COVER SHEET

4 1 3 7 6
S.E.C. Registration Number

SYNERGY GRID & DEVELOPMENT PHILS., INC. (formerly: UEM DEVELOPMENT PHILS., INC.)

(Company's Full Name)

1607 16TH FLOOR TYCOON CENTER BLDG. CONDOMINIUM PEARL DRIVE, PASIG CITY, METRO MANILA

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

Pia Isabel O. Co	8633-9757/8584-3930
Contact Person	Company Telephone Number

1 2	3 1	**SEC FORM 17-Q**	1 1	1 2
Month	*Day*	FORM TYPE	*Month*	*Day*
Fiscal Year			Annual Meeting	

N/A

Secondary License Type, if Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

Remarks = pls. use black ink for scanning purposes

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: **30 SEPTEMBER 2020**

2. SEC Identification Number: **41376** 3. BIR Tax Identification No.**: 000-593-240**

4. Exact name of issuer as specified in its charter: **SYNERGY GRID & DEVELOPMENT PHILS., INC.**

5. Province, country or other jurisdiction of incorporation or organization
Pasig City, Republic of the Philippines

6. Industry Classification Code. [ ] (SEC Use Only)

7. Address of issuer's principal office Postal Code
1607, 16th Floor, Tycoon Center Bldg. **1605**
Condominium Pearl Drive, Pasig City, Metro Manila

8. Issuer's telephone number, including area code
(**632) 8584-3930**

9. Former name, former address, and former fiscal year. If changed since last report.
N/A

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA (as of 31 December 2004)

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common	**49,466,000**
Outstanding Debts	**-**

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

Yes [**X**] No [ ]

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder of Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding (12) months (or for such shorter period that the Company was required to file such reports);

Yes [**X**] No [ ]

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

Yes [**X**] No [ ]

**APPLICABLE ONLY TO REGISTRANTS INVOLVED
IN INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS DURING
THE PRECEDING FIVE (5) YEARS**

13. Check whether the registrant has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

Yes [ ] No [**X**] This item is not applicable to the Company.

DOCUMENTS INCORPORATED BY REFERENCE:

The Company attaches to this form and incorporates by reference as a component of Part I hereof its Financial Statements for the third quarter of 2020, period ending September 30, 2020.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

Financial Statements and, if applicable, Pro Forma Financial Statements meeting the requirements of SRC Rule 68, Form and Content of Financial Statements, shall be furnished as specified therein.

Synergy Grid & Development Phils., Inc. ("Company") also attaches to this form and incorporates by reference as a component of Part I, its Financial Statements for the third quarter of 2020, period ending September 30, 2020.

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

Synergy Grid & Development Phils., Inc. (formerly UEM Development Phils., Inc.) (SGP or the Company) was originally a mining corporation and registered with the Securities and Exchange Commission (SEC) on June 1, 1970 under the name Mankayan Minerals Development Company, Inc.

On February 22, 1994, the SEC approved the Company's change of corporate name to UEM Development Phils., Inc., and the change in its primary purpose from engaging in mining activities to general construction and other allied businesses. The amendment of its primary purpose was due to the potential opportunity in the construction industry brought about by the entry of a new foreign investor.

On October 10, 1997, the SEC approved the Amendment to the Seventh Article of the Company's Articles of Incorporation increasing the par value of its authorized capital stock from P.01 to P1.00, decreasing the Company's shares of stock from 500,000,000 shares to 50,000,000 shares, and stating that the stockholders shall have no pre-emptive rights.

On November 5 and 9, and December 14, 2010, the Board of Directors (BOD) considered and approved the amendment of the Articles of Incorporation and By-Laws of the Company for the purpose of, among others, changing the Company's corporate name to Synergy Grid & Development Phils., Inc., changing its primary purpose to enable it to engage in the business of investing in, purchasing or acquiring, and selling or disposing of the shares of stock, bonds, evidences of indebtedness and other securities issued or created by corporations and other entities engaged in power, energy, utilities, infrastructure and other allied businesses; and for the above purposes, to acquire, lease, hold, occupy, use, mortgage real and personal properties, to obtain financing from local and international funding sources or otherwise raise capital and funds by issuing or creating equity and debt securities, and to do or engage in any and all other businesses and activities incidental to or connected with, or in furtherance and/or the implementation of any and all of the foregoing and increasing the Company's authorized capital stock to 215 million with the increase of P165 million to be divided into 100 million common shares at a par value of P1 per share and 65 million non-voting preferred shares at a par value of P1 per share with other terms and conditions to be determined by the BOD at a later date. The amendments to the Articles of Incorporation and By-Laws of the Company were approved by the stockholders on December 21, 2010. The SEC approved the Amended Articles of Incorporation on March 28, 2011.

In connection with the above resolutions and with a proposed share swap with the stockholders of Pacifica21 Holdings, Inc. (Pacifica21) and OneTaipan Holdings, Inc. (Onetaipan), on February 16, 2011, the BOD passed a resolution authorizing the Company to issue, out of the P165 million increase in the authorized capital stock of the Company, 100 million common shares at a price of P20 per share, to the stockholders of Onetaipan and Pacifica21 in exchange for their shares in Onetaipan and Pacifica21. The share swap was approved by the Company's stockholders on December 21, 2010.

On March 28, 2011, the SEC approved the share swap and increase in the Company's authorized capital stock from P50 million divided into 50 million shares at P1 par value per share to P215 million divided into 100 million common shares at P1 par value per share and 65 million non-voting preferred shares at a par value of P1 per share. Upon its effectivity, the Company will own 68.34% of Pacifica21 and 100% of Onetaipan.

The effectivity of the share swap was conditioned on the issuance by the Bureau of Internal Revenue (BIR) of a ruling confirming the tax-free exchange status of the share swap for both the stockholders of Onetaipan and Pacifica21. However, the BIR ruling granted the application of a tax-free exchange status of the share swap with respect to one shareholder but denied the application with respect to the other shareholder on the ground that the transfer by the former of his shares in Onetaipan alone was enough to gain control of the Company. The said ruling was affirmed by the Department of Finance (DOF). In 2015, the Company filed an appeal to the Office of the President to review the decision of the DOF.

On January 28, 2016, the shareholders of Onetaipan and Pacifica21 wrote the Company stating their intention to rescind the share swap as the approval of BIR has not been obtained and the consummation of the share swap has been pending for five (5) years already.

On February 23, 2016, the BOD of the Company approved the rescission of the share swap. The BOD further approved the cancellation of the increase in authorized capital stock which was previously approved by the SEC. On August 26, 2016, the Company filed an application with the SEC to approve such cancellation after obtaining the approval of the same by the Company's stockholders on April 28, 2016.

On October 12, 2016, the SEC approved the application for the cancellation of the certificate of approval of increase in authorized capital stock and the certificate of filing of amended articles of incorporation issued by the SEC on March 28, 2011.

On January 17, 2017, the Company filed a motion to the Office of the President to withdraw the previously filed appeal in 2015. The Company’s motion to withdraw was approved by the Office of the President on March 6, 2018.

On January 1, 2015, the Company entered into a Shared Services Agreement with Monte Oro Grid Resources Corporation (MOGRC) and Calaca High Power Corporation (CHPC) for a period of three (3) years. The Company shall render monthly management consulting and financial advisory services and, in consideration of the services rendered, the Company shall receive a monthly management fee of P300,000 from each entity.

On March 22, 2017, the Shared Services Agreement was amended to extend the period up to December 31, 2018.

On February 26, 2018, the Shared Services Agreement was further amended extending the period up to December 31, 2021. This was superseded by a Revised Shared Services Agreement entered into by the Company on January 1, 2019, increasing the monthly management fee to P500,000 with a period of three (3) years commencing January 1, 2019, unless otherwise cancelled or extended by mutual agreement of the related parties and SGP.

In 2019, the BOD and stockholders resolved and approved the increase in authorized capital stock of the company and the proposed share swap transaction.

On November 14, 2019, the BOD resolved and approved the increase in the authorized capital stock of the Company from P50.00 million divided into 50 million common shares at par value of P1 per share to P5.05 billion divided into 5.05 billion common shares at par value of P1 per share, with increase of P5.00 billion to be divided into 5 billion common shares at a par value of P1 per share.

On the same date, in connection with the above resolution and with a proposed share swap with the stockholders of Pacifica21 and Onetaipan, the BOD passed a resolution authorizing the Company to issue, out of the P5.00 billion increase in the authorized capital stock of the Company, 4,100,400,000 common shares at a price of P20 per share, to the stockholders of Onetaipan and Pacifica21 in exchange for their shares in Onetaipan and Pacifica21.Specifically, 2,050,200,000 common shares of the Company will be swapped with 86,430,000 common shares of OneTaipan and 2,050,200,000 common shares of the Company will be swapped with 871,000,000 common shares of Pacifica21.

The above resolutions on the increase in authorized capital stock and share swap were approved by the Company's stockholders on December 20, 2019.

On March 26, 2020, the proposed share-swap transaction was approved by the Philippine Competition Commission on the grounds that it will not likely result in substantial lessening of competition in the Philippine market.

As of September 30, 2020, the Company is still in process of completing the requirements in order to submit the application for these transactions with SEC and the BIR.

There are no transactions between the Company and any of its directors, executive officers, or stockholders owning more than five (5%) of its outstanding capital stock and any member of their immediate family.

The Company has no subsisting construction, consultancy, sub-contracting, supply, sales or other major agreements with any party. It has no material commitment for any capital expenditure.

The Company has one employee, a Financial Comptroller but has plans to hire employees in the ensuing twelve (12) months.

There are no major risks that the Company is involved in other than the credit and liquidity risks discussed in Note 11 of the Notes to Financial Statements.

In addition to the information disclosed above, the Company further discloses that:

a. The Company does not anticipate any cash flow or liquidity problem within the next 12 months. The Company is not in default in any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments.

b. The Company does not have or is not aware of any trends, demands, commitments, events or uncertainties that will have a material impact on its liquidity.

c. At present, the Company has no material commitments for any capital expenditure.

d. There are no significant elements of income or loss that did not arise from its operations. For the past several years, the Company has continuously sustained losses due to lack of income stream attributable to its non-operation. The Company's proposed corporate re-organization and diversification of its business is intended to improve the Company's performance and address its current financial losses.

e. All expenses of the Company are current and the Company does not expect any direct or contingent financial obligation that is substantial or material.

f. The following is an explanation of material changes in certain items of the Company's financial statements:

<u>Nine months ended September 30, 2020 compared with nine months ended September 30, 2019</u>

Cash and cash equivalents
Cash as of September 30, 2020 amounted to P7.41 million, 1% lower than the P7.51 million as of September 30, 2019.

Other current assets
As of September 30, 2020, the Company recorded other current assets of P2.86 million as compared P0.50 million as of September 30, 2019, an increase of 472% due to higher amount of creditable income tax.

Income
On January 1, 2015, the Company entered into a Shared Services Agreement with Monte Oro Grid Resources Corporation and Calaca High Power Corporation for a period of three (3) years. The Company shall render monthly management consulting and financial advisory services and, in consideration of the services rendered, the Company shall receive a monthly management fee of P300,000 from each entity.

On March 22, 2017, the Shared Services Agreement was amended to extend the period up to December 31, 2018.

On February 26, 2018, the Shared Services Agreement was further amended extending the period up to December 31, 2021. This was superseded by a Revised Shared Services Agreement entered into by the Company on January 1, 2019, increasing the monthly management fee to P500,000 with a period of three (3) years commencing January 1, 2019, unless otherwise cancelled or extended by mutual agreement of the related parties and SGDPI.

Interest income for the nine months ended September 30, 2020 and 2019 amounted to P0.006 and 0.005 million, respectively.

Operating expenses
For the nine months ended September 30, 2020, the Company incurred expenses such as filing fees, salaries and other employee benefits, professional fees, taxes and licenses and other operating expenses totaling to P22.23 million, which is 259% higher as compared to P6.19 million in the same period in 2019, due to increase in professional fees, incurred in relation to the ongoing processing of share swap transaction approved on December 20, 2019.

<u>Nine months ended September 30, 2020 compared to Year ended December 31, 2019</u>

Revenue recognized during the period ending September 30, 2020 and for year ended 2019 represents management fee, and interest income from savings deposit, the aggregate of which amounts to P25.51 million and P12.01 million, respectively.

On March 22, 2017, the Shared Services Agreement was amended to extend the period up to December 31, 2018.

On February 26, 2018, the Shared Services Agreement was further amended extending the period up to December 31, 2021. This was superseded by a Revised Shared Services Agreement entered into by the Company on January 1, 2019, increasing the monthly management fee to P500,000 with a period of three (3) years commencing January 1, 2019, unless otherwise cancelled or extended by mutual agreement of the related parties and SGDPI.

Expenses as of September 30, 2020 and December 31, 2019 amounted to P22.23 million and P8.92 million respectively. The Company incurred higher expenses in the first quarter, due to increase in professional fees, in relation to the ongoing processing of share swap transaction approved on December 20, 2019. This resulted to P0.05 income per share for the period ended September 30, 2020 compared to P0.04 income per share for the year 2019.

Key Performance Indicators

Performance Indicators	Formula	30 September 2019	30 September 2020
Current Ratio	Current Assets /Current Liabilities	33.09 : 1 8,005,649 / 241,961	42.22 : 1 10,270,603 / 243,236

Debt to Equity Ratio	Total Liabilities / Stockholder's Equity	0.03 : 1 241,961 / 7,763,688	0.02 : 1 243,236/ 10,027,367
Asset to Equity Ratio	Total Assets / Stockholder's Equity	1.03 : 1 8,005,649 / 7,763,688	1.02 : 1 10,270,603 / 10,027,367
Equity to Debt Ratio	Stockholder's Equity / Total Liabilities	32.09 : 1 7,763,688 / 241,961	41.22 : 1 10,027,367 / 243,236
Book Value per share	Stockholder's Equity / Total number of shares	0.16 : 1 7,763,688 / 49,466,000	0.20 : 1 10,027,367 / 49,466,000
Income (Loss) per share	Net Income (Loss) / Total number of shares	0.04 : 1 1,966,253 / 49,466,000	0.05 : 1 2,282,186 / 49,466,000
Interest Rate Coverage Ratio	EBIT / Interest Expense	N/A	N/A

Assets

Total assets as of September 30, 2020 amounted to P10.27 million, wherein 72.12% represents cash and cash equivalents and 27.88% represents other current assets. As of September 30, 2019, total assets amounted to P8.01 million.

Liquidity and Capital Resources

As of September 30, 2020, the Company's current assets exceeded the current liabilities by P10.03 million. The current ratio as of September 30, 2020 increased as compared to September 30, 2019.

	September 30, 2020	September 30, 2019
Current Assets	P 10,270,603	P 8,005,649
Current Liabilities	243,236	241,961
Difference	10,027,367	7,763,688
Current Ratio	42.22	33.09

PART II--OTHER INFORMATION

The issuer may, at its option, report under this item any information not previously reported in a report on SEC Form 17-C. If disclosure of such information is made under this Part II, it need not be repeated in a report on Form 17-C which would otherwise be required to be filed with respect to such information or in a subsequent report on Form 17-Q.

SIGNATURES

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

SIGNATURES

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

SYNERGY GRID & DEVELOPMENT PHILS., INC.

By:

DAVE NHOWEL M. ASEJO
Treasurer/Compliance Officer

MA. THERESITA DE GUZMAN YULO
Comptroller

1. Reporting Entity

Synergy Grid & Development Phils., Inc. (the "Company") was originally a mining corporation and registered with the Philippine Securities and Exchange Commission (SEC) on June 1, 1970 under the name Mankayan Minerals Development Company, Inc.

On February 22, 1994, the SEC approved the Company's change of corporate name to UEM Development Phils., Inc. and the change in its primary purpose from engaging in mining activities to general construction and other allied businesses. The amendment of its primary purpose was due to the potential opportunity in the construction industry brought about by the entry of a new foreign investor.

On October 10, 1997, the SEC approved the Amendment to the Seventh Article of the Company's Articles of Incorporation increasing the par value of its authorized capital stock from P0.01 to P1.00, decreasing the Company's shares of stock from 500,000,000 shares to 50,000,000 shares, and stating that the stockholders shall have no pre-emptive rights.

On November 5 and 9, and December 14, 2010, the Board of Directors (BOD) considered and approved the Amendment of the Articles of Incorporation and By-Laws of the Company for the purpose of, among others, changing the Company's corporate name to Synergy Grid & Development Phils., Inc., changing its primary purpose to enable it to engage in the business of investing in, purchasing or acquiring, and selling or disposing of the shares of stock, bonds, evidences of indebtedness and other securities issued or created by corporations and other entities engaged in power, energy, utilities, infrastructure and other allied businesses; and for the above purposes, to acquire, lease, hold, occupy, use, mortgage real and personal properties, to obtain financing from local and international funding sources or otherwise raise capital and funds by issuing or creating equity and debt securities, and to do or engage in any and all other businesses and activities incidental to or connected with, or in furtherance and/or the implementation of any and all of the foregoing and increasing the Company's authorized capital stock to 215,000,000. The amendments to the Articles of Incorporation and By-Laws of the Company were approved by the stockholders on December 21, 2010.

The Company does not have any investment yet as at December 31, 2019. It entered into a management agreement with related parties to provide management consulting and financial advisory services starting 2015. The said management agreement was revised commencing January 1, 2019 (Note 7).

In 2019, the BOD and stockholders resolved and approved the increase in authorized capital stock of the Company and the proposed share swap transaction.

On March 26, 2020, the proposed share-swap transaction was approved by the Philippine Competition Commission on the grounds that it will not likely result in substantial lessening of competition in the Philippine market.

As of September 30, 2020, the Company is still in process of completing the requirements in order to submit the application for these transactions with SEC (Note 8).

Accordingly, the Management continues to use the going concern basis of accounting in preparing the financial statements in light of the foregoing.

The Company's shares of stock are listed on the Philippine Stock Exchange (PSE) under the stock symbol "SGP."

The Company's registered office address is Unit 1607, 16th Floor, Tycoon Center Bldg. Condominium, Pearl Drive, Pasig City, Metro Manila.

2. Basis of Preparation

Statement of Compliance

The financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). PFRS are based on International Financial Reporting Standards issued by the International Accounting Standards Board (IASB). PFRS which are issued by the Philippine Financial Reporting Standards Council, consist of PFRS, Philippine Accounting Standards (PAS), and Philippine Interpretations.

Basis of Measurement

The financial statements of the Company have been prepared on a historical cost basis of accounting.

Functional and Presentation Currency

The financial statements are presented in Philippine peso, which is the Company's functional currency. All financial information presented in Philippine peso has been rounded off to the nearest peso, unless otherwise indicated.

Use of Judgments and Estimates

The preparation of the financial statements in conformity with PFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. The estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the financial statements. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Judgments are made by management on the development, selection and disclosure of the Company's critical accounting policies and estimates and the application of these policies and estimates.

In particular, below is the information about significant areas of estimation uncertainty in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements:

Estimating Realizability of Deferred Tax Assets

The Company reviews its deferred tax assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. The Company's assessment on the recognition of deferred tax assets on deductible temporary difference and carryforward benefits of Minimum Corporate Income Tax (MCIT) and Net Operating Loss Carry Over (NOLCO) is based on the projected taxable income within the prescription period.

The Company has not recognized the deferred tax assets as at September 30, 2020 and December 31, 2019 since management does not expect to have sufficient taxable profit that will be available against which the Company can utilize the benefit therefrom (Note 9).

3. Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in these financial statements, except for the changes in accounting policies as explained below.

Adoption of New Standards
The Company has adopted the following new standards starting January 1, 2019 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption did not have any significant impact on the Company's financial statements.

- *Philippine Interpretation IFRIC-23 Uncertainty over Income Tax Treatments* clarifies how to apply the recognition and measurement requirements in PAS 12 *Income Taxes* when there is uncertainty over income tax treatments. Under the interpretation, whether the amounts recorded in the financial statements will differ to that in the tax return, and whether the uncertainty is disclosed or reflected in the measurement, depends on whether it is probable that the tax authority will accept the Company's chosen tax treatment. If it is not probable that the tax authority will accept the Company's chosen tax treatment, the uncertainty is reflected using the measure that provides the better prediction of the resolution of the uncertainty - either the most likely amount or the expected value.

  The interpretation also requires the reassessment of judgements and estimates applied if facts and circumstances change - e.g. as a result of examination or action by tax authorities, following changes in tax rules or when a tax authority's right to challenge a treatment expires.

  The adoption of Philippine Interpretation IFRIC-23 has no impact on the Company's financial statements.

Standards Issued but Not Yet Adopted
A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2019. However, the Company has not early adopted the following new or amended standards in preparing these financial statements. Unless otherwise stated, none of these are expected to have a significant impact on the Company's financial statements.

- *Amendments to References to Conceptual Framework in PFRS Standards* sets out amendments to PFRS Standards, their accompanying documents and PFRS practice statements to reflect the issuance of the revised Conceptual Framework for Financial Reporting in 2018 (2018 Conceptual Framework). The 2018 Conceptual Framework includes:

  - a new chapter on measurement;
  - guidance on reporting financial performance;
  - improved definitions of an asset and a liability, and guidance supporting these definitions; and

- clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

  Some Standards, their accompanying documents and PFRS practice statements contain references to, or quotations from, the International Accounting Standards Committee's Framework for the Preparation and Presentation of Financial Statements adopted by the IASB in 2001 or the Conceptual Framework for Financial Reporting issued in 2010. The amendments update some of those references and quotations so that they refer to the 2018 Conceptual Framework and makes other amendments to clarify which version of the Conceptual Framework is referred to in particular documents.

  These amendments are effective for annual reporting periods beginning on or after January 1, 2020.

- *Definition of Material (Amendments to PAS 1 Presentation of Financial Statements and PAS 8 Accounting Policies, Changes in Accounting Estimates and Errors)*. The amendments refine the definition of material. The amended definition of material states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments clarify the definition of material and its application by:

  (a) raising the threshold at which information becomes material by replacing the term 'could influence' with 'could reasonably be expected to influence';

  (b) including the concept of 'obscuring information' alongside the concept of 'omitting' and 'misstating' information in the definition;

  (c) clarifying that the users to which the definition refers are the primary users of general purpose financial statements referred to in the Conceptual Framework;

  (d) clarifying the explanatory paragraphs accompanying the definition; and

  (e) aligning the wording of the definition of material across PFRS Standards and other publications.

  The amendments are expected to help entities make better materiality judgments without substantively changing existing requirements.

  The amendments apply prospectively for annual periods beginning on or after January 1, 2020. Earlier application is permitted.

<u>Financial Instruments</u>
Non-derivative Financial Instruments. Non-derivative financial instruments consist of cash and accrued expenses and other current liabilities (excluding government payables).

Recognition and Initial Measurement. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at Fair Value through Profit or Loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial Assets

Classification and Subsequent Measurement. On initial recognition, the Company classifies its financial assets in the following measurement categories: amortized cost; Fair Value through Other Comprehensive Income (FVOCI) - debt investment; FVOCI - equity investment; or FVTPL.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

The Company has no financial assets classified as measured at: FVOCI - debt investment, FVOCI - equity investment or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and

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

The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Included in this category is the Company's cash. Cash includes cash on hand and in banks which are stated at face value.

Business Model Assessment. The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

a. the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;

b. how the performance of the portfolio is evaluated and reported to the Company's management;

c. the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

d. how managers of the business are compensated - e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

e. the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Solely Payments of Principal and Interest Assessment. Principal is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;

- terms that may adjust the contractual coupon rate, including variable-rate features;

- prepayment and extension features; and

- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

<u>Financial Liabilities</u>
Classification, Subsequent Measurement and Gains and Losses. Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Included under other financial liabilities are accrued expenses and other current liabilities (excluding payables to government).

<u>Derecognition of Financial Assets and Liabilities</u>
Financial Assets. 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 rights to receive cash flows from the asset have expired;

- the Company retains the right to receive cash flows from the 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 rights to receive cash flows from the 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 flow from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset or the maximum amount of consideration that the Company could be required to pay.

Financial Liabilities. 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. The difference in the respective carrying amounts is recognized in profit or loss.

Offsetting Financial Instruments

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

Impairment of Financial Assets

The Company recognizes loss allowances for expected credit losses (ECLs) on financial asset at amortized cost. Loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and

- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Company measures loss allowances at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired Financial Assets
At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;

- A breach of contract such as a default or being more than 90 days past due;

- The restructuring of a loan of advance by the Company on terms that the Company would not consider otherwise;

- It is probable that the borrower will enter bankruptcy or other financial reorganization; or

- The disappearance of an active market for a security because of financial difficulties.

Presentation of Impairment
Loss allowances for the financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Write-off
The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

<u>Determination of Fair Value</u>
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or most advantageous market must be accessible to the Company.

The fair value of an asset or 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.

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: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the asset or liability that are not based on observable market data.

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 the categorization at the end of each reporting period.

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

Capital Stock

Common Shares

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

Earnings Per Share

Basic Earnings Per Share (EPS) is calculated by dividing income applicable to common shares by the weighted average number of common shares outstanding during the year with retroactive adjustments for stock dividends, if any. Diluted EPS is computed in the same manner as basic EPS, however, net income attributable to common shares and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential common shares, if any.

Operating Segment

A segment is a distinguishable component of the Company that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those other segments.

The Company, having no operations, assessed that it has no reportable segment. Accordingly, the Company does not present segment information.

Revenue Recognition

Revenue from Contracts with Customers

The Company recognizes revenue when it transfers control over a service to a customer. Revenue is measured based on the consideration specified in the contract which is a fixed amount.

The Company recognizes management income from its related parties. Management income, which is derived from management consulting and financial advisory services, is recognized over time at a monthly fixed rate as the services are provided and are due on demand.

Interest Income
Interest income from cash in banks is recognized on a time proportion basis, taking into account the principal outstanding and the effective rate over the period of maturity. It is subject to final withholding tax and is presented at gross amount and the tax paid or withheld is included in income tax expense.

Other Income
Other income is recognized when earned.

<u>Expense Recognition</u>
Expenses are recognized when decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably. Expenses are recognized when they are incurred.

Short-term Employee Benefits
Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present, legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

<u>Taxes</u>
Income tax on the profit or loss for the year is composed of current and deferred income tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

Current Tax
Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period.

Deferred Tax
Deferred tax assets and liabilities are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes and the carryforward tax benefits of the NOLCO and the excess of MCIT over the Regular Corporate Income Tax (RCIT). The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, carryforward benefits of NOLCO and MCIT, using tax rates enacted or substantively enacted by the end of the reporting period.

Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and

- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for carryforward tax benefits of unused NOLCO, unused tax credits from excess MCIT and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans of the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax assets to be recognized.

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

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accrual for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax availabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

Value Added Tax (VAT). Revenues, expenses and assets are recognized net of the amount of VAT, except:

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of tax included.

<u>Related Party Transactions and Relationship</u>
Related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise 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 enterprise, between and/or among entities which are under control with reporting enterprise and its Key Management Personnel (KMP), directors, or the entity, or any member of the group of which it is part, that provides key management personnel services to the reporting entity.

Foreign Currency Transactions
Transactions in foreign currencies are converted to Philippine peso at exchange rates prevailing at the transaction dates. Foreign currency-denominated monetary assets and liabilities are retranslated into Philippine peso at the exchange rates prevailing at the reporting date. The resulting foreign exchange gains or losses are recognized in profit or loss.

Provisions
Provisions are recognized when the Company has: (a) a present obligation (legal or constructive) as a result of past event; (b) it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and those risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Where some or all of the expenditures required to settle a provision are expected to be reimbursed by another party, the reimbursement shall be recognized when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognized for the reimbursement shall not exceed the amount of the provision. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

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

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

4. Cash

This account consists of:

	Note	**September 2020**	2019
Cash on hand		**P10,000**	P10,000
Cash in banks	*10*	**7,397,132**	8,189,603
		P7,407,132	P8,199,603

Cash in banks earn annual interest at the respective bank's deposit rates. Interest income amounted to P5,716 and P8,041 for the periods ended September 30, 2020 and December 31, 2019, respectively.

5. Other Current Assets

The movements in this account are as follows:

	September 2020	2019
Input VAT - net	**P 14,658**	P -
Creditable withholding tax - net	**2,848,813**	-
	P2,863,471	P -

6. Accrued Expenses and Other Current Liabilities

This account at September 30 consists of:

	Note	September 2020	2019
Accrued expenses	*10*	**P-**	P220,000
Government payables		**243,236**	234,422
		P243,236	P454,422

Government payables include withholding tax, VAT payable and other payables to various government agencies.

7. Related Party Transactions

The Company's transactions with related parties as at September 30, 2020 are as follows:

Transaction	**Year**	***Note***	**Amount of the Transaction**
Under KMP services			
Monte Oro Grid Resources Corporation			
▪ Management income	**2020**	*7a*	**12,753,095**
	2019		6,000,000
	2018		3,600,000
Calaca High Power Corporation			
▪ Management income	**2020**	*7a*	**12,753,095**
	2019		6,000,000
	2018		3,600,000
Key Management Personnel			
▪ Short-term employee benefits	**2020**	*7b*	**4,164,068**
	2019		5,582,210
	2018		5,073,992

a. On January 1, 2015, the Company entered into a Shared Services Agreement with Monte Oro Grid Resources Corporation (MOGRC) and Calaca High Power Corporation (CHPC) for a period of three (3) years. The Company shall render monthly management consulting and financial advisory services and, in consideration of the services rendered, the Company shall receive a monthly management fee of P300,000 from each entity.

   On March 22, 2017, the Shared Services Agreement was amended to extend the period up to December 31, 2018.

On February 26, 2018, the Shared Services Agreement was further amended extending the period up to December 31, 2021. This was superseded by a Revised Shared Services Agreement entered into by the Company on January 1, 2019, increasing the monthly management fee to P500,000 with a period of three (3) years commencing January 1, 2019, unless otherwise cancelled or extended by mutual agreement of the related parties and the Company.

b. Short-term employee benefits are included under “Salaries and other employee benefits” account in the statements of profit or loss and other comprehensive income.

8. Capital Stock

	September 2020		2019	
	Number of Shares	**Amount**	Number of Shares	Amount
Authorized shares (at P1 par value per share) Common	**50,000,000**	**P50,000,000**	50,000,000	P50,000,000
Issued shares Common	**49,466,000**	**P49,466,000**	49,466,000	P49,466,000

As at September 30, 2020, December 31, 2019, and 2018, the Company’s offer price is P155, P195, and P536, respectively.

Basic/diluted income (loss) per share amounts are computed as follows:

	September 2020	2019	2018
Net income (loss) attributable to shareholders	**P2,282,186**	P1,947,746	(P889,620)
Divided by weighted average number of outstanding common shares	**49,466,000**	49,466,000	49,466,000
	P0.05	P0.04	(P0.02)

There were no dilutive potential common shares, hence basic and diluted loss per share are the same for all the years presented.

Increase in Authorized Capital Stock/Share Swap
On November 5 and 9, 2010, the BOD resolved and approved the increase in the authorized capital stock of the Company from P50 million to P215 million, with the increase of P165 million to be divided into 100 million common shares at a par value of P1 per share and 65 million non-voting preferred shares at a par value of P1 per share with other terms and conditions to be determined by the BOD at a later date.

In connection with the above resolutions and with a proposed share swap with the stockholders of Pacifica21 Holdings, Inc. (Pacifica21) and OneTaipan Holdings, Inc. (OneTaipan), on February 16, 2011, the BOD passed a resolution authorizing the Company to issue, out of the P165 million increase in the authorized capital stock of the Company, 100,000,000 common shares at a price of P20 per share, to the stockholders of OneTaipan and Pacifica21 in exchange for their shares in OneTaipan and Pacifica21.

The above resolutions on the increase in capital stock and share swap were approved by the Company's stockholders on December 21, 2010. These applications were approved by the SEC on March 28, 2011. However, on February 23, 2016, upon the request of the shareholders of OneTaipan and Pacifica21, the BOD of the Company approved the rescission of the share swap agreement. This was due to an unfavorable ruling issued by the BIR and affirmed by the Department of Finance (DOF) on the tax-free exchange with Pacifica21. In 2015, the Company filed an appeal to the Office of the President to review the decision of the DOF.

The BOD further approved the cancellation of the increase in authorized capital stock which was previously approved by the SEC. On August 26, 2016, the Company filed an application with the SEC to approve such cancellation after obtaining the approval of the same from the Company's stockholders on April 28, 2016. The approval of such cancellation was obtained from SEC on October 12, 2016.

On January 17, 2017, the Company filed a motion to the Office of the President to withdraw the previously filed appeal in 2015. This was accepted by the Office of The President on March 6, 2018.

On November 14, 2019, the BOD resolved and approved the increase in the authorized capital stock of the Company from P50.00 million divided into 50 million common shares at par value of P1 per share to P5.05 billion divided into 5.05 billion common shares at par value of P1 per share, with the increase of P5.00 billion to be divided into 5 billion common shares at a par value of P1 per share.

On the same date, in connection with the above resolution and with a proposed share swap with the stockholders of Pacifica21 and OneTaipan, the BOD passed a resolution authorizing the Company to issue, out of the P5.00 billion increase in the authorized capital stock of the Company, 4,100,400,000 common shares at a price of P20 per share, to the stockholders of OneTaipan and Pacifica21 in exchange for their shares in OneTaipan and Pacifica21.

The above resolutions on the increase in authorized capital stock and share swap were approved by the Company's stockholders on December 20, 2019.

On March 26, 2020, the proposed share-swap transaction was approved by the Philippine Competition Commission on the grounds that it will not likely result in substantial lessening of competition in the Philippine market.

As of September 30, 2020, the Company is still in process of completing the requirements in order to submit the application for the above transactions with SEC.

9. Income Tax

The components of taxes are as follows:

	September 2020	2019	2018
Current tax	**P977,115**	P1,131,564	P144,033
Deferred tax	**-**	(6,506)	6,017
Final tax on interest income	**1,143**	1,608	1,643
	P978,258	P1,126,666	P151,693

Current income tax expense represents the current period's RCIT.
The reconciliation of the taxes computed at the statutory income tax rate to the taxes as shown in profit or loss follows:

	September 2020	2019	2018
Income (loss) before income tax	**P3,260,444**	P3,074,412	(P737,927)
Tax on income (loss) at statutory tax rate	**P978,133**	P922,324	(P221,378)
Tax effects of:			
Nondeductible expense	**-**	200,530	280,790
Movement in unrecognized deferred tax	**697**	4,616	93,105
Interest income subjected to final tax	**(572)**	(804)	(824)
Nontaxable income	**-**	-	-
Application of NOLCO	**-**	-	-
	P978,258	P1,126,666	P151,693

The Company has not recognized the deferred tax assets relating to MCIT as at September 30, 2020 and December 31, 2019 since management does not expect the Company to have sufficient taxable profit that will be available against which the Company can utilize the benefit therefrom.

The Company's temporary differences for which deferred tax assets were not recognized as at September 30, 2020 and December 31, 2019 pertains to MCIT amounting to P144,033 and P288,755, respectively and unrealized foreign exchange loss P17,709 and P15,386 as at September 30, 2020 and December 31, 2019, respectively.

As at September 30, 2020 and December 31, 2019, the Company has deferred tax liability amounting to nil, arising from the unrealized foreign exchange gain of nil.

The Company has carry forward benefit of MCIT which can be claimed as tax credits against future income tax liabilities. Details of MCIT are as follows:

Year Incurred	Expiry Date	Amount	Expired	Balance **September 2020**	Balance 2019
2017	2020	144,722	P144,722	**P -**	144,722
2018	2021	144,033	-	**144,033**	144,033
2020	2023	-	-	**-**	-
		P288,755	P144,722	**P144,033**	P288,755

10. Financial Risks and Capital Management Objectives and Policies

The Company's financial instruments comprise of cash and accrued expenses and other current liabilities (excluding government payables).

The Company has exposure to credit risk and liquidity risk primarily from its use of financial instruments.

This note presents information about the Company's exposure to each of the foregoing risks, the Company's objectives, policies and processes for measuring and

managing these risks, and the Company's management of capital.
The Company's aim is to achieve an appropriate balance between risk and return and minimize potential adverse effects on the Company's financial performance. The BOD provides written principles for overall risk management.
The BOD constituted the Company's Audit Committee which has oversight responsibility over Company's corporate governance process relating to the: (a) quality and integrity of the Company's financial statements and financial reporting process and the Company's system of internal accounting and financial controls; (b) annual independent audit of the Company's financial statements; (c) compliance by the Company with legal and regulatory requirements, including the Company disclosures control and procedures; and (d) evaluation of management's process to access and manage the Company's enterprise risk issues.

Credit Risk
Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from cash.

The maximum credit risk exposure of the Company is its cash in banks amounting to P7,397,132 and P8,189,603 as at September 30, 2020 and December 31, 2019, respectively (Note 4).

To reduce its credit risk on cash in banks, the Company concentrates its main cash activities with a bank that has good financial ratings. Also, the utilization of credit limits with the bank is regularly monitored.

High grade financial assets are those assessed as having minimal credit risk, otherwise, they are of standard quality.

As at September 30, 2020 and December 31, 2019, the credit quality of the Company's cash in banks is high grade given that the credit risk for cash in banks is considered negligible since the counterparties are reputable entities with high quality external credit rating.

Impairment on cash in banks has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that cash in banks have low credit risk based on the external credit ratings of the counterparties and any ECL is expected to be immaterial.

Liquidity Risk
Liquidity risk is the risk that the Company will be unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay creditors and fulfill commitments.

To manage liquidity risk, the Company maintains sufficient liquid assets to meet its maturing obligations and to meet current operating requirements.

The table below summarizes the maturity profile of the Company's financial assets and financial liabilities based on contractual undiscounted payments used for liquidity management as at September 30, 2020 and 2019.

		2020			
	Note	**Carrying Amount**	**Contractual Cash Flows**	**1 Year**	**More than 1 Year**
Financial Assets					
Cash	*4*	**P7,407,132**	**P7,407,132**	**P7,407,132**	**P -**
Financial Liabilities					
Accrued expenses and other current liabilities*	*6*	**P-**	**P-**	**P-**	**P-**

**Excluding government payables amounting to P243,236.*

		2019			
	Note	Carrying Amount	Contractual Cash Flows	1 Year	More than 1 Year
Financial Assets					
Cash	*4*	P8,199,603	P8,199,603	P8,199,603	P -
Financial Liabilities					
Accrued expenses and other current liabilities*	*6*	220,000	220,000	220,000	-

**Excluding government payables amounting to P234,422.*

Fair Value of Financial Assets and Liabilities

The carrying amounts of the Company's financial assets and financial liabilities at reporting dates approximate their fair values considering that these have short-term maturities.

Capital Management

The Company defines capital as capital stock and deficit as shown in the statements of financial position.

Management's objectives in managing capital are to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns to its shareholders and to maintain an optimal capital structure to reduce the cost of capital.

There were no changes in the Company's approach to capital management during the year.

The Company's current ratio, calculated as total current assets over total current liabilities, and debt-to-equity ratio, calculated as total liabilities over equity, as at September 30,2020 and December 31, 2019 are as follows:

Current Ratio

	September 2020	2019
Current assets	**P10,270,603**	P8,199,603
Current liabilities	**243,236**	454,422
	42.22:1.00	18.04:1.00

Debt-to-Equity Ratio

	September 2020	2019
Total liabilities	**P243,236**	P454,422
Total equity	**10,027,367**	7,745,181
	0.02:1.00	0.06:1.00

As at September 30,2020 and December 31, 2019, the Company is compliant with the minimum public float requirement by the PSE.

SYNERGY GRID & DEVELOPMENT PHILS., INC.
(Formerly UEM Development Phils., Inc.)

INTERIM STATEMENTS OF FINANCIAL POSITION
30 September 2020
(With Comparative figures for 30 September 2019)

			Audited		Unaudited Year to Date		
	Note		31 December 2019		30 September 2019		**30 September 2020**
ASSETS							
Current Assets							
Cash	*4,10*	P	8,199,603	P	7,505,237	**P**	**7,407,132**
Other current assets - net	*5,10*		-		500,412		**2,863,471**
Total Assets			8,199,603		8,005,649		**10,270,603**
LIABILITIES AND EQUITY							
Current Liabilities							
Accrued expenses and other current liabilities	*6,10*	P	454,422	P	241,961	**P**	**243,236**
Total Liabilities			454,422		241,961		**243,236**
Equity							
Capital stock	*8*		49,466,000		49,466,000		**49,466,000**
Deficit			(41,720,819)		(41,702,312)		**(39,438,633)**
Total Equity			7,745,181		7,763,688		**10,027,367**
		P	8,199,603	P	8,005,649	**P**	**10,270,603**

See Notes to Financial Statements

SYNERGY GRID & DEVELOPMENT PHILS., INC.
(Formerly UEM Development Phils., Inc.)

INTERIM STATEMENTS OF COMPREHENSIVE INCOME
30 September 2020
(With Comparative figures for 30 September 2019)

		Audited	Unaudited Year to Date		Unaudited Quarter Ending	
	Note	31 December 2019	30 September 2019	**30 September 2020**	30 September 2019	**30 September 2020**
INCOME						
Management income	7	P 12,000,000	P 9,000,000	**P 25,506,190**	P 3,000,000	**P 3,000,000**
Interest and other income	*4*	8,041	5,453	**5,716**	2,207	**2,468**
		12,008,041	9,005,453	**25,511,906**	3,002,207	**3,002,468**
OPERATING EXPENSES						
Professional fees		425,393	197,393	**16,642,790**	12,000	**234,150**
Salaries and other employee benefits	*7*	5,582,210	3,853,386	**4,164,068**	1,162,329	**1,255,218**
Filing fees		2,001,000	2,001,000	**1,225,587**	-	**-**
Taxes and licenses		73,425	73,425	**112,839**	-	**-**
Office supplies		9,360	9,360	**5,938**	2,500	**3,377**
Repairs and maintenance		5,500	5,500	**5,500**	-	**-**
Insurance		1,122	1,122	**1,122**	-	**-**
Transportation		1,835	376	**160**	120	**-**
Bank charges		300	300	**358**	-	**300**
Meetings and conferences		98,299	6,379	**-**	-	**-**
Impairment of creditable withholding tax		668,436	-	**-**	-	**-**
Miscellaneous		51,363	41,487	**75,391**	8,575	**10,206**
		8,918,243	6,189,728	**22,233,753**	1,185,524	**1,503,251**
INCOME FROM OPERATIONS		3,089,798	2,815,725	**3,278,153**	1,816,683	**1,499,217**
FOREIGN EXCHANGE GAIN (LOSS) - net		(15,386)	(5,300)	**(17,709)**	5,315	**(10,770)**
INCOME BEFORE INCOME TAX AND FINAL TAX		3,074,412	2,810,425	**3,260,444**	1,821,998	**1,488,447**
TAXES	*9*	1,126,666	844,172	**978,258**	544,784	**449,517**
NET INCOME / TOTAL COMPREHENSIVE INCOME		P 1,947,746	P 1,966,253	P **2,282,186**	P 1,277,214	**P 1,038,930**
BASIC AND DILUTED INCOME PER SHARE	*8*	P 0.04	P 0.04	**P 0.05**	P 0.03	**P 0.02**

See Notes to Financial Statements

SYNERGY GRID & DEVELOPMENT PHILS., INC.
(Formerly UEM Development Phils., Inc.)

INTERIM STATEMENTS OF CHANGES IN EQUITY
30 September 2020
(With Comparative figures for 30 September 2019)

	Note		**Audited**		**Unaudited Year to Date**		
			31 December 2019		30 September 2019		**30 September 2020**
CAPITAL STOCK - P1 par value							
Authorized - 50,000,000 shares							
Issued/subscribed (paid)	8	P	49,466,000	P	49,466,000	**P**	**49,466,000**
RETAINED EARNINGS (DEFICIT)							
Balance at beginning of period			(43,668,565)		(43,668,565)		**(41,720,819)**
Net income for the period			1,947,746		1,966,253		**2,282,186**
Balance at end of the period			(41,720,819)		(41,702,312)		**(39,438,633)**
		P	7,745,181	P	7,763,688	**P**	**10,027,367**

See Notes to Financial Statements

SYNERGY GRID & DEVELOPMENT PHILS., INC.
(Formerly UEM Development Phils., Inc.)

INTERIM STATEMENTS OF CASH FLOWS
30 September 2020
(With Comparative figures for 30 September 2019)

		Audited	Unaudited Year to Date	
	Note	31 December 2019	30 September 2019	**30 September 2020**
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before income tax		P 3,074,412	P 2,810,425	**P 3,260,444**
Adjustments for:				
Impairment of creditable withholding tax		668,436	-	-
Interest income	*4*	(8,041)	(5,453)	**(5,716)**
Unrealized foreign exchange gain - net		15,386	5,300	**17,709**
Operating income before working capital changes		3,750,193	2,810,272	**3,272,437**
Increase in other current assets		(1,800,000)	(1,350,000)	**(3,841,729)**
Decrease in accrued expenses and other current liabilites		(18,912)	(231,373)	**(211,186)**
Cash generated from (absorbed by) operations		1,931,281	1,228,900	**(780,478)**
Interest received		8,041	5,453	**5,716**
Income tax paid		(1,608)	(1,091)	**-**
Net cash provided by (used in) operating activities		1,937,714	1,233,262	**(774,762)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		1,937,714	1,233,262	**(774,762)**
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		(15,386)	(5,300)	**(17,709)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		6,277,275	6,277,275	**8,199,603**
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	*4*	P 8,199,603	P 7,505,237	**P 7,407,132**

See Notes to Financial Statements

SYNERGY GRID & DEVELOPMENT PHILS., INC.
SCHEDULES TO FINANCIAL STATEMENTS

Schedule A. Financial Assets

Name of Issuing entity and asssociation of each issue	Number of shares or principal amounts of bonds	Amount shown in balance sheet	Valued based on market quotation at end of	Income received and accrued

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than related parties)

Name and Designation of debtor	Balance December 31, 2019	Additions	Amounts Collected	Amounts written off	Current	Not Current	Balance September 2020
TOTAL	-	-	-	-	-	-	-

Schedule C. Amounts Receivable from Related Parties which are eliminated during the consolidation of financial statements

Name and Designation of debtor	Balance December 31, 2019	Additions	Amounts Collected	Amounts written off	Current	Not Current	Balance September 2020
TOTAL	-	-	-	-	-	-	-

SYNERGY GRID & DEVELOPMENT PHILS., INC.
SCHEDULES TO FINANCIAL STATEMENTS

Schedule D. Intangible Assets - Other Assets

Description	Balance December 31, 2019	Additions at Cost	Charged to cost and expense	Charged to other accounts	Other Changes	Balance September 30, 2020
Other Assets	-	4,004,070	-	(1,140,599)	-	2,863,471
TOTAL	**-**	**4,004,070**	**-**	**(1,140,599)**	**-**	**2,863,471**

Schedule E. Long Term Debt

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption " Current portion of	Amount shown under caption "Long-Term Debt" in related
			- -
TOTAL	-	-	-

SYNERGY GRID & DEVELOPMENT PHILS., INC.
SCHEDULES TO FINANCIAL STATEMENTS

Schedule F. Indebtedness to Related Parties (Long-Term Loans from Related Companies)

Name of related party	Balance December 31, 2019	Balance September 30, 2020
TOTAL	**-**	**-**

Schedule G. Guarantees of Securities of Other Isssuers

Name of Issuing entity of Securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of Guarantee
	Not Applicable			

SYNERGY GRID & DEVELOPMENT PHILS., INC.
SCHEDULES TO FINANCIAL STATEMENTS

Schedule H. Capital Stock

Title of Issue	Number of shares authorized	No. of shares issued and outstanding	No. of shares reserved for options, warrants convertion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Common	50,000,000	49,466,000	-		38,832,753	10,633,247
TOTAL	**50,000,000**	**49,466,000**	**-**	**-**	**38,832,753**	**10,633,247**

SYNERGY GRID & DEVELOPMENT PHILS., INC.
AGING OF ACCOUNTS RECEIVABLE
As of September 30, 2020

	Total	1 Month	2 Months	3 Months	4 Months& Over	Past Due Accounts & Items in Litigation
a. Trade Receivables						
Subtotal						
Less: Allowance						
Net Trade Receivables	-	-	-	-	-	-
b. Non-Trade Receivables						
Subtotal						
Less: Allowance						
Net Non-Trade Receivables	-	-	-	-	-	-
TOTAL RECEIVABLES	-	-	-	-	-	-

Type of Receivable	Nature / Description	Collection Period
1 Trade Receivables 2 Non Trade		