606	821,083,620
		P2,404,805,676	P2,098,980,691

See Selected Notes to the Financial Statements.

ASIA PACIFIC MEDICAL CENTER- ILOILO, INC..
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIODS ENDED SEPTEMBER 30, 2023 AND 2022

	<i>Note</i>	2023 Unaudited	2022 Unaudited
SALES		P -	P -
COST OF SALES		-	-
GROSS PROFIT		-	-
OTHER INCOME		17,524	8,164
GROSS INCOME		17,524	8,164
GENERAL AND ADMIN EXPENSES	<i>15</i>	(69,818,199)	(14,933,443)
LOSS FROM OPERATIONS		(69,800,675)	(14,925,279)
FINANCE COST	<i>12</i>	(37,001,509)	(21,506,428)
NET LOSS BEFORE INCOME TAX		(106,802,184)	(36,431,707)
TOTAL COMPREHENSIVE LOSS		(P106,802,184)	(P36,431,707)

See Selected Notes to the Financial Statements.

ASIA PACIFIC MEDICAL CENTER- ILOILO, INC..
STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED SEPTEMBER 30, 2023 AND 2022

	Share Capital	Share Premium	Deficit	Total
As at December 31, 2021 (Audited)	P235,060,000	P726,166,619	(P145,648,293)	P815,578,326
Additional share capital	230,000	-	-	230,000
Share premium	-	44,400,210	-	44,400,210
Net loss for the quarter	-	-	(36,431,707)	(36,431,707)
As at September 30, 2022 (Unaudited)	P235,290,000	P770,566,829	(P182,080,000)	P823,776,829
As at December 31, 2022 (Audited)	P235,670,000	P783,283,829	(P197,870,209)	P821,083,620
Additional share capital	4,280,000	-	-	4,280,000
Share premium	-	139,761,171	-	139,761,171
Net loss for the quarter	-	-	(106,802,184)	(106,802,184)
As at September 30, 2023 (Unaudited)	P239,950,000	P923,045,000	(P304,672,394)	P858,322,606

See Selected Notes to the Financial Statements.

ASIA PACIFIC MEDICAL CENTER - ILOILO, INC..

STATEMENTS OF CASH FLOWS

FOR THE PERIODS ENDED SEPTEMBER 30, 2023 AND DECEMBER 31, 2022

	<i>Note</i>	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss before		(P106,802,184)	(P52,221,916)
Adjustments for:			
Depreciation and amortization	8	2,033,455	888,271
Interest income	6	(17,524)	(10,028)
Interest expense	12	(37,001,509)	(30,288,654)
Operating cash outflow before working capital changes		(141,787,762)	(81,632,327)
Decrease (increase) in:			
Advances to contractors	10	5,892,773	(2,956,180)
Advances to suppliers	10	614,701	5,120,090
Prepayments and other current assets		(251,984)	(233,897)
Advances to related party	13	(3,421,412)	-
Other Receivable		(6,503,575)	799,497
Increase in accounts payable and other liabilities	10	83,441,829	39,243,989
Net cash used in operations		(62,015,430)	(39,658,828)
Interest received	6	17,524	10,028
Net cash used in operating activities		(61,997,906)	(39,648,800)
CASH FLOWS FROM AN INVESTING ACTIVITIES			
Additions to property and equipment (net)	8	(83,296,207)	(30,520,238)
Additions to construction in progress	9	(210,909,108)	(172,790,751)
Net cash used in investing activities		(294,205,315)	(203,310,989)
CASH FLOWS FROM FINANCING ACTIVITIES			
Additional share premium	14	139,761,171	57,117,210
Proceeds from bank loan		95,651,617	31,485,190
Proceeds from loans payable to related party	13	85,600,000	129,000,000
Interest paid	12	37,001,509	30,288,654
Payments of principal loans payable to individuals	11	27,302,162	(2,233,300)
Additional share capital	14	4,280,000	610,000
Payment of principal on bank loans	12	(23,409,609)	(6,307,736)
Net cash provided by financing activities		366,186,850	239,960,018
NET DECREASE IN CASH		9,983,630	(2,999,771)
CASH AT BEGINNING OF PERIOD		11,514,560	14,514,331
CASH AT END OF PERIOD		P21,498,190	P11,514,560

See Selected Notes to the Financial Statements.

ASIA PACIFIC MEDICAL CENTER – ILOILO, INC.
SELECTED NOTES TO FINANCIAL STATEMENTS

1. CORPORATE INFORMATION AND STATUS OF OPERATIONS

Corporate Information

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

On August 2, 2021, the Securities and Exchange Commission approved the Company’s amendment of its corporate name to Asia Pacific Medical Center – Iloilo, Inc.

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 MSR 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 Corporate Governance, and other applicable laws and orders as may be issued by the Commission.

The registered office of the Company was also amended from 2nd floor, Iloilo Medical Society Building, Luna Street, Brgy. Bantud, Lapaz, Iloilo City to Brgy. Ungka, Jaro Iloilo City, where the hospital construction site is located.

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, this was moved to second half of 2023 in which the hospital is estimated to be fully completed and operational.

The Company has incurred an accumulated deficit of P304,67 million and P197,87 million as of September 30, 2023 and December 31, 2022, respectively, as a result of various general and administrative expenses incurred while the Company is still in its pre-commercial operation stage. It is expected to generate positive result upon commencement of its commercial operations.

2. FINANCIAL REPORTING FRAMEWORK AND BASIS OF PREPARATION AND PRESENTATION

Statement of Compliance

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS), which includes all applicable PFRS, Philippine Accounting Standards (PAS), and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), Philippine Interpretation Committee (PIC) and Standing Interpretations Committee (SIC) as approved by the Financial Reporting Standards Council (FRSC) and Board of Accountancy (BOA) and adopted by the SEC.

Basis of Preparation and Presentation

These financial statements have been prepared on the historical cost basis, except when otherwise stated.

Functional and Presentation Currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The Company’s financial statements are presented in Philippine Peso, which is the Company’s functional and presentation currency. All values are rounded off to the nearest peso, except when otherwise indicated.

3. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Adoption of New and Revised Accounting Standards Effective in 2022

The Company adopted all applicable accounting standards and interpretations as at December 31, 2022. The new and revised accounting standards and interpretations that have been published by the International Accounting Standards Board (IASB) and approved by the FRSC in the Philippines, were assessed by the Management to be applicable to the Company’s financial statements as follows:

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

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

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

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

The adoption of the amendments has no impact on the Company's financial statements as the Company does not plan to enter into business combination.

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

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

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. PAS16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

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

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

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

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

The Management has assessed that the adoption of the amendments has no impact on the Company's financial statements as the Company does not generate proceed when testing the equipment before its intended use.

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

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

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

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

The Management has assessed that the adoption of the amendments has no impact on the Company's financial statements as the Company has not yet started its commercial operations.

Annual Improvements to PFRS Standards 2018-2020 Cycle

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

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

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

The Management has assessed that the adoption of the amendments has no impact on the Company's financial statements since the Company is not a subsidiary of any company.

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

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

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

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

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

Amendments to PAS 41 – *Taxation in fair value measurements*

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

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

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

The Management has assessed that the adoption of the amendments has no impact on the Company's financial statements since the Company has no biological assets

Standards Issued but not yet Effective:

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

Effective Beginning on or after January 01, 2023

PFRS 17, Insurance Contracts

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

The key principles in PFRS 17 are that an entity:

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

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

PFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

An amendment issued on June 2020 and adopted by FSRSC on August 2020 addresses concerns and implementation challenges that were identified after PFRS 17 was published.

PFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

The standard (incorporating the amendments) is effective for periods beginning on or after January 1, 2025, as amended by the FSRSC from January 1, 2023. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB. Earlier application is permitted.

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

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

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

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

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

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

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

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

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

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

Amendments to PAS 1 and PFRS Practice Statement 2, Disclosure Initiative – Accounting Policies

The amendments are as follows:

- An entity is now required to disclose its material accounting policy information instead of its significant accounting policies;
- Several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material;
- The amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial;
- The amendments clarify that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and
- The amendments clarify that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

The amendments are applied prospectively. The amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted.

The management is still evaluating the impact of the new standard on the Company's financial statements.

Amendments to PAS 8, Definition of Accounting Estimates

With the amendment, accounting estimates are now defined as “monetary amounts in financial statements that are subject to measurement uncertainty.”

The amendment clarified that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognized as income or expense in the current period. The effect, if any, on future periods is recognized as income or expense in those future periods.

The amendments are effective for annual periods beginning on or after January 1, 2023 and changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted.

The management is still evaluating the impact of the amendments on the Company's financial statements

Amendments to PAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to PAS 12, an entity is required to recognize the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in PAS 12.

The Board also adds an illustrative example to PAS 12 that explains how the amendments are applied.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognizes:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with:
- Right-of-use assets and lease liabilities
- Decommissioning, restoration and similar liabilities and the corresponding amounts recognized as part of the cost of the related asset
- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date

The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted.

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

Amendments to PFRS 16, Lease Liability in a Sale and Leaseback

The amendments to PFRS 16 that require a seller-lessee to subsequently measure lease liabilities arising from a sale and leaseback transaction in a way that does not result in recognition of a gain or loss that relates to the right of use it retain.

The amendments add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 Revenue from Contracts with Customers to be accounted for as a sale.

The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognize a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date. The amendments do not affect the gain or loss recognized by the seller-lessee relating to the partial or full termination of a lease.

The amendments are applied retrospectively for annual periods beginning on or after January 1, 2024, with early application permitted. Still subject to approval of the Board of Accountancy and Financial and Sustainability Reporting Standard Council.

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

Amendments to IAS 1, Non-current Liabilities with Covenants

The amendments to PAS 1 to specify that only covenants an entity must comply with on or before the reporting period should affect classification of the corresponding liability as current or non-current.

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g., a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

The amendments specify that the right to defer settlement is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The amendments are applied retrospectively for annual periods beginning on or after January 1, 2024, with early application permitted. Still subject to approval of the Board of Accountancy and Financial and Sustainability Reporting Standard Council.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING AND FINANCIAL REPORTING 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 statements 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.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

The Company also modifies classification of prior year amounts to conform to current year's presentation.

Fair Value Measurement

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

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

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

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

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

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

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

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

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

Financial Instruments

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

Financial Assets

Date of Recognition

The Company recognizes a financial asset or a financial liability in the statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

"Day 1" Difference

Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss. In cases where there is no observable data on inception, the Company deems the transaction price as the best estimate of fair value and recognizes "Day 1" difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the "Day 1" difference.

Initial Recognition and Measurement

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

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. 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 costs.

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

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

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

Subsequent Measurement

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

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

Financial assets at amortized cost (debt instruments)

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

The Company's financial assets at amortized cost includes cash (excluding petty cash fund), receivable – others and other non-current assets (excluding deferred tax assets) as at reporting dates.

Financial assets fair value through OCI (debt instruments)

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation, if any, and impairment losses or reversals are recognized in the statements of profit or 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 and loss.

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

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

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

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statements 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 designated at fair value through OCI (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 statements 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 statements of profit or loss when the right of payment has been established.

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

Derecognition

The 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's statements 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 risk and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risk 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' agreement, it evaluates if, and to what extent, it has retained the risk 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 the 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.

Reclassification

The Company reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in OCI.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at amortized cost, its fair value at the reclassification date becomes its new gross carrying amount.

For a financial asset reclassified out of the financial assets at FVOCI category to financial assets at amortized cost, any gain or loss previously recognized in OCI, and any difference between the new amortized cost and maturity amount, are amortized to profit or loss over the remaining life of the investment using the effective interest method. If the financial asset is subsequently impaired, any gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

In the case of a financial asset that does not have a fixed maturity, the gain or loss shall be recognized in profit or loss when the financial asset is sold or disposed. If the financial asset is subsequently impaired, any previous gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at FVOCI, its fair value at the reclassification date becomes its new gross carrying amount. Meanwhile,

for a financial asset reclassified out of the financial assets at FVOCI category to financial assets at FVPL, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

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).

The Company considers a financial asset in default when contractual payments are 30 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.

Financial Liabilities

Initial Recognition and Measurement

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

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

Subsequent Measurement

The measurement of financial liabilities is classified into two categories:

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

Financial liabilities at fair value through profit or loss

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

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company 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 profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied.

The Company has not designated any financial liability at fair value through profit or loss at the end of each reporting period.

Financial liabilities at amortized cost (loans and borrowings)

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

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

This category generally applies to accounts payable and other liabilities (excluding government liabilities), loans payable to individuals, loans to a related party and notes payable. (Notes 10, 11, 12 and 13)

Derecognition

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

Fair Value Option

The Company may, at initial recognition, irrevocably designate a financial asset or liability that would otherwise have to be measured at amortized cost or fair value through other comprehensive loss to be measured at fair value through profit or loss if doing so would eliminate or significantly reduce an accounting mismatch or otherwise results in more relevant information.

Classification of Financial Instrument between Liability and Equity

A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or
- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements 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, or to realize the assets and settle the liabilities simultaneously.

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

Cash

Cash in the statements of financial position comprise of cash in banks and on hand that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

Advances

Advances to related parties, advances to contractors and advances to suppliers are payments made in advance, such as down payments for a contractual project and acquisition of equipment. Advances are initially recorded at the amount of cash paid. These will be subsequently reclassified to property and equipment upon completion of the project and/or once the equipment is actually or constructively delivered.

Receivable – others 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 and Other Current Assets

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 profit or loss as they are consumed in operations or expire with the passage of time.

Other current assets represent assets of the Company which are expected to be realized or consumed within one year or within the Company's normal operating cycle whichever is longer. Other current assets are measured initially and subsequently presented in the financial statements at cost.

Property and Equipment

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

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

Subsequent expenditures relating to an item of property and medical and hospital 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 shall be derecognized upon disposal or when no future economic benefits are expected from its use or disposal. When assets are derecognized, their costs, 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 statements of comprehensive loss.

Fully depreciated and fully amortized assets are retained by the Company as part of property and equipment until these are derecognized or until they are no longer in use.

Intangible Assets

Intangible assets are initially measured at cost and are subsequently measured at cost less accumulated amortization and any accumulated impairment loss. These are amortized using the straight-line method. If there is an indication that there has been a significant change in amortization rate, useful life or residual value of an intangible asset, the amortization is revised prospectively to reflect the new expectations.

When assets are sold, retired or otherwise disposed of, their cost and related accumulated amortization and impairment losses, if any, are removed from the accounts and any resulting gain or loss is reflected in profit or loss for the period.

Construction-in-progress

Construction-in-progress is stated at cost. This includes the costs related to the construction of the hospital building and installation of medical equipment, property development costs and other direct costs. Cost of borrowings and any additional costs incurred in relation to the project are recognized in this account. Construction-in-progress is not depreciated until such time that the relevant assets are completed and ready for its intended use.

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 dates, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When the asset does not generate cash flows that are independent from the other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

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

Equity

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

Share capital

Share capital is recognized as issued when the stock is paid for or subscribed under a binding subscription agreement and is measured at par value.

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.

Revenue Recognition

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

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

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

Service income from hospital services

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

Sale of medical goods

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

The Company does not have revenues from hospital services nor sale of medical goods since it is still in its construction stage, thus, not yet in commercial operations as at March 31, 2022.

Other Revenues

Interest income

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

Other income

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

Expense Recognition

Expenses are recognized in profit or loss when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Expenses are recognized in profit or loss: (a) on the basis of a direct association between the costs incurred and the earning of specific items of income; (b) 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 (c) 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 constitute costs attributable to general, administrative, and other business activities of the Company and are expensed as incurred.

Related Party Relationships and Transactions

Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercises significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting enterprise, or between, and/or among the reporting enterprise and its key management personnel, directors, or its shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

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

Employee Benefits

Employee benefits are all forms of consideration given by an entity in exchange for services rendered by its employees.

Short-term Benefits

Short-term employee benefits are those benefits expected to be settled wholly before twelve months after the end of the annual reporting period during which employee services are rendered, but do not include termination benefits. Short-term benefits given by the Company to its employees include salaries and wages, social security, health insurance and housing contributions, short-term compensated absences, bonuses and other non-monetary benefits.

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

Retirement or Post-employment Benefits

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

As at reporting dates, the Company has not yet established a Retirement Benefits Plan for its employees since no employee is entitled to date.

Borrowing costs

Borrowing costs are generally recognized as expense in the year in which these costs are incurred. However, borrowing costs that directly attributable to the acquisition, construction or production of a qualifying asset are capitalized. Capitalization of borrowing costs commences when the activities necessary to prepare the asset for intended use are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the asset is available for their intended use. It includes interest expense, finance charges in respect of finance leases and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

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.

Foreign Currency Translations

Translations denominated in foreign currencies are initially recorded using the exchange rates prevailing at transaction dates. Foreign currency-denominated monetary assets and liabilities are translated using the closing exchange rates at reporting dates. Exchange gains or losses arising from foreign currency translations are credited to or charges against current 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.

Income Tax

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

Current tax

The tax currently payable 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.

Deferred tax

Deferred tax is recognized on 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 is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Earnings (Loss) per Share

Basic earnings (loss) 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 issued/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 statements of comprehensive loss, net of any reimbursement.

Contingent liabilities are not recognized in the Company 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 Company 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.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Judgments in Applying the Company's Accounting Policies

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

Business Model Assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate, whether there has been a change in business model and so a prospective change to the classification of those assets.

Significant Increase of Credit Risk

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using internal valuation techniques using generally accepted market valuation models. The input to these models is taken from observable markets where possible, but where this is not feasible, estimates are used in establishing fair values. These estimates may include considerations of liquidity, volatility and correlation.

Functional currency

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

Classification of Financial Instrument

The Company classifies a financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement and the definitions 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.

Determination of Whether a Lease is a Finance or Operating Lease

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

Operating Lease Commitments – Company as Lessee

Based on Management evaluation, the lease arrangements entered into by the 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.

Recognition of Deferred Income Taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain in the ordinary course of business. Recognition of deferred income taxes depends on management's assessment of the probability of available future taxable income against which the temporary difference can be applied.

Impairment of Non-Financial Assets

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

Provisions and Contingencies

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

Estimates and Assumptions

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

Assessment for ECL on Other Financial Assets at Amortized Cost

The Company determines the allowance for ECL using general approach based on the probability-weighted estimate of the present value of all cash shortfalls over the expected life of financial assets at amortized cost. ECL is provided for credit losses that result from possible default events within the next 12-months unless there has been a significant increase in credit risk since initial recognition in which case ECL is provided based on lifetime ECL.

When determining if there has been a significant increase in credit risk, the Company considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- Actual or expected external and internal credit rating downgrade;
- Existing or forecasted adverse changes in business, financial or economic conditions; and
- Actual or expected significant adverse changes in the operating results of the borrower.

The Company also considers financial assets that are more than 30 days past due to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent a significant risk in credit risk such as when non-payment was an administrative oversight rather than resulting from financial difficulty of the borrower.

The Company has assessed that the ECL on other financial assets at amortized cost is not material because the transactions with respect to these financial assets were entered into by the Company only with reputable banks and companies with good credit standing and relatively low risk of defaults. Accordingly, no provision for ECL on other financial assets at amortized cost was recognized as at September 30, 2023 and December 31, 2022.

The carrying amounts of other financial assets at amortized cost are as follows:

	September 30, 2023	December 31, 2022
Cash in banks*	P21,443,190	P11,484,560
Receivable - others	8,928,691	2,425,116
Other non-current assets**	5,015,000	5,015,000
	P35,386,881	P18,924,676

*Excluding petty cash fund amounting to ₱55,000 and 30,000 as at September 30, 2023 and December 31, 2022, respectively.

**Excluding deferred tax assets amounting to ₱171 as at September 30, 2023 and December 31, 2022.

Assessment for Impairment of Non-financial Assets

The Company assesses impairment on non-financial assets whenever events or changes in circumstances indicate that the carrying amount of the assets or group of assets may not be recoverable. The relevant factors that the Company considers in deciding whether to perform an asset impairment review include, among others, the following:

- Significant underperformance of a business in relation to expectations;
- Significant negative industry or economic trends; and
- Significant changes or planned changes in the use of the assets.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

The recoverable amount of the asset is the greater of the fair value less cost of disposal or value in use. The fair value less cost of disposal is the amount obtainable from the sale of an asset in an arm's-length transaction. 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.

No impairment loss on non-financial assets was recognized as at September 30, 2023 and December 31, 2022.

The carrying amounts of non-financial assets are as follows:

	September 30, 2023	December 31, 2022
Construction-in-progress	P1,748,146,328	P1,536,817,631
Property and equipment (net)	528,288,080	447,444,919
Advances to contractors	52,150,244	58,043,017
Advances to related parties	38,982,653	35,595,773
Advances to suppliers	936,953	1,551,654
	P2,368,504,258	P2,079,452,994

Estimating useful lives of assets

The Company estimates the useful lives of property and equipment and intangible assets based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment and intangible assets 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 assets. In addition, estimation of the useful lives of property and equipment and intangible assets is based on 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 timing 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 and intangible assets would increase recorded operating expenses and decrease non-current assets.

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

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

As at September 30, 2023 and December 31, 2022, the Company's property and equipment had carrying amount of P528,288,080 and P 447,444,919, respectively. (Note 8)

Asset impairment other than goodwill

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

Determining the recoverable amount of property and equipment, which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Company to make estimates and assumptions that can materially affect the financial statements. Future events could cause the Company to conclude that property and equipment are impaired. Any resulting impairment loss could have a material adverse impact on the financial condition and results of operations.

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

As at September 30, 2023 and December 31, 2022, 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 periods.

6. CASH

This account consists of:

	September 30, 2023	December 31, 2022
Petty cash fund	P55,000	P30,000
Cash in banks	21,443,190	11,484,560
	P21,498,190	P11,514,560

Cash includes petty cash fund and in banks that are unrestricted and available for current operations. This is stated in the statements of financial position at face amount.

Cash in banks generally earn interest at the prevailing bank's deposit rates. Interest earned from bank accounts amounted to P17,524 and P8,164 in September 30, 2023 and 2022, respectively, and is presented as part of "other income (charges)" in the statements of comprehensive loss.

7. ADVANCES TO CONTRACTORS AND SUPPLIERS

This account consists of:

	September 30, 2023	December 31, 2022
Advances to contractors ¹⁾	P52,150,244	P58,043,017
Advances to suppliers ²⁾	936,953	1,551,654
	P53,087,197	P59,594,671

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 are down payments made to suppliers of medical equipment and/or construction materials ordered. The amounts represent 15% - 50% of the total contract price of the items purchased.

8. PROPERTY AND EQUIPMENT (net)

Reconciliation of property and equipment (net) as at September 30, 2023 is as follows:

	Land	Office Equipment	Medical Equipment	Hospital Equipment	Kitchen Tools	Books/ Periodicals	Total
Cost:							
At beginning of year	P28,291,630	P9,049,589	P297,878,140	P113,541,569	P1,072,375	P11,545	P449,844,848
Additions	-	6,998,203	52,858,821	21,866,083	1,153,510	-	82,876,617
Reclassification	-	-	(5,225,000)	(24,557,082)	29,782,082	-	-
At end of year	28,291,630	16,047,792	345,511,961	110,850,570	32,007,967	11,545	532,721,465
Accumulated depreciation:							
At beginning of year	-	2,393,750	-	-	-	6,179	P2,399,929
Depreciation	-	1,966,830	-	-	65,339	1,287	2,033,456
At end of year	-	4,360,580	-	-	65,339	7,466	4,433,385
Net carrying value, September 30, 2023	P28,291,630	P11,687,212	P345,511,961	P110,850,570	P31,942,628	P4,079	P528,288,080

Reconciliation of property and equipment (net) as at December 31, 2022 is as follows:

	Land	Office Equipment	Medical Equipment	Hospital Equipment	Kitchen Tools	Books/ Periodicals	Total
Cost:							
At beginning of year	P 28,291,630	P2,842,592	P292,224,738	P94,913,982	P1,039,762	P11,545	P419,324,609
Additions	-	6,206,637	5,653,402	18,627,587	32,613	-	30,520,239
At end of year	28,291,630	9,049,589	297,878,140	113,541,569	1,072,375	11,545	449,844,848
Accumulated depreciation:							
At beginning of year	-	1,515,529	-	-	-	4,462	1,519,991
Depreciation	-	878,221	-	-	-	1,717	879,938
At end of year	-	2,393,750	-	-	-	6,179	2,399,929
Net carrying value, December 31, 2022	P28,291,630	P6,655,839	P297,878,140	P113,541,569	P1,072,375	P5,366	P447,444,919

Depreciation on kitchen tools, medical and hospital equipment shall commence when it is available for use – when it is in the location and condition necessary to be capable of operating in the manner intended by the Management.

The medical equipment has 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 12.

The Company has a total contract commitment to purchase medical equipment totaling P454,370,959 as of September 30, 2023. Advances to related parties amounting to P39,030,125 was recognized in the books as it represents advance payment for medical equipment.

The land covered by TCT No. 095-2015000546 and TCT No. 095-2015000547 represent the area located at Barangay Sambag, Jaro District, Iloilo City, Panay Island, where the Company is currently constructing a multidisciplinary special medical facility (hospital) and is the subject of a real estate mortgage. (Note 9 and 12)

Management has reviewed the carrying values of property and equipment as at September 30, 2023 and December 31, 2022, for any impairment. Based on the results of its evaluation, there are no indications that these assets are impaired.

9. 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:

	Amount of Transactions	September 30, 2023	Amount of Transactions	December 31, 2022
Construction in progress	P211,328,697	P1,748,146,328	P138,098,133	P1,536,817,631

During the development and construction of the hospital building, borrowing costs on interest-bearing loans were capitalized. (Note 12)

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-eight-point ninety three percent (98.93%).

10. ACCOUNTS PAYABLE AND OTHER LIABILITIES

This account consists of:

	September 30, 2023	December 31, 2022
Accounts payable - contractors and suppliers ⁽¹⁾	P155,271,823	71,116,830
Retention payable ⁽²⁾	37,589,006	50,203,580
Accrued interest payable ⁽³⁾	12,388,032	6,302,656
Accounts Payable - PTP ⁽⁴⁾	5,883,815	4,705,000
Accrued expenses ⁽⁵⁾	3,459,761	7,104
Statutory liabilities ⁽⁶⁾	1,648,896	464,334
	P216,241,333	P132,799,504

- (1) Accounts payable – contractors and suppliers represent unpaid billings of the contractors and balances of equipment already installed in the construction building and as of reporting date.
- (2) 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 and turnover of the project and final acceptance by the Company.
- (3) Accrued interest payable refers to interest expense incurred on loans from bank. (Note 12)
- (4) Accounts Payable – PTP pertain to the amounts paid by the investing doctors who intended to practice at the hospital.
- (5) Accrued expenses are normally settled within one year from financial reporting date.
- (6) Statutory liabilities pertain to tax withheld from payment to suppliers, employees' compensation and statutory contribution to SSS, PHIC and HDMF.

11. 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. This account has a balance of P48,068,862 and 20,766,700, as at September 30, 2023 and as at December 31, 2022, respectively.

12. NOTES PAYABLE

This account consists of:

	September 30, 2023	December 31, 2022
Notes payable - current portion	P5,338,258	P28,747,867
Notes payable - net of current portion	953,399,648	857,748,031
	P958,737,906	P886,495,898

The Land Bank of the Philippines – Iloilo Branch (LBP – Iloilo) extended to the Company several term loans equivalent to a credit line facility totaling Php1.060 billion to finance the construction of hospital structure and the acquisition of various medical equipment and fixtures.

The foregoing credit line facility consists of a term loan 1 the availment of which was granted on 2015 amounting to Php465 million allotted to finance the construction of hospital building.

However, term loan 2 availment amounting to Php35 million was eventually cancelled or withdrawn. Subsequently, the bank approved on July 31, 2019, term loan 3 in the amount of Php195 million for hospital structure and term loan 4 amounting to Php400 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% to 6.63% per annum payable quarterly in arrears from date of loan release.

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

Total finance costs incurred on loans for financing the construction of hospital building amounted to P37,001,509 and P31,903,488 for the 3rd quarter period ended September 30, 2023 and 2022, respectively, and was capitalized to construction-in-progress account in the statements of financial position (see Note 9).

The Company incurred finance costs on loans for acquisition of medical equipment and fixtures amounting to P23,908,200 and P7,626,325 for the 3rd quarter period ended September 30, 2023 and 2022, respectively, and is reflected in the statements of comprehensive loss.

13. 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 3rd quarter period September 30, 2023, and December 31, 2022:

Advances to related party:

Category	As at September 30, 2023		As at December 31, 2022		Terms and Conditions
	Amount of Transactions	Outstanding Balance	Amount of Transactions	Outstanding Balance	
Receivable – others (various ACE Hospitals)	P -	P47,472	P -	P47,472	Unsecured, interest-bearing, no term, collectible in cash
Endure Medical, Inc. ^(a)	-	32,079,869	-	32,079,869	
TIPP Digital Solutions Inc. ^(b)	3,386,880	6,902,784	-	3,515,904	
	P3,386,880	P39,030,125	P -	P35,643,245	

Advances from related party:

Category	As at September 30, 2023		As at December 31, 2022		Terms and Conditions
	Amount of Transactions	Outstanding Balance	Amount of Transactions	Outstanding Balance	
Phil Pharmawealth, Inc. ^(c)	P85,600,000	P323,434,969	P129,000,000	P237,834,969	Unsecured, noninterest-bearing, demandable, no term, payable in cash.
Endure Medical, Inc. ^(a)	10,856,458	44,446,326	23,050,390	33,589,868	
	P96,456,458	P367,881,295	P152,050,390	P271,424,837	

(a) Advances to/from - Endure Medical, Inc.

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

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

(b) Advances to TIPP Digital Solutions Inc.

The account represents a 50% downpayment made for the acquisition of Healthcare Management Information System.

(c) Advances from Phil Pharmawealth, Inc.

The account represents an unsecured interest-bearing loan from Phil Pharmawealth, Inc., which has relatively significant influence over a key management personnel of the Company. The loan was incurred to use for payment of the interest with Land Bank of the Philippines (LBP). The loan bears an interest ranging from 5.50%-6.50% per annum and is payable subject to the availability of funds. 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 P3,782,167 and P3,939,792 for the periods ended September 30, 2023 and 2022 respectively. These amounts are incorporated in the salaries and allowances account in the financial statements.

14. SHARE CAPITAL

Details of the Company's share capital as at September 30, 2023:

	No. of Shares	Amount
Authorized share capital – ₱1,000 par value		
Founder's shares	600	P600,000
Common shares	239,400	239,400,000
Total authorized share capital	240,000	P240,000,000
Subscribed share capital:		
Founder's shares	600	P600,000
Common shares	239,350	239,350,000
Total subscribed share capital	239,950	P239,950,000
Paid-up share capital:		
Founder's shares	600	P600,000
Common shares	239,350	239,350,000
Total paid-up share capital	239,950	P239,950,000

Details of the Company's share capital as at December 31, 2022:

	No. of Shares	Amount
Authorized share capital – ₱1,000 par value		
Founder's shares	600	P600,000
Common shares	239,400	239,400,000
Total authorized share capital	240,000	P240,000,000
Subscribed share capital:		
Founder's shares	600	P600,000
Common shares	235,070	235,070,000
Total subscribed share capital	235,670	P235,670,000
Paid-up share capital		
Founder's shares	600	P600,000
Common shares	235,070	235,070,000
Total paid-up share capital	235,670	P235,670,000

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. (Note 1)

As of date, pursuant to the SEC's approval, the Company issued a total of 31,290 common shares. The total related share premium after deducting transaction costs associated with the issuance of shares amounted to P766,085,029. The common share offer price amounted to P250,000 up to P400,000 per block [one (1) block = ten (10) common shares].

Founder shares have the exclusive right to vote and be voted upon as directors for five (5) years from the date of SEC registration. The founder shares' exclusive right to vote and be voted upon expired on December 10, 2019. It now has the same rights as that of the common shares.

15. GENERAL AND ADMINISTRATIVE EXPENSES

Details of the account consist of:

	September 30, 2023	September 30, 2022
Salaries and Allowances ⁽¹⁾	P40,588,051	P8,514,987
Taxes and Licenses ⁽²⁾	6,344,689	941,235
Utilities ⁽³⁾	5,060,214	-
SSS, PHIC, and HDMF Contributions ⁽¹⁾	4,593,517	508,310
Office Supplies ⁽⁴⁾	3,660,589	239,100
Board Meetings and Meals ⁽⁵⁾	2,577,030	1,307,659
Depreciation	2,033,455	471,700
Professional Fees, Audit Fees and Legal Fees	1,998,552	1,220,903
Security Services ⁽⁶⁾	660,508	904,339
Advertising Expenses	591,167	55,000
Postage and Communication Expenses	332,900	95,166
Trainings and Seminars	304,339	128,739
Transportation and Travel	202,125	43,183
Web Hosting and Computer Software/Hardware Exp	163,869	146,595
Repairs and Maintenance	103,979	22,351
Bank Service Charges	10,533	6,550
Rentals	3,500	9,500
Amortization of Intangible Asset	-	8,333
Miscellaneous	589,182	309,793
TOTALS	P69,818,199	P14,933,443

¹⁾ The material increases in salaries, as well as the corresponding increase in employees' benefits - SSS, PHIC, and HDMF contributions - can be attributed to the increase in manpower as the Company prepares for the start of commercial operations.

²⁾ The increase in taxes and licenses is primarily due to the various licenses that the Company is processing, which is also in relation to the hospital's opening.

³⁾ Increase in utility expense can be related to the opening of various hospital admin offices.

⁴⁾ Increased usage of office supplies given the need for documentation in relation to the opening of the hospital.

⁵⁾ Improved attendance in board meetings other plus more meetings because of the intended opening of the hospital primarily caused the increase in the amount.

⁶⁾ Security services expenses decreased due to proper take of applicable expenses.

16. INCOME TAX

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

Regular Corporate Income tax (RCIT)	September 30, 2023	December 31, 2022
Net loss before income tax	(P106,802,184)	(P52,221,917)
Add (deduct) reconciling items:		
Interest expense arbitrage	-	2,507
Unrealized forex gain	-	(109,901)
Interest income subjected to final tax	(17,524)	(10,028)
Net operating loss	(106,784,660)	(52,339,339)
Tax rate	25%	25%
RCIT	P -	P -

For the quarter ended September 30, 2023, and the year ended December 31, 2022, the Company did not generate any revenues subject to minimum corporate income tax.

As at September 30, 2023 and December 31, 2022, the Company has NOLCO which can be carried forward as a deduction for the next three consecutive taxable years immediately following the year of such loss, under certain conditions, as provided under Section 34(D) of the tax code. Details are as follows:

Date Incurred	Amount	Applied/Expired	Remaining Balance	Expiry
September 30, 2023	P106,784,660	P -	P106,784,660	2026
December 31, 2022	52,339,339	-	52,339,339	2025
	P159,123,999	P -	P159,123,999	

As at September 30, 2023, the Company has NOLCO in taxable year 2021 and 2020 which can be carried forward as a deduction for the next five consecutive taxable years immediately following the year of such loss, pursuant to the Bayanihan to Recover as One Act. Details are as follows:

Date Incurred	Amount	Applied/Expired	Remaining Balance	Expiry
December 31, 2021	P43,425,573	P -	P43,425,573	2026
December 31, 2020	34,889,728	-	34,889,728	2025
	P78,315,301	P -	P78,315,301	

As at September 30, 2023, The Company recognized deferred tax asset amounted to Php171, which arises from the excess MCIT recognized in 2020. This deferred tax asset can be charged against income of the next three years and is presented as part of “other non-current assets” in the statement of financial position.

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 such can be applied.

17. BASIC LOSS PER SHARE

Basic loss per share is computed as follows:

	September 30, 2023	December 31, 2022
Loss attributable to ordinary shares	(P106,802,184)	(P52,221,917)
Divide by: Weighted average number of ordinary shares outstanding	239,950	235,670
Basic loss per share	(P445.10)	(P221.59)

There are no potential dilutive ordinary shares outstanding as at September 30, 2023 and December 31, 2022.

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial Risk

The Company's financial risk management policies seek to minimize potential adverse effects of financial risk such as credit risk, liquidity risk, and interest rate risk to its financial assets and financial liabilities.

The Company's principal financial assets and financial liabilities consist of cash (excluding petty cash fund), receivable - others, other non-current assets payable (excluding deferred tax assets), accounts payable and other liabilities (excluding government liabilities), loans payable to individuals, loans payable to a related party and notes payable which arise from operations.

The Company's Board of Directors reviews and approves the policies for managing each of these risks and these are summarized below:

Credit risk

Credit risk is the risk that the third party will default on its obligation to the Company and cause the Company to incur financial loss. The Company's business policy aims to limit the amount of credit exposure to any individual client and financial institution. The Company has credit management policies in place to ensure that contracts are entered into with clients who have sufficient financial capacity and good credit history.

The Company's financial assets at amortized cost are composed of cash (excluding petty cash fund), receivable – others and other noncurrent assets (excluding deferred tax assets). The Company limits its exposure to credit risk by investing its cash only with banks that have good credit standing and reputation in the local and international banking industry. These instruments are graded in the top category by an acceptable credit rating agency and, therefore, are considered to be low credit risk investments.

Receivable - others and other non-current assets are being monitored on a regular basis to ensure timely execution of necessary intervention efforts to minimize credit losses.

It is the Company's policy to measure ECL on the above instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

When determining if there has been a significant increase in credit risk, the Company considers reasonable and supportable information that is available without undue cost or effort and that is

relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- Actual or expected external and internal credit rating downgrade;
- Existing or forecasted adverse changes in business, financial or economic conditions; and
- Actual or expected significant adverse changes in the operating results of the borrower.

The Company also considers financial assets that are more than 30 days past due to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent significant credit risk such as when non-payment arising from administrative oversight rather than resulting from financial difficulty of the borrower.

The table below presents the summary of the Company's exposure to credit risk and shows the credit quality of the assets by indicating whether the assets are subjected to 12-month ECL or lifetime ECL. Assets that are credit-impaired are separately presented.

As at September 30, 2023

	Financial assets at amortized cost			
	12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired	Total
Cash in banks**	P21,443,190	P -	P -	P21,443,190
Receivable – others	8,928,691	-	-	8,928,691
Other non-current assets*	-	5,015,000	-	5,015,000
	P30,371,881	P5,015,000	-	P35,386,881

*Excluding deferred tax assets amounting to ₱171 as at Sept. 30, 2023.

**Excluding petty cash fund amounting to ₱55,000 as at Sept. 30, 2023.

As at December 31, 2022

	Financial assets at amortized cost			
	12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired	Total
Cash in banks**	P11,484,560	P -	P -	P11,484,560
Receivable - others	2,425,116	-	-	2,425,116
Other non-current assets*	-	5,015,000	-	5,015,000
	P13,909,676	P5,015,000	-	P18,924,676

*Excluding deferred tax assets amounting to ₱171 as at December 31, 2022.

**Excluding petty cash fund amounting to ₱30,000 as at December 31, 2022.

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 primary source of the Company's interest rate risk relates to its cash in banks, notes payable and loans payable to a related party (Notes 6, 12 and 13).

Cash in banks are subject to prevailing market interest rates. Considering that such financial assets have short-term maturities, the Company does not foresee any cash flow and fair value interest rate risks to have a significant impact on the Company's operations.

Likewise, notes payable and loans payable to a related party are subject to prevailing market interest rates. As such, these are subject to fluctuations in market interest rates for a given period.

The Company has no established policy in managing interest rate risk. Any favorable or unfavorable effect of fluctuation on interest rates is absorbed by the Company. The effect of such is presented in the Company's financial performance.

Liquidity Risk

In the management of liquidity, the Company monitors and maintains a level of cash deemed adequate by the management to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

The table below summarizes the maturity profile of the Company's financial assets and liabilities based on contractual and undiscounted payments:

As at September 30, 2023

	On Demand	Within 1 year	More than 1 year but less than 5 years	More than 5 years	Total
Financial Assets:					
Cash*	P21,443,190	P -	P -	P -	P21,443,190
Receivable - others	8,928,691	-	-	-	8,928,691
Other non-current assets**	-	-	5,015,000	-	5,015,000
	P30,371,881	P -	P5,015,000	P -	P35,386,881

*Excluding petty cash fund amounting to P55,000 as at September 30, 2023.

**Excluding deferred tax assets amounting to P171 as at September 30, 2023.

	On Demand	Within 1 year	More than 1 year but less than 5 years	More than 5 years	Total
Financial Liabilities:					
Accounts payable and other liabilities***	P214,592,437	P -	P -	P -	P214,592,437
Loans payable to individuals	48,068,862	-	-	-	48,068,862
Loans payable to related party	323,434,969	-	-	-	323,434,969
Notes payable	5,338,258	274,304,772	679,094,876	-	958,737,906
	P591,434,526	P274,304,772	P679,094,876	P -	P1,544,834,174

***Excluding government liabilities amounting to P1,648,896 as at September 30, 2023.

As at December 31, 2022

	On Demand	Within 1 year	More than 1 year but less than 5 years	More than 5 Years	Total
Financial Assets:					
Cash*	P11,484,560	P -	P -	P -	P11,484,560
Receivable - others	2,425,116	-	-	-	2,425,116
Other non-current assets**	-	-	5,015,000	-	5,015,000
	P13,909,676	P -	P5,015,000	P-	P18,924,676

*Excluding petty cash fund amounting to P30,000 as at December 31, 2022.

**Excluding deferred tax assets amounting to P171 as at December 31, 2022.

	On Demand	Within 1 year	More than 1 year but less than 5 years	More than 5 years	Total
Financial Liabilities:					
Accounts payable and other liabilities***	P132,335,170	P -	P -	P -	P132,335,170
Loans payable to individuals	20,766,700	-	-	-	20,766,700
Loans payable to related party	237,834,969	-	-	-	237,834,969
Notes payable	28,747,867	246,784,629	610,963,402	-	886,495,898
	P419,684,706	P246,784,629	P610,963,402	P -	P1,277,432,737

***Excluding government liabilities amounting to P464,334 as at December 31, 2022.

FAIR VALUES OF FINANCIAL INSTRUMENTS

The carrying amounts and estimated fair values of the Company's financial assets and financial liabilities are presented below:

	As at September 30, 2023		As at December 31, 2022	
	Carrying Amounts	Fair Values	Carrying Amounts	Fair Values
Financial Assets:				
Cash*	P21,443,190	P21,443,190	P11,484,560	P11,484,560
Receivable – others	8,928,691	8,928,691	2,425,116	2,425,116
Other non-current assets**	5,015,000	5,015,000	5,015,000	5,015,000
	P35,386,881	P35,386,881	P18,924,676	P18,924,676

*Excluding petty cash fund amounting to P55,000 as at September 30, 2023 and December 31, 2022.

**Excluding deferred tax assets amounting to P171 as at September 30, 2023 and December 31, 2022

	As at September 30, 2023		As at December 31, 2022	
	Carrying Amounts	Fair Values	Carrying Amounts	Fair Values
Financial Liabilities:				
Accounts payable and other liabilities***	P214,592,437	P214,592,437	P132,335,170	P132,335,170
Loans payable to individuals	48,068,862	48,068,862	20,766,700	20,766,700
Loans payable to a related party	323,434,969	323,434,969	237,834,969	237,834,969
Notes payable	958,737,906	958,737,906	886,495,898	886,495,898
	P1,544,834,174	P1,544,834,174	P1,277,432,737	P1,277,432,737

***Excluding government liabilities amounting to P1,648,896 and P464,334 as at September 30, 2023 and December 31, 2022, respectively

Assumption Used to Estimate Fair Values

The carrying amounts of cash, receivable - others, accounts payable and other liabilities, loans payable to individuals, and loans payable to a related party approximate their fair values as at reporting dates due to the short-term nature of the transactions.

The carrying amount of notes payable approximates its fair 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 the financial lending institution.

The fair value of refundable deposits 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.

Fair Value Hierarchy

The Company uses the following hierarchy for determining the fair value of financial assets and liabilities:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 - Inputs are unobservable for the asset or liability

The table below summarizes the classification of the Company's financial assets and liabilities based on the fair value measurement hierarchy:

	As at September 30, 2023		
	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Un- observable Inputs (Level 3)
Financial Assets:			
Cash*	P21,443,190	P -	P -
Receivable - others	-	8,928,691	-
Other non-current assets**	-	5,015,000	-
	P21,443,190	P13,943,691	P -
Financial Liabilities:			
Accounts payable and other liabilities***	P -	P214,592,437	P -
Loans payable to individuals	-	48,068,862	-
Loans payable to a related party	-	323,434,969	-
Notes payable	-	958,737,906	-
	P -	P1,544,834,174	P -

***Excluding government liabilities amounting to P1,648,896 as at September 30, 2023.

	As at December 31, 2022		
	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Un- observable Inputs (Level 3)
Financial Assets:			
Cash*	P11,484,560	P -	P -
Receivables	-	2,425,116	-
Other non-current assets**	-	5,015,000	-
	P11,484,560	P7,440,116	P -

*Excluding petty cash fund amounting to P30,000 as at December 31, 2022.

**Excluding deferred tax assets amounting to P171 as at December 31, 2022.

Financial Liabilities:			
Accounts payable and other liabilities***	P -	P132,335,170	P -
Loans Payable to individuals	-	20,766,700	-
Loans Payable to Related Party	-	237,834,969	-
Notes payable	-	886,495,898	-
	P -	P1,277,432,737	P -

***Excluding government liabilities amounting to P 464,334 as at December 31, 2022.

There were no reclassifications made between the different fair value hierarchy level as at September 30, 2023 and December 31, 2022.

Capital Management

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business, pay existing obligations, and maximize shareholders value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust capital, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the periods ended September 30, 2023 and December 31, 2022.

The following table pertains to the account balances the Company considers its core economic capital:

	September 30, 2023	December 31, 2022
Share capital	P239,950,000	P235,670,000
Share premium	923,045,000	783,283,829
Deficit	(304,672,394)	(197,870,209)
	P858,322,606	P821,083,620

The loan agreement with Landbank provides certain restrictions and requirements with respect to, among others, maintenance of financial ratios (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 dates, all covenants and requirements are complied with except for the required financial ratio wherein the financial institution was made aware of since the Company has not yet started commercial operations.

19. IMPACT OF CORONAVIRUS (COVID-19) UPDATE

The full impact of the lingering COVID-19 outbreak remains as a formidable threat to the normal stability of the Company and may, at times, impose operational compromises which negatively influences the industry workforce and the logistical chain. In response to such evolving challenges, as well as combat any impending surges, the Company has adopted certain measures (like hybrid work arrangements, office pre-testing and spacing procedures, including virtual communication instructions & practices) to strike a balance between its calculated business activities and the mandatory health protocols.

However, since the Company is still on its formative or organizational stage(s) and has not commenced full commercial operations, the Management have ascertained that the foregoing current circumstances of the prevailing influence on the Company's financial standing or status indicates neither a material impact nor an uncertainty exists that would affect the financial condition and operational results of the Company.

20. APPROVAL OF FINANCIAL STATEMENTS

The unaudited financial statements of the Company as of and for the 3rd quarter periods ended September 30, 2023 (with comparative figures as of December 31, 2022 and for the period ended September 30, 2022), were approved and authorized for issuance by the Board of Directors on _____.



**ASIA PACIFIC
MEDICAL CENTER
ILOILO**
BRGY. UNGKA, JARO, ILOILO CITY,
PHILIPPINES 5000

We hereby certify that the information set forth in this report for the quarter ended September 30, 2023 is complete and correct

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

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

Dr. Amado M. Lavallo Jr.
President

Dr. Agnes Jean M. Villafior
Corporate Treasurer

Crist Cortes
Chief Finance Officer

SCHEDULES

ASIA PACIFIC MEDICAL CENTER – ILOILO, INC.

(Formerly: Allied Care Experts (ACE) Medical Center – Iloilo Inc.)

As at September 30, 2023

Schedule A. Financial Assets

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the statements of financial position	Value based on market quotation at the end of reporting period	Income received and accrued
Cash	N/A	P21,443,190	N/A	P17,524
Receivable – others	N/A	8,928,691	N/A	
Other non-current assets*	N/A	5,015,000	N/A	
P35,386,881				P17,524

*Excluding petty cash fund amounting to P55,000 as at September 30, 2023

**Excluding deferred tax assets amounting to P171 as at September 30, 2023

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders

Name and designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written Off	Current	Not Current	Balance at End of Year
Endure Medical, Inc.	P32,079,869	P -	P -	P -	P32,079,869	P -	P32,079,869
TIPP Digital Solutions Inc.	3,515,904	3,386,880	-	-	6,902,784	-	6,902,784
Receivable – others (various ACE Hospitals)	47,472	-	-	-	47,472	-	47,472
	P35,643,245	P3,386,880	P -	P -	P39,030,125	P -	P39,030,125

Schedule C. Amounts Receivable from Related Parties which are eliminated during Consolidation of Financial Statements

Name and designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written Off	Current	Not Current	Balance at End of Year
- Not Applicable -							

Schedule D. Long –Term Debt

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption “Current portion of long-term debt” in related statement of financial position	Amount shown under caption “Long-term debt” in related statement of financial position
Non-interest-bearing Notes Payable	P958,737,906	P5,338,258	P953,399,648

Schedule E. Indebtedness to Related Parties (Long –Term Loans from Related Companies)

Name of Related Party	Balance at beginning of Period	Balance at end of Period
Phil Pharmawealth, Inc.	P237,834,969	P323,434,969
Endure Medical, Inc.	33,589,868	44,446,326
	P271,424,837	P367,881,295

Schedule F. Guarantees of Securities of Other Issuers

Name of issuing entity of securities guaranteed by the Company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee
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- Not Applicable -

Schedule G. Capital Stock

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under relate statement of financial position caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Founder's Shares	600	600	-	-	-	-
Common Shares	239,400	239,350	-	-	-	-
	240,000	239,950	-	-	-	-

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

Statement of Accumulated Deficit
As at September 30, 2023

Accumulated Deficit, beginning of year	P197,870,209
Net loss incurred for the year	106,802,184
Accumulated Deficit, ending of year	P304,672,394

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

**MAP OF THE RELATIONSHIPS BETWEEN AND AMONG THE COMPANIES IN
THE GROUP, ITS ULTIMATE PARENT COMPANY AND CO-SUBSIDIARIES**

As at September 30, 2023

-Not Applicable-

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

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

*As of September 30, 2023
(with comparative figures as of December 31, 2022)*

Financial KPI	Definition	30-Sep-23	31-Dec-22
1. Liquidity			
Quick Asset Ratio	$\frac{\text{Cash + Receivables + Other Current Assets}}{\text{Current Liabilities}}$	0.013 : 1	0.007 : 1
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	0.31 : 1	0.41 : 1
2. Solvency			
Debt to Equity Ratio	$\frac{\text{Long Term Debt}}{\text{Equity}}$	1.44 : 1	1.33 : 1
3. Profitability			
Net Profit Margin	$\frac{\text{Net Income}}{\text{Total Revenue}}$	0.00	0.00
Return on Equity	$\frac{\text{Net Income}}{\text{Stockholder's Equity}}$	0.00	0.00
4. Leverage			
Debt to Total Asset Ratio	$\frac{\text{Total Liabilities}}{\text{Total Asset}}$	0.64 : 1	0.61 : 1
Asset To Equity Ratio	$\frac{\text{Total Asset}}{\text{Equity}}$	2.80 : 1	2.56 : 1
5. Interest Rate Coverage Ratio	$\frac{\text{Earnings Before Interests \& Taxes}}{\text{Interest Expense}}$	0.00	0.00

REPUBLIC OF THE PHILIPPINES)
CITY & PROVINCE OF ILOILO) S.S.

Certification

I, **AMADO M. LAVALLE JR.**, PRESIDENT of **Asia Pacific Medical Center – Iloilo, Inc.** (formerly **Allied Care Experts (ACE) Medical Center-Iloilo Inc.**), with SEC registration number **CS201423954** with principal office at **Barangay Ungka, Jaro, Iloilo City**, on oath state:

- 1) That on behalf of **Asia Pacific Medical Center – Iloilo, Inc. (formerly Allied Care Experts (ACE) Medical Center-Iloilo Inc.)**, I have caused this **17-Q 3rd Quarter** dated 30 September 2023 to be prepared;
- 2) That I read and understood its contents which are true and correct of my own personal knowledge and/or based on true records;
- 3) That the company **Asia Pacific Medical Center – Iloilo, Inc. (formerly Allied Care Experts (ACE) Medical Center-Iloilo Inc.)**, will comply with the requirements set forth in **SEC Memorandum Circular No. 18 dated October 9, 2023** for a complete and official submission of reports and/or documents through electronic mail; and
- 4) That I am fully aware that documents filed online which requires pre-evaluation and/or processing fee shall be considered complete and officially received only upon payment of a filing fee.

IN WITNESS WHEREOF, I have hereunto set my hand this **14 NOV 2023** th day of _____ 2023 at Iloilo City.

AMADO M. LAVALLE JR.
Affiant

SUBSCRIBED AND SWORN to before me this _____ day of **14 NOV 2023** at Iloilo City, Philippines, affiant exhibiting to me his TIN ID # **123-703-627** issued at Iloilo.

NOTARY PUBLIC

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Book No. 11
Series of 2023.

JUDE VINCENT D. FONTILON
Notary Public
City and Province of Iloilo
Commission No. 10, valid until Dec. 31, 2024
PTR No. 8088996 / 01-06-2023 / Iloilo City
IBP No. 271116 / 01-05-2023 / Pasig City
Roll No. 80988
MCLE Compliance (Exempt, Admitted to the Bar May 21, 2022)