ASIA - PACIFIC MEDICAL CENTER BACOLOD, INC.
Formerly Allied Care Experts Medical Center-Bacolod Inc.

Asia-Pacific Medical Center Bacolod, Inc. <businessoffice@apmcbacolod.com>

MSRD_Asia-Pacific Medical Center Bacolod, Inc. (formerly: Allied Care Experts Medical Center- Bacolod Inc.)_SEC Form 17-Q_15May2024

2 messages

Asia-Pacific Medical Center Bacolod, Inc. <businessoffice@apmcbacolod.com> Wed, May 15, 2024 at 11:53 AM

To: ICTD Submission <ictdsubmission@sec.gov.ph>
Cc: msrdsubmission@sec.gov.ph, "Jennifer D. Bingil" <jdbingil@sec.gov.ph>, Maylene Villanueva <attymbv.endure@gmail.com>

15 MAY 2024

Dear Sir/Madam:

I, ALLEAH J. CASTOR, of legal age, Filipino, with office address at Room 4, Ground Floor, MC Metroplex Building, BS Aquino Drive, Bacolod City 6100, do hereby declare that:

1. The submitted documents SEC Form 17-Q for the first quarter of 2024, dated 15 May 2024 attached herewith are authentic;

and

2. That we 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.

The undersigned also requests for a notification that the sent email has been received.

Thank you!

Very truly yours,

ALLEAH J. CASTOR
Paralegal Officer
Asia-Pacific Medical Center Bacolod, Inc.

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2 attachments

Certification _SEC Form 17-Q_1st Quarter_15May2024.pdf
351K

SEC Form 17-Q_1st Quarter_15May2024_Asia-Pacific Medical Center Bacolod, Inc..pdf
735K

ICTD Submission <ictdsubmission+canned.response@sec.gov.ph> Wed, May 15, 2024 at 11:53 AM
To: businessoffice@apmcbacolod.com

Thank you for reaching out to ictdsubmission@sec.gov.ph!

Your submission is subject for Verification and Review of the Quality of the Attached Document only for Secondary Reports. The Official Copy of the submitted document/report with Barcode Page (Confirmation Receipt) will be made available after 7 working days via order through the SEC Express at https://secexpress.ph/. For further clarifications, please call (02) 8737-8888.

COVER SHEET

SEC Number **CS201721758**
File Number ____________

ASIA-PACIFIC MEDICAL CENTER BACOLOD INC.
(Formerly Allied Care Experts Medical Center-Bacolod Inc.)
(Company's Full Name)

Lacson St., Barangay Bata, Bacolod City, Negros Occidental
(Company's Address)

(034) 703-0049
(Company's Telephone Number)

2024 December 31
(Fiscal Year Ending-Month and Day)

SEC FORM 17-Q
(FORM TYPE)

31 March 2024
Period Ended Date

____
(Amendment Designation, if applicable)

____
(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 31 March 2024

2. SEC Identification Number CS201721758 3. BIR Tax Identification No. 009-725-618-000.

4. ASIA-PACIFIC MEDICAL CENTER BACOLOD, INC. (Formerly Allied Care Experts Medical Center-Bacolod Inc.)
Exact name of issuer as specified in its charter

5. Negros Occidental, Philippines.
Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code: (SEC Use Only).

7. Lacson St., Barangay Bata, Bacolod City — 6100
Address of issuer's principal Office — Postal Code

8. (034) 703-0049
Issuer's telephone number, including area code principal Office

9. Rm.4 GF, MC Metroplex Bldg., BS Aquino Drive, Bacolod City
Former name, former address, and former fiscal year, if changed since last report.

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Founders' share	600
Common share	210,060
Debt Outstanding	356,640,000

11. Are any or all of these 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: N/A

12. Indicate by check whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Section 11of 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 tofile such reports);

Yes [√] No [ ]

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

Yes [√] No [ ]

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PART I - FINANCIAL INFORMATION

Item I. Financial Statements

The unaudited financial statements of Asia-Pacific Medical Center Bacolod, Inc. (Formerly Allied Care Experts Medical Center-Bacolod Inc.) (the Company) as at and of and for the period ended March 31, 2024 (with comparative figures as at December 31, 2023 and for the period ended March 31, 2023) are filed as part of this Form, 17-Q as Annex "A".

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

The information required by Part **III,** Paragraph (A)(2)(b) of "Annex C, as amended" is attachedhereto as Annex "B".

PART II - OTHER INFORMATION

There are no disclosures not made under SEC Form 17-C.

SIGNATURES

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

Issuer	**ASIA-PACIFIC MEDICAL CENTER BACOLOD, INC.** **(Formerly Allied Care Experts Medical Center-Bacolod Inc.)**
Signature and Title	**DR. MA. LEILA M. MAGBANUA** President
Date	**15 May 2024**
Signature and Title	**DR. OLGA H. PABICON** Corporate Treasurer
Date	**15 May 2024**

ASIA-PACIFIC MEDICAL CENTER BACOLOD, INC.
(Formerly Allied Care Experts Medical Center-Bacolod Inc.)

STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2024 AND DECEMBER 31, 2023
(Amounts in Philippine Peso)

	March 31, 2024 (Unaudited)	December 31,2023 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 2, 3, 4 and 5)	**P29,761,541**	P22,111,663
Advances to a related party (Notes 2, 3, 4 and 16)	-	-
Advances to contractors (Notes 2, 3 and 6)	**33,213,994**	33,213,994
Input VAT (Notes 2 and 3)	**47,505,412**	41,720,983
Other current assets (Notes 2,3, 7 and 21)	**3,137,964**	3,094,867
Total Current Assets	**113,618,911**	100,141,507
Noncurrent Assets		
Property and equipment - net (Notes 2, 3 and 8)	**955,213,297**	875,317,823
Security deposit (Notes 2, 3, 9 and 15)	**45,466**	45,466
Total Noncurrent Assets	**955,258,763**	875,363,289
TOTAL ASSETS	**P1,068,877,674**	P975,504,796
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Notes 2, 4 and 10)	**P66,884,962**	P49,653,541
Retention payable (Notes 3, 4 and 11)	**56,744,982**	56,739,982
Income tax payable	**-**	4,320
Advances from shareholders (Notes 2, 4, 16 and 19)	**307,971,040**	226,133,559
Total Current Liabilities	**431,290,984**	332,531,402
Noncurrent Liability		
Loans payable (Notes 2, 4, 12 and 19)	**356,640,000**	356,640,000
Total Liabilities	**787,930.983**	689,171,402
Equity		
Share capital (Notes 2, 4 and 13)	**210,660,000**	210,660,000
Additional paid-in capital (Notes 2 and 4)	**159,840,000**	159,840,000
Deficit (Notes 2 and 4)	**(89,562,757)**	(84,166,606)
Total Equity	**280,937,243**	286,333,394
TOTAL LIABILITIES AND EQUITY	**P1,068,868,227**	P975,504,796

See *accompanying Notes to Financial Statements.*

ASIA-PACIFIC MEDICAL CENTER BACOLOD, INC.
(Formerly Allied Care Experts Medical Center-Bacolod Inc.)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023
(Amounts in Philippine Peso)

	March 31, 2024 (Unaudited)	March 31, 2023 (Unaudited)
OTHER INCOME - net (Note 2)	**P15,708.40**	P62,857
EXPENSES (Notes 2 and 14)	**(5,411,859)**	(6,442,372)
NET LOSS	(P5,396,150)	(P6,379,515)
LOSS PER SHARE (Notes 2 and 18)	**(P25.62)**	(P31.19)

There was no other comprehensive income during the three months ended March 31, 2024 and 2023.

See accompanying Notes to Financial Statement

ASIA-PACIFIC MEDICAL CENTER BACOLOD, INC.
(Formerly Allied Care Experts Medical Center-Bacolod Inc.)

STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023
(Amounts in Philippine Peso)

	March 31, 2024 (Unaudited)	March 31, 2023 (Unaudited)
SHARE CAPITAL (Notes 2, 4 and 13)	**P210,660,000**	P210,660,000
ADDITIONAL PAID-IN CAPITAL (Notes 2 and 4)	**158,400,000**	102,920,000
DEFICIT (Notes 2 and 4)		
Balance at beginning of period	**(84,166,606)**	(58,891,280)
Net loss	**(4,153,704)**	(6,379,515)
	(88,320,310)	(65,270,795)
Balance at end of period	**P282,179,690**	P248,309,205

See *accompanying Notes to Financial Statements.*

ASIA-PACIFIC MEDICAL CENTER BACOLOD, INC.
(Formerly Allied Care Experts Medical Center-Bacolod Inc.)

STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023
(Amounts in Philippine Peso)

	March 31, 2024	March 31, 2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	**(P5,396,150)**	(P6,379,515)
Adjustments to reconcile pretax loss to cash:		
Interest income (Note 5)	**(15,709)**	(62,857)
Depreciation (Notes 8 and 14)		27,032
Loss before working capital changes	**(5,411,859)**	(6,415,340)
Increase in input VAT	**(5,784,429)**	(2,861,393)
Decrease in prepayments (Note 7)	**(43,096)**	449,238
Increase in trade and other payables (Note 10)	**98,763,901**	7,966,933
Net cash used for operations	**(87,524,516)**	(860,562)
Interest received	**15,704**	52,514
Income tax paid	**(4,320)**	(1,808)
Net cash used in operating activities	**(87,535,905)**	10,746,677
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments received from (advances to) a related party (Note 16)		(432,200)
Retention from payment to contractors (Note 11)		
Advance payments made to contractors (Note 6)	**(79,881,853)**	(350,000)
Additions to property and equipment (Note 8)	**(4,175)**	(46,828,132)
Net cash used in investing activities	**(79,886,028)**	(46,745,932)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from subscription of share capital (Note 13)	**-**	49,225,134
Payments of advances from shareholders (Notes 16 and 19)	**-**	(23,419,714)
Net cash provided by financing activities	**-**	25,805,420
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**7,649,877**	(21,738,217)
CASH AND CASH EQUIVALENTS AT BEGINNINGOF PERIOD	**22,111,663**	89,957,922
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**P29,761,540**	**P68,219,705**

See accompanying Notes to Financial Statements.

ASIA-PACIFIC MEDICAL CENTER BACOLOD, INC.
(Formerly Allied Care Experts Medical Center-Bacolod Inc.)

NOTES TO FINANCIAL STATEMENTS

1. General Information

Allied Care Experts Medical Center-Bacolod Inc. (the Company) was registered with the Philippine Securities and Exchange Commission (SEC) on July 4, 2017,primarily 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 and other allied undertaking 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 withthe hospitals and whose services shall be freely and individually contracted by the patients.

On August 22, 2020, the majority of the Board of Directors and the vote of the shareholders owning and representing at least two-thirds of the outstanding share capital approved the amendment of Article I of the Articles of Incorporation (AOI) by changing its name from Allied Care Experts Medical Center-Bacolod Inc. to Asia-Pacific Medical Center Bacolod, Inc. On September 21, 2021, the SEC approved the amendment to the Articles of Incorporation of the Company to change its corporate name.

Its principal place of business is located at Lacson Street, Barangay Bata, Bacolod City, Negros Occidental (As amended on November 6, 2023).

The Company has twelve (12) employees as at March 31, 2024 and December 31, 2023.

2. Summary of Significant Accounting Policies and Disclosures

<u>Basis of Preparation</u>
The accompanying financial statements of the Company have been prepared on a historical cost basis, except as otherwise stated. Historical costs refer to the amount of cash paid to acquire an asset or, in the case of exchange, the fair value of the consideration given to acquire an asset. The financial statements are presented in Philippine peso, which is the functional and presentation currency under the Philippine Financial Reporting Standards (PFRS). All values are rounded to the nearest peso except as otherwise indicated.

<u>Statement of Compliance</u>
The accompanying financial statements have been prepared in accordance with Philippine FinancialReporting Standards (PFRS). The term PFRS, in general, includes all applicable PFRS, Philippine Accounting Standards (PAS) and Interpretations issued by former Standing Interpretations Committee, the Philippine Interpretations Committee and the International Financial Reporting Interpretations Committee (IFRIC), which have been approved by the Philippine Financial Reporting Standards Council and adopted by the Philippine SEC.

<u>Changes in Accounting Policies</u>
The Company consistently adopted and applied all accounting policies under PFRS which havebeen issued and becomes effective except adoption of the following amendments effective beginning January 1, 2023. Adoption of these amendments to PFRS, PAS and Philippine Interpretations did not have any significant impact on the Company's financial position or performance unless otherwise indicated.

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

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities withan uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

The adoption of this amendment is not expected to have any significant impact on the financial statements.

- Amendments to PAS 1 and PFRS Practice Statement 2, *"Disclosure Initiative - Accounting Policies"*

  The amendments to PAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments to PFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures.

  The adoption of this amendment is not expected to have any significant impact on the financial statements.

- Amendments to PAS 8, *"Definition of Accounting Estimates"*

  The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, butchanges in accounting policies are generally also applied retrospectively to past transactions andother past events.

  The adoption of this amendment is not expected to have any significant impact on the financial statements.

- Amendments to PAS 12, *"Deferred Tax related to Assets and Liabilities from* a *Single Transaction"*

  The amendments require companies to recognize deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The proposed amendments will typically apply to transactions such as leases for thelessee and decommissioning obligations.

  The adoption of this amendment is not expected to have any significant impact on the financial statements.

- Amendments to PAS 12, *"International Tax Reform- Pillar Two Model Rules"*

  The amendments give companies temporary relief from accounting for deferred taxes arising from the Organization for Economic Co-operation and Development's (OECD) international tax reform.

  The adoption of this amendment is not expected to have any significant impact on the financial statements.

New Accounting Standards, Amendments to Existing Standards and Interpretations Effective Subsequent to March 31, 2024

The standards, amendments and interpretations which have been issued but not yet effective as at March 31, 2024 are disclosed below. Except as otherwise indicated, the Company does not expect the adoption of the applicable new and amended PFRS to have a significant impact on the financial position or performance.

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, "*Presentation of Financial Statements - Noncurrent Liabilities with Covenants*"

  The amendments clarify how conditions with which an entity must comply within twelve months after the reporting date affect the classification of a liability. The amendments modify the requirements introduced by PAS 1, *Presentation of Financial Statements - Classification of Liabilities as Current or Noncurrent,* on how an entity classifies debt and other financial liabilities as current or noncurrent in particular circumstances. Only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or noncurrent. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that noncurrent liabilities with covenants could become repayable within twelve months.

  The adoption of this amendment is not expected to have any significant impact on the financial statements.

- Amendments to PAS 7 and PFRS 7, *"Supplier Finance Arrangements"*

  The disclosure requirements in the amendments enhance the current requirements and are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

  The adoption of this amendment is not expected to have any significant impact on the financial statements.

- Amendments to PAS 16, *"Leases- Lease Liability in a Sale and Leaseback"*

  The amendments specify how a seller-lessee should apply the subsequent measurement requirements in PFRS 16 to the lease liability that arises in the sale and leaseback transaction. The amendments require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognizing in profit or loss relating to the partial or full termination of a lease.

  The amendments also do not prescribe specific measurement requirements for lease liabilities arising from a leaseback.

  The adoption of this amendment is not expected to have any significant impact on the financial statements.

Effective beginning on or after January 1, 2025

- PFRS 17, *"Insurance Contracts"**

  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *"Insurance Contracts".* This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

  The overall objective of PFRS 17 is to provide an accounting model for insurance contracts thatis more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which arelargely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

  - A specific adoption for contracts with direct participation features (the variable feeapproach)

  - A simplified approach (the premium allocation approach) mainly for short-duration contracts.

- Amendments to PFRS 17, *"Insurance Contracts"**

  The amendments, which respond to feedback from stakeholders, are designed to:

  - Reduce costs by simplifying some requirements in the Standard;
  - Make financial performance easier to explain; and
  - Ease transition by deferring the effective date of the Standard to 2023 and by providing additional relief to reduce the effort required when applying PFRS 17 for the first time.

  The amendments are not applicable to the Company since it does not have activities that are predominantly connected with insurance or issue insurance contracts.

- Amendment to PFRS 17, *"Initial Application of PFRS 17 and PFRS 9 - ComparativeInformation"*

  The amendment is a transition option relating to comparative information about financial assets presented on initial application of IFRS 17. The amendment is aimed at helping entities to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and therefore improve the usefulness of comparative information for users of financial statements.

- *on December 15, 2021, the FRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to* ***January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of IFRS 17 by two*** *(2)* ***years after its effective date*** **as** ***decided by the IASB.***

  The adoption of this amendment is not expected to have any significant impact on the financial statements.

Deferred Effectivity

- Amendments to PFRS 10 and PAS 28, *"Sale or Contribution of* Assets *between an Investor and its Associate or Joint Venture"*

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3, *"Business Combinations".* Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture. On January 13, 2016, the FRSC deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (IASB) completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and jointventures.

  These amendments may apply to future transactions of the Company.

  - Deferment of Implementation of International Financial Reporting Interpretations Committee {IFRIC) Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, *"Borrowing Cost")* for the Real Estate Industry

    In March 2019, IFRIC published an Agenda Decision on whether borrowing costs can be capitalized on real estate inventories that are under construction and for which the related revenue is/will be recognized over time under par. 35 (c) of PFRS 15. IFRIC concluded that borrowing costs cannot be capitalized for such real estate inventories as they do not meet the definition of a qualifying asset under PAS 23 considering that these inventories are ready for their intended sale in their current condition.

    On February 21, 2020, the Philippine SEC issued MC No. 4, Series of 2020, providing relief tothe Real Estate Industry by deferring the mandatory implementation of the above IFRIC Agenda Decision until December 31, 2020. Effective January 2021, the Real Estate Industry will adoptthe IFRIC agenda decision and any subsequent amendments thereto retrospectively or as the SEC will later prescribe A real estate company may opt not to avail of the deferral and instead comply in full with the requirements of the IFRIC agenda decision.

    The adoption of this amendment is not expected to have any significant impact on the financial statements since the Company is not in a real estate industry.

No Mandatory Effective Date

- PFRS 9, *"Financial Instruments (Hedge Accounting and Amendments to PFRS 9, PFRS 7and PAS 39)"*

  The amendments require the inclusion of general hedge accounting model in the notes disclosure to the financial statements. The amendments allow early adoption of the requirement to present fair value changes due to own credit on liabilities designated as at fair value through profit or loss (FVPL) to be presented in the other comprehensive income.

These amendments are not applicable to the Company and expected not to have an impact on the financial statements.

Significant Accounting Policies

Current versus Noncurrent Classification

The Company presents assets and liabilities in the statements of financial position based on current or noncurrent classification. An asset is current if:

- 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 forat least twelve months after the reporting period.

All other assets are classified 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 income tax assets and liabilities, if any, are classified as noncurrent assets and liabilities.

Fair Value Measurement

Fair value is the price that would be receive 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 orliability.

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 nonfinancial 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 prices (unadjusted) 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 - Unobservable inputs for the asset or liability

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 re-assessing 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 assets or liabilities and the level of the fair value hierarchy.

__Financial Instruments__

Financial instrument is any contract that gives rise to a financial asset of one entity or a financial liability or equity instrument of another entity.

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 theinputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the "Day 1" difference.

Financial Assets

Initial Recognition

Financial assets are recognized initially at fair value, which is the fair value of the consideration given. The initial measurement of financial assets, except for those designated at fair value through profit or loss (FVPL), includes transaction cost.

Classification

The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at amortized cost, (b) financial assets at fair value through other comprehensive income (FVOCI) and (c) financial assets at FVPL. The classification of a financial asset at initial recognition largely depends on the Company's business model for managing the asset and its contractual cash flow characteristics.

Financial Assets at Amortized Cost

Financial assets are measured at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial assets give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less any allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

The Company's cash and cash equivalents and advances to a related party are classifiedunder this category (see Notes 5 and 16).

Debt Instruments at FVOCI

For debt instruments that are not designated at FVPL under the fair value option, the financial assets are measured at FVOCI if both of the following conditions are met:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- The contractual terms of the financial assets give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, interest income (calculated using the effective interest rate method), foreign currency gains or losses and impairment gains or losses of debt instruments measured at FVOCI are recognized directly in profit or loss. When the financial asset is derecognized, the cumulative gains or losses previously recognized in OCI are classified from equity to profit or loss as a reclassification adjustment.

As at March 31, 2024 and December 31, 2023, the Company does not have debtinstruments at FVOCI.

Equity Instruments at FVOCI

For equity instruments that are not held for trading, the Company may irrevocably designate, at initial recognition, a financial asset to be measured at FVOCI when it meets the definition of equity instrument under PAS 32, *"Financial Instruments: Presentation."* This option is available and made on an instrument-by-instrument basis.

Dividends from equity instruments held at FVOCI are recognized in profit or loss when the right to receive payment is established, unless the dividend clearly represents a recovery of part of the cost of the investment. All other gains or losses from equity instruments are recognized in OCI and presented in the equity section of the statements of financial position. These fair value changes are recognized in equity and are not reclassified to profit or loss in subsequent periods, instead, these are transferred directly to retained earnings.

As at March 31, 2024 and December 31, 2023, the Company does not have equity instruments at FVOCI.

Financial Assets at FVPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVOCI are classified under this category. Specifically, financial assets at FVPL include financial assets that are (a) held for trading, (b) designated upon initial recognition at FVPL, or (c) mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.
Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

This category includes debt instruments whose cash flows, based on the assessment at initial recognition of the assets, are not "solely for payment of principal and interest", and which are not held within a business model whose objective is either to collect contractual cash flows or to both collect contractual cash flows and sell.

This category also includes equity instruments which the Company had not irrevocablyelected to classify at FVOCI at initial recognition.

After initial recognition, financial assets at FVPL are subsequently measured at fair value. Gains or losses arising from the fair valuation of financial assets at FVPL are recognized in profit or loss.

As at March 31, 2024 and December 31, 2023, the Company has no financial assets at FVPL.

Reclassification

The Company reclassifies its financial assets when, and only when, it changes its business model or 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 itsnew 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 of Financial Assets at Amortized Cost and FVOCI

The Company recognizes an allowance for ECL for all debt instruments not held at FVPL. ECL is b ased 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 to the asset's 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.

For other debt instruments measured at amortized cost and FVOCI, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. The Company also considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

The Company considers a financial asset in default when contractual payments are 30 days past due unless it is demonstrated that the nonpayment was an administrative oversight rather than resulting from financial difficulty of the borrower. 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 before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Derecognition
A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The right to receive cash flows from the asset has expired;

- The Company retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or

- The Company has transferred its right to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from a financial asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially allthe risks and rewards of ownership of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Company's continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Company could be required to repay.

Financial Liabilities

Initial Measurement
Financial liabilities are recognized initially at fair value, which is the fair value of the consideration received. In case of financial liabilities at amortized cost, the initial measurement is net of any directly attributable transaction costs.

Classification and Subsequent Measurement
The Company classifies its financial liabilities at initial recognition as either financial liability at FVPL or financial liabilities at amortized cost.

Financial liabilities at FVPL
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as 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.

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 as at fair value through profit or loss.

As at March 31, 2024 and December 31, 2023, the Company does not have financial liabilities at FVPL.

Financial liabilities at amortized cost
Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by theexchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate.

Included in this category are the Company's trade and other payables (except government payables), retention payable, loans payable and advances from shareholders.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statements of comprehensive income.

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 income 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 ii 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 Assets and Liabilities

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right tooffset the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statements of financial position.

<u>Advances to Contractors</u>

Advances to contractors are downpayments paid to contractors. These are carried at face amount in the statements of financial position and is liquidated via deduction, on a pro-rate basis from the contractor's periodic progress billings.

<u>Input VAT</u>

Input VAT represent s value-added tax (VAT) paid to suppliers that can be claimed ascredit against the Company's VAT liabilities.

<u>Prepayments</u>

Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to expense when these are consumed in operations, capitalized to qualifying asset orhave expired with the passage of time.

<u>Property and Equipment</u>

Property and equipment, except land, are carried at cost less accumulated depreciation and amortization and accumulated provision for any impairment in value, if any.

The initial cost of property and equipment comprises its purchase price and other costs directly attributable in bringing the assets to its working condition and location for its intended use. Expenditures incurred after the property have been put into operation, such as repairs and maintenance, are normally charged to income in the year the costs are incurred. In situations when it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance and the cost of such item can be measured reliably, the expenditures are capitalized as an additional cost of the said property and equipment.

Land is stated at cost less impairment in value, if any.

Depreciation is computed using the straight-line method over the estimated useful life ofoffice equipment which is 3 to 5 years.

The useful life and depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from items of property.

Construction in progress represents structures under constructions and is stated at cost (include cost of construction, machinery and equipment under installation and other related costs). Construction in progress is not depreciated until such time as the relevant assets are completed and ready for its intended use.

The carrying values of property and equipment are reviewed for impairment when events or changes in the circumstances indicate that the carrying values may not be recoverable.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation and amortization are recognized in profit or loss.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit and loss in the period the asset is derecognized.

Security Deposit

Security deposit represents deposits made on lease contracts of office, initially measured at costless impairment loss, if any, and which are recoverable at the end of lease terms.

Impairment of Nonfinancial Assets

Property and equipment, security deposit and other current assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any such indication exists and where the carrying amount of an asset exceeds its recoverable amount, the asset or cash-generating unit (CGU) is written down to its recoverable amount. The estimated recoverable amount is the higher of an asset's fair value less cost to sell and value in use. The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's-length transaction less the costs of disposal while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down toits recoverable amount. 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. In determining fair value less cost to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other fair value indicators. Impairment losses are recognized in the statements of comprehensive income.

Recovery of impairment loss recognized in prior years is recorded on nonfinancial asset when there isan indication that the impairment loss recognized for the asset no longer exists or has decreased. The recovery is recorded in the statements of comprehensive income. However, the increased carrying amount of an asset due to a recovery of an impairment loss is recognized to the extent that it does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for that asset in prior years.

Equity

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

The share capital is classified into founders' share and common share.

Additional Paid-in Capital
Proceeds and/or fair value considerations received in excess of par value.

Deficit
Deficit includes all current and prior period results as disclosed in the statements of comprehensive income.

Revenue Recognition
Revenue from contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Company performs its obligations; (b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Company's performance does not create an asset with an alternative use to the Company and theCompany has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

The Company also assesses its revenue arrangements to determine if it is acting as a principal or as an agent.

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

Other Income
Income from other sources is recognized when earned during the period.

Cost and Expenses
Costs and expenses are recognized in the statements of comprehensive income upon utilization of the service or goods or at the date these are incurred or received.

Borrowing Costs
Borrowing costs are generally expensed as incurred. Interest and other finance costs incurred during the construction period on borrowings used to finance property development are capitalized to the appropriate asset accounts.

The capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. The capitalization of these borrowings costs ceases when substantially all activities necessary to prepare the asset for sale or its intended use are complete. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

Employee Benefits

Short-term Benefits
Short-term employee benefits are those benefits expected to be settled wholly before 12 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.

Leases

The Company assesses whether the contract is, or contains, a lease. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether, throughout the period of use, ii has the following:

• the contract involves an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
• the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
• the Company has the right to direct the use of the asset. The Company when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

The Company has the right to direct the use of the asset of either:
a. the Company has the right to operate the asset; or
b. the Company designed the asset in a way that predetermines how and for what purpose it will be used.

Short-term Leases and Leases of Low-Value Assets

The Company applies the short-term lease recognition exemption to its short-term leases of office space (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Related Parties

Parties were considered to be related if one party has the ability, directly or indirectly, to control the other party or exercises significant influence over the other party in making financial and operating decisions. Parties were also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

Transactions between related parties are based on terms similar to those offered to non-related parties.

Income Taxes

Current Income Tax

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting period.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the profit or loss.

Deferred Income Tax

Deferred income tax is provided using the liability method on temporary differences at the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reportingpurposes.

Deferred tax liabilities are recognized for all taxable temporary differences except: (1) when the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and (2) in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and ii is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carryforward benefits of unused tax credits from excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused net operating loss carry-over (NOLCO) to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carryforward benefit of unused tax credits and unused tax losses can be utilized except: (1) when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and (2) in respect ofdeductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable thatthe temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting period and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

Deferred income tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to offset current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Provisions

Provisions are recognized when the Company has present obligations, legal or constructive, as a resultof past events, when 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. Where the Company expects some or all of a provision to be reimbursed, the reimbursement isrecognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statements of comprehensive income, net of any reimbursements. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to passage of time is recognized as interest expense.

Contingencies

Contingent liabilities are not recognized in the financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets arenot recognized in the financial statements but are disclosed in the notes to financial statements when an inflow of economic benefits is probable.

Loss Per Share

Basic loss per share is calculated by dividing the net loss {less preferred dividends net of tax, if any) for the year attributable to common shareholders by the weighted average number of common shares outstanding during the year, with retroactive adjustment for any stock dividends or stock splits declared during the year.

Diluted loss per share is computed by dividing net loss by the weighted average number of common stocks outstanding during the year, after giving retroactive effect for any stock dividends, stocksplits or reverse stock splits during the year, and adjusted for the effect of dilutive options.

Events After the Reporting Period

Post year-end events that provide additional information about the Company's financial position at the end of the reporting period (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

3. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the financial statements in conformity with PFRS requires management to make judgments and estimates that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the reporting date. The uncertainties inherent in these judgments and estimates could result in outcomes that could require a material adjustment to the carrying amount of the assets or liabilities affected in future years.

Judgments

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 statements 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 takenfrom 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.

Classification of Financial Instruments

The Company classifies its financial assets and financial liabilities in the following measurement categories: i) those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss) and ii) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at fair value through profit or loss (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Determination Whether an Arrangement Contains a *Lease*

The Company uses its judgment in determining whether an arrangement contains a lease, based on the substance of the arrangement at inception date and makes assessment whether the arrangement is dependent on the use of a specific asset or assets, the arrangement conveys a right to use theasset and the arrangement transfers substantially all the risks and rewards incidental to ownership to the Company.

The details of these lease agreements are disclosed in Note 15.

Determining the Lease Term of Contracts with Renewal and Termination Options - Company as Lessee

The Company determines the lease term as the noncancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has lease contract that includes extension and termination options. The Company applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects itsability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The Company did not include the renewal period as part of the lease term for lease of its temporary officespace even though the Company typically exercises its option to renew this lease because the Company does not have enforceable right to extend the lease beyond the noncancellable period.

Determining the Fair Values of Financial Instruments
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 valuation techniques including the discounted cash flows model. The inputs to this model are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Estimates and Assumptions
The key estimates and assumptions concerning the future and other key sources of estimation uncertainty at reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year arediscussed as follows:

Assessment for EGL 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 12months unless there has been a significant increase in credit risk since initial recognition in which case ECL is provided based on lifetime ECL.

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.

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 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 in 2024 and 2023. The carrying amounts of other financial assets at amortized cost is as follows:

	March 31,2024 (Unaudited)	December 31,2023 (Audited)
Cash in banks	**P29,630,225**	P21,980,493
Time deposits	**116,316**	116,170
Cash on hand	15,000	15,000
	P29,761,541	P22,111,663

Assessment for Impairment of Nonfinancial Assets
The Company assesses impairment on nonfinancial 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 CGU 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 nonfinancial assets was recognized for the three-month period ended March 31, 2024 and year ended December 31, 2023. The carrying amounts of nonfinancial assets are as follows:

	March 31,2024, (Unaudited)	December 31,2023 (Audited)
Advances to contractors	**P33,213,994**	P33,213,994
Input VAT	**47,505,412**	41,720,983
Prepayments	**3,137,964**	3,094,867
Property and equipment- net	**837,663,141**	652,810,597
Security deposit	**45,466**	45,466
	P921,565,977	P953,396,133

Estimating Useful Life of Property and Equipment, Except Land
The estimated useful lives used as bases for depreciating the Company's property and equipment, excluding land, were determined on the basis of management's assessment of the period within which the benefits of these asset items are expected to be realized taking into account actual historical information on the use of such assets.

The carrying amount of property and equipment, except land, amounted to P875,001,349 and P795,115,321 as at March 31, 2024 and December 31, 2023, respectively (see Note 8).

Recognition of Deferred Tax Assets
The Company reviews the carrying amounts of deferred tax assets at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit willbe available to allow all or part of the deferred tax assets to be utilized.

The management believes that the Company will not be able to realize the NOLCO in the future.The Company provided full valuation allowance on its NOLCO, thus no deferred tax asset was set upin 2024 and 2023.

4. Financial Risk Management Objectives and Capital Management

Financial Risk Management Objectives and Policies

The main purpose of the Company's financial instruments is to fund its operations. The Company's principal financial instruments arising from operations consist of cash and cash equivalents, advances to a related party, trade and other payables (excluding government liabilities), loans payable and advances from shareholders. The main risks from the use of financial instruments are credit and liquidity risk. The Company has minimal exposure on interest rate risk since its loans payable are short-term and bear fixed interest rate.

The Company does not have foreign currency risk because the Company has no monetary assets and liabilities denominated in foreign currency for the six-month period ended March 31, 2024 and yearended December 31, 2023.

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

Credit Risk

The Company's exposure to credit risk arises from the failure on the part of its counterparty in fulfilling its financial commitments to the Company under the prevailing contractual terms. Financial instruments that potentially subject the Company to credit risk consist primarily of other financial assets at amortized cost.

The carrying amounts of financial assets at amortized costs represent its maximum credit exposure.

Other Financial Assets at Amortized Cost

The Company's other financial assets at amortized cost are composed of cash in banks and time deposits. 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, areconsidered to be low credit risk investments.

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 willbe 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.

	March 31, 2024			
	Financial asset at amortized cost			
	3-month ECL	**Lifetime ECL - not credit impaired**	**Lifetime ECL - credit impaired**	**Total**
Cash in banks	P29,630,225	P-	P-	P29,630,225
Time deposits	116,316			116,316
	P29,645,225	P-	p	P29,645

	December 31, 2023			
	Financial asset at amortized cost			
	12-month EGL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired	Total
Cash in banks	P21,995,493	P-	P-	P21,995,493
Time deposits	116,170			116,170
Advances to a related party				
	P22,111,663	P-	P-	P22,111,663

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.

To meet the Company's short-term obligations and funding for the construction of its building, the Company will call for payment of the subscription receivable from the stockholders. Also, the Company secured from Development Bank of the Philippines a credit line facility on August11, 2021 as one of its sources in funding the construction of hospital building.

The table below summarizes the maturity profile of the Company's financial assets and liabilities as at March 31, 2024 and December 31, 2023 based on contractual and undiscounted payments.

As at March 31, 2024

	On Demand	Within 1 **year**	1 to 5 years	More than 5 years	Total
Financial liabilities:					
Accounts payable	**P-**	P66,772,560	P-	**P-**	P66,772,560
Retention payable		56,744,982			56,744,982
Loans payable			53,496,000	303,144,000	356,640,000
Shareholders Payable			307,661,040		307,661,040
	P-	**P123,517,542**	**P307,714,536**	**P303,144,000**	**P736,818,582**
Financial assets:					
Cash and cash equivalents	**P29,761,541**	**P-**		**P-**	**P29,761,541**
Advances from shareholders			307,661,040		307,661,040
	P29,761,541		307,661,040		**P337,422,581**

As at December 31, 2023

	On Demand	Within 1 year	1 to 5 years	More than 5 years	Total
Financial liabilities:					
Accounts payable	P-	P49,398,917	P-	P-	P49,398,917
Retention payable		56,739,982			56,739,982
Advances from shareholders			226,133,559		226,133,559
Loans payable			71,328,000	285,312,000	356,640,000
	P-	P106,138,89	P297,461,559	P312,060,000	P688,912,458
Financial assets:					
Cash and cash equivalents	P22,111,663	P-	P-	P-	P22,111,663
Advances to a related party					
	P22,111,663	P-	P-	P-	P22,111,663

Fair Values of Financial Instruments

The historical cost carrying amounts of the Company's financial assets and financial liabilities are all subject to normal credit terms, and are short-term in nature, and approximate their fair values. Details are as follows:

	March 31, 2024	December 31, 2023
Financial assets:		
Cash and cash equivalents	**P29,761,541**	P22,111,663
advances to related party		
	P29,761,541	P22,111,663
Financial Liabilities:		
Accounts payable	**P66,772,560**	P49,398,917
Retention payable	**56,744,982**	56,739,982
Loans payable	**356,640,000**	356,640,000
	P480,157,542	P462,778,899

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 shareholder value.

The Company manages 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 three months ended March 31, 2024 and year ended December 31, 2023.

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

	March 31, 2024	December 31, 2023
Share capital	**P210,660,000**	P210,660,00
Additional paid-in capital	**159,840,000**	159,840,000
Deficit	**(89,562,757)**	(84,166,606)
	P280,937,243	P286,333,394

The Company is not subject to externally-imposed capital requirements.

5. Cash and Cash Equivalents

This account consists of:

	March 31, 2024	December 31, 2023
Cash on hand	**P15,000**	P15,000
Cash in banks	**29,630,225**	21,980,493
Time deposits	**116,316**	116,170
	P29,761,541	P22,111,663

Cash in banks earn interest at the respective bank deposit rates. Interest income earned from cash in banks amounted to P15,709 and P62,710 as at March 31, 2024 and December 31, 2023, respectively.

Time deposits earn interest at the respective bank deposit rates. Interest income earned from time deposits amounted to P145.80 and P19,304 as at March 31, 2024 and December 31, 2023, respectively.

6. Advances to Contractors

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

Advances to contractors amounted P33,213,994 and P33,213,994 as at March 31, 2024 and December 31, 2023, respectively.

7. Prepayments

This account consists of:

	March 31, 2024	December 31, 2023
Prepaid tax	**P181,260**	P241,680
Prepaid rent (Note 15)	**103,517**	-
Prepaid marketing	-	-
Others		11,057
Deferred Input VAT	**2,842,130**	2,842,130
	P3,126,907	P3,094,867

Prepaid marketing pertains to advance payment of advertisement.
Prepaid tax pertains to advance payment of real property tax.
Prepaid rent pertains to unamortized portion of its payment of lease with MC Metroplex Holdings, Inc. (see Note 15).

8. Property and Equipment

This account consists of:

	December 31, 2023	Additions	Disposal	**March 31 2024**
Cost:				
Land	P80,202,502	P-	P-	**P80,202,502**
Construction in progress	794,806,668	79,879,853		**874,688,521**
Office equipment	1,137,270	200,070		**1,150,890**
	876,146,440	80,079,923		**956,041,913**
Accumulated depreciation:				
Office equipment	828,617	9,446		**838,063**
Net book value	P875,317,823	80,070,477		**P955,203,850**

	December 31, 2021	Additions	Disposal	December 31, 2022
Cost:				
Land	P80,202,502	P-	P-	P80,202,502
Construction in progress	204,132,072	368,187,691		572,319,763
Office equipment	835,751	115,069		950,820
	285,170,325	368,302,760		653,473,085
Accumulated depreciation:				
Office equipment	524,447	138,041		662,488
Net book value	P284,645,878			P652 810 597

Land pertains to properties located in Bacolod City, Negros Occidental with a total area of 10,000 square meters, where its hospital building is being constructed.

Construction in progress pertains to building under construction to be used as hospital building upon completion.

Beginning 2020, the Company entered into contracts with various contractors and suppliers for the construction of its hospital building.

The total estimated cost for the construction of the hospital building is P1.8 billion. The total estimated cost for the whole project until full operation is P2.6 billion.

As per construction manager, the estimated percentage of completion of the construction is at 36.864% as at March 31, 2024, and construction of the hospital building is estimated to be completed by the first quarter of 2026.

On August 11, 2021, the Company entered into a Mortgage Agreement with Development Bank of the Philippines (DBP) for loan and credit accommodations to finance the construction of the hospital building and acquisition of medical instruments, furniture and appliances. The Mortgage Agreement is secured by the land together with the buildings and other permanent improvements.

The terms and conditions of the Mortgage Agreement were as follows:

a) keep the mortgaged property in good condition;

b) pay on time the lawful taxes and assessments of the mortgaged property;

c) insure the mortgaged property;

d) the Company shall not transfer, lease, mortgage or encumber the property, or demolish or make any alteration without first obtaining the Mortgagee's written consent.

The carrying amount of the mortgaged property amounted to P955,203,850 and P875,317,823 as at March 31, 202 and December 31, 2023, respectively.

There were no amount of compensations received from any third parties for items of property and equipment that were impaired, lost or given up.

9. Security Deposit

This account pertains to rent security deposit amounting to P45,466 as at March 31,2024 and December 31, 2023 (see Note 15).

10. Trade and Other Payables

This account consists of:

	March 31, 2024	December 31, 2023
Accounts payable	**P66,772,560**	P49,398,917
Withholding tax payable - expanded	**86,704**	31,400
SSS/PhilHealth/HDMF payable	**49,901**	31,400
Withholding tax payable - compensation	**-24,203**	
	P66,884,962	P49,653,541

Accounts payable pertains to short-term, unsecured, noninterest-bearing payable to other party.

11. Retention Payable

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

Retention payable amounted P56,744,982 and P56,739,982 as at April 30, 2024 and December 31, 2023, respectively.

12. Loans Payable

		March 31, 2024	December 31, 2023
DBP	The Company availed long-term loans in tranches from DBP. First tranche availed on June 16, 2022. The principal amount is payable quarterly beginning September 16, 2025 until June 16, 2035. The effective interest rate is 5% per annum and payable quarterly. All loans are secured by the Company's real properties (see Note 8). The loan proceeds were used to finance the construction of the hospital building.	**P356,640,000**	P356,640,000

Borrowing costs amounting to P7,184,016 and P26,252,813 as at March 31, 2024 and December 31, 2023, respectively, were capitalized as cost of the hospital building.

13. Share Capital

This account consists of:

	March 31, 2024	December 31, 2023
Authorized share capital		
600 founders' share at P1,000 par value	**P600,000**	P600,000
239,400 common shares at P1,000 par value	**239,400,000**	239,400,000
	P240,000,000	P240,000,000
Subscribed		
600 founders' shares at P1,000 par value	**P600,000**	P600,000
208,430 common shares in 2023 and 203,400 common shares in 2022 at P1,000 par value	**210,660,000**	208,430,000
Current year issuance - 1,630 common shares in 2023 and 5,030 common shares in 2022 at P1,000 par value		1,630,000
Balance at end of period - 210,060 common shares in 2023 and 208,430 common shares in 2022	**210,060,000**	208,430,00
- -Less subscription receivable		
	210,060,000	210,660,000
	P210,660,000	P210,660,000

The founders' share has the exclusive right to vote and be voted upon in the election of directors for a limited period not to exceed five (5) years.

On August 22, 2020, the majority of the Board of Directors and the vote of the shareholders owning and representing at least two-thirds of the outstanding share capital approved the increase in authorized share capital from P120,000,000 divided into 119,400 common shares and 600 founders' shares to P240,000,000 divided into 239,400 common shares and 600 founders' shares which all of it have par value of P1,000 per share.

In view of the above, P27,000,000 was paid-up by the existing shareholders representing 25% payment of the 90% subscribed capital amounting to P107,880,000 of the increase in authorized share capital amounting to P120,000,000.

The application of the said increase of authorized share capital was approved by the SEC on September 21, 2021. The deposit for future share subscriptions amounting to P27,000,000 was transferred to paid-up share capital.

Below are the details of registered common shares for Initial Public Offer:

Date of Registration	Number of Blocks Licensed*	Issue/Offer Price Per Block
March 28, 2022	2,400	P250,000
March 28, 2022	800	300,000
March 28, 2022	400	400,000

10 shares per block

14. Expenses

This account consists of:

	For the three months ended	
	March 31, 2024	December 31, 2023
Meetings and conferences (Note 16)	**P1,723.233**	P8,819,297
Executive Compensation (Note 16)	**1,316,000,**	7,333,000
Communication, power and water	**389,085**	2,473,044
Marketing	**3,491**	945,240
Professional fees	**435,500**	1,555,692
Salaries and wages	**1,109,837**	3,010,412
Taxes and licenses	**140,160**	294,811
Transportation and travel	**19,828**	196,204
Office supplies	**17,718**	164,256
Rentals (Note 15)	**34,506**	138,022
SSS/Philhealth/HDMF expense	**68,838**	208,934
Depreciation (Note 8)	**9,446**	166,129
Trainings and seminars	**53,008**	107,566
Repairs and maintenance	**4,235**	24,257
Miscellaneous	**86,974**	180,302
	P5,411,859	P25,662,166

15. Lease Agreement

In October 2021, the Company renewed its contract of lease with MC Metroplex Holdings, Inc. for a period of one (1) year, commencing from October 1, 2021 to September 30, 2022 and paid the total amount of P147,684, inclusive of VAT and net of withholding tax.

In October 2022, the Company renewed its contract of lease with MC Metroplex Holdings, Inc. for a period of three (3) months, commencing from October 1, 2022 to December 31, 2022 for a monthly rent of P14,479, inclusive of VAT and net of withholding tax.

In January 2023, the Company renewed its contract of lease with MC Metroplex Holdings, Inc. for a period of one (1) year, commencing from January 1, 2023 to December 31, 2023 and paid the total amount of P147,684, inclusive of VAT and net of withholding tax.

Due to the lease agreement which is for a period of 1 year and no purchase option, the lease is accounted as short-term and of low value and lease payments are recognized as expense on a straight-line basis over the lease term.

The Company has a refundable security deposit of P45,466 as at March 31, 2024 and December 31, 2023 (see Note 9) and prepaid rent of P103,517 and nil as at March 31,2024 and December 31, 2022, respectively (see Note 7).

At year-end, the Company has an outstanding commitment under noncancellable operating leases that fall due as follows:

	March 31, 2024	December 31, 2023
Within 1 year	**P34,506**	P-
Later than 1 year but within 5 years		
	P34,506	P-

16. Related Party Disclosure

Related party relationships exist 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 relationship also exists between and/or among entities, which are under common control with the reporting enterprises and its key management personnel, directors, or its shareholders.

In considering each related party relationship, attention is directed to the substance of the relationship, and not merely the legal form. Related parties may be individuals or corporate entities.

The following are the details of related party transactions:

	Period	Classification	Terms conditions	Amount of the Transaction	Outstanding Balance
Shareholders	**March 31, 2024**	Advances from shareholders	**Unsecured, noninterest-bearing demandable, no term, payable in cash.**	**P81,527,480**	**P307,661,039**
	December 31, 2023			60,508,841	226,133,599
APMC-Iloilo	**March 31, 2024**	Advances to a related party	**Unsecured, interest-bearing, no term, collectible in cash.**	**-**	**-**
	December 31, 2023			-	-
APMC-Aklan	**March 31, 2024**	Advances to a related party	**Unsecured, interest-bearing,no term collectible in cash**	-	**-**

The following are other relevant related party disclosures:

Identification	Relationship Commitments	Business Purpose of Arrangement	
Shareholders	**Shareholder**	**Advances from shareholders in support for the Company's hospital building**	**No contract**
APMC-Iloilo	**Other related party**	**Loans provided to other related party for financing purposes**	**No contract**
APMC-Aklan	**Other related party**	**Other related party loans provided to other related party for financing purposes**	**With loan agreement**

Advances from shareholders are payable upon demand. However, the Company is in the status of financing the construction of its hospital building, thus, settlement of advances is not the priority of the

Company.

The Company has no receivable from APMC - Iloilo and APMC -Aklan, on March 31, 2024 and December 31, 2023, respectively.

No allowance for doubtful accounts and bad debt expense were recognized in March 31, 2024 and 2023.

17. Income Tax

Compensation of Key Management Personnel

	March 31, 2024	December 31, 2023
Executive compensation	**P1,316,000**	P7,333,000
Meetings and conferences	**1,723,233**	8,222,500
	P3,039,233	P15,555,500

The following are the computations of RCIT:

	For the three months ended **March 31, 2024**	December 31,2023
Loss before income tax	**(P15,396,150)**	(P25,271,006)
Deduct permanent difference on:		
interest income subjected to final tax		(103,180)
Non deductible representation	**15,709**	45,000
Taxable loss	**(P5,380,441)**	(P25,329,186)
Tax due at 25%	**P-**	P

The following are the computations of MCIT:

Taxable income	P0
Tax due at 1%	P0

As at March 31, 2024, 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 Date
March 31, 2024	P25,329,186	P-	P25,329,186	2026
December 31, 2023	32,490,981		32,490,981	2025
	P57,820,167	P-	P57,820,167	

Details of Company's MCIT which can be claimed as tax credits against regular income tax areas follows:

Date Incurred	Amount	Applied/ Expired	Remaining Balance	Expiry Date
December 31, 2023	P74	P-	P74	2026
December 31, 2022	49		49	2025
December 31, 2021	1,808		1,808	2024
	P1,931	P-	P1,931	

The management believes that the Company will not be able to realize the tax benefits from NOLCO and MCIT in the future. The Company provided full valuation allowance on its NOLCO and MCIT, thus, no deferred tax asset was set up.

On September 4, 2023, the Board of Investors has approved the tax incentives for the new project involving the operation of a General hospital Level 2. The tax incentive shall be limited to six (6) years income tax holiday (ITH), followed by five (5) years of enhanced deductions (ED)from the actual start ofcommercial operation; and eleven (11) years duty exemption on importations.

18. Basic loss per share is computed as follows:

	For the three months ended **March 31, 2024**	**Dec 31, 2023**
Net loss	**(P5,396,150)**	(P25,275,326)
Weighted average number of shares outstanding	**210,660**	210,660
Basic loss per share	**(P25.62)**	(P119.98)

There were no common stock equivalents outstanding that would require calculation of diluted loss per share.

19. Changes in Liabilities Arising from Financing Activities

The following table summarizes the changes in liabilities arising from financing activities:

	December 31, 2023	Cash flows	Foreign exchange movement	**March 31, 2024**
Advances from shareholders	P226,133,559	P81,527,480	P-	**P307,661,039**
Loans payable	356,640,000			**356,640,000**
	P522,264,718	P81,527,480	P-	**P493,154,718**

	December 31, 2022	Cash flows	Foreign exchange movement	March 31, 2023
Advances from shareholders	P165,624,715	P-	P-	P218,218,718
	P165,624,715		P-	P218,218,718

20. Impact of Coronavirus of 2019 (COVID-19) Update

The Company has been exposed to the risks brought about by COVID-19, a novel strain of coronavirus, which has rapidly spread worldwide and reached a pandemic magnitude as it continues to affect more and more countries and territories. On March 16, 2020, the President of the Philippines issued Proclamation No. 929 declaring a state of calamity throughout the Philippines due to COVID-19 which resulted to the imposition of an Enhanced Community Quarantine throughout Luzon starting midnight of March 16, 2020 until May 15, 2020. Bacolod City is under various quarantine classifications up to July 2023.

The enhanced community quarantine, travel restrictions, temporary closure of different establishments, and social distancing measures imposed by the government exposed the Company's operations to risks that may impact its financial performance.

The construction of Company's hospital building has started in February 2020. However, due to COVID-19 outbreak, delivery of construction supplies was postponed and deployment of engineers and construction workers were also postponed resulting to a delay in the construction of the hospital building. Upon the lifting of some quarantine restrictions particularly sea travel, the contractor continues the construction and catches up with the delay. The events surrounding the outbreak did not have a significant impact to the Company's financial position and performance as at and for the period ended March 31, 2024. Nevertheless, the Company will continue to monitor the situation.

21. Events After the End of the Reporting Period

No events occurred between the statements of financial position date and the date on which these financial statements were approved by the Company's Board of Directors that would require adjustments to or disclosure in the financial statements.

ASIA-PACIFIC MEDICAL CENTER BACOLOD,INC.

Schedule A- Financial Assets
March 31, 2024

Name of Issuing Entity and Association of Each Issue	Number of Shares or Principal Amounts of Bonds and Notes	Amount Shown in the Statement of Financial Position	Value based on Market Quotations at End of Reporting Period	Income Received and Accrued
Cash and cash equivalents				
Cash in banks	Not applicable	P29,645,225	Not applicable	
Time deposits	Not applicable	116,316	Not applicable	
		P29,761,541		**P15,709**

ASIA-PACIFIC MEDICAL CENTER BACOLOD,INC.

Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders
March 31, 2024

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written Off	Current	Not Current	Balance at End of Period
APMC • lloilo	-	P-	P-	P-	P-	P-	P-
APMC * Aklan	-	P-	P-	P-	P-	P-	P-

ASIA-PACIFIC MEDICAL CENTER BACOLOD,INC.

Schedule C -Amounts Receivable from and Payable to Related Parties which are Eliminated during the Consolidation of Financial Statements

March 31, 2024

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written Off	Current	Not Current	Balance at End of Period

Not applicable

ASIA-PACIFIC MEDICAL CENTER BACOLOD,INC.

Schedule D - Long Term
March 31, 2024

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount shown undercaption "Current portion of long-term debt" in related Statement of Financial Position	Amount shown undercaption "Long-Term Debt" in related Statement of Financial Position
Loans payable	P356,640,000	P-	P356,640,000

ASIA-PACIFIC MEDICAL CENTER BACOLOD,INC.

Schedule E - Indebtedness to Related Parties (Long-Term Loans from Related Companies)
March 31, 2024

Name of related party	Balance at Beginning of Period	Balance at End of Period
	Not applicable	

ASIA-PACIFIC MEDICAL CENTER BACOLOD,INC.

Schedule F - Guarantees of Securities and Other Issues
March 31, 2024

Name of Issuing Entity of Securities Guaranteed by the Company for which this Statement is Filed	Title of Issue ofeach Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owned by Person for which Statement is Filed	Nature of Guarantee
		Not applicable		

ASIA-PACIFIC MEDICAL CENTER BACOLOD, INC.

Schedule G - Capital Stock

March 31, 2024

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding under related Statement of Financial Position caption	Number of Shares Reserved for Options, Warrants, Conversions, and other Rights	Number of Shares Held by		
				Related Parties	Directors, Officers & Employees	Others
Founder	600	600			336	264
Common	239,400	210,060			126,558	83,502
	240,000	210,660			126,894	83,766

RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
As of March 31, 2024

Asia-Pacific Medical Center Bacolod, Inc.
(Formerly Allied Care Experts Medical Center-Bacolod Inc.)
BS Aquino Drive, Bacolod City, Negros Occidental

Deficit, beginning	(P84,166,606)
Net loss during the period	(5,396,151)
DEFICIT, END	(P89,562,757)

ASIA-PACIFIC MEDICAL CENTER BACOLOD, INC.
(Formerly Allied Care Experts Medical Center-Bacolod Inc.)

MAP OF THE RELATIONSHIPS BETWEEN AND AMONG THE COMPANIES IN THE GROUP, ITS ULTIMATE PARENT COMPANY AND CO-SUBSIDIARIES
MARCH 31, 2024

Not Applicable

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

Asia-Pacific Medical Center Bacolod, Inc.
(Formerly Allied Care Experts Medical Center-Bacolod Inc.)

As of March 31, 2024

Financial KPI	Definition	**March 31, 2024**	December 31, 2023
Current ratio	Current Assets / Current Liabilities	**0.71:1**	0.30:1
Acid test ratio	Current Assets - Prepayments / Current Liabilities	**0.26:1**	0.30:1
Solvency ratio	Net Income + Depreciation / Total Liabilities	**-0.01:1**	-0.04:1
Debt-to-equity ratio	Total Liabilities / Total Equity	**2.80:1**	2.41:1
Asset-to-equity ratio	Total Assets / Total Equity	**3.80:1**	3.41:1
Interest rate coverage ratio	Operating EBITDA / Net Interest	**0.75:1**	0.99:1
Return on assets	Net Income / Average Total Assets	**-0.59%**	-2.84%
Return on equity	Net Income / Average Total Equity	**-1.90%**	-10.28%
Net profit margin	Net Income / Total Revenue	**0%**	0%
Operating EBITDA margin	Operating EBITDA / Net Revenue	**0%**	0%

ANNEX B. Management's Discussion and Analysis of Financial Condition and Results ofOperations for the 1st Quarter ended March 31, 2024

Discussion of Financial Condition and Results of Operation

Statements of Comprehensive Income
March 31, 2024 and December 31, 2023

Other Income
The hospital is not yet operational, thus, the amount recorded as other income primarily comes from the bank interests earned from bank deposits. The increase that is reflected is normally due to the fluctuation of balances maintained during the year. The hospital is not yet operational, thus, the amount recorded as other income primarily comes from the bank interests earned from bank deposits.

General and Administrative Expenses
Though the hospital is still not operating, there are already expenses incurred due to administrative and management transactions during the construction period. The decrease was because the meetings of directors were held remotely through Zoom.

Loss for the Year
Losses are incurred because the hospital is not yet operational and still in the construction phase. The expenses incurred are more than the meager interest (other) income earned by the company out of its deposit accounts. The loss during the period March 31, 2024 was lower as compared to the December 31,2023.

Statements of Financial Positions
March 31, 2024 and December 31, 2023

1. **Cash and Cash Equivalents**
   Cash and other cash equivalents has always been directed to the construction of the hospital as payments for obligations and are used to cover the day to day operating and administrative expenses. With a lot of expenses and payables while in the construction phase, cash cannot retain its balance and eventually fluctuates. The decrease is due to the payment for construction related expenses and minimal collection of payments from the investors in the first quarter of 2024.

2. **Property and Equipment**
   The increase in property, plant and equipment as of March 31, 2024 was due to the increase in construction in progress for the period.

3. **Input VAT**
   An increase in input VAT is due to the increased payment for construction related expenses in the first quarter of 2024.

4. **Other Current Assets**
   An increase in the other current assets is due to the input VAT related to construction in the first quarter of 2024.

5. **Trade and Other Payables**
   The accounts payable account is composed mostly of accounts payables, government liabilities and other payables. The increase was due to the compensation and per diems of directors incurred in the 1st quarter of 2024.

6. **Retention Payable**
   Retention payable refers to the amount withheld by the Company from the contractors' periodic progress billings as provided for in their respective contract. The amount will be released to the contractors, net of deductions, if any, upon full completion and final acceptance by the Company. Retention Payable as at March 31, 2024 is due to the increase in construction related expenses.

7. **Advances from Shareholders**
   Advances from shareholders are payable upon demand. However, the Company is in the status of financing the construction of its hospital building, thus, settlement of advances is not the priority of the Company. An increase in the advances from shareholders March 31,2024 was due to the increase in the amounts owed by the Company to its founding doctors.

Statements of Comprehensive Income
For the Three Months Ended March 31, 2024 and 2023

Other Income
The hospital is not yet operational, thus, the amount recorded as other income primarily comes from the bank interests earned from bank deposits. The decrease that is reflected is normally due to the fluctuation of balances maintained during the year.

General and Administrative Expenses
Though the hospital is still not operating, there are already expenses incurred due to administrative and management transactions during the construction period. The decrease was because the meetings of directors were held remotely through Zoom.

Loss for the Year
Losses are incurred because the hospital is not yet operational and still in the construction phase. The expenses incurred are more than the meager interest (other) income earned by the company out of its deposit accounts. The loss during the period March 31, 2024 was a little bit lower as compared to the same period in 2023.

Statements of Financial Positions
For the Three Months Ended March 31, 2024 and 2023

1. **Cash and Cash Equivalents**
   Cash and other cash equivalents has always been directed to the construction of the hospital as payments for obligations and are used to cover the day to day operating and administrative expenses. With a lot of expenses and payables while in the construction phase, cash cannot retain its balance and eventually fluctuates. The decrease is due to the payment for construction related expenses and minimal collection of payments from the investors. Expectation in the increase of cash can only be determined once the hospital becomes operational. The increase in interest income earned from cash in banks and was due placement in banks.

2. **Advances to Related Party**
   In 2023, APMC Aklan had a payable to the Company amounting to P189,867. These funds were used for the expenses incurred by the related party but were later paid in 2023. There was no allowance for doubtful accounts and bad debts recognized for the year 2024 and 2023.

3. **Property and Equipment**
   The increase in property, plant and equipment of 36.53% as of March 31, 2024 was due to the increase in construction in progress for the period.

4. **Input VAT**

An increase in input VAT of 69.18% is due to the increased payment for construction related expenses for the period.

5. **Other Current Assets**
An increase in the other current assets by 328.23% from the period March 31, 2023 to the current period of March 31, 2024 is due to the increase in the deferred input VAT amounting to P19.4 million and prepaid taxes.

6. **Trade and Other Payables**
The accounts payable account is composed mostly of accounts payables, government liabilities and other payables. The balance of the account as of March 31, 2024 amounts to P66.8M which is P27.8M or 71.53% higher than what was on March 31, 2023. The increase was due to the compensation and per diems of directors incurred in the 1st quarter of 2024.

7. **Retention Payable**
Retention payable refers to the amount withheld by the Company from the contractors' periodic progress billings as provided for in their respective contract. The amount will be released to the contractors, net of deductions, if any, upon full completion and final acceptance by the Company. Retention Payable as at March 31, 2024 amounted to P56.8M, 29.41% higher compared to March 31, 2023 which amounted to P43.9M. The increase was due to the increase in construction related expenses incurred.

8. **Advances from Shareholders**
Advances from shareholders are payable upon demand. However, the Company is in the status of financing the construction of its hospital building, thus, settlement of advances is not the priority of the Company. An increase in the advances from shareholders by P165 million or 116.35% from March 31, 2023 to March 31, 2024 was due to the increase in the amounts owed by the Company to its founding doctors.

9. **Additional Paid In Capital**
The additional paid in capital of the investors from the purchase of IPO shares increased by P56.9 million or 55.31% from March 31, 2023 to March 31, 2024.

10. **Total Equity**
There is an increase in the total equity of the Company from March 31, 2023 to March 31, 2024 by 13.14%. The increase by P32.6 million from the same period of the previous year resulted from the increase in additional paid in capital.

<u>Discussion of Top Five (5) Key Performance Indicators</u>

Discussed below are the key performance indicator of the Company:

i.) Current/Liquidity Ratios
At present, cash and other current assets are being utilized for the construction of the hospital as well as for the other administrative expenses of the Company. This is the reason why the current ratio of the company shows a not so attractive result. It is expected to be better when the hospital starts its operations.

ii.) Solvency / Debt to Equity Ratio
The Company's long-term debts is fully covered by the company's equities. The ongoing hospital construction has led to an increase in the construction in progress account, representing a significant allocation of the company's resources.

iii.) Return on Equity
The hospital is not yet operational; hence, the financial ratios show negative results for all the periods. This shows the company is spending most of its assets in construction.

iv.) Debt to Total Asset Ratio
Since the company has increased its construction in progress. The ongoing hospital

construction has led to an increase in the construction in progress account, representing a significant allocation of the company's resources.

v.) Net Profit Margin
The Company is still in the construction phase, with no revenue being generated, resulting in a zero percent net profit margin for the years 2021, 2022, 2023 and 2024.

vi.) Asset to Equity Ratio
The company has more assets than its equity for both years due to the ongoing construction of the hospital. The company is also selling its IPO shares which could mean an improvement for these ratios in the next financial statements.

vii.) Profitability Ratios
Not applicable. The Company incurred losses on its pre-operating activities.

The manner by which the Company calculates the above indicator is as follows:

Financial KPI	March 31, 2024	December 31, 2023	March 31, 2023
Current ratio			
Current Assets / Current Liabilities	0.26:1	0.30:1	0.58:1
Acid test ratio			
Current Assets - Prepayments / Current Liabilities	0.71:1	0.30:1	0.30:1
Solvency ratio			
Net Income + Depreciation / Total Liabilities	-0.01:1	-0.04:1	-0.01:1
Debt-to-equity ratio			
Total Liabilities / Total Equity	2.80:1	2.41:1	2.34:1
Asset-to-equity ratio			
Total Assets / Total Equity	3.80:1	3.41:1	3.34:1
Interest rate coverage ratio			
Operating EBITDA / Net Interest	0.75:1	0.99:1	1.01:9
Return on assets			
Net Income / Average Total Assets	-0.59%	-2.84%	-78.00%
Return on equity			
Net Income / Average Total Equity	-1.90%	-10.28%	-2.81%
Net profit margin			
Net Income / Total Revenue	0%	0%	0%

Discussion and Analysis of Material Events and Uncertainties

The hospital's liquidity is affected by ongoing construction, impacting immediate financial flexibility. Uncertainties arise from the following:

1. Construction Costs
   Fluctuations in construction costs due to factors such as volatility of material prices, labor availability, and regulatory requirements can affect the overall budget and liquidity of the hospital. Implementing stringent cost-control measures, such as renegotiating contracts with suppliers and contractors, will mitigate the impact of cost fluctuations on liquidity. Additionally, the Company had a bidding process to allow the selection of cost-effective yet reliable Contractors.

2. Project Timeline
   Delays or unforeseen obstacles in the construction timeline can prolong the period during which funds are tied up, potentially increasing liquidity constraints. Employing project management strategies to minimize delays, such as proactive risk assessment and contingency planning, will ensure timely completion and minimize liquidity strain. The Company also had been engaging a Project Management Team (Bureau Veritas) to assist in overseeing the construction process efficiently.

3. Financing Arrangements
   The hospital's financing arrangements for the construction project, including loan terms and interest rates, can impact its current liquidity position and future financial obligations. Exploring alternative financing options or renegotiating loan terms with lenders to optimize liquidity management and minimize financial strain. The Company had applied for an additional loan with DBP to address immediate liquidity needs and support the construction project. In the event that the loan is not approved, the Founders have expressed their willingness to extend advances to ensure the project’s continuity and mitigate liquidity constraints.

4. Market Conditions
   Economic conditions and market fluctuations can influence the availability of financing options, interest rates, and the overall cost of capital, affecting the hospital's liquidity. Monitoring market conditions closely and adapting finance strategies accordingly, such as locking in favorable interest rates or diversifying financing sources, to mitigate market-related risks. Additionally, the Company has potential partnerships with other APMC Hospitals and collaboration opportunities with other healthcare organizations that can secure additional investors, and funding, and enhance financial resilience.

5. Regulatory Environment
   Changes in regulatory requirements or compliance standards during the construction phase could lead to additional costs or delays, impacting the hospital's liquidity and financial planning. Staying abreast of regulatory updates and proactively adjusting construction plans and budgets so as to ensure compliance and mitigate potential regulatory risks to liquidity. The addition of pandemic readiness systems in the hospital as well as BFP requirements are necessary for the safety of the hospital ensuring compliance with the regulations and enhancing overall resilience with unforeseen future challenges.

6. Demand Projection
   Uncertainties in future patient demand and healthcare needs may introduce variability in revenue projections, affecting the hospital's ability to manage liquidity effectively during the construction period and beyond. Conducting thorough market analysis and scenario planning to forecast demand trends accurately, will enable the hospital to adapt its liquidity management strategies proactively to changing demand dynamics. The collaborative network of medical investors also contributes to a mutually supportive environment, ensuring sustainable patient volumes and collective support for the hospital’s financial stability.

Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation

The non-approval of the additional loan with DBP poses significant challenges for the hospital's construction project and financial stability. To address this, the hospital will (a) Explore alternative financing options, such as loans from other institutions or related parties and its Founders; (b) Implement stringent cost-control measures and optimize project management strategies to minimize delays and cost overruns; (c) Engage with stakeholders, including investors and regulatory authorities, to garner support and explore potential solutions; and (d) Continuously monitor financial performance and market conditions, adapting strategies as needed to navigate uncertainties effectively. By taking these proactive measures, the hospital can mitigate the impact and ensure the completion of its construction project.

There has been no off-balance sheet transactions, arrangements, obligations, and other relationships of the company with unconsolidated entities or other Persons created during the reporting period.

Material commitments for capital expenditures, general purpose of such commitment expected sources of funds for such expenditure.

The following are the relevant and related material commitments for capital expenditures:

1. The increased floor area and system upgrades aimed at pandemic readiness directly contribute to capital expenditures. These enhancements are considered necessary to meet regulatory requirements and ensure the hospital's preparedness for public health emergencies, aligning with the hospital's commitment to providing safe and high-quality healthcare services.

2. The aim to achieve the Joint Commission International (JCI) accreditation, a prestigious recognition of the hospital's commitment to excellence in patient care and safety, necessitates upgrades to the hospital's facilities and infrastructure to meet international standards, making investments in facility development critical for achieving this accreditation and enhancing the hospital's reputation.

The expected sources of funds for capital expenditures are the following:

1. The release of remaining DBP loan tranches provides a reliable source of funding to cover construction costs and infrastructure upgrades. The loan agreement with DBP was specifically secured to finance the construction project, making the release of remaining tranches crucial for fulfilling capital expenditure commitments and ensuring project completion.

2. The approval of an additional loan from DBP offers an alternative financing option to support capital expenditures and cover any budget shortfalls. Access to additional funding from a trusted financial institution provides flexibility in managing capital expenditures.

3. The Founders' willingness to advance funds represents an internal source of financing to support capital expenditures and project development. Leveraging the Founders' financial support demonstrates their commitment to the hospital's success and underscores their confidence in the project's potential returns, providing additional capital for necessary expenditures.

4. Attracting new investors through the over-the-counter sales being made by employees designated as sales persons can inject fresh capital into the hospital, providing a source of funds for capital expenditures. The infusion of capital from new investors enhances the hospital's financial resources, enabling it to fund additional capital expenditures.

Significant Elements of Income or Loss (from continuing operations)

Since the hospital is not yet operational, the significant elements of income would primarily stem from investments made by investors and founders, the release of the next tranches of the loan with the DBP, and the potential approval of the additional loan application to the DBP.

Regarding potential elements of loss, significant expenses would likely arise from construction costs, including any additional expenses incurred due to regulatory compliance requirements. Delays in the construction timeline could prolong the period without revenue generation, leading to a loss of potential income. Additionally, market-related risks could impact financing options and increase borrowing costs, contributing to financial strain during the pre-operational phase.

Nonetheless, the losses are expected to be mitigated if not offset by the tax incentives that the Company will enjoy by virtue of the registration of the Hospital Project with the Board of Investments entitling it with entitled to six (6) years Income Tax Holiday (ITH), followed by five (5) years of Enhanced Deductions (ED) from the actual start of commercial operation, and eleven (11) years Duty Exemption on importations of capital equipment, raw materials, spare parts or accessories from date of registration.

Any Known Trends, Events or Uncertainties (Material Impact on Sales)

1. Extended construction timelines beyond initial projections can delay the hospital's opening, resulting in deferred sales and revenue. Any unforeseen obstacles or delays in the construction process may prolong the period without generating sales.

2. Once the company starts to operate the following factors may have a material impact on sales:

   a. Delays in obtaining regulatory approvals necessary to commence operations can significantly impact sales projections. Uncertainties surrounding the timing of regulatory approvals may lead to prolonged periods of inactivity, delaying revenue generation from patient services.

   b. Changes in market demand for healthcare services, influenced by factors such as population growth, demographic shifts, and healthcare trends, can affect sales projections. Uncertainties surrounding future patient volumes may lead to fluctuations in sales forecasts.

   c. The entry of new competitors or changes in the competitive landscape within the healthcare industry can impact sales projections. Increased competition may require adjustments to sales strategies and pricing models to attract patients once the hospital becomes operational.

   d. Economic downturns or recessions can affect consumer spending behavior and healthcare utilization patterns, influencing sales projections for the hospital. Uncertainties surrounding economic conditions may require cautious forecasting and contingency planning.

   e. Changes in government policies, healthcare regulations, or reforms can have a significant impact on sales projections. Policy changes affecting healthcare financing, reimbursement rates, or insurance coverage may influence patient demand and sales expectations.

   f. Public health events, such as pandemics or disease outbreaks, can disrupt healthcare services and patient volumes, affecting sales projections for the hospital. Uncertainties surrounding the timing and severity of public health events may require contingency planning to mitigate potential impacts on sales.

Seasonal Aspects that have Material Effect on the FS

The hospital faced various external factors that significantly impacted its financial statements:

1. Inflationary pressures in fuel, basic necessities, and construction materials affected the project's budget, leading to higher-than-anticipated construction expenses.

2. The hospital experienced an increase in interest rates on the DBP loans during the construction period, resulting in higher borrowing costs and financial strain.

3. Contracts denominated in foreign currencies, particularly US dollars, subjected the hospital to exchange rate fluctuations, contributing to increased project expenses.