COVER SHEET

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S.E.C. Registration Number

MILLENNIUM GLOBAL HOLDINGS, INC.

(Formerly IPVG CORP.)

(Company's Full Name)

2ND FLOOR SENSES SPA BUILDING,

MIA ROAD CORNER PILDERA ST.,

TAMBO PARANAQUE CITY 1701

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

Mr. Yang Chi Jen (a.k.a. Michael Yang)
President/Alternate **C**orporate Information Officer and Compliance Officer
Ms. Amelia T. Tan
Treasurer
Atty. Lyra Gracia Y. Lipae-Fabella
Corporate Secretary/
Corporate Information and Compliance Officer

Contact Person/s

(632) 551-2575

Company Telephone Number

1	2	3	1	**SEC Form 17-A December 31, 2014**	June	Last Friday
Month		Day		FORM TYPE	Month	Day
Fiscal Year					Annual Meeting	

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders Domestic Foreign

To be accomplished by SEC Personnel concerned

File Number LCU

Document I.D. Cashier

STAMPS

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended **December 31, 2014**

2. Commission identification number. **25160**

3. BIR Tax Identification No **000-189-138-000**

4. Exact name of issuer as specified in its charter **Millennium Global Holdings, Inc.**

5. Province, country or other jurisdiction of incorporation or organization : **Metro Manila, Philippines**

6. Industry Classificatio [ ] (SEC Use Only)

7. **2nd Floor Senses Spa Bldg., MIA Road corner Pildera St. Tambo, Paranaque City 1701**

Address of issuer's principal office Postal Code

Issuer's telephone number, including area code **(632) 551-2575**

8. **IPVG Corp., 34F RCBC Plaza Tower 2, 6819 Ayala Avenue 1200, Makati City**

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

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

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common	**2,134,215,000 shares**

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

Yes [✓] No [ ]

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

Philippine Stock Exchange; Common Shares

11. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or 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 twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes [**√**] No [ ]

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

Yes [**√**] No [ ]

12. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form. (See definition of "affiliate" in "Annex B").

The aggregate market value of the voting stock held by non-affiliates of the Company as of December 31, 2014 is Php 272,293,849.18 (716,562,761 shares @ 0.38/share)

APPLICABLE ONLY TO ISSUERS INVOLVED IN INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

13. Check whether the issuer 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 [ ] **(N/A)**

DOCUMENTS INCORPORATED BY REFERENCE

14. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

(a) Any annual report to security holders; **(N/A)**

(b) Any information statement filed pursuant to SRC Rule 20; **(N/A)**

(c) Any prospectus filed pursuant to SRC Rule 8.1. **(N/A)**

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Our discussions in the succeeding sections of this report pertain to the results of our company's operations for the twelve (12) months ended ***December 31, 2014****. References are going to be made on results of operations for the same period of the previous year 2013.*

This report may also contain forward-looking statements that reflect our current views with respect to the company's future plans, events, operational performance, and desired results. These statements, by their very nature, contain substantial elements of risks and uncertainties, and therefore, may not be 100% accurate. Actual results may be different from our forecasts.

Furthermore, the information contained herein should be read in conjunction with the accompanying audited consolidated financial statements and related notes. Our financial statements, and the financial discussions below, have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

PART I. BUSINESS AND GENERAL INFORMATION

Millennium Global Holdings, Inc. (the "Company"), formerly IPVG Corp. (IPVG), was incorporated and registered with the Philippine Securities and Exchange Commission ("SEC") per SEC Registration No. 25160 on May 19, 1964. A general holding company, it is listed in the Philippine Stock Exchange, Inc. (the "PSE") with the stock symbol MG.

On July 1, 2011, the stockholders of the Company, pursuant to a corporate restructuring, approved the sale of all assets and liabilities of IPVG to a new private company, IP Ventures, Inc., ("IPVI"), having the same shareholding structure of IPVG. The corporate restructuring aimed to achieve the Company's business and operational targets and create shareholder value for the group. Pursuant thereto, IPVG has transferred substantially all of its assets to IPVI.

On February 16, 2012, the stockholders of the Company approved the amendment of its Articles of Incorporation changing the primary purpose of the Company, allowing it to, among others, establish a refinery in the Philippines to refine metal ores, precious stones, oil, gas, coal, and minerals intended primarily for export purposes.

On October 22, 2012, the stockholders of the Company further approved the amendment of its Articles of Incorporation, changing the primary purpose of the Company to a general holding company, allowing business ventures in areas involving seafood, aqua-culture, seafood processing, and agriculture. The amendment is in line with the Company's strategic direction and focus on natural resource plays. The stockholders likewise approved to change the principal office of the Corporation, subject to the determination of the Board.

On February 14, 2013, the SEC approved the following changes:

- Change of name from "IPVG Corp." to "Millennium Global Holdings, Inc.";
- Change of primary purpose to a general holding company; and
- Change of principal place of office from "34th Floor, Tower 2, RCBC Plaza, 6819 Ayala Avenue, Makati City " to "2nd Floor Senses Spa Building, MIA Road corner Pildera Street, Tambo, Paranaque City"

On July 25, 2013, the SEC also approved the Company's increase in authorized capital stock from P2 Billion to P2.5 Billion.

On December 20, 2013, the stockholders approved the investment in and/or acquisition of various businesses and operating companies, including 51% controlling interest in Millennium Ocean Star Corporation ("MOSC"), majority-owned by the Company's Chairman and President, Yang Chi Jen. On January 10, 2014, the Company acquired 51% controlling interest in MOSC.

BUSINESS MILESTONES IN 2014

Highlights in the First Quarter:

On January 10, 2014, the Company executed the agreement for the acquisition of P137,908,163.00 worth of primary common shares of MOSC at par value of P1.00 per share.

The transaction is a significant opportunity for the Company in realizing its aim to materially widen its investment portfolio, leading to significant opportunities for business growth and enhancing shareholders' value.

Highlights in the Second Quarter:

On April 11, 2014, the Board of Directors approved the acquisition of manufacturing and canning businesses in the Visayas, to be disclosed once the agreements are firmed up.

On the same date, the Board of Directors approved the assignment of the Deposit for Future Share Subscription amounting to a total of P9,390,000.00 and issuance of shares corresponding to the same amount equivalent to a total of 9,215,000 shares to Mr. Yang Chi Jen, the Company's Chairman and President, to be taken from the existing unissued common shares of the Company.

On May 14, 2014, the SEC approved the Company's application for extension of term for another fifty (50) years from and after May 19, 2014.

Highlights in the Third Quarter:

Pursuant to SEC Memorandum Circular No. 9, series of 2014, the Company filed on July 28, 2014 its Amended Manual on Corporate Governance.

Highlights in the Fourth Quarter:

On October 14, 2014, the Board of Directors approved to enter into an Investment Agreement with Chen Chih-Hsing, a Chinese national, for P15 million, payable in 3 years and convertible into equity at the option of the investor.

On the same date, the Board of Directors likewise approved the acquisition of Cebu Canning Corporation (C3) through a combined acquisition of primary and secondary shares, making it a wholly-owned subsidiary of the Company.

On November 28, 2014, the stockholders approved the foregoing acts.

Notably, on April 17, 2015, C3 became a subsidiary (51%) of MG.

Status of Operations

In 2013, the stockholders approved the investment in and/or acquisition of various businesses and operating companies, including 51% controlling interest in MOSC. Effectively, MOSC became the Company's subsidiary on January 10, 2014.

On October 14, 2014, the Board of Directors approved the acquisition of C3 through a combined acquisition of primary and secondary shares, intending to make it a wholly-owned subsidiary of the Company. C3, a domestic corporation incorporated in 2008, is a family-owned and operated seafood company located at Tresco Compound, Casuntingan, Mandaue, Cebu City. It is primarily engaged in the business of processing pasteurized canned crabmeat commonly known as the blue swimming crab. The Company exports high quality canned seafood to the U.S.A., among others.

Key Competitors

No key competitors are identifiable for the year 2014.

Principal Suppliers

No principal suppliers are identifiable for the year 2014.

Dependence on a Few or Single Customer

No customer/s are identifiable for the year 2014.

Transaction with and/or Dependence on Related parties

As a result of the Asset Purchase Agreement executed on September 28, 2011, all Management Agreements and Related Parties were transferred to IPVI.

In 2013, the stockholders approved the investment in and/or acquisition of various businesses and operating companies, including 51% controlling interest in MOSC, majority-owned by the Company's Chairman and President, Yang Chi Jen. A Subscription Agreement acquiring 51% controlling interest in MOSC was consequently executed on January 10, 2014.

In 2014, the stockholders approved the issuance and listing of 9.125 Million shares at par value of P1.00/share which were subscribed by the Company's Chairman/President and CEO, Yang Chi Jen.

Effect of Existing or Probable Government Regulations on the Business

The government regulations affecting the Company have no significant impact on its business.

Development Activities

Other than the corporate restructuring activities, the Company has not spent or engaged in any other significant development activities.

Cost and Effects of Compliance with Environmental Laws

Given the Company's nature of business, it is not covered by the country's environmental laws.

Employees

In line with the Company's restructuring plan with IPVI dated September 28, 2011, all personnel employed or under the payroll of the Company were transferred to IPVI.

Beginning 2014, personnel support has been provided to the Company through its subsidiary, MOSC. The Company in the normal course of business will hire personnel, as needed, to support the businesses that it will undertake in the future. Furthermore, the Company complies with government prescribed labor standards.

Description of Properties

The Properties are comprised mostly of land, processing plants and equipment, machinery and delivery equipment owned by the Company's subsidiary, MOSC.

Legal Proceedings

The following are the material pending legal proceedings to which the Corporation and/or any of its subsidiaries or affiliates, and/or any of its Directors and Officers, is a party or of which any of their property is the subject as of December 31, 2014.

1. **B&M Inc. vs. Teresita G. Estrera, Willy O. Dizon, Richard C. Uy, James C. Uy and the Registry of Deeds of Tagaytay City (Regional Trial Court Branch 18 Tagaytay City; Civil Case No. TG-2303)**

   A civil case involving a foreclosure of a real property amounting to P7.5 Million. The case is pending before the regional trial court.

2. **Spouses Edmundo Sarosa and Lourdes Sarosa vs. Marilou Tanghal and Willy Dizon (Regional Trial Court, Parañaque City; Civil Case No. 02-0335)**

   A civil case involving a foreclosure of a real property amounting to P3 Million. The case is pending before the regional trial court.

3. **Spouses Willy O. Dizon and Nene C. Dizon vs. Rosalita Razon and Dr. Nellie Ilas (Regional Trial Court Branch 90, Dasmarinas City, Cavite; Civil Case No. 5987-13)**

   A civil case filed by Spouses Dizon involving an alleged non-delivery of the transfer certificate of title of real property amounting to P22 Million despite full payment thereof. The case was filed in April 2013 and is pending before the regional trial court.

Aside from the foregoing, the Corporation is not aware of any legal proceedings of the nature required to be disclosed under Part I, paragraph (C) of "Annex C, as amended" of the SRC Rule 12 with respect to the Company and/or its subsidiaries."

Submission of Matters to a Vote of Security Holders

On November 28, 2014, the stockholders of the Company representing 1,494,399,239 issued and outstanding shares, or 70.02 % thereof, elected the following members of the Board of Directors for the ensuing year:

1. Yang Chi Jen (a.k.a Michael Yang)
2. Jaime Enrique Y. Gonzalez

3. Nancy T. Golpeo
4. Hsien-Tzu Yang
5. Willy O. Dizon
6. Maria Soledad C. Lim
7. Norberto G. Tan
8. Clemencia R. Cortezano
9. Jose Marie E. Fabella
10. Ernesto S. Go (independent)
11. Rosa R. Cinco (independent)

On the said meeting, the following matters were approved and/or ratified by the stockholders:

1. Minutes of the Annual Meeting of the Stockholders held on December 20, 2013;

2. Adoption of the Audited Financial Statements for the calendar year ended December 31, 2013, as contained in the Annual Report;

3. Ratification of all Acts, Proceedings, Transactions and Resolutions of the Board of Directors and Corporate Officers;

4. Issuance and listing of 9.125 Million shares at par value of P1.00/share which were subscribed to by the Company's Chairman/President and CEO, Yang Chi Jen (a.k.a. Michael Yang)

5. Waiver of Requirement to Conduct a Rights or Public Offering in relation to Item No. 4;

6. Acquisition of Cebu Canning Corporation to make it a wholly-owned subsidiary of the Company, with authority to the Board of Directors to finalize the terms and conditions thereof; and

7. Appointment of BDO Alba Romeo & Co. as External Auditor for the calendar year 2014

PART II. RESULTS OF OPERATIONS

Financial Highlights and Key Performance Indicators				
	As of December 31	**As of December 31**	**Increase (Decrease)**	
Consolidated Balance Sheet	**2014**	**2013**	**Amount**	**%**
Total Assets	1,425,116,329	34,730,437	1,390,385,892	4003%
Current Assets	969,624,751	4,730,437	964,894,314	20398%
Property and Equipment	428,757,075	0	428,757,075	
Total Liabilities	1,239,801,984	7,493,724	1,232,308,260	16445%
Current Liabilities	1,167,396,833	7,493,724	1,159,903,109	15478%
Interest-bearing Loans	757,821,402	0	757,821,402	
Equity (capital deficiency)	185,314,345	27,236,713	158,077,632	580%
	For the 12 Months Ended		**Increase (Decrease)**	
	2014	**2013**	**Amount**	**%**
Consolidated Statements of Comprehensive Income				
Revenues	1,560,239,248	0	1,560,239,248	0%
Gross Profit	128,407,690	0	128,407,690	0%
General and administrative expenses	(98,047,078)	(6,670,984)	91,376,094	-1370%

Earnings Before Interest, Taxes, Dep'n. & Amort.	77,453,438	(7,468,546)	(84,921,984)	1137%
Profit / (Loss) before tax	(4,246,761)	(6,491,826)	(2,245,065)	35%
Profit / (Loss) after tax	(6,230,373)	(6,511,326)	(280,953)	4%
Total Comprehensive Income	(3,815,926)	(6,511,326)	(2,695,400)	41%
	For the 12 Months Ended		**Increase (Decrease)**	
Consolidated Cash Flows	**2014**	**2013**	**Amount**	**%**
Net Cash used in operating activities	(110,360,276)	(6,779,279)	103,580,997	-1528%
Net Cash from investing activities	51,556,020	(30,000,000)	(81,556,020)	272%
Loans granted to MOSC	0	(30,000,000)	(30,000,000)	0%
Acquisition of property & equipment	(48,533,294)	-	48,533,294	0%
Business combination	100,089,314	-	(100,089,314)	0%
Net Cash from financing activities	167,265,759	38,084,130	(129,181,629)	-339%

	For the 12 Months Ended	
Key Performance Indicators	**2014**	**2013**
Current Ratio	0.83	0.63
Book Value per Share	0.086830	0.013409
Debt to Equity	6.690	0.275
Gross Margin	8.23%	0%
EBITDA Margin	4.09%	0%
Profit Margin	-0.40%	0%
Earnings (loss) Per Share	0.003708	0.003173
	As of Dec. 31	**As of Dec. 31**
	2014	**2013**
Outstanding Shares	2,134,215,000	2,031,250,000
Number of Employees	226	0
Ave. Exchange Rates ($ to Peso)	44.39	43.55

Please refer to Financial Statement Notes.

Ratios

- *Current Ratio is computed by dividing Current Assets by Current Liabilities.*
- *Gross Margin is computed by dividing Gross Profit by Total Revenue.*
- *Profit Margin is computed by dividing Profit (Loss) by Total Revenue.*
- *Earnings per Share are computed by dividing Net Income/Loss by Weighted Average Number of Common Shares.*
- *Debt-to-Equity Ratio is computed by dividing the sum of Short-Term and Long-Term Interest Bearing Loans by the Total Stockholders Equity and Advances from Stockholders.*

Discussion on Financial Results

Assets

The acquisition of MOSC as a subsidiary significantly increased the total assets of the company. Total assets increased by P1.390 Billion from P34.7 Million as of December 31, 2013 to P1.425 Billion in December 31, 2014 comprising mainly of increase in cash for P108.5 Million; trade and other receivables for P387.8 Million; inventories for P460.0 Million; property and equipment-net for P428.8 Million.

Liabilities

The increase in total liabilities by P1.232 Billion from P7.49 Million as of December 31, 2013 to P1.24 Billion in December 31, 2014 were due to availment of loans for P757.8 Million; trade and other payables for P257.0 Million; due to related parties for P126.9 Million; obligations under finance lease for P58.8 and retirement benefits obligation for P31.7 Million.

Equity

The increase in total equity by P158.1 Million from P27.2 Million as of December 31, 2013 to P185.3 Million as of December 31, 2014 are mainly due to equity attributable to non-controlling interest for P121.4 Million, payment of share subscription for P43.3 Million and conversion of deposits for future stock subscription for P9.2 Million.

Revenues

Total revenues of P1.56 Billion were mainly sales from the company's subsidiary, MOSC that exports its products to various countries such as USA, Taiwan, Hong Kong and Japan.

Other operating income-net for 2014 of P 4.9 Million represents earnings from rental income for P5.9 Million; gain on finance lease-sale and leaseback for P6.8 Million; and other miscellaneous income for P1.1 Million net of impairment loss on trade and receivables and decline in inventories for P8.8 Million. Gain on finance lease and leaseback pertains to the transportation and plant equipment that were sold by the company to various banks.

Finance cost for P39.8 Million in 2014 represents borrowing interest cost for P32.1 Million, Finance lease for P6.2 Million and retirement benefits liability for P1.5 Million.

Additional details on balance sheet accounts may be found in the accompanying Notes to Financial Statements.

Expenses

Comparing the twelve (12) months ended December 31, 2014 against twelve (12) months ended December 30, 2013, the top expenses in Peso terms are as follows:

- **Cost of Sales**

  Total cost of sales for P1.432 Billion in 2014 represents cost of goods sold-net for P1.210 Billion and overhead cost of P222.0 Million representing 91.8% of total gross sales of P1.560 Billion.

- **Salaries and Benefits**

  In line with the Company's Restructuring Plan with IPVI effective September 28, 2011, all individuals employed by or under the payroll of IPVG were transferred to IPVI. No hiring has been made as of December 31, 2013. The company in the normal course of business will hire personnel, as needed, to support the businesses that it will undertake in the future.

  Beginning 2014, personnel support has been provided to the company through its subsidiary, MOSC. Total salaries for 2014 amounted to P44.7 Million of which P33.1 Million represents direct and indirect labor cost while P11.6 Million represents general and administrative salaries representing 11.9% of total operating expenses.

  Below is the headcount summary for year ended December 2014 and preceding four (4) quarters:

Headcount Summary	Dec-13	Mar.-14	June-14	Sept.-14	Dec.-14
MGHI	-	-	-	-	-
MOSC					
Managerial	8	9	9	9	9
Rank and File	200	228	216	217	217
Consultants	-	-	-	-	-
Total	**208**	**237**	**225**	**226**	**226**

- **Taxes and licenses** for the year 2014 amounted to P15.4 Million. This accounts for about 15.7% of the group's total operating expenses. Taxes and licenses incurred in 2013 was only P10.3 Thousand.

- **Transportation and travel** for the year 2014 amounted to P9.9 Million. This accounts for about 10.1% of the group's total operating expenses. Transportation and travel expense incurred in 2013 was only P21 Thousand.

Liquidity and Capital Resources

The following table shows our consolidated cash flows as of December 31, 2014 and 2013:

	For the 12 Months Ended		Increase (Decrease)	
Consolidated Cash Flows	**2014**	**2013**	**Amount**	**%**
Net Cash used in operating activities	(110,360,276)	(6,779,279)	103,580,997	-1528%
Net Cash from investing activities	51,556,020	(30,000,000)	(81,556,020)	272%
Loans granted to MOSC	0	(30,000,000)	(30,000,000)	0%
Acquisition of property & equipment	(48,533,294)	-	48,533,294	0%
Business combination	100,089,314	-	(100,089,314)	0%
Net Cash from Financing Activities	167,265,759	38,084,130	(129,181,629)	-339%

Cash as of December 31, 2014 is P109.8 Million as compared to P1.3 Million on December 31, 2013. The increase in cash was due to cash generated from business combination-net of P100.1Million, advances from related parties of P126.9, collection of subscription receivable of P43.3 Million and availment of loan-net of P64.7 Million. Cash was reduced by P110.4 Million for operating activities, capital expenditures of P48.5 million, and payment of finance cost and finance lease payable for 67.7 Million.

Operating Activities

Total cash used for operations in 2014 increased by P103.6 Million; from P6.8 Million in 2013 to P110.4 Million in 2014. The increase was mainly due to cash used in the operation of the company's subsidiary MOSC.

Investing Activities

Total net cash proceeds from investing activities in 2014 of P81.5 Million were from net cash flow from business combination for P100.1 Million and the payment of MOSC loan of P30 Million; and reduced by the acquisition of property and equipment for P48.5 Million.

Financing Activities

On June 27, 2013, the Board approved and determined, pursuant to the authority granted by the stockholders on May 22, 2012, that the initial increase in the authorized capital stock of the Company shall be made initially up to P2.5 Billion. On the same date, the Board also approved the subscription to 25% of the P500 Million increase in authorized capital stock of the Company equivalent to P125 Million Shares at par value of P1.00/share for a total of P125 Million by the Company's Chairman/President and CEO, Yang Chi Jen. Initially, 25% of the subscription price equivalent to P31.25 Million was paid-up in cash. The SEC approved the Company's application on July 25, 2013. Total Advances from shareholder as of the December 31, 2013 amounted to P6.8 Million.

In 2014, cash flow from financing activities were from the collection of subscription receivable for P43.3 Million; availment of borrowings net of loan payment for P64.8 Million; and advances from related parties for P126.9 Million; and reduced by the payment of finance lease and finance cost for P67.8 Million.

Seasonal aspects that had a material effect on the financial condition or results of operations

There are no identifiable seasonal aspects that had a material effect on the financial condition or results of operations.

Requirements under SRC Rule 17 and 68.1

We have extensively disclosed the risks in this report and Financial Statements filed with the exchange.

Financial Risk Assessment

The Company and its operating subsidiaries face various categories and levels of risk. Inherent in all of the businesses is Counterparty risk, or the risk that clients may stop or delay payments of their service invoices, and that suppliers may fail to deliver the goods and services. Each company is addressing these issues through continuous dialogue with, and management of, the specific counterparty at risk. We do not see, at this point, that any failure on the part of our customers, our suppliers, or a group thereof, would materially affect the financial conditions and results of the company

Currency Risk

During the period when the Peso was still strong, the company decided to hedge its net USD inflows with a foreign bank, by fixing the USD-Peso exchange rate until the end of the contract. Since then, the Peso has depreciated and we may see the USD to strengthen as the other economies are affected by the credit crisis, and inflows from OFW remittances may slow down.

Disclosure on Financial Instruments

The Company does not carry any market-based financial instruments, derivatives, and other similar products in their portfolios. Hence, the evaluation of these financial instruments, comparison to fair values and realization of gains or losses, criteria for determining fair values, are not applicable to the Company.

Aside from risks that are inherent in our businesses, such as risks from competitive forces and from the performance of business operations, we do not foresee any other trend, event or

uncertainty that will have a material impact on our net sales and income from the continuing operations of our subsidiaries.

Any events that will trigger direct or contingent financial obligation, which is material to the company, including default or acceleration of an obligation.

We do not foresee any event that would trigger direct or contingent financial obligation, including default or acceleration of any obligation.

All material off balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

In connection with the Board approval on October 14, 2014 to acquire C3 through a combined acquisition of primary and secondary shares, intending to make it a wholly-owned subsidiary of the Company, the SEC on April 17, 2015 approved C3's application for increase in authorized capital stock from P10,000,000.00 to P22,000,000.00, making C3 a 51% subsidiary of the Company. The completion of the acquisition of C3 will take place upon transfer of all the C3 secondary shares to the Company.

Any significant elements of income or loss that did not arise from the issuer's continuing operations.

The Company does not foresee any extraordinary income or charges that would arise from non-core operating business.

Issuances, repurchases, and repayments of debt and equity securities.

Except as disclosed, there are no significant issuances, repurchases, and repayments of debt and equity securities during the year.

Any change in the composition of the issuer during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructuring, and discontinuing operations.

Except as disclosed, particularly on the acquisition of 51% of MOSC, there are no other significant changes in the composition of the issuer during the year.

Changes in contingent liabilities or contingent assets since the last annual balance sheet date.

Any change in contingent liabilities or assets since the last annual balance sheet date is attributable to the transactions of MOSC which was acquired during the year.

Disclosures not made under SEC Form 17-C.

All disclosures made under SEC Form 17-C have been filed during the period.

Other subsequent events disclosed under SEC Form 17-C.

None to disclose, other than those mentioned.

PART III. SECURITIES OF THE REGISTRANT

(A) Market Price of and Dividends on Registrant's Common Equity and Related Stockholder Matters:

1. Market Information

The Company has outstanding 2,134,215,000 common shares. Its common shares are listed and traded principally on the Philippine Stock Exchange ("PSE"). The Closing price as of 31 December 2014 is Php 0.38 per share.

The Summary of Trading Prices at the PSE for each of the full quarterly period during 2012 to 2014 is as follows:

	2014			
	Q1	Q2	Q3	Q4
High	0.42	0.56	0.59	0.49
Low	0.40	0.40	0.46	0.36

	2013				**2012**			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
High	0.73	0.69	0.51	0.37	1.53	1.30	1.12	1.29
Low	0.58	0.30	0.36	0.37	1.24	1.03	0.99	0.54

Source: PSE

2. Holders

As of **December 31, 2014**, the Company has a total outstanding common stock of **2,134,215,000** shares, held by 748 individuals and/or corporate stockholders. The top twenty (20) stockholders, their respective number of shares held, and the corresponding percentage of these shares out of the total shares outstanding, are as follows:

Rank	Name	Class of Securities	No. of Shares	Percentage
1	PCD NOMINEE CORPORATION (FILIPINO)	Common	1,062,636,289	49.790499%
2	PCD NOMINEE CORPORATION (FOREIGN)	Common	788,352,058	36.938737%
3	YANG, CHI JEN YEH	Common	139,215,000	6.523007%
4	ELITE HOLDINGS, INC.	Common	55,052,300	2.579510%
5	IPVG EMPLOYEES, INC.	Common	38,000,000	1.780514%
6	STONE, ROGER G.	Common	18,500,001	0.866829%
7	CUNNINGHAM, PAUL JOSEPH	Common	6,000,000	0.281134%
8	MIRANDA, OLEEN	Common	6,000,000	0.281134%
9	GONZALEZ, JAIME ENRIQUE Y.	Common	5,141,530	0.240910%
10	TRANSNATIONAL DIVERSIFIED CORP.	Common	2,507,639	0.117497%
11	CATANI, ARNOLD	Common	2,076, 802	0.097310%
12	E-STORE EXCHANGE.COM, INC.	Common	1,763,080	0.082610%
13	POLISHETTY, SRINIVAS	Common	1,461,761	0.068492%
14	REDIX INC.	Common	856,889	0.040150%
15	LIM,ERNESTO B.	Common	344,000	0.016118%

16	TABLIGAN, VICTOR	Common	190,140	0.008909%
17	HOJAS, RUBIN M.	Common	189,790	0.008893%
18	DILIG, RODOLFO	Common	181,040	0.008483%
19	OROPEZA, ROGACIANO	Common	161,381	0.007562%
20	LAGASCA, BERNARDINO	Common	150,300	0.007042%
TOTAL SHARES (TOP 20)			**2,128,780,000**	**99.745340%**
TOTAL SHARES (REST OF STOCKHOLDERS)		Common	**5,435,000**	**0.25466%**
TOTAL ISSUED AND OUTSTANDING SHARES			**2,134,215,000**	**100.0000%**

PCD BENEFICIAL OWNER REPORT

Participant's Name	No. of Shares	Percentage
PCIB SECURITIES, INC.	805,096,274	37.723298%
JAKA SECURITIES CORP.	379,035,130	17.759932%

The total number of shares held by the top 20 shareholders at **2,128,780,000** represents **99,745340%** of the company's total outstanding stock.

3. Dividends

The Company's Board of Directors has not declared any dividend for the past two (2) years.

Under the By-Laws of the Company, dividends shall be declared only from surplus profits and shall be payable at such time and in such amounts as the Board of Directors shall determine; provided, however, that no stock dividends shall be issued without the approval of the stockholders representing not less than two-thirds (2/3) of all stock then outstanding and entitled to vote at a general meeting of the Company or at a special meeting called for the purpose. No dividends shall be declared that impair the capital of the Company. Other than the aforesaid, there are no other restrictions that would limit or would likely to limit in the future the ability of the Company to pay dividends on common equity.

(B) Authorization or Issuance of Securities Other than for Exchange

1. Title and amount of Securities issued/ to be issued

As of December 31, 2014, the Company has a total of 2,134,215,000 issued and outstanding common shares with par value of P1.00 per common share

2. Description of Securities

On May 22, 2012, the stockholders approved the increase of the authorized capital stock of the Company up to P10 Billion, delegating to the Board the authority to determine and approve the terms and conditions of the private placement/s and/or subscription to the increase in authorized capital stock.

On July 25, 2013 the SEC approved the Company's increase in authorized capital stock from P2Billion to P2.5 Billion at a par value of P1.00 per common share. As of December 31, 2014, 2,134,215,000 common shares are subscribed and outstanding. The common shares are entitled to vote and to dividends.

3. Description of transactions in which the securities are to be issued

On July 25, 2013, the SEC approved the Company's increase in authorized capital stock from P2Billion to P2.5 Billion. 25% of the P500Million increase in authorized capital stock was subscribed to by the Company's Chairman/President and CEO, Yang Chi Jen. The subscription covered 125 Million shares at par value of P1.00/share for a total of P125 Million.

On November 28, 3014, the stockholders approved the issuance and listing of 9.215 shares with par value of P1.00/share, subscribed by the Company's Chairman/President and CEO, Yang Chi Jen (a.k.a. Michael Yang)

4. Reason for Issuance

The purpose of the issuance of shares pursuant to an increase in authorized capital stock of the Company is to raise additional funds for future investments/acquisitions and fund business operations.

The issuance also partly addressed the Company's negative stockholders' equity of P6.89 Million as of March 31, 2013, resulting to a positive stockholders' equity thereafter.

(C) Modification or Exchange of Securities

No action is to be taken with respect to the modification of any class of securities of the registrant, or the issuance of authorization for issuance of one class of securities of the registrant in exchange for outstanding securities of another class.

(D) Information on Independent Accountant

For 2012, the appointment and engagement of BDO Alba Romeo & Company as external auditor was approved by at least a majority vote of the shareholders during the Stockholders Meeting held on October 22, 2012. The total fee for this engagement amounted to P400,000 exclusive of value-added tax and P40,000 out-of-pocket expenses. Aside from the aforementioned services, the Company has not engaged BDO Alba Romeo & Company for any other service.

During the Stockholders Meeting on December 20, 2013, the Stockholders approved the appointment of BDO Alba Romeo & Co. as the Independent External Auditor for the year 2013. The total fee for this engagement amounted to P400,000.00 exclusive of value-added tax and out of pocket expenses. The Company has not engaged BDO Alba Romeo & Company for any other services.

During the Stockholders Meeting on November 28, 2014, the Stockholders approved the appointment of BDO Alba Romeo & Co. as the Independent External Auditor for the year 2014. The total fee for this engagement amounted to P400,000.00 exclusive of value-added tax and out of pocket expenses. The Company has not engaged BDO Alba Romeo & Company for any other services.

PART VI. CONTROL AND COMPENSATION INFORMATION

DIRECTORS & EXECUTIVE OFFICERS

Name	Age	Citizenship	Position	Term of Office*
Yang Chi Jen (a.k.a Michael Yang)	45	Filipino	Chairman/ President & CEO/ Alternate Corporate Information and Compliance Officer	November 28, 2014 – present
Jaime Enrique Y. Gonzalez**	37	Filipino	Director	November 28, 2014 – March 13, 2015
Nancy T. Golpeo	53	Filipino	Director	November 28, 2014 – present
Jose Marie E. Fabella	38	Filipino	Director	November 28, 2014 – present
Hsien-Tzu Yang	73	Taiwanese	Director/ Deputy Chairman	November 28, 2014 – present
Willy O. Dizon	58	Filipino	Director	November 28, 2014 – present
Maria Soledad C. Lim	54	Filipino	Director	November 28, 2014 – present
Norberto G. Tan	62	Filipino	Director	November 28, 2014 – present
Clemencia R. Cortezano	54	Filipino	Director /Alternate Corporate Information and Compliance Officer	November 28, 2014 – present
Ernesto S. Go	63	Filipino	Independent Director	November 28, 2014 – present
Rosa R. Cinco	41	Filipino	Independent Director	November 28, 2014 – present
Amelia T. Tan	48	Filipino	Treasurer	November 28, 2014 – present
Lyra Gracia Y. Lipae-Fabella	38	Filipino	Corporate Secretary, Corporate Information and Compliance Officer	November 28, 2014 – present

*since date of last election

* Mr. Gonzalez resigned effective March 13, 2015. He was replaced by Mr. Hsin-Jan Wan who now serves Mr. Gonzalez's unexpired term.

PROFILES

YANG CHI JEN (a.k.a Michael Yang)
Chairman/ President & CEO/ Alternate Corporate Information and Compliance Officer

Mr. Yang has 3 decades of extensive experience in the export/import business as he has been immersed in the day to day operations of various businesses owned by his family. Mr. Yang is the controlling shareholder of Millennium Ocean Star Corporation; Shie Jie Corporation, a company engaged in the business of seafood processing, packing, and import/export trading; Jomark Food Corporation, a company engaged in fish and squid ball, kikiam, crab nuggets processing and serves as the local distributor of Millennium products; and Lion Head Int'l Corporation, a company engaged in spa business. He was educated in Taiwan where he attended Kweishan Junior High School.

HSIEN-TZU YANG
Director/ Deputy Chairman

Mr. Yang has had more than 3 decades experience in the areas of seafood processing, packing, canning, and manufacturing of marine products. For a number of years he ran Shie Jie Corporation, South Sea Marine Products, Tawi-Tawi King Fisher Incorporated and South Phil.

Marine Products, Incorporated. He was educated in Taiwan where he attended Taichung Elementary School.

JAIME ENRIQUE Y. GONZALEZ
Director

Mr. Gonzalez has been intimately involved in the start-up process of all business units and works with business unit heads to ensure that they meet or exceed operating targets. He has had a successfully track record in the internet space, having founded a series of internet start-ups that have been acquired by larger U.S. based firms (match.ph/itzamatch.com) and has taken IPVG from garage to public. Mr. Gonzalez has a Bachelor of Arts in International Politics and Economics from Middlebury College. He attended the program for Masters in Entrepreneurship course at the Asian Institute of Management. He was also a student at the Harvard Business School as part of its OPM program.

WILLY O. DIZON
Director

Mr. Dizon is the Chairman/President of Timbercity Jetti Gas Station and De Luxe Construction Supply Co., Inc. He is a seasoned businessman with more than 22 years track experience in sales and marketing. He took up BS Chemical Engineering at Mapua Institute of Technology.

MARIA SOLEDAD C. LIM
Director

Ms. Lim is the Executive Vice President in Optimum Solutions, Inc. and Secretary of Fuji Zipper Manufacturing Inc., a family owned business. She has extensive experience in marketing and finance. Ms. Lim is a graduate of the University of the East in Business Administration.

NORBERTO G. TAN
Director

Mr. Tan has had more than forty (40) years experience in banking starting with Merchants Banking Corporation (1972-1975), Philippine Commercial International Bank (1975-2000), Philippine National Bank (2001-2003) and Maybank Philippines, Inc. (2004-2012). He has held various positions from Assistant Bookkeeper to Vice President until his retirement in Maybank. He was also a faculty of Maybank Academy where he conducted lectures/seminars on credit related subject matters such as: Credit Risk Rating System, Overview of Credit and Process Flow and Anti-Money Laundering Act. As Vice President, Mr. Tan provided support to Human Resource Management Department in the recruitment/selection of credit personnel and training on business/credit policies. He earned his Bachelor of Science in Commerce major in Economics from San Beda College.

NANCY T. GOLPEO
Director

Ms. Golpeo is engaged in the real estate business and has ben a licensed real estate appraiser since 2011. She has a Bachelor of Science degree in Commerce from the University of Santo Tomas.

JOSE MARIE E. FABELLA
Director

Atty. Fabella is the Corporate Secretary of publicly listed companies Oriental Peninsula Resources Group, Inc. and Calata Corporation. He is a partner at the Fabella and Fabella Law Office - a firm which specializes in the practice of Corporate and Securities Law. After being admitted to the Philippine Bar in 2005, he immersed himself in litigation work as an associate lawyer in several law offices. Thereafter, he served as Securities Counsel III at the Securities Registration Division in the Corporation Finance Department of the Philippine Securities and Exchange Commission until January 2010. Apart from conducting lectures to listed companies, Atty. Fabella is an MCLE lecturer on Securities Law and a Masters of Law (Commercial Law) Candidate at the San Beda College Graduate School of Law.

CLEMENCIA R. CORTEZANO
Director

Ms. Cortezano is a Consultant to Millennium Ocean Star Corporation. Prior to that, she was Assistant Vice President at Card Bank, Inc. (2008-2009) and Senior Manager for Maybank, Inc. (2007-2008). Ms. Cortezano also has an extensive 17 years of banking experience in BPI Family Bank (1982-1999). She holds a Bachelor of Science in Commerce degree, major in Accounting from St. Paul College of Manila.

ROSA R. CINCO
Independent Director

Ms. Cinco is the Chairman and President of MRC Beauty Products and Equipment, Inc. and General Manager of New Summit Colors Distribution, Inc. She has been a wholesaler at Tutuban Centre, Tondo Manila, since 1995 and importer of RTW, wholesaler/retailer for SM, Robinsons, Bayo and Mint since 1998. She is also a doctor of medical dentistry.

ERNESTO S. GO
Independent Director

Atty. Go is a Senior Partner at the Cerilles Navarro Nuval & Go Law Offices since 1978. He has an extensive background in Corporate and Litigation practice. He holds a Bachelor of Laws degree from the Ateneo De Manila University Law School and placed 20th in the 1975 Bar Examinations.

AMELIA T. TAN
Treasurer

Ms. Tan is a holder of a Bachelor of Science in Commerce major in Management Financial Institution. Prior to joining the company, she has more than 19 years of banking experience in Bank of the Philippine Islands (2004-1999), Far East Bank (1999-1987) and Urban Bank (1987-1985).

LYRA GRACIA Y. LIPAE-FABELLA
Corporate Secretary/ Corporate Information and Compliance Officer

Atty. Lipae-Fabella is a Certified Public Accountant and member of the Integrated Bar of the Philippines. She serves as Corporate Secretary to a number of publicly-listed and private companies. At present, she is the Managing Partner of the Fabella and Fabella Law Office. Her work experience includes being a Junior Auditor in a leading auditing firm, Associate in a law firm and Securities Counsel III at the Securities and Exchange Commission. Atty. Lipae-Fabella graduated from San Beda College of Law and obtained her BS Business Administration and Accountancy degree from the University of the Philippines-Diliman.

Family Relationship

Yang Chi Jen (a.k.a. Michael Yang) is the son of Hsien-Tzu Yang. Atty. Jose Marie E. Fabella is the spouse of Atty. Lyra Gracia Y. Lipae-Fabella.

There are no other family relationships known to the Company other than the ones disclosed herein

Involvement of Directors and Executive Officers in Certain Legal Proceedings

The following are the material pending legal proceedings to which the Corporation and/or any of its subsidiaries or affiliates, and/or any of its Directors and Officers, is a party or of which any of their property is the subject as of December 31, 2014:

1. **B&M Inc. vs. Teresita G. Estrera, Willy O. Dizon, Richard C. Uy, James C. Uy and the Registry of Deeds of Tagaytay City (Regional Trial Court Branch 18 Tagaytay City; Civil Case No. TG-2303)**

   This civil case involves a foreclosure of a real property amounting to P7.5 Million. The case is pending before the regional trial court.

2. **Spouses Edmundo Sarosa and Lourdes Sarosa vs. Marilou Tanghal and Willy Dizon (Regional Trial Court, Parañaque City; Civil Case No. 02-0335)**

   This civil case involves a foreclosure of a real property amounting to P3.0 Million. The case is pending before the regional trial court.

3. **Spouses Willy O. Dizon and Nene C. Dizon vs. Rosalita Razon and Dr. Nellie Ilas (Regional Trial Court Branch 90, Dasmarinas City, Cavite; Civil Case No. 5987-13)**

   This civil case which was filed by Spouses Dizon involves an alleged non-delivery of the transfer certificate of title of real property amounting to P22.0 Million despite full payment thereof. The case was filed in April 2013 and is pending before the regional trial court.

Aside from the foregoing, the Corporation is not aware of any legal proceedings of the nature required to be disclosed under Part I, paragraph (C) of "Annex C, as amended" of the SRC Rule 12 with respect to the Company and/or its subsidiaries."

The Corporation is not aware of (1) any bankruptcy petition filed by or against any business of which any of the directors and executive officers was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time; (2) any conviction of any of the directors and executive officers by final judgment or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses; (3) any of the directors and executive officers being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and (4) any of the directors and executive officers being found by a domestic or foreign court of competent

jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated, occurring during the past five (5) years up to the latest date that are material to an evaluation of the ability or integrity of any director, any nominee for election as director, executive officer, underwriter or control person of the Registrant.

EXECUTIVE COMPENSATION

The following Table is a summary of all plan and non-plan compensation awarded to, earned by, paid to, or estimated to be paid to, directly or indirectly, the Chief Executive Officer ("CEO"), the four (4) most highly compensated executive officers other than the CEO who served as executive officers, and all officers and directors as a Group as of December 31, 2014 (including the preceding three years):

	Year	Salary (In Philippine Pesos)	Bonus	Other Annual Compensation
Top five (5) most highly compensated executive officers	2011	18,270,833	210,000	*None*
	2012	0	0	*None*
	2013	0	0	*None*
	2014	5,800,000	0	*None*
	2015	5,000,000 approx	0	*None*
All other officers and directors as a group	2011	18,730,542	210,000	*None*
	2012	0	0	*None*
	2013	0	0	*None*
	2014	7,200,000	0	*None*
	2015	7,600,000 approx	0	*None*

Four Most Highly Compensated Executive Officers Other Than the CEO

Year	Executive Officer
2011	Roger G. Stone Jenelle Palma Juname C. De Leon Jose Voltaire Bautista Jaypee Orlando Pedro
2012	N/A
2013*	N/A
2014*	Amelia Tan Luzviminda Lachica Domingo Dino Ma. Loreto Saldajeno

*The President and CEO, Treasurer, Corporate Secretary and Asst. Corporate Secretary are not receiving direct or indirect compensation from the Company for services rendered. In 2014, some receive compensation directly from the subsidiary. A per diem is given to directors and officers during each meeting of the Board of Directors of the Company who are present in the said meeting.

In line with the Company's Restructuring Plan with IPVI effective September 28, 2011, all personnel employed or under the payroll of the Company were transferred to IPVI.

Since the date of their elections, except for per diems, the directors have served without compensation. The directors did not also receive any amount or form of compensation for committee participation or special assignments. Under Section 7, Article III of the By-Laws of the Corporation, the compensation of directors, which shall not be more than ten percent (10%) of the net income before income tax of the corporation during the preceding year, shall be determined and apportioned among the directors in such manner as the Board may deem proper, subject to the approval of the stockholders representing at least a majority of the outstanding capital stock at a regular or special meeting. As of this date, no standard or other arrangements have been made in respect of director's compensation.

Employee Stock Purchase Plan

The Corporation has not issued any employee stock option nor approved any stock option plan for employees for the past five (5) years.

Security Ownership of Owners of more than 5% of voting securities as of December 31, 2014

Title of Class	Name, address of record owner and relationship with issuer	Name of Beneficial owner and relationship with record owner (direct)	Citizenship	No. of Shares	Percentage
Common	PDC Nominee Corp. (Filipino) 37F Tower 1, Enterprise Bldg. 6766 Ayala Avenue, Makati City Stockholder	Yang Chi Jen is the beneficial owner of 378,561,130 shares; PDC Nominee Corp. is the record owner	Filipino	1,062,636,289	49.790499%
Common	PDC Nominee Corp. (Foreign) 37F Tower 1, Enterprise Bldg. 6766 Ayala Avenue, Makati City Stockholder	Conqueror Space Ltd. (BVI) is the beneficial owner of 704,714,458 shares; PDC Nominee Corp. (Foreign) is the record owner.	Foreign	788,352,058	36.938737%
Common	Yang Chi Jen Blk 4 Lot 6 John St. Multinational Village, Paranaque City Chairman/President and CEO and Alternate Corporate Information and Compliance Officer	Yan Chi Jen is the beneficial owner and record owner	Filipino	*139,215,000	6.52300%

*excluding shares lodged with PDC Nominee Corp.

Security Ownership of Management

The following are the security ownership of the directors and executive officers of the Corporation as of December 31, 2014

	Name of Beneficial Owner; Relationship with Issuer	No. of Shares and Nature of Beneficial Ownership (direct & indirect)	Citizenship	Percentage held
Common	Yang Chi Jen (a.k.a. Michael Yang);	139,215,000 (Direct); 378,561,130 (Indirect)	Filipino	24.2607%

	President, Chairman & CEO			
Common	Jaime Enrique Y. Gonzalez; Director	5,141,530 (Direct); 61,940,821 (Indirect)	Filipino	3.1432%
Common	Hsien-Tzu Yang; Deputy Director	1,000 (Direct);	Taiwanese	0.0000%
Common	Norberto G. Tan; Director	1,000(Indirect);	Filipino	0.0000%
Common	Jose Marie E. Fabella Director	10,000(Indirect);	Filipino	0.0005%
Common	Nancy T. Golpeo Director	1,000 (Indirect);	Filipino	0.0000%
Common	Willy O. Dizon; Director	1,000 (Indirect);	Filipino	0.0000%
Common	Maria Soledad C. Lim; Director	1,000 (Indirect);	Filipino	0.0000%
Common	Clemencia R. Cortezano; Director	1,000 (Indirect);	Filipino	0.0000%
Common	Rosa R. Cinco; Director	10,000 (Indirect);	Filipino	0.0005%
Common	Ernesto S. Go; Director	1,000 (Indirect);	Filipino	0.0000%

The total security ownership, direct and indirect, of the directors and corporate officers of the Company as of December 31, 2014 is 584,885,481 common shares, equivalent to 27.4052% of the outstanding capital stock of the Company.

Pubic Ownership

As of December 31, 2014, the public ownership in the Company is as follows:

Particular	Shares / Percentage (%)
Total Number of Shares owned by the Public	716,562,761
Total Issued and Outstanding Shares	2,134,215,000
Percentage Public Ownership	33.58%
Number of Outstanding shares	2,134,215,000
Number of Treasury Shares	0
Number of Listed Shares	1,869,684,619
Number of Foreign-Owned Shares	820,538,443
Foreign Ownership Level (%)	38.45%
Foreign Ownership Limit (%)	No Limit

Voting Trust Holders of 5% or more

There are no persons holding 5% or more of a class under a voting trust or similar arrangement.

Changes in Control

There were no changes in control during the year.

Certain Relationships and Related Transactions

In the ordinary course of business, the Corporation had transactions with its then associates, affiliates, subsidiaries and other related parties consisting principally of cash advances and

reimbursement of expenses, various guarantees, management and service agreements and intercompany charges.

On February 21, 2012 the Company entered into a Share Purchase Agreement (or MOU) with Conqueror Space Ltd. for the Company to acquire 100% of New Wave Resources. Consequently, on May 23, 2012, Conqueror Space Ltd. signed a Subscription Agreement for 704,714,458 shares out of unissued authorized capital stock of the Company.

Jaime Enrique Y. Gonzalez was an interlocking director and had interest in the counter-parties. In line with Corporate Governance Procedures, Mr. Gonzalez inhibited himself from voting on the approval of the transaction. Nevertheless, the Board unanimously approved the transaction. The Stockholders ratified the transaction at the Special Stockholders Meeting held on May 22, 2012.

On June 27, 2013, pursuant to its delegated authority, the Board determined the Company's initial increase in authorized capital stock to be from P2 Billion to P2.5 Billion out of the total allowed increase of up to P10 Billion. 25% of the P500 Million increase in authorized capital stock was subscribed to by the Company's Chairman/President and CEO, Yang Chi Jen. The subscription covered 125 Million shares at par value of P1.00/share for a P125 Million. On July 25, 2013, the SEC approved the Company's increase in authorized capital stock to P2.5 Billion.

On April 11, 2014, the Board approved the assignment of the Deposit for Future Share Subscription amounting to a total of P9,390,000.00 and issuance of shares corresponding to the same amount equivalent to a total of 9,215,000 shares to Mr. Yang Chi Jen, the Company's Chairman and President, to be taken from the existing unissued common shares of the Company.

Further discussion on Related Party Transaction are provided under Note 25 of the 2012 Consolidated Financial Statements an Note 23 of the 2013 Consolidated Financial Statements of the Company and Note 26 of the 2014 Financial Statements.

Parents and immediate parents as of 31 December 2014:

The Company has no Parent and immediate parent relationships as of 31 December 2014.

Transactions with Promoters

The Company has not had any transactions with promoters for the past five (5) years.

PART V. CORPORATE GOVERNANCE

The Board of directors and shareholders, management and employees of the Company believe that corporate governance is a necessary component to achieve strategic business management. Going beyond compliance to laws and the implementation of rules and regulations, the Company's governance cultivates a corporate culture of integrity and empowering leadership, and significantly contributes to long-term growth and enhanced shareholder value.

The Company is committed to adhering to the highest level of sound corporate governance practices in setting values that serve as its foundation in guiding both employees and stockholders alike. With a dedicated team of professionals who share such passion, its business practices and work ethics put in place a philosophy of corporate transparency and public accountability.

In compliance with SEC Memorandum Circular No.6, Series of 2009, the Corporation revised its Manual of Corporate Governance, adopting all the mandatory provisions of the Revised Code of

Corporate Governance pursuant to the aforesaid Memorandum Circular. There has been no deviation from the Corporation's Manual of Corporate Governance.

In compliance with SEC Advisory dated March 12, 2015, the Corporation attached herewith the Company's Annual Corporate Governance Report (ACGR) for 2014.

THE BOARD OF DIRECTORS

A Board leads the Company, which is the highest authority in matters of governance and in managing the business of the Company.

It is the Board's responsibility to foster the long-term success of the Corporation and secure its sustained competitiveness in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interest of the Corporation, its shareholders and other stakeholders.

The Board meets regularly throughout the year to ensure a high standard of business practice for the Corporation and its stakeholders and to ensure soundness, effectiveness, and adequacy of the Corporation's internal control environment. Independent judgment is exercised at all times.

COMMITTEES

To aid in complying with the principles of good corporate governance and as expressly provided in the Corporation's Manual of Corporate Governance, the following committees were established with specific responsibilities.

Compensation Committee

The Compensation Committee is composed of three (3) members of the Board of Directors and at least one of who is an independent director.

The Committee has established a formal, transparent procedure developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors. It provides oversight over remuneration of senior management and other key personnel ensuring that compensation is consistent with the Corporation's culture, strategy and control environment. It determined the amount of remuneration, which is sufficient to attract and retain directors and officers who are needed to run the company successfully.

Audit Committee

The Audit Committee is composed of three (3) members of the Board and chaired by an independent director. The members of the Audit Committee are as follows:

1. Atty. Ernesto S. Go (independent Director)-Chairman
2. Ms. Rosa R. Cinco (Independent Director)
3. Ms. Clemencia R. Cortezano

The members have adequate understanding at least or competence at most of the company's financial management systems and environment. The Committee checks all financial reports against its compliance with both the internal financial management handbook and pertinent accounting standards, including regulatory requirements. It performs oversight financial management functions specifically in the areas of managing credit, market, liquidity, operational, legal and other risks of the Corporation, and crisis management.

The committee function includes a direct interface with the internal and external auditors, which are separate and independent of each other.

Nomination Committee

The Nomination Committee is composed of three (3) members of the Board of Directors and at least one of who is an independent director.

Its main function is to install and maintain a process to ensure that all directors to be nominated for election at the annual stockholders' meeting have all the qualifications and none of the disqualifications for directors as stated in the By-Laws, the Manual of Corporate Governance of the Corporation and the pertinent rules of the SEC.

Also, the Committee is tasked to review and evaluate the qualifications of all persons nominated to positions in the Corporation, which require appointment, by the Board.

Executive Committee

The Executive Committee is composed of a minimum of three (3) members.

The Executive Committee acts in accordance with the authority granted by the Board, or during the absence of the Board, on specific matters within the competence of the Board of Directors, except with respect to approval of any action for which shareholders' approval is also required; distribution of cash dividends; filling of vacancies in the Board or in the Executive Committee; amendment or repeal of By-Laws or the adoption of new By-Laws; amendment or repeal of any resolution of the Board of Directors which by its express terms is not so amendable or repealable; and the exercise of powers delegated by the Board exclusively to other committees.

Compliance Officer

The Compliance Officer (and his/her Alternate) is designated to ensure adherence to corporate principles and best practices.

The duties of the Compliance Officer include monitoring of compliance with the provisions and requirements of the Manual on Corporate Governance; determine violation/s of the Manual and recommend penalty for violation thereof for further review and approval of the Board; appear before the Securities and Exchange Commission upon summon; and identify, monitor and control compliance risks.

The Compliance Officer is responsible in issuing a certification every January 30th of the year on the extent of the Corporation's compliance with this Manual for the completed year.

Content and Timing of Disclosures

The Company updates the investing public with strategic, operating and financial information through adequate and timely disclosures filed with the Securities and Exchange Commission and the Philippine Stock Exchange.

In addition to compliance with periodic reportorial requirements, the Corporation ensures that not only major and market-sensitive information but material information such as earnings, dividend declarations, joint ventures and acquisitions, sale and disposition of significant assets are punctually disclosed to the SEC, Philippine Stock Exchange ("PSE") and to the public through the Corporation's website which are updated regularly.

PART VI. EXHIBITS AND SCHEDULES

The reports on SEC Form 17-C, as amended, which were filed during the last twelve-month period covered by this report, pertain to the following:

1. Form 17-C dated November 28, 2014 reported the following:

- The Company held its Annual Stockholders' Meeting and the following were elected members as Board of Directors for the ensuing year:

Name
1. Yang Chi Jen a.k.a Michael Yang
2. Jaime Enrique Y. Gonzalez
3. Nancy T. Golpeo
4. Hsien-Tzu Yang
5. Willy O. Dizon
6. Maria Soledad C. Lim
7. Norberto G. Tan
8. Clemencia R. Cortezano
9. Jose Marie E. Fabella
10. Ernesto S, Go (Independent)
11. Rosa R. Cinco (Independent)

- On the said meeting, the following matters were approved and ratified by the stockholders:
  1. Minutes of the Annual Meeting of the Stockholders held on December 20, 2013;
  2. Adoption of the Audited Financial Statements for the calendar year ended December 31, 2013;
  3. Ratification of all Acts, Proceedings, Transactions and Resolutions of the Board of Directors and Corporate Officers;
  4. Issuance and listing of 9.125 Million shares at par value of P1.00/share which were subscribed by the Company's Chairman/President and CEO, Yang Chi Jen.
  5. Waiver of Requirement to Conduct a Rights or Public Offering in relation to Item No. 4;
  6. Acquisition of Cebu Canning Corporation to make it a wholly-owned subsidiary of the Company, with authority to the Board of Directors to finalize the terms and conditions thereof; and
  7. Appointment of BDO Alba Romeo & Co. as the Independent External Auditor for the year 2014.

- During the organizational meeting of the new Board following the stockholders' meeting, the following were duly elected:

Name	Positions
Yang Chi Jen a.k.a. Michael Yang	Chairman / President & CEO

Hsien-Tzu Yang	Deputy Chairman
Amelia T. Tan	Treasurer
Lyra Gracia Y. Lipae-Fabella	Corporate Secretary/Corporate Information and Compliance Officer
Yang Chi Jen (a.k.a. Michael Yang) and Clemencia R. Cortezano	Alternate Corporate Information and Compliance Officers

The Board duly approved the following Directors as Committee members:

Name	Positions
Ernesto S. Go – Chairman Rosa R. Cinco Clemencia R. Cortezano	Audit Committee
Ernesto S. Go- Chairman Yang Chi Jen Hsien-Tzu Yang	Nominations Committee
Rosa R. Cinco – Chairman Yang Chi Jen Clemencia R. Cortezano	Compensation Committee
Yang Chi Jen- Chairman Clemencia R. Cortezano Ernesto Go Hsien-Tzu Yang Jose Marie E. Fabella	Executive Committee

- Form 17-C dated October 27, 2014

  The Company advised that the initial disclosure on October 14, 2014 has been amended to include the agenda. Final agenda shall appear on the Definitive Information Statement (SEC Form 20-IS-Definitive) to be approved by the Securities and Exchange Commission

- Form 17-C dated October 14, 2014

  At the meeting of the Board today, the following matters were approved:

  1. Conduct of the Company's Annual Stockholder's meeting on November 28, 2014 at 7:00 A.M. at 2nd Floor Senses Spa Building, MIA Road corner Pildera Street, Tambo, Paranaque City. The record date is set on November 3, 2014.

  2. Investment Agreement with Chen Chih-Hsing whereby the latter shall infuse into the Company P15 million. The amount shall be payable in 3 years, convertible into equity at the option of the Investor. The Chairman/President and CEO, Yang Chi Jen, was authorized to negotiate, finalize the terms and conditions of the agreement and sign on behalf of the Company.

  3. Acquisition of Cebu Canning Corporation (C3) through a combined acquisition of primary and secondary shares, making it a wholly-owned subsidiary of the Company, with grant of authority to the Company's Chairman/President and CEO, Yan Chi Jen, to negotiate, sign and execute agreements for and on behalf of the Company.

- Form 17-C dated June 27, 2014

  The Company advised that the annual stockholders' meeting, which pursuant to its By-Laws should be held on the last Friday of June of every year, has been postponed to give the Company sufficient time to prepare for the additional matters which may have to be presented to the stockholders.

- Form 17-C dated May 15, 2014

  The Company disclosed that it has received on May 15, 2014 the approval of the SEC on the Company's application for the amendments of its Amended Articles of Incorporation and Amended By-Laws effecting the following amendments:

  Amended Articles of Incorporation

  Fourth Article—Extension of 50 years from the expiration of the original term of 50 years from and after the date of incorporation. The Company was incorporated on May 19,1964.

  Amended By-laws

  Section 1, Article II—Inclusion of, as optional venue for the holding of the annual stockholders' meeting, any place within the city or municipality where the principal office of the Company is located.

- Form 17-C dated April 11, 2014:

  The Company disclosed that at the meeting of the Board of Directors held on April 11, 2014, the following corporate actions were approved:

  1. Acquisition of manufacturing and canning businesses in the Visayas, by the Company or its subsidiary. A comprehensive disclosure shall be made as soon as the agreements are firmed up;
  2. Assignment of the Deposit for Future Share Subscription of P9.39 Million and issuance of 9,215,000 shares to Mr. Yang Chi Jen (a.k.a. Michael Yang), the Company's Chairman and President, to be taken from the existing unissued common shares of the Company; and
  3. Approval of the 2013 Audited Financial Statements of the Company.

- Form 17-C dated January 10, 2014:

  The Company disclosed that it has executed a Subscription Agreement acquiring 51% controlling interest in MOSC, as approved by the stockholders on December 20, 2013. Under the agreement, the Company subscribed to P137,908,163.00 worth of primary common shares of MOSC at par value of P1.00 per share.

  MOSC is majority-owned by the Company's Chairman and President, Yang Chi Jen. The Company's Treasurer, Ms. Amelia T. Tan, is MOSC's Director, CFO and Corporate Secretary. Messrs. Yang Hsien Tzu and Yang Chi Jen, who are father and son, respectively, are directors of both MOSC and the Company.

- End -

SIGNATURES

Pursuant to the requirements of Section 17 of the Securities Regulation Code and Section 141 of the Corporation Code, this report is signed on behalf of the Company by the undersigned, thereunto duly authorized, in the City of QUEZON CITY, on APR 30 2015.

By:

YANG CHI JEN (a.k.a. Michael Yang)
President and CEO

AMELIA T. TAN
Treasurer

LYRA GRACIA Y. LIPAE-FABELLA
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 30 APR 2015 day of _____ affiants exhibiting to me the following documents, to wit:

NAMES	ID No.	PLACE OF ISSUE
Yang Chi Jen	TIN 114-348-293	BIR
Amelia T. Tan	TIN 117-981-959	BIR
Lyra Gracia Y. Lipae-Fabella	SSS ID No. 0918363020	SSS

Doc. No. 117;
Page No. 24;
Book No. XIV;
Series of 2015.

ATTY. JAIME L. MARIO JR.
NOTARY PUBLIC
PTR NO. 0596507
IBP NO. 0982591
ISSUED ON: 07 JAN. 2015
ISSUED AT: QUEZON CITY
ROLL NO: 18051

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

2 5 1 6 0

Company Name

MILLENNIUM GLOBAL HOLDINGS, INC AND ITS SUBSIDIARIES

Principal Office (No./Street/Barangay/City/Town/Province)

2ND FLOOR SENSES SPA BUILDING MIA ROAD CORNER PILDERA ST. TAMBO, PARANAQUE CITY 1701

Form Type	Department Requiring the Report	Secondary License Tgype, If Applicable
ACFS		

COMPANY INFORFMATION

Company's Email Address	Companys Telephone Number/s	Mobile Number
info@millennium-globalholdingsinc.com	(632) 5512575	n/a

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
748	Last Friday of June	31-Dec

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Mr. Yang Chi Jin (a.k.a. Michael Yang)	info@millennium-globalholdingsinc.com	(632)5512575	n/a

Contact Person's Address

2nd Floor Senses Spa Building, MIA Road corner Pildera St., Tambo, Paranaque City

Note: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrrence thereof with information and complete details of the new contact person designated.

MILLENNIUM GLOBAL HOLDINGS, INC. *(Formerly IPVG Corp.)*
AND ITS SUBSIDIARY

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
Audited Consolidated Financial Statements (ACFS)
December 31, 2014

Consolidated Financial Statements

Supplementary Schedules

Millennium Global Holdings, Inc.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The management of **Millennium Global Holdings, Inc. (formerly IPVG Corp.) and its subsidiary,** is responsible for the preparation and fair presentation of the consolidated financial statements as at December 31, 2014 and 2013 and for the years ended December 31, 2014, 2013 and 2012, including the additional components attached therein, in accordance with the prescribed financial reporting framework indicated therein. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the consolidated financial statements and submits the same to the stockholders.

Alba Romeo & Co., the independent auditors, appointed by the shareholders has examined the consolidated financial statements of the Group in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.

Yang Chi Jen (a.k.a Michael Yang)
Chairman of the Board/
President and Chief Executive Officer

Amelia T. Tan
Treasurer

Signed this 7th day of April 2015

SUBSCRIBED AND SWORN TO, before me, this 07 APR 2015 day of ___, Affiant exhibited to me his Community Tax Certificate No. 33100544 issued on January 7, 2015, at City of Dasmariñas.

ATTY. JOSEPHINE SARIAYA ABADEJOS
NOTARY PUBLIC
UNTIL DECEMBER 31, 2015
PTR NO. 4192229 JAN. 5, 2015 PASAY CITY
IBP NO. 977754 JAN. 5, 2015 PASAY CITY
COMMISSION 14-11 ... 2014 PASAY CITY
ROLL NO. 5[illegible]
111-B PASADENA ST. PASAY CITY

Doc. No. 403
Page No. 81
Book No. 44
2015

2nd Floor Senses Spa Building
MIA Road Corner Pildera Street, Tambo
1701 Paranaque City Philippines
Tel. No.: +632 551 25 75
Email: info@millennium-globalholdingsinc.com

BDO ALBA ROMEO & CO., CPAS
Audit | Tax | Consulting

7/F Multinational Bancorporation Centre
6805 Ayala Avenue, Makati City 1226 Philippines
www.bdoalbaromeo.ph
Branches: Bacolod / Cagayan de Oro / Cebu
Tel: +(632) 844 2016
Fax: +(632) 844 2045

INDEPENDENT AUDITORS' REPORT

The Shareholders and the Board of Directors
Millennium Global Holdings, Inc. (formerly IPVG Corp.)
2nd Floor Senses Spa Building
MIA Road Corner Pildera Street
Tambo, Paranaque City

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Millennium Global Holdings, Inc. (formerly IPVG Corp.) and its Subsidiary, which comprise the consolidated statements of financial position as at December 31, 2014 and 2013, and the consolidated statements of loss, consolidated statements of comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2014, 2013 and 2012 a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatements of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Millennium Global Holdings, Inc. (formerly IPVG Corp.) and its Subsidiary as at December 31, 2014 and 2013, and its financial performance and its cash flows for the years ended December 31, 2014, 2013 and 2012 in accordance with Philippine Financial Reporting Standards.

ALBA ROMEO & CO.

Michael D. Roxas
Partner
CPA Certificate No. 0108714
Tax Identification No. 300-674-353-000
PTR No. 4770483, issued on January 21, 2015, Makati City
BOA/PRC Registration No. 0005 (Firm), issued on November 12, 2012
effective until December 31, 2015
SEC Accreditation No. 1233-A (Individual), Group A, issued on June 21, 2012
effective until June 20, 2015
SEC Accreditation No. 0007-FR-3 (Firm), Group A, issued on March 22, 2012
effective until March 21, 2015, effectivity extended until April 30, 2015
BIR Accreditation No. 08-005267-1-2011, issued on January 28, 2014
effective until January 27, 2017

April 7, 2015
Makati City, Philippines

MILLENNIUM GLOBAL HOLDINGS, INC. *(Formerly IPVG Corp.)*
AND ITS SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2014 AND 2013

	Notes	2014	2013
ASSETS			
Current assets			
Cash on hand and in banks	8	P109,766,354	P1,304,851
Trade and other receivables, net	9	387,812,037	-
Inventories, net	11	460,023,888	-
Due from related parties	26	-	487,500
Prepayments and other current assets	12	12,022,472	2,938,086
Total current assets		969,624,751	P4,730,437
Noncurrent assets			
Loans receivable	10, 26	-	30,000,000
Available-for-sale (AFS) financial asset, net	13	50,000	-
Property, plant and equipment, net	14	428,757,075	-
Goodwill	15	14,521,202	-
Deferred tax assets	28	11,572,701	-
Other noncurrent assets	29	590,600	-
Total noncurrent assets		455,491,578	30,000,000
Total assets		P1,425,116,329	P34,730,437
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	16	P257,674,395	P640,094
Due to a related party	26	133,771,963	6,834,130
Obligations under finance lease, current portion	29	21,861,713	-
Borrowings, current portion	17	754,088,762	-
Income tax payable		-	19,500
Total current liabilities		1,167,396,833	7,493,724
Noncurrent liabilities			
Obligations under finance lease, net of current portion	29	36,983,647	-
Borrowings, net of current portion	17	3,732,640	-
Retirement benefits obligation	27	31,688,864	-
Total noncurrent liabilities		72,405,151	-
Total liabilities		1,239,801,984	7,493,724

MILLENNIUM GLOBAL HOLDINGS, INC. *(Formerly IPVG Corp.)*
AND ITS SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2014 AND 2013

	Note	2014	2013
Equity attributable to owners of the Parent Company			
Share capital	19	**P2,083,810,300**	P2,031,250,000
Share premium	20	**820,128,896**	819,953,896
Deposits for future shares subscription	18	**-**	9,390,000
Deficit		**(2,841,261,347)**	(2,833,357,183)
Remeasurement of retirement benefits obligation	27	**1,224,228**	-
AFS reserve	13	**7,140**	-
		63,909,217	27,236,713
Equity attributable to non-controlling interests		**121,405,128**	-
Total equity		**185,314,345**	27,236,713
Total liabilities and equity		**P1,425,116,329**	P34,730,437

(The notes on pages 9 to 73 are an integral part of these consolidated financial statements.)

MILLENNIUM GLOBAL HOLDINGS, INC. *(Formerly IPVG Corp.)*
AND ITS SUBSIDIARY

CONSOLIDATED STATEMENTS OF LOSS
FOR THE YEARS ENDED
DECEMBER 31, 2014, 2013 AND 2012

	Notes	2014	2013	2012
Sales	21	P1,560,239,248	P-	P-
Cost of sales	22	(1,431,831,558)	-	-
Gross profit		128,407,690	-	-
General and administrative expenses	23	(98,047,078)	(6,670,984)	(49,935,723)
Other operating income (loss), net	24	4,864,301	(797,562)	(1,425,877,995)
Profit (loss) from operations		35,224,913	(7,468,546)	(1,475,813,718)
Finance income	8, 26	289,460	976,720	122,601
Finance costs	25	(39,761,134)	-	(10,000,000)
Loss before income tax		(4,246,761)	(6,491,826)	(1,485,691,117)
Income tax expense	28	(1,983,612)	(19,500)	(477,845)
Loss for the year		(P6,230,373)	(P6,511,326)	(P1,486,168,962)
Loss attributable to:				
Owners of the Parent Company		(P7,904,164)	(P6,511,326)	(P1,486,168,962)
Non-controlling interests		1,673,791	-	-
		(P6,230,373)	(P6,511,326)	(P1,486,168,962)
Basic loss per share	30	P0.003708	P0.003173	P0.879592
Diluted loss per share	30	P0.003708	P0.003159	P0.876587

(The notes on pages 9 to 73 are an integral part of these consolidated financial statements.)

MILLENNIUM GLOBAL HOLDINGS, INC. *(Formerly IPVG Corp.)*
AND ITS SUBSIDIARY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
FOR THE YEARS ENDED
DECEMBER 31, 2014, 2013 AND 2012

	Note	2014	2013	2012
Loss for the year		(P6,230,373)	(P6,511,326)	(P1,486,168,962)
Other comprehensive income (loss)				
Item that will be reclassified to profit or loss				
Unrealized gain on AFS investment, net of tax	13	14,000	-	-
Item that will not be reclassified to profit or loss				
Remeasurement of defined benefit obligation, net of tax	27	2,400,447	-	-
Total comprehensive loss		(P3,815,926)	(P6,511,326)	(P1,486,168,962)
Attributable to:				
Owners of the Parent Company		(P6,672,796)	(P6,511,326)	(P1,486,168,962)
Non-controlling interests		2,856,870	-	-
		(P3,815,926)	(P6,511,326)	(P1,486,168,962)

(The notes on pages 9 to 73 are an integral part of these consolidated financial statements.)

MILLENNIUM GLOBAL HOLDINGS, INC. *(Formerly IPVG Corp.)*
AND ITS SUBSIDIARY

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED
DECEMBER 31, 2014, 2013 AND 2012

		Attributable to owners of the Parent Company								
	Notes	Share capital (Note 19)	Share premium (Note 20)	Deposits for future shares subscription (Note 18)	AFS reserves (Note 13)	Remeasurement of retirement benefits obligation (Note 27)	Deficit	Total	Non-controlling interests	Total equity
At January 1, 2012		P798,344,721	P801,801,734	P-	P-	P-	(P1,340,676,895)	P259,469,560	P-	P259,469,560
Issuance of shares		1,201,655,279	18,152,162	-	-	-	-	1,219,807,441	-	1,219,807,441
Total comprehensive loss										
Loss for the year		-	-	-	-	-	(1,486,168,962)	(1,486,168,962)	-	(1,486,168,962)
At December 31, 2012		2,000,000,000	819,953,896	-	-	-	(2,826,845,857)	(6,891,961)	-	(6,891,961)
Issuance of shares		31,250,000	-	-	-	-	-	31,250,000	-	31,250,000
Reclassification of deposits for future shares subscription		-	-	9,390,000	-	-	-	9,390,000	-	9,390,000
Total comprehensive income			-							
Loss for the year		-	-	-	-	-	(6,511,326)	(6,511,326)	-	(6,511,326)
At December 31, 2013		2,031,250,000	819,953,896	9,390,000	-	-	(2,833,357,183)	27,236,713	-	27,236,713
Collection of subscription receivables		43,345,300	-	-	-	-	-	43,345,300	-	43,345,300
Non-controlling interest arising from business combination		-	-	-	-	-	-	-	118,548,258	118,548,258
Conversion of deposits for future shares subscription		9,215,000	175,000	(9,390,000)	-	-	-	-	-	-
Total comprehensive income										
Loss for the year		-	-	-	-	-	(7,904,164)	(7,904,164)	1,673,791	(6,230,373)
Other comprehensive income for the year		-	-	-	7,140	1,224,228	-	1,231,368	1,183,079	2,414,447
At December 31, 2014		P2,083,810,300	P820,128,896	P-	P7,140	P1,224,228	(P2,841,261,347)	P63,909,217	P121,405,128	P185,314,345

(The notes on pages 9 to 73 are an integral part of these consolidated financial statements.)

MILLENNIUM GLOBAL HOLDINGS, INC. *(Formerly IPVG Corp.)*
AND ITS SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED
DECEMBER 31, 2014, 2013 AND 2012

	Notes	2014	2013	2012
Cash flows from operating activities				
Loss before tax		(P4,246,761)	(P6,491,826)	(P1,485,691,117)
Adjustments for				
Depreciation and amortization	14	42,228,525	-	-
Impairment losses on:				
Trade and other receivables	23	7,442,714	-	-
Decline in value of inventories due to obsolescence	23	1,393,141	-	-
AFS financial assets	24	-	-	1,424,849,491
Other assets	24	-	796,522	2,548,804
Retirement benefits expense	27	3,037,122	-	-
Finance income	8, 26	(289,460)	(976,720)	(122,601)
Finance costs	25	39,761,134	-	10,000,000
Operating income (loss) before working capital changes		89,326,415	(6,672,024)	(48,415,423)
Decrease (increase) in:				
Trade and other receivables		(127,055,679)	-	-
Inventories		(451,222,562)	-	-
Due from related parties		205,436,008	-	-
Prepayments and other current assets		(6,983,350)	(290,019)	(1,216,513)
Other noncurrent assets		(48,264)	-	-
Increase (decrease) trade and other Payables		185,245,926	(306,456)	(11,558,042)
Cash used in operations		(105,301,506)	(7,268,499)	(61,189,978)
Finance income received	8, 26	289,460	489,220	122,601
Benefits paid	27	(145,000)	-	-
Income taxes paid		(5,203,230)	-	-
Net cash used in operations		(110,360,276)	(6,779,279)	(61,067,377)
Cash flows from investing activities				
Acquisition of property and equipment	14	(48,533,294)	-	-
Net cash flow on business combination	7	100,089,314	-	-
Loans granted to MOSC	26	-	(30,000,000)	-
AFS financial asset		-	-	(1,345,416,326)
Net cash generated from (used in) investing activities		51,556,020	(30,000,000)	(1,345,416,326)
Cash flows from financing activities				
Proceeds from issuance of shares	19	-	31,250,000	1,219,807,441
Collection of subscription receivable	19	43,345,300	-	-
Proceeds from deposit for future share subscription	18	-	-	8,390,000
Proceeds from availments of borrowings	17	1,988,008,343	-	-
Repayments of borrowings	17	(1,923,246,579)	-	-
Payments of finance lease payable	29	(29,494,002)	-	-
Finance costs paid		(38,285,136)	-	(10,000,000)
Increase (decrease) in due to a related parties		126,937,833	6,834,130	(13,448,424)
Net cash provided by financing activities		167,265,759	38,084,130	1,204,749,017

MILLENNIUM GLOBAL HOLDINGS, INC. *(Formerly IPVG Corp.)*
AND ITS SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED
DECEMBER 31, 2014, 2013 AND 2012

	Notes	2014	2013	2012
Net increase (decrease) in cash on hand and in banks		P108,461,503	P1,304,851	(P201,734,686)
Cash on hand and in banks				
January 1	8	1,304,851	-	201,734,686
December 31	8	P109,766,354	P1,304,851	P-
Information on significant non-cash transactions				
Due from related parties		P-	P-	(P79,433,165)
AFS financial assets		-	-	79,433,165
Deposits for future shares subscription	18	9,390,000	-	-
Proceeds from issuance of shares	19	(9,390,000)	-	-
		P-	P-	P-

(The notes on pages 9 to 73 are an integral part of these consolidated financial statements.)

MILLENNIUM GLOBAL HOLDINGS, INC. *(Formerly IPVG Corp.)*
AND ITS SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND DECEMBER 31, 2014 AND 2013
AND FOR THE YEARS ENDED
DECEMBER 31, 2014, 2013 AND 2012

NOTE 1 - CORPORATE INFORMATION

Millennium Global Holdings, Inc. *(formerly IPVG Corp.)* (the Parent Company) and Millenium Ocean Star Corporation, its subsidiary, (collectively referred to herein as the "Group") were incorporated under the laws of the Republic of the Philippines.

Millennium Global Holdings, Inc. *(formerly IPVG Corp.)*

Millennium Global Holdings, Inc. (the Parent Company) was registered with the Philippine Securities and Exchange Commission (SEC) per SEC Registration No. 25160 on May 19, 1964. Its shares of stock were listed in the Philippines Stock Exchange (PSE) with the ticker code MG (formerly IP) beginning March 1, 1976.

The Parent Company's previous primary purpose is to invest and engage in management of investments in media technology industry; internet, intranet, extranet, and all types of information technology users; purchase, sale, import and export, license, distribution and rental of any computer hardware and equipment; and engage in e-commerce. The subsidiaries are mainly involved in communications, IP services and internet security services; content online games and mobile solutions; and payment solutions.

In July 2011, the shareholders and the Board of Directors (BOD) of the Company approved the Company's Restructuring Plan, which aims to increase shareholder value and potentially generate cash for the Company. As part of the Restructuring plan, IP Ventures, Inc. (IPVI) was incorporated in the Philippines on September 16, 2011. IPVI is owned by the same shareholders of the Company in the same proportion as their shareholdings in the latter.

Following the formation of IPVI, the Company transferred substantially all its assets and liabilities, including its equity interest in the shares of stock of listed subsidiaries, namely IP EGame Ventures, Inc. (IPEVI) and IP Converge Data Center, Inc. (IPCDC), and other non-listed subsidiaries, pursuant to the Asset Purchase Agreement (APA) dated September 28, 2011.

The corporate ownership structure of the Company and IPVI remained the same before and after the transaction. While IPVI mirrored the corporate structure of the Company, the Company kept its current corporate structure, and had the same set of shareholders post restructuring. The Restructuring Plan sought to optimize its value, as it planned to inject an operating business into the Company, while IPVI served as the new holding company of the Group having the same purpose and business as the Company. The Company provided exit mechanisms for minority shareholders of IPVI, which were as follows: (i) Tender Offer made by IPVI for 40,000,000 shares of the Company at P1.70 per share in October 2011; and (ii) the principal shareholders' intention to acquire up to 10,000,000 shares from the market.

On May 22, 2012, the Parent Company's shareholders approved the amendment of its Articles of Incorporation to change the primary purpose of the Parent Company, allowing the Parent Company among others, to establish a refinery in the Philippines to refine metal ores, precious stones, oil, gas, coal and minerals intended primarily for export purposes. The shareholders also approved to increase the authorized share capital of the Parent Company from Two Billion Pesos (P2,000,000,000) up to Ten Billion Pesos (P10,000,000,000) and the change of its corporate name with delegation of authority to the Board of Directors (BOD) to determine and approve the new corporate name.

On October 22, 2012, the shareholders approved the amendment to the Articles of Incorporation to change the primary purpose of the Parent Company to include seafood, aqua-culture, seafood processing and agriculture, modifying and superseding their earlier approval on the primary purpose. The shareholders also approved the change in the principal office of the Parent Company and delegated the authority to the BOD to determine and approve the new principal office.

On February 14, 2013, the SEC approved the following amendments, among others, to the Parent Company's Articles of Incorporation:

- Change in the registered business name from IPVG Corp. to its current name;
- Change in the primary purpose to a general holding company; and
- Change in the principal office and place of business of the Company from 34th Floor, Tower 2, RCBC Plaza, 6819 Ayala Avenue, Makati City, to 2nd Floor Senses Spa Building, MIA Road corner Pildera Street, Tambo, Parañaque City.

On June 27, 2013, the BOD approved the following amendments to the Parent Company's Articles of Incorporation and By-Laws:

- Articles of Incorporation - Fourth Article - Extension of 50 years from the expiration of the original term of 50 years from and after the date of Incorporation on May 19, 1964; and
- By-Laws - Section 1, Article 11 - Inclusion of, as venue for the holding of the annual shareholders' meeting, any place within the city or municipality where the principal office of the Company is located.

The above amendments to the By-Laws and Articles of Incorporation have been ratified by the shareholders on December 20, 2013 and approved by the SEC on May 14, 2014.

Millennium Ocean Star Corporation (MOSC)

On January 10, 2014, the Parent Company entered into a subscription agreement with MOSC (the "Subsidiary") wherein the Parent Company agreed to subscribe to 137,908,163 common shares of the subsidiary at P1 par value per share or P137,908,163, representing a 51% stake in the equity shareholdings of the Subsidiary.

The Subsidiary was organized under the laws of the Republic of the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) per Registration No. A200008891 on June 7, 2000.

The primary purpose of the Subsidiary is to engage in the business of trading, import/export and processing of goods such as but not limited to marine and other related products including squid balls/seafoods on wholesale, operation of cold storage and conduct of similar activities related to the foregoing.

The Subsidiary's registered office address is at B4, L4 Greenbreeze, Langkaan II, Dasmariñas, Cavite, Philippines. The Parent Company's principal place of business is located at 2nd Floor Senses Spa Building, MIA Road corner Pildera Street, Tambo, Parañaque City, Philippines.

1.1 Approval of consolidated financial statements

The consolidated financial statements of the Group as at December 31, 2014, and 2013 and for the years ended December 31, 2014, 2013 and 2012 were authorized for issue in accordance with a resolution of the BOD on April 7, 2015 and that the Chairman of Board is authorized to approve such consolidated financial statements on their behalf.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below. The policies have been consistently applied to the years presented, unless otherwise stated.

Statement of compliance

The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) as issued by the Financial Reporting Standards Council, and adopted by SEC.

Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for available-for-sale (AFS) financial asset that has been measured at fair value.

Functional and presentation currency

The consolidated financial statements are presented in Philippine Peso (P), which is the Group's functional and presentation currency. All values are rounded off to the nearest Peso, unless otherwise indicated.

Use of judgments and estimates

The preparation of consolidated financial statements in compliance with PFRS requires the use of certain critical accounting estimates. It also requires the Group's management to exercise judgment in applying the Group's accounting policies. The areas where significant judgments and estimates have been made in preparing the consolidated financial statements and their effects are disclosed in Note 3.

Changes in accounting policies and disclosures

a. Amendments and interpretation effective from January 1, 2014

The accounting policies adopted are consistent with those of the previous years except for the following new standards, interpretation and amendments effective for the first time from January 1, 2014 of which none have had a material effect on the consolidated financial statements:

i. Amendments relevant to the Group

- Amendments to PFRS 10, *Consolidated financial statements*, PFRS 12, *Separate Consolidated financial statements*, and PAS 27, *Investment Entities: Applying the Consolidation Exception*
- Amendments to PAS 32, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities*
- Amendment to PAS 36, *Impairment of Assets - Recoverable Amount disclosures for Non-financial Assets*

The adoption of the amendments is described below:

- Amendments to PFRS 10, ***Consolidated Financial Statements***, PFRS 12, ***Separate Financial Statements*** and PAS 27, ***Investment Entities: Applying the Consolidation Exception***: These amendments are effective for annual periods beginning on or after January 1, 2014. Earlier application is permitted. They provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under PFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. The adoption of these amendments will have no significant impact on the Group's financial position or performance.

- Amendments to PAS 32, ***Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities***: The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the PAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments affect presentation only and have no impact on the Group's financial position or performance. The amendments to PAS 32 are to be retrospectively applied for annual periods beginning on or after January 1, 2014.

  The amendments affect disclosures only and have no impact on the Group's consolidated financial position or performance. Offsetting of financial assets and financial liabilities in the consolidated financial statements of the Group is disclosed in Note 5.

- **Amendments to PAS 36, Impairment of Assets:** The amendments align the disclosures required for the recoverable amount of an asset (or CGU) when this has been determined on the basis of fair value less costs of disposal with those required where the recoverable amount has been determined on the basis of value in use, and require an entity to:

  - Disclose the recoverable amount of an asset (or CGU) only in periods in which impairment has been recorded or reversed in respect of that asset (or CGU)
  - Disclose the discount rate when an asset (or CGU) has been impaired (or impairment reversed) where the recoverable amount has been determined based on fair value less costs of disposal using a present value technique
  - To expand and clarify the disclosure requirements when an assets (CGUs) recoverable amount has been determined on the basis of fair value less disposal, including:
    a) The level of the fair value hierarchy within which the fair value measurement of the asset (cash-generating unit) is categorized in its entirety (without taking into account whether the 'costs of disposal' are observable);
    b) For fair value measurements categorized within Level 2 and Level 3 of the fair value hierarchy, a description of the valuation technique(s) used to measure fair value less costs of disposal. If there has been a change in valuation technique, the entity is required to disclose that change and the reason(s) for making it;
    c) For fair value measurements categorized within Level 2 and Level 3 of the fair value hierarchy, each key assumption on which management has based its determination of fair value less costs of disposal. Key assumptions are those to which the asset's (CGU's) recoverable amount is most sensitive; and
    d) The discount rate(s) used in the current measurement and previous measurement if fair value less costs of disposal is measured using a present value technique.

ii. Amendment and interpretation not relevant to the Group

- PAS 39, *Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting (Amendments)*
- Philippine Interpretation on IFRIC 21, *Levies*

b. New standards and amendments to existing standards issued but not yet effective and not early adopted by the Group

Standards and amendments to existing standards issued but not yet effective up to the date of issuance of the consolidated financial statements are listed below. This listing is of standards and amendments issued, which the Group reasonably expects to be applicable at a future date. The Group intends to adopt those standards when they become effective.

i. Standards and amendments relevant to the Group:

- **PFRS 9, *Financial Instruments*:** In July 2014, the final version of PFRS 9, Financial Instruments, was issued. The final version reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement* and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required but comparative information is not compulsory.

  Early application of previous versions of PFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before February 1, 2015. The adoption of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will have no impact on the classification and measurement of the Group's financial liabilities.

- **PFRS 15, *Revenue from Contracts with Customers*:** PFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under PFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in PFRS 15 provide a more structured approach to measuring and recognizing revenue.

  The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under PFRS. Either a full or modified retrospective application is required for all annual periods beginning on or after January 1, 2017, with early adoption permitted. The Group is currently assessing the impact of PFRS 15 and plans to adopt the new standard on the required effective date.

- **Amendments to PAS 1, *Presentation of Financial statements, Disclosure Initiative:*** The amendments clarify some of its presentation and disclosure requirements to ensure that entities are able to use judgment when disclosing information in the consolidated financial statements. The amendments also require separate disclosure of an entity's share on items of other comprehensive income arising from investments accounted for using the equity method.

  The amendments are effective beginning on or after January 1, 2016, with early adoption permitted. The adoption of the Amendments to PAS 1 will have no significant impact on the Group's consolidated financial position or performance.

- **Amendments to PAS 16 and PAS 38, *Clarification of Acceptable Methods of Depreciation and Amortization*:** The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have significant impact to the Group since the Group has not used a revenue-based method to depreciate its noncurrent assets.

- **Amendments to PAS 19, *Defined Benefit Plans: Employment Contribution:*** The amendments are effective from July 1, 2014, with earlier application permitted. The amendments to PAS 19 (2011) permit contributions that are independent of the number of years of service to be recognized as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to periods of service. Other contributions by employees or third parties are required to be attributed to periods of service either using the plan's contribution formula or on a straight-line basis. The adoption of these amendments will have no significant impact on the consolidated financial position or performance.

ii. Standard and amendments not relevant to the Group

- Amendments to PFRS 11, *Accounting for Acquisitions of an Interest in a Joint Operation (effective beginning on or after January 1, 2016)*
- PFRS 14, *Regulatory Deferral Accounts (effective beginning on or after January 1, 2016)*
- Amendments to PAS 16 and 41, *Agriculture: Bearer Plants (effective beginning on or after January 1, 2016)*
- Amendments to PAS 27, *Equity Method in Separate Consolidated financial statements*

2.2 Basis of consolidation

The consolidated financial statements comprise the consolidated financial statements of the Parent Company and its subsidiaries. Control is achieved when the Parent Company is exposed to, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Parent Company controls an investee, if and only if, the Parent Company has:

- Power over the investee
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Parent Company has less than a majority of the voting or similar rights of an investee, the Parent Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Parent Company's voting rights and potential voting rights

The Parent Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Parent Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Parent Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the consolidated financial statements of subsidiaries to bring their accounting policies into line with the Parent Company's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to intra-group transactions are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Parent Company loses control over the subsidiary, it:

- derecognizes the assets (including goodwill) and liabilities of the subsidiary
- derecognizes the carrying amount of any non-controlling interest
- derecognizes the cumulative translation differences recorded in equity
- recognizes the fair value of the consideration received
- recognizes the fair value of any investment retained
- recognizes any surplus or deficit in profit or loss
- reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.

2.3 Business combination and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PAS, is measured at fair value with changes in fair value recognized either in either profit or loss or as a change to OCI. If the contingent consideration is not within the scope of PAS 39, it is measured in accordance with the appropriate PFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in the consolidated statements of loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortized, but is reviewed for impairment at least annually. Any impairment loss is recognized immediately in profit or loss and is not subsequently reversed. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

2.4 Current versus noncurrent classification

The Group presents assets and liabilities in the consolidated statements of financial position based on current/noncurrent classification.

An asset as current when:

- It is expected to be realized or intended to be sold or consumed in normal operating cycle
- It is held primarily for the purpose of trading
- It is expected to be realized within twelve months after the reporting period, or
- It is cash on hand and in banks unless restricted from being exchanged or used to settle a liability for at 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 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

The Group classifies all other liabilities as noncurrent.

2.5 Foreign currency transactions and translation

Transactions in foreign currencies are initially recorded by the Group at the respective functional currency rates prevailing at the date of the transaction.

Monetary assets and monetary liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are taken to the consolidated statement of loss with the exception of all monetary items that provide an effective hedge for a net investment in a foreign operation. These are recognized in OCI until the disposal of the net investment, at which time they are recognized in profit or loss. Tax charges and credits applicable to exchange differences on these monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

2.6 Fair value measurement

For measurement and disclosure purposes, the Group determines the fair value of an asset or liability at initial measurement or at each statement of financial position date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

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

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

The Group 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.

2.7 Financial instruments

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

i. Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss (FVPL), loans and receivables, held to maturity (HTM) investments, available for sale (AFS) financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

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

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below:

(a) Financial assets at FVPL

Financial assets at FVPL include financial assets held for trading and financial assets designated upon initial recognition at FVPL.

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 as defined by PAS 39. Financial assets at FVPL are carried in the consolidated statements of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the consolidated statement of loss.

The Group has not designated any financial assets at FVPL.

(b) Loans and receivables

This is the category most relevant to the Group. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the consolidated statement of loss. The losses arising from impairment are recognized in the consolidated statement of loss in finance costs for loans and in other operating expenses for receivables.

This category generally applies to cash on hand and in banks, trade and other receivables and refundable security deposits in the consolidated statements of financial position (see Notes 8, 9 and 29).

(c) HTM investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as HTM when the Group has the positive intention and ability to hold them to maturity. After initial measurement, HTM investments are measured at amortized cost using the EIR, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance income in the consolidated statement of loss. The losses arising from impairment are recognized in the consolidated statement of loss in finance costs. The Group does not have any asset under this category.

(d) AFS financial assets

AFS financial assets include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at FVPL. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, AFS financial assets are subsequently measured at fair value with unrealized gains or losses recognized as other comprehensive income (OCI) and credited in the AFS reserve until the investment is derecognized, at which time, the cumulative gain or loss is recognized in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the consolidated statement of loss in finance costs. Interest earned while holding AFS financial assets is reported as finance income using the EIR method.

The Group evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if the Group has the intent and ability to hold these assets for the foreseeable future or until maturity.

For a financial asset reclassified from the AFS category, the fair value carrying amount at the date of reclassification becomes its new amortized cost and any previous gain or loss on the asset that has been recognized in equity is amortized to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortized cost and the maturity amount is also amortized over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the consolidated statement of loss.

The Group's investment in golf shares and New Wave Resources Limited is classified under this category (see Note 13).

Derecognition

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

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

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

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

ii. Impairment of financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

(a) Financial assets carried at amortized cost

For financial assets carried at amortized cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original EIR.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognized in the consolidated statement of loss. Interest income (recorded as finance income in the consolidated statement of loss) continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account.

(b) Financial assets carried at cost

If there is an objective evidence that an impairment loss occurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or of a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

(c) AFS financial assets

For AFS financial assets, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in the consolidated statement of loss - is removed from OCI and recognized in the consolidated statement of loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognized directly in OCI.

In the case of debt instruments classified as AFS, the impairment is assessed based on the same criteria as financial assets carried at amortized cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in the consolidated statement of loss.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the consolidated statement of loss, the impairment loss is reversed through the consolidated statement of loss.

iii. Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL and other financial liabilities. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as described below:

(a) *Financial liabilities at FVPL*

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

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by PAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the consolidated statement of loss. Financial liabilities designated upon initial recognition at FVPL are designated at the initial date of recognition, and only if the criteria in PAS 39 are satisfied.

The Group does not have any liabilities held for trading nor has it designated any financial liability as being at FVPL.

(b) Other financial liabilities

This is the category most relevant to the Group. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statement of loss.

This category generally applies to trade and other payables, borrowings, and due to a related party (see Notes 16, 17, and 26).

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or 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 the derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of loss.

iv. Classification of financial instruments between debt and equity

Financial instruments are classified as liability or equity in accordance with the substance of the contractual arrangement. The Group designates a financial instrument as equity instrument if, and only if, the following conditions are met:

(a) The instrument includes no contractual obligation:
   i. to deliver cash or another financial asset to another entity; or
   ii. to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the issuer; and

(b) If the instrument will or may be settled in the issuer's own equity instruments, it is:
   i. a non-derivative that includes no contractual obligation for the issuer to deliver a variable number of its own equity instruments; or
   ii. a derivative that will be settled only by the issuer exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments. For this purpose, rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency are equity instruments if the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments.

Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability is reported as expense or income.

v. Offsetting of financial instruments

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

2.8 Cash on hand and in banks

Cash consists of cash on hand and in banks. Cash in banks earns interest at respective bank deposit rates. For the purpose of reporting cash flows, cash on hand and in banks are unrestricted and available for use in current operations.

2.9 Trade and other receivables

Trade and other receivables are recognized initially at the transaction price and are subsequently measured at amortized cost using the EIR method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

2.10 Inventories

Inventories are initially recognized at cost, and subsequently at the lower of cost and net realizable value (NRV). Cost comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in, first-out (FIFO) method. NRV represents the estimated selling price less all estimated costs to be incurred in marketing, selling and distributing the goods.

When the NRV of the inventories is lower than the cost, the Group provides for an allowance for the decline in the value of the inventory and recognizes the write-down as an expense in the consolidated statement of loss.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized.

2.11 Prepayments and other current assets

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

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

Other assets are recognized when the Group expects to receive future economic benefit from them and the amount can be measured reliably. Other assets are classified in the consolidated statements of financial position as current assets when the cost of goods or services related to the assets are expected to be incurred within one year or the Group's normal operating cycle, whichever is longer. Otherwise, other assets are classified as noncurrent assets.

2.12 Property, plant and equipment

Property, plant and equipment are initially measured at cost. At the end of each reporting period, items of property, plant and equipment are measured at cost less any subsequent accumulated depreciation, amortization, and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions.

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

Depreciation and amortization is charged so as to allocate the cost of other assets less their residual values over their estimated useful lives using the straight-line method. Below is the estimated useful lives used for the depreciation and amortization of property, plant and equipment:

Building	30 years
Leasehold improvements	25 years
Machineries	15 years
Transportation equipment	5 years
Furniture and fixture	5 years

Land is not depreciated. Leasehold improvements are amortized over the term of the lease, or the estimated useful life of the leasehold improvements whichever is shorter.

The estimated useful lives and depreciation and amortization method are reviewed periodically, and adjusted prospectively, if necessary, to ensure that the periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property, plant and equipment. The lease term includes assumption of lease renewals when such have been determined to be reasonably assured. The lease renewal is reasonably assured when failure to renew the lease imposes a penalty to the lessee. In 2014, the Company reviewed and accordingly revised the estimated useful life of Building, from twenty five (25) to thirty (30), leasehold improvements from twenty (20) to twenty-five (25), machineries, from ten (10) years to fifteen (15) years. The revision is accounted for prospectively as a change in accounting estimate with effect at the beginning of the year. The depreciation expense charged during the year in the statement of loss based on the remaining estimated useful lives, as revised, amounted to P42,228,525 (see Note 14).

Depreciation and amortization of these assets, on the same basis as other property assets, commences at the time the assets are ready for their intended use.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation is charged to the consolidated statement of loss.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and amortization and any impairment in value are removed from the accounts and any resulting gain or loss arising on the disposal or retirement of an asset, determined as the difference between the sales proceeds and the carrying amount of the asset, is recognized in the consolidated statement of loss.

2.13 Refundable security deposits

Refundable security deposits represent payments made in relation to the lease agreements entered into by the Group. These are carried at cost and will generally be applied as lease payments toward the end of the lease terms or refunded to the Group.

2.14 Impairment of non-financial assets other than inventories

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment or an impairment loss previously recognized no longer exists or may have decreased. If any such indication exists, the Group makes a formal estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or its CGU's fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its 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. For an asset that does not generate cash flows independent of those from other assets, the recoverable amount is determined for the CGU to which the asset belongs. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss is recognized. Reversals of impairment are recognized in the consolidated statement of loss.

Goodwill is tested for impairment annually as at December 31 and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

The Group performs its impairment test of goodwill every reporting date.

2.15 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are classified as current liabilities if payment is due within one year or less (or within the normal operating cycle of the business if longer); otherwise, they are presented as noncurrent liabilities.

Accruals are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with supplier, including amounts due to employees. It is necessary to estimate the amount or timing of accruals, however, the uncertainty is generally much less than for provision.

Government dues and remittances include withholding income taxes which represent taxes retained by the Group for an item of income required to be remitted to the BIR within one (1) month. The obligation of the Group to deduct and withhold the taxes arises at the time an income payment is paid or payable, or the income payment is accrued or recorded as an expense or asset, whichever comes first. The term "payable" refers to the date the obligation becomes due, demandable or legally enforceable.

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the EIR method.

2.16 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost using EIR method, which ensures that any finance cost over the period of repayment is at a constant rate on the balance of the liability carried in the consolidated statements of financial position.

The Group classifies borrowings as current liabilities if settlement is expected within one year or less, and the Group does not have the right to defer settlement of the liabilities and does not breach any loan provisions on or before the end of the reporting period. Otherwise, these are presented as noncurrent liabilities.

2.17 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in the consolidated statement of loss in the period in which they are incurred.

2.18 Provisions and contingencies

Provisions are recognized when: (a) the Group has a present obligation (legal or constructive) as a result of a past event; (b) it is probable 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 assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as finance cost. When the Group expects a provision or loss to be reimbursed, the reimbursement is recognized as a consolidated asset only when the reimbursement is virtually certain and its amount is estimable. The expense relating to any provision is presented in the consolidated statement of loss, net of any reimbursement.

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed in the notes unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognized in the consolidated financial statements but disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

2.19 Employee benefits

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a consolidated entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability or asset recognized in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually using projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of all related pension obligations.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in the consolidated statement of loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in the consolidated statement of loss.

Remeasurements comprising actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

2.20 Equity

Share capital is measured at par value for all shares issued. When the shares are sold at a premium, the difference between the proceeds and the par value is credited to the "Share premium" account. When shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. In case the shares are issued to extinguish or settle the liability of the Group, the shares shall be measured either at the fair value of the shares issued or fair value of the liability settled, whichever is more reliably determinable.

Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

Retained earnings represent the cumulative balance of periodic net income or loss, dividend distribution, prior period adjustments, effect of changes in accounting policy and other capital adjustments. When retained earnings account has a debit balance, it is called "deficit", and presented as a deduction from equity.

Dividends are recognized when they become legally payable. Dividend distribution to equity shareholders is recognized as a liability in the Group's consolidated financial statements in the period in which the dividends are declared and approved by the Group's BOD.

2.21 Deposits for future share subscription

Deposits for future share subscription refer to the amount of cash received by the Group with the purpose of applying the same as payment for future issuance of shares.

The Group does not consider a deposit for future share subscription as an equity instrument unless all of the following elements are present as at the end of the financial reporting period: (a) the unissued authorized share capital of the Group is insufficient to cover the amount of shares indicated in the contract; (b) there is BOD's approval on the proposed increase in authorized share capital (for which a deposit was received by the Group); (c) there is shareholders' approval of said proposed increase; and (d) the application for the approval of the proposed increase has been filed with the SEC.

If any or all of the foregoing elements are not present, the deposit for future share subscription shall be recognized as a noncurrent liability in the consolidated statements of financial position.

2.22 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable for goods sold and services rendered in the normal course of business, excluding value-added tax (VAT) and trade discounts.

Sale of goods

Revenue from the sale of goods is recognized when all of the following conditions are satisfied:

a. the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
b. the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
c. the amount of revenue can be measured reliably;
d. it is probable that the economic benefits associated with the transaction will flow to the Group; and
e. the costs incurred or to be incurred in respect of the transaction can be measured reliably.

If it is probable that discount will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sale is recognized.

Rental income

Rental income from non-cancellable operating leases is recognized as income on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Finance income

For all financial instrument measured at amortized cost and interest-bearing assets classified as AFS, interest income is recorded using the EIR which is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. Interest income is included in "finance income" in the consolidated statements of loss.

2.23 Costs and expense recognition

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

Costs and expenses in the consolidated statements of loss are presented using the function of expense method. Costs of sales are expenses incurred that are associated with the goods sold and include purchases of goods, distribution costs, labor costs and overhead. General and administrative expenses are costs attributable to administrative and other business activities of the Group.

2.24 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. All other leases are classified as operating leases.

The Group as lessee

Operating lease

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

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

Finance lease

Each lease payments are allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in finance lease payables. The interest expense is charged over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

2.25 Taxes

Current income tax

Current income tax assets and liabilities for the current period is 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 date.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on all temporary differences between the tax bases of assets and liabilities and their carrying amounts for reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, when timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry-forward of unused tax credits from excess minimum corporate income tax (MCIT) and net operating loss carry over (NOLCO), and any unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits from MCIT and NOLCO and unused tax losses can be utilized, except:

- when the deferred tax asset relating to the deductible temporary differences 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).

- in respect of deductible 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 that the 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 date 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 asset to be utilized.

Unrecognized deferred tax assets are reassessed at each reporting date 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 year 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 date.

Deferred 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 other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle the liabilities simultaneously.

Value-added Tax (VAT)

Revenue, expenses and assets are recognized net of the amount of VAT.

For acquisition of capital goods over P1,000,000, the VAT is deferred and amortized over the useful life of the related capital goods or 60 months, whichever is shorter, commencing on the date of the acquisition.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of 'prepayments and other current assets' or 'trade and other payables' in the consolidated statements of financial position.

2.26 Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. The key management personnel of the Group and post-employment benefit plans for the benefit of the Group's employees are also considered to be related parties.

2.27 Earnings per share (EPS)

Basic EPS is determined by dividing profit or loss by the weighted average number of shares issued and outstanding during the year.

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

2.28 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components.

allocating resources and assessing performance of the operating segments, has been identified as the Chairman of the Board that makes strategic decisions.

An operating segment may engage in business activities for which it has yet to earn revenues, for example, start-up operations may be operating segments before earning revenues.

Segment results that are reported to the Chairman of the Board include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses, interest income and expenditures and income tax assets and liabilities.

2.29 Events after the reporting date

Post year-end events up to the date when the consolidated financial statements were authorized for issue by the BOD that provide additional information about the Group's position at reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

NOTE 3 - SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the consolidated financial statements in conformity with PFRS requires the management to make estimates, assumptions and judgments that affect the amounts reported in the consolidated financial statements and accompanying notes.

The estimates and associated assumptions are based on historical experiences and other various factors that are believed to be reasonable under the circumstances including expectations of related future events, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Judgments

Going concern

The Group's management has made an assessment on the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue their business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on the going concern basis.

Determination of functional currency

The consolidated financial statements are presented in Philippine Peso, which is also the Parent Company's functional currency. For each entity, the Group determines the functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency.

Classification of financial instruments

The Group classifies a financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement and the guidelines set by PAS 39 on the definitions of a financial asset, a financial liability or an equity instrument. In addition, the Group also determines and evaluates its intention and ability to keep the investments until its maturity date.

The substance of a financial instrument, rather than its legal form, and the management's intention and ability to hold the financial instrument to maturity generally governs its classification in the consolidated statements of financial position.

The classification of financial assets and liabilities is presented in Note 5.

Determination whether an arrangement contains a lease

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is assessed for whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in the arrangement.

Leases accounted for as operating and finance leases are disclosed in Note 29.

Estimates

Impairment of trade and other receivables and due from related parties

The Group reviews its receivables at each reporting date to assess whether an impairment loss should be recognized in its consolidated statement of loss or receivables balance should be written off. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance is required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance. Moreover, management evaluates the presence of objective evidence of impairment which includes observable data that comes to the attention of the Group about loss events such as but not limited to significant financial difficulty of the counterparty, a breach of contract, such as a default or delinquency in interest or principal payments, probability that the borrower will enter bankruptcy or other financial re-organization.

The carrying values of trade and other receivables and advances to a related party and the related allowance for impairment losses provided as at December 31, 2014 and 2013 are disclosed in Notes 9 and 26.

Impairment of AFS financial asset

The Group classifies certain financial assets as AFS equity securities and recognizes movements in fair value in other comprehensive income and equity. When the fair value declines, management makes assumptions about the decline in value to determine whether it is an impairment that should be recognized in profit or loss. Impairment may be appropriate when there is evidence of deterioration in the financial wealth of investee, industry and sector performance and operational and financing cash flows. The Group treats AFS equity securities as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgment.

The Group treats "significant" generally as 20% or more of the original cost of the investment, and "prolonged," longer than 12 months. In addition, the Group evaluates other factors including normal volatility in share price for quoted securities and the future cash flows and the discount factors for unquoted securities.

Accumulated unrealized loss recognized for the years ended December 31, 2014 an 2013 and the carrying amount of AFS investments are disclosed in Note 13.

Estimation of net realizable values and impairment of inventories

The Group provides an allowance to reduce inventories to net realizable values whenever the utility of inventories becomes lower than cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes. The estimate of the net realizable value is reviewed regularly.

The carrying values of inventories and the related allowance for inventory obsolescence are disclosed in Note 11.

Estimation of useful lives of property, plant and equipment

The Group reviews annually the estimated useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. It is possible that future results of operations could be materially affected by changes in these estimates. A reduction in the estimated useful lives of property, plant and equipment would increase recorded depreciation and amortization expense and decrease the related asset accounts.

The estimated useful lives of property, plant and equipment are discussed in Note 2.12.

Impairment of goodwill

The Group performed its annual impairment test on its goodwill as of reporting date. The recoverable amounts of the intangible assets were determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period. The following assumptions were also used in computing value in use:

Growth rate estimates - growth rates were based on experiences and strategies developed for the various subsidiaries. The prospect for the industry was also considered in estimating the growth rates.

Discount rates - discount rates were estimated based on the industry weighted average cost of capital, which includes the cost of equity and debt after considering the gearing ratio

Value-in-use is the most sensitive to changes in discount rate and growth rate.

Impairment of non-financial assets other than inventories

The Group assesses at each reporting date whether there is an indication that the carrying amount of all non-financial assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. At the reporting date, the Group assesses whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated.

Management has reviewed the carrying values of the Group's property and equipment as at December 31, 2014 and 2013 for impairment. Based on the results of its evaluation, there were no indications that the property and equipment were impaired, thus, no impairment loss needs to be recognized in 2014, 2013 and 2012.

Realizability of deferred tax assets

Management reviews the carrying amount of deferred tax assets at each reporting date. The carrying amount of deferred tax assets is reduced to the extent that it is no longer probable that sufficient taxable profit will be available against which the related tax assets can be utilized. Management believes that sufficient taxable profit will be generated to allow all or part of the deferred tax assets to be utilized.

The Group's recognized deferred tax assets amounted to P11,572,701 and Nil as at December 31, 2014 and 2013, respectively (see Note 28). The Group has not recognized deferred tax assets on NOLCO of the Parent Company as at December 31, 2014 and 2013. The non-recognition of deferred tax assets on NOLCO is based on the management's assessment that there will be no available future taxable profits for the Parent Company.

Estimation of retirement benefits

The determination of the Group's obligation and cost for retirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. The assumptions described in Note 27 include, among others, discount rates, average remaining working lives and rates of compensation increase. While management believes that the assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions may materially affect pension and other retirement obligations.

The details of the Group's retirement benefits are provided in Note 27.

NOTE 4 - FAIR VALUE MEASUREMENT

The following methods and assumptions were used to estimate the fair value of each asset and liability for which it is practicable to estimate such value:

Cash on hand and in banks, trade and other receivables, trade and other payables and short-term borrowings. Carrying amounts approximate their fair values due to the relatively short-term maturities of these instruments.

Amounts due from and due to related parties. Carrying amounts of due from and due to related parties which are collectible/payable on demand approximate their fair values. Due from related parties are unsecured and have no foreseeable terms of repayments.

Long-term borrowings. The fair value of long-term borrowings is based on the future undiscounted value of future cash flows (interests and principal) using the applicable rates for similar types of loans.

Fair value hierarchy assets and liabilities

Assets and liabilities carried at fair value are those whose fair values are required to be disclosed.

- Level 1: quoted (unadjusted) prices in active market for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have a significant effect o the recorded fair value are observable , either directly or indirectly; and
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table shows the Company's asset carried at fair value:

	Level 1	Level 2	Level 3
December 31, 2014			
AFS financial asset			
Investment in golf share (Note 13)	P50,000	P-	P-
December 31, 2013			
AFS financial asset			
Investment in golf share (Note 13)	P-	P-	P-

The basis of the fair value of AFS investment is the price of its most recent transaction based on level 1 of the fair value hierarchy disclosed in Note 2.6.

Financial assets and liabilities measured at amortized cost for which fair values are disclosed:

	December 31, 2014		
	Level 1	Level 2	Level 3
Financial assets			
Loans and receivables			
Cash on hand and in banks (Note 8)	P109,766,354	P-	P-
Trade and other receivables (Note 9)*	-	-	325,838,975
Refundable security deposits (Note 29)	-	-	590,600
	P109,766,354	P-	P326,429,575
Financial liabilities			
Other financial liabilities			
Trade and other payables (Note 16)**	P-	P-	P257,500,462
Due to a related party (Note 26)	-	-	133,771,963
Borrowings (Note 17)	-	-	757,821,402
Obligations under finance lease (Note 29)	-	-	58,845,360
	P-	P-	P1,207,939,187

	December 31, 2013		
	Level 1	Level 2	Level 3
Financial assets			
Loans and receivables			
Cash on hand and in banks (Note 8)	P1,304,851	P-	P-
Due from related parties (Note 26)	-	-	487,500
	P1,304,851	P-	P487,500
Financial liabilities			
Other financial liabilities			
Trade and other payables (Note 16)**	P-	P-	P632,582
Due to a related party (Note 26)	-	-	6,834,130
	P-	P-	P7,466,712

**Exclusive of advances to suppliers and advances to employees*
***Exclusive of government payables*

For cash on hand and in banks, with fair value included in Level 1, management considers that the carrying amounts of these financial instruments approximate their fair values due to their short-term duration.

There had been no transfers between Level 1, Level 2 and Level 3 for the years ended December 31, 2014, 2013 and 2012.

The fair values of the financial assets and financial liabilities included in Level 3 which are not traded in an active market is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market value of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

NOTE 5 - FINANCIAL INSTRUMENTS

The following table shows the classification, carrying values and fair values of the Group's financial assets and financial liabilities as at December 31, 2014 and 2013:

	2014		2013	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets:				
Loans and receivables				
Cash on hand and in banks (Note 8)	P109,766,354	P109,766,354	P1,304,851	P1,304,851
Trade and other receivables* (Note 9)	325,838,975	325,838,975	-	-
Due from related parties (Note 26)	-	-	487,500	487,500
Refundable security deposit (Note 29)	590,600	590,600	-	-
AFS financial asset				-
Investment in golf share (Note 13)	50,000	50,000	-	-
	P436,245,929	P436,245,929	P1,792,351	P1,792,351
Financial liabilities:				
Other financial liabilities				
Trade and other payables (Note 16)**	P257,500,462	P257,500,462	P632,582	P632,582
Due to a related party (Note 26)	133,771,963	133,771,963	6,834,130	6,834,130
Borrowings (Note 17)	757,821,402	757,821,402	-	-
Obligations under finance lease (Note 29)	58,845,360	58,845,360	-	-
	P1,207,939,187	P1,207,939,187	P7,466,712	P7,466,712

**Exclusive of advances to suppliers and advances to employees*
***Exclusive of government payables*

The income, expense, gain and/or losses recognized from financial instruments for the years ended December 31, 2014 and 2013 are as follows:

	2014	2013	2012
Impairment losses on:			
Trade receivables (Note 23)	P7,442,714	P-	P-
AFS financial assets (Note 24	-	-	1,424,849,491
Finance costs (Note 25)	38,285,136	-	10,000,000
	P45,727,850	P-	P1,434,849,491
Finance income (Notes 8 and 26)	P289,460	P976,720	P122,601
Unrealized foreign exchange gain (Note 24)	20,257	-	401,820
	P309,717	P976,720	P524,421

Offsetting of financial asset and liability

Non-cash settlement was made by the Group on the due to a related party through offsetting on the amount of due to a related party and the related due for related parties as at December 31, 2014.

The following table shows the financial asset and liability as presented in the consolidated statements of financial position as at 2014 that are set-off in accordance with PAS 32:

Financial assets	Gross amount of recognized financial asset	Gross amount of recognized liability set off	Net amount of financial asset
December 31, 2014			
Due from related parties	P193,519,499	(P193,519,499)	P-

Financial liability	Gross amount of recognized financial liability	Gross amount of recognized financial asset set off	Net amount of financial liability
December 31, 2014			
Due to a related party	P319,105,381	(P193,519,499)	P125,585,882

There are no amounts subject to an enforceable master netting arrangement or similar arrangement that are not otherwise included in the table above.

NOTE 6 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

General objectives, policies and processes

The BOD has overall responsibility and authority for the determination of the Group's risk management objectives and policies and designing and operating processes that ensure the effective implementation of such objectives and policies. It establishes a forum of discussion of the Group's approach to risk issues in order to make relevant decisions.

The overall objective of the BOD is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below.

Financial risk management objectives and policies

The Group is exposed through its operations to credit risk, liquidity risk and market risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The policies for managing specific risks are summarized below:

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, foreign currency risk and commodity price risk. Financial instruments affected by market risk include bank borrowings.

i. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is not exposed to interest rate risk as the Group's interest rate on bank loans is fixed and pre-determined at the inception of the contract.

ii. Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to cash equivalent denominated in a currency different from the Group's functional currency. The principal currency risks to which the Group is exposed involve the U.S. Dollar (US$), Taiwan Dollars (TW$), and Hongkong Dollars (HK$).

The Group is exposed to foreign exchange risk on its foreign currency denominated monetary asset since the effect of foreign currency changes on the consolidated financial statements is material. The carrying amounts of the Group's foreign currency denominated monetary assets as at December 31, 2014 and 2013 are as follows:

	2014		2013	
	Amount in foreign currency	**Philippine Peso equivalent***	Amount in foreign currency	Philippine Peso equivalent*
Monetary assets				
Cash in banks in:				
US Dollar (US$)	US$529,715	P23,688,875	US$-	P-
Trade and other receivables in:				
US Dollar (US$)	4,294,669	191,378,265	US$-	-
HK Dollar (HK$)	6,730,053	38,785,549	HK$-	-
TW Dollar (TW$)	24,440,489	36,020,010	TW$-	-
Monetary liability				
Trade and other payables				
US Dollar (US$)	(US$1,081,333)	(48,421,551)	US$-	-
Net monetary asset				
US Dollar (US$)		P166,645,589		P-
HK Dollar (HK$)		P38,785,549		P-
TW Dollar (TW$)		P36,020,010		P-

**Amounts were translated using foreign exchange rates from the Bangko Sentral ng Pilipinas.*

Foreign currency sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in the foreign currency exchange rate, with all other variables held constant, of the Group's profit before tax.

	Changes in foreign currency rates	Effect on profit before tax*	
		2014	2013
US$	+10%	P16,664,456	P-
	-10%	(16,664,456)	-
HKS$	+10%	3,878,555	-
	-10%	(3,878,555)	-
TW$	+10%	3,602,001	-
	-10%	(3,602,001)	-

**Amounts were translated using foreign exchange rates from the Bangko Sentral ng Pilipinas.*

iii. Commodity price risk

Commodity price risk is the risk related to the volatility of price of certain commodities. The Group is not exposed to this risk as its operations do not constitute goods which prices are volatile.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The receivable balances are monitored on an ongoing basis with the result that the Group's exposure to impairment is not significant. The Group has a credit and collection department that is consolidated and independent from the sales department. The Group instituted this consolidated department even though the normal practice in its industry is that the sales people are also the ones who collect the receivables. The Group deals only with creditworthy counterparty duly approved by the management.

The credit quality of the financial assets that are neither past due or impaired is considered to be good quality and expected to be collectible without incurring any credit losses.

Credit losses from balances with banks are managed by ensuring that the Group's deposit arrangements are with reputable and financially sound counterparty.

The following table provides information regarding the maximum credit risk exposure of the Group arising from its financial assets as at December 31 at gross amounts:

	2014	2013
Loans and receivable		
Cash in banks (Note 8)	P105,776,698	P1,243,661
Trade and other receivables* (Note 9)	330,297,090	-
Due from related parties (Note 26)	-	487,500
Refundable security deposit (Note 29)	590,600	-
AFS financial assets		
Investment in golf share (Note 13)	50,000	-
Investment in New Wave (Note 13)	-	1,424,849,491
	P436,714,388	P1,426,580,652

The following table provides information regarding the Group's analysis of the age of financial assets by class as at December 31:

	December 31, 2014					
	Neither past due nor impaired	Past due but not impaired				
		31-60 days	61-90 Days	Over 90 days	Impaired	Total
Loans and receivables						
Cash in banks	P105,776,698	P-	P-	P-	P-	P105,776,698
Trade receivables	9,700,187	144,802,428	14,211,701	157,124,659	4,458,115	330,297,090
Refundable security deposit	590,600	-	-	-	-	590,600
AFS financial asset						
Investment in golf share	50,000	-	-	-	-	50,000
	P116,117,485	P144,802,428	P14,211,701	P157,124,659	P4,458,115	P436,714,388

	December 31, 2013					
	Neither past due nor impaired	Past due but not impaired				
		31-60 days	61-90 Days	Over 90 days	Impaired	Total
Loans and receivables						
Cash in banks	P1,243,661	P-	P-	P-	P-	P1,243,661
Advances to related parties	487,500	-	-	-	-	487,500
AFS financial asset						
Investment in New Wave	-	-	-	-	1,424,849,491	1,424,849,491
	P1,731,161	P-	P-	P-	P1,424,849,491	P1,426,580,652

The Group assigned trade receivables as security for borrowings (see Notes 9 and 17).

There were no other credit enhancements attached to the Group's financial assets aside from assigned trade receivables.

Credit quality per class of financial assets

The Group's bases in grading its financial assets are as follows:

High grade - These are receivables which have a high probability of collection (the counterparty has the apparent ability to satisfy its obligation and the security on the receivables are readily enforceable).

Standard grade - These are receivables where collections are probable due to the reputation and the financial ability of the counterparty to pay but have been outstanding for a certain period of time.

Substandard grade - These are receivables that can be collected provided the Group makes persistent effort to collect them.

The table below shows the credit quality by class of financial assets of the Group based on their historical experience with the corresponding parties as at December 31, 2014 and 2013:

	December 31, 2014						
	Neither past due nor impaired						
	High grade	Standard grade	Substandard grade	Unrated	Past due but not impaired	Impaired	Total
Loans and receivables							
Cash in banks	P105,776,698	P-	P-	P-	P-	P-	P105,776,698
Trade receivables	9,700,187	-	-	-	316,138,788	4,458,115	330,297,090
Refundable security deposit	590,600	-	-	-	-	-	590,600
AFS financial assets							
Investment in golf share	50,000	-	-	-	-	-	50,000
	P116,117,485	P-	P-	P-	P316,138,788	P4,458,115	P436,714,388

	December 31, 201						
	Neither past due nor impaired						
	High grade	Standard grade	Substandard grade	Unrated	Past due but not impaired	Impaired	Total
Loans and receivables							
Cash in banks	P1,243,661	P-	P-	P-	P-	P-	P1,243,661
Advances to a related party	487,500	-	-	-	-	-	487,500
AFS financial assets							
Investment in New Wave	-	-	-	-	-	1,424,849,491	1,424,849,491
	P1,731,161	P-	P-	P-	P-	P1,424,849,491	P1,426,580,652

The credit quality of the Group's financial assets is evaluated using internal credit rating. Financial assets are considered high grade if the counterparties are not expected to default in settling their obligations, thus credit risk exposure is minimal. These counterparties include banks, customers with no past due accounts and related parties who pay on or before due date.

The Group has no financial assets whose terms have been renegotiated.

(c) Liquidity risk

This represents the risk or difficulty in raising funds to meet the Group's commitment associated with financial obligation and daily cash flow requirement. The Group is exposed to the possibility that adverse exchanges in the business environment and/or its operations would result to substantially higher working capital requirements and the subsequent difficulty in financing additional working capital.

The Group addresses liquidity concerns primarily through cash flows from operations and short-term borrowings, if necessary. The Group has credit lines with several of the top banks of the Philippines which gives it financial flexibility in its operations. The Group likewise regularly evaluates other financing instruments to broaden the Group's range of financing sources.

The following table summarizes the maturity profile of the Group's other financial liabilities as at December 31, 2014 and 2013, respectively, based on the contractual undiscounted payments:

	December 31, 2014			
	On demand	Within 1 year	More than 1 year	Total
Other financial liabilities				
Trade and other payables*	P257,500,462	P-	P-	257,500,462
Due to a related party	133,771,963	-	-	133,771,963
Borrowings	-	760,863,085	4,308,228	765,171,313
Obligations under finance lease	-	21,861,713	36,983,647	58,845,360
	P391,272,425	P782,724,798	P41,291,875	P1,215,289,098

	December 31, 2013			
	On demand	Within 1 year	More than 1 year	Total
Other financial liabilities				
Trade and other payables*	P632,581	P-	P-	P632,581
Advances to a related party	6,834,130	-	-	6,834,130
	P7,466,711	P-	P-	P7,466,711

**Exclusive of government payables*

The contractual undiscounted payments related to borrowings and obligations under finance lease consist of the principal amount and future interests, details of which are as follows:

	2014	2013
Principal of loan	P757,821,402	P-
Current portion	754,088,762	-
Net of current portion	P3,732,640	P-
Future interest	P7,289,911	P-
Current portion	6,774,323	-
Net of current portion	P515,588	P-
Cash flow from principal of loan	P757,821,402	P-
Cash flow from future interest	7,289,911	-
	P765,111,313	P-

Capital risk management

The primary objective of the Group's capital management is to ensure its ability to continue as a going concern and that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The BOD has overall responsibility for monitoring of capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the Group's external environment and the risks underlying the Group's business operations and industry.

The Group monitors capital on the basis of the debt-to-equity ratio, which is calculated as total debt less cash on hand and in banks, then divided by total equity. Total debt is equivalent to total liabilities sown in the consolidated statements of financial position. Total equity comprises all components of equity including share capital and retained earnings.

	2014	2013
Net debt	P1,130,035,630	P6,188,873
Equity (capital deficiency)	170,793,143	27,236,713
Net debt to equity ratio	6.62:1	0.23:1

The Group through the Finance function sets operational targets and performance indicators in order to assure that the capital and returns requirements are achieved. Appropriate monitoring and reporting systems accompany these targets and indicators to assess the achievement of Group goals and institute appropriate action.

No changes were made in the objectives, policies and processes in 2014, 2013 and 2012.

The Group has no externally imposed capital requirements.

NOTE 7 - BUSINESS COMBINATION

On December 20, 2013, the Parent Company's BOD approved the execution of subscription agreement with Millennium Ocean Star Corporation (MOSC). On January 10, 2014, the Parent Company executed the subscription agreement acquiring 51% controlling interest of the MOSC or One Hundred Thirty Seven Million Nine Hundred Eight Thousand One Hundred Sixty Three Pesos (P137,908,160) worth of primary common shares of the MOSC at par value of One Peso (P1) per share. The Parent Company initially paid P65,000,000 out of the total subscribed primary common shares. The investing public, including all the shareholders of the Parent Company have been informed of this development through timely and complete disclosures with the SEC via the filing of the requisite SEC Form 17-C and the uploading thereof with the PSE via the PSE Online Disclosure System.

MOSC is primarily engaged in the processing of high quality seafood and aquaculture products for export and trading of imported marine and other related products. Its key business activity is the processing and exports of several quality and high valued seafood products, such as Black Tiger Shrimps, Kisu (asohos) fillet, frozen lobsters, etc.

Its processing plants and buying stations are strategically located all over the country, enabling it to have a strong market foothold in Japan, Taiwan, Hong Kong, Vietnam, Malaysia, Singapore, United States of America, Canada, etc.

The acquisition aims to acquire MOSC as subsidiary which is expected to significantly contribute to the Company's bottomline figures, thus enhancing shareholder value.

The Parent Company elected to measure the non-controlling interest in MOSC at the proportionate share of its interest in MOSC's identifiable net assets.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of MOSC as at the date of acquisition were:

Assets	
Cash on hand and in banks	P165,089,314
Trade and other receivables	341,107,235
Inventories	10,194,467
Advances to related parties	204,948,508
Prepayments and other current assets	2,760,860
Property and equipment	422,452,306
Deferred tax asset	10,178,421
Other noncurrent assets	572,336
	1,157,303,447
Liabilities	
Loans payable - current portion	688,651,819
Trade and other payables	71,788,374
Obligations under finance lease - current portion	31,903,578
Income tax payable	1,430,900
Loans payable - net of current portion	34,407,819
Pension liability	30,749,954
Obligations under finance lease, net of current portion	56,435,784
	915,368,228
Total identifiable net assets at fair value	241,935,219
Non-controlling interest (49% of net assets)	(118,548,258)
Goodwill arising from business combination (Note 15)	14,521,202
Purchase consideration	P137,908,163
Cash on hand and in banks acquired from subsidiary	P165,089,314
Cash paid	(65,000,000)
Net cash flow on business combination	P100,089,314

The carrying value of the net assets of MOSC at the date of acquisition equals their respective fair values. The Group recognized goodwill arising from business combination amounting to P14,521,202.

From the date of acquisition, MOSC contributed P1,560,239,248 revenue and P5,399,512 profit before tax from continuing operations of the Group.

NOTE 8 - CASH ON HAND AND IN BANKS

The account consists of:

	2014	2013
Cash on hand	P3,989,656	P61,190
Cash in banks	105,776,698	1,243,661
	P109,766,354	P1,304,851

Cash in banks earn interest based on the banks' average deposit rates. Finance income from cash in banks amounted to P289,460, P1,720, and P122,601 for 2014, 2013 and 2012, respectively.

Included in cash in banks are amounts in a currency other than the Group's functional currency as follows:

	2014	2013
Cash in banks (US dollars)	US$529,715	US$730,867

NOTE 9 - TRADE AND OTHER RECEIVABLES, NET

The account consists of:

	2014	2013
Trade	P330,297,090	P-
Advances to suppliers	61,793,525	-
Advances to employees	179,537	-
	392,270,152	-
Allowance for impairment loss	(4,458,115)	-
	P387,812,037	P-

Trade receivables are from customers of the Group and are not interest-bearing. Normal credit terms of trade receivables ranges from 30 to 60 days.

Advances to suppliers represent advance payments made to suppliers for purchases of goods. These are deducted from the purchase price upon receipt of the goods.

Advances to employees pertain to salary advances made by the employees and are paid through salary deductions.

The Group assigned its trade receivables amounting to P160,100,840 and Nil as at December 31, 2014 and 2013, respectively, as security for its borrowings with various banks (see Note 17).

The Group provides allowance for impairment loss on receivables that are past due based on estimated unrecoverable amounts, as determined by management.

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. Accordingly, management believes that there is no further credit provision required in excess of the allowance for impairment loss on trade receivables already provided as at December 31, 2013.

Movements of allowance for impairment loss on trade and other receivables are as follows:

	2014	2013
At January 1	P-	P-
Allowance for impairment loss at the date of business combination	1,295,622	-
Impairment loss during the year (Note 23)	7,442,714	-
Accounts written off during the year	(4,280,221)	-
At December 31	P4,458,115	P-

Management believes that the carrying value of trade and other receivables approximates its fair value due to its short-term nature.

NOTE 10 - LOANS RECEIVABLE

On July 1, 2013, the Parent Company entered into an Investment Agreement with MOSC, a corporation engaged in the business of trading of goods such as marine and other related products on a wholesale basis, for the purpose of funding and expansion of MOSC's trading business. Under the Agreement, the Company shall advance up to P60,000,000 as additional working capital to MOSC. The amount shall be payable in two (2) years with interest rate of 6.5% per annum.

As at December 31, 2013, the Company's loan receivable by virtue of the investment agreement with the Subsidiary amounted to P30,000,000. Finance income recognized amounted to P975,000 in 2013 (see Note 26). The principal amount of loans receivable of P30,000,000 and the interest receivable of P487,500 were collected in January 2014.

NOTE 11 - INVENTORIES, NET

The account consists of:

	2014	2013
At cost		
Cuttlefish	P61,713,535	P-
Squid	57,116,557	-
Octopus	44,967,662	-
Leather jacket fish	24,773,739	-
Vannamei fish	21,350,788	-
Kissu fillet	21,197,728	-
Groupers	17,777,490	-
Lobster	16,268,871	-
Abalone	14,676,909	-
Giant squid fillet	11,813,875	-
Scallop meat	4,894,031	-
Parrot fish	3,501,812	-
Crablets	2,674,514	-
Ribbon fish	2,365,186	-
Other aquaculture products	2,446,300	-
	307,538,997	-
At net realizable value		-
Black tiger shrimps	153,878,032	-
Allowance for inventory obsolescence	(1,393,141)	-
	152,484,891	-
	P460,023,888	P-

Cost of inventories recognized as expense amounted to P1,431,831,558 in 2014 and Nil in 2013 and 2012 (see Note 22).

The Group provided allowance for inventory obsolescence amounting to P1,393,141 and Nil in 2014 and 2013, respectively.

Movements of allowance for inventory obsolescence are as follows:

	2014	2013
At January 1	P-	P-
Loss on decline in value of inventories due to obsolescence (Note 23)	1,393,141	-
At December 31	P1,393,141	P-

Management believes that the carrying value of inventories approximate its net realizable value.

NOTE 12 - PREPAYMENTS AND OTHER CURRENT ASSETS

The account consists of:

	2014	2013
Input VAT	P6,946,735	P4,028,085
Factory supplies	3,197,603	-
Prepaid insurance	1,081,612	-
Prepaid tax and other creditable withholding taxes	796,522	796,522
	12,022,472	4,824,607
Allowance for impairment loss	-	(1,886,521)
	P12,022,472	P2,938,086

Movements of the allowance for impairment loss are as follows:

	2014	2013
At January 1	P1,886,521	P1,089,999
Charged during the year (Note 24)		
Creditable withholding tax	-	796,522
Write-off	(1,886,521)	
At December 31	P-	P1,886,521

NOTE 13 - AVAILABLE-FOR-SALE (AFS) FINANCIAL ASSETS, NET

The account consists of:

	2014	2013
Investment in golf share	P50,000	P-
Investment in New Wave	-	1,424,849,491
	50,000	1,424,849,491
Less: Allowance for impairment loss	-	(1,424,849,491)
	P50,000	P-

The investment in New Wave represents the Parent Company's 1% stake in the shareholdings of New Wave Resources Limited, a Company incorporated in the British Virgin Islands (BVI). Based on management's assessment, the AFS investment is fully impaired as at December 31, 2014 and 2013 hence the amount has been provided with an allowance for impairment loss in full in 2013 and subsequently written off in 2014.

Movements of the allowance for impairment loss are as follows:

	2014	2013
At January 1	P1,424,849,491	P1,424,849,491
Write-off	(1,424,849,491)	-
At December 31	P-	P1,424,849,491

The investment in New Wave is classified as an AFS financial asset measured at level 3 of the fair value hierarchy in the consolidated financial statements (see Note 4).

The investment in golf share consists of one (1) membership share in Eagle Ridge Golf & Country Club, Inc. and is classified as an AFS financial asset measured at level 1 of the fair value hierarchy in the consolidated statements of financial position (see Note 4). The movement in the account is summarized as follows:

	2014	2013
At cost	P350,000	P-
Accumulated unrealized loss on market value	(300,000)	-
	P50,000	P-

The movements in the accumulated unrealized loss on market value of investment in golf share are as follows:

	2014	2013
At January 10 (date of business combination)	(P320,000)	P-
Charged to OCI during the year		
Unrealized gain on fair value adjustment		-
Attributable to owners of the Parent Company	7,140	
Non-controlling interest	6,860	
Deferred tax (Note 28)	6,000	-
	20,000	-
At December 31	(P300,000)	P-

NOTE 14 - PROPERTY, PLANT AND EQUIPMENT, NET

The details of and movements in this account are as follows:

	Land	Building	Leasehold improvements	Machineries	Transportation equipment	Furniture and fixtures	Total
Cost							
At January 1, 2013, December 31, 2013 and January 1, 2014	P-	P-	P-	P-	P-	P-	P-
Net carrying values / fair values of property, plant and equipment acquired at the date of business combination	137,672,775	122,155,201	1,028,097	140,439,693	20,045,000	1,111,540	422,452,306
Additions during the year	6,502,000	14,424,089	-	22,033,191	4,230,605	1,343,409	48,533,294
At December 31, 2014	144,174,775	136,579,290	1,028,097	162,472,884	24,275,605	2,454,949	470,985,600
Accumulated depreciation and amortization							
At January 1, 2013, December 31, 2013 and January 1, 2014	-	-	-	-	-	-	-
Depreciation and amortization	-	8,697,704	75,457	22,044,411	9,628,613	1,782,340	42,228,525
At December 31, 2014	-	8,697,704	75,457	22,044,411	9,628,613	1,782,340	42,228,525
Net book values							
December 31, 2013	P-	P-	P-	P-	P-	P-	P-
December 31, 2014	**P144,174,775**	**P127,881,586**	**P952,640**	**P140,428,473**	**P14,646,992**	**P672,609**	**P428,757,075**

At the date of business combination, the Group recognized in its consolidated financial statements the net carrying values of property, plant and equipment carried in the books of the Acquiree. The net carrying values of the property, plant and equipment approximates their respective fair values at the date of business combination.

The Group's land with a carrying amount of P30,000,000 and various transportation equipment with carrying amounts totaling P5,040,567 and Nil, as at December 31, 2014 and 2013, respectively are subject to a real estate mortgage and chattel mortgage, respectively, and are used as security for the interest-bearing loans (see Note 17).

The Group has no contractual commitment for the acquisition of property, plant and equipment.

Depreciation and amortization expense for the year ended December 31, 2014 are charged to "Cost of sales" and "General and administrative expenses" amounting to P37,694,760 and P4,533,765, respectively. No depreciation expense for the years ended December 31, 2013 and 2012 were recognized in the consolidated financial statements of the Group (see Notes 22 and 23).

The cost of fully depreciated property, plant and equipment still in use amounted to P34,907,665 and Nil as at December 31, 2014 and 2013, respectively.

Management has reviewed the carrying values of the Group's property, plant and equipment as at December 31, 2014 and 2013 for impairment. Based on the results of its evaluation, there were no indications that the property, plant and equipment were impaired.

NOTE 15 - GOODWILL

The account consists of:

	2014	2013
Cost		
At January 1	P-	P-
Goodwill (Note 7)	14,521,202	-
At December 31	14,521,202	-
Accumulated impairment losses		
At January 1	-	-
Impairment loss for the year	-	-
At December 31	-	-
Net book value	P14,521,202	P-

The Group's goodwill pertains to the acquisition of MOSC on January 10, 2014 (see Note 7).

The recoverable amount has been determined based on the value-in-use calculation using cash flow projections from financial budgets approved by the management covering a five-year period.

Key assumptions in value-in-use calculation are as follows:

a) Growth rates - Rates are based on published industry research. Management has considered historical growth rates for the aquaculture industry ranging from 0.3% to 0.7%.

b) Discount rates - Discount rates represent the current market assessment of the risks taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and is derived from its weighted average cost of capital (WACC). Discount rate used is 3.07%.

Based on management's assessment, the carrying value of Goodwill is not impaired, thus, no impairment loss was recognized for the year ended December 31, 2014.

NOTE 16 - TRADE AND OTHER PAYABLES

The account consists of:

	2014	2013
Trade payables	P256,031,935	P-
Accrued expenses	1,468,527	632,581
Government payables	173,933	7,513
	P257,674,395	P640,094

Trade payables from suppliers of marine products are non-interest bearing and with normal credit terms are 30 to 60 days.

Accrued expenses include unbilled expenses which are normally settled within one (1) year.

Government liabilities include withholding taxes, Social Security System (SSS) premiums and other liabilities to the government which are normally settled within 30 days.

NOTE 17 - BORROWINGS

Loan agreements with local banks

These loans were obtained to augment the Group's funding for its operations. The details of and movements in the account are as follows:

Lending institution	Interest rate	Terms	Security	Carrying amount / fair values of borrowings assumed at date of business combination (Note "i")	Availments during the year	Payments during the year	At December 31, 2014
Current liabilities:							
Bank of the Philippine Islands (Note ii)	3%-4%	Renewable every 60-180 days	Deed of Assignment of trade receivables	P187,040,409	P297,761,653	(P325,713,300)	P159,088,762
Bank of the Philippine Islands (Note iii)	3%-4%	Renewable every 60-180 days	Unsecured	53,000,000	27,000,000	-	80,000,000
Chinatrust Bank (Note ii)	5%-5.5%	Renewable every 60-180 days	Deed of Assignment of trade receivables	40,000,000	71,000,000	(41,000,000)	70,000,000
Chinatrust Bank (Note iii)	5%-5.5%	Renewable every 60-180 days	Unsecured	80,000,000	489,000,000	(489,000,000)	80,000,000
Banco de Oro (Note ii)	5.25%-5.75%	Renewable every 60-180 days	Deed of Assignment of trade receivables	80,000,000	329,900,000	(329,900,000)	80,000,000
Maybank (Note iii)	6.25%-6.50%	Renewable every 60-180 days	Unsecured	60,000,000	60,000,000	(60,000,000)	60,000,000
Rizal Commercial Bank Corporation (Note ii)	5.25%-5.50%	Renewable every 60-180 days	Deed of Assignment of trade receivables	-	10,000,000	(5,000,000)	5,000,000
United Coconut Planters Bank (Note ii)	5.25%		Deed of Assignment of trade receivables	-	110,000,000	(65,000,000)	45,000,000
Unionbank (Note iv)	6.50%		Real estate mortgage	188,611,410	593,346,690	(606,958,100)	175,000,000
		3 years		688,651,819	1,988,008,343	(1,922,571,400)	754,088,762
Noncurrent liability:		Renewable every 60-180 days					
Bank of the Philippine Islands (Note v)	9-10%	Renewable every 60-180 days	Chattel mortgage	4,407,819	-	(675,179)	3,732,640
				P693,059,638	P1,988,008,343	(P1,923,246,579)	P757,821,402

i. At the date of business combination, the Group recognized in its consolidated financial statements the carrying amounts of borrowings in the books of MOSC. The carrying amounts of the borrowings approximate their respective fair values at the date of business combination.

ii. The Group assigned its trade receivables on export sales as security for its borrowings with Bank of the Philippine Islands, Chinatrust Bank and Banco de Oro which amounted to P160,100,840 and Nil for the years ended December 31, 2014 and 2013, respectively (see Note 9).

iii. Borrowings which consist of unsecured peso denominated promissory notes obtained from Bank of Philippine Islands, Chinatrust Bank and Maybank amounted to P220,000,000 and Nil as at December 31, 2014 and 2013, respectively, and carry interest rates ranging from 4.00% to 5.75% and are payable in 60 to 180 days.

iv. Borrowings from Unionbank are secured by real estate mortgage on the Group's land with a carrying amount of P30,000,000 as at December 31, 2014 (see Note 14).

v. Long-term borrowings from Bank of the Philippine Islands are secured by chattel mortgage on the Group's transportation equipment with a carrying amount of P5,040,567 as at December 31, 2014 (see Note 14).

Finance costs arising from these loans amounted to P32,112,917, Nil and Nil for the years ended December 31, 2014, 2013 and 2012, respectively (see Note 25).

Long-term bank loans recognized as at December 31, 2014 and 2013 amounted to P3,732,640 and Nil, respectively.

There were no breaches of loan agreement terms such as any defaults of principal and interest of these loans payable during the period.

NOTE 18 - DEPOSITS FOR FUTURE SHARES SUBSCRIPTION

The deposits for future share subscription presented under equity consist of:

	2014		2013	
	Number of shares	Amount	Number of shares	Amount
GEM Investment Advisors Inc./Jamie Enrique Y. Gonzales	-	P-	8,215,000	P8,390,000
IPVG Employees, Inc. (IEI)	-	-	1,000,000	1,000,000
	-	P-	9,215,000	P9,390,000

On June 27, 2013, the BOD of the Parent Company approved the increase of the authorized share capital from 2,000,000,000 shares at P1 par value per share to 2,500,000,000 subscribed shares at P1 par value per share. The increase in authorized share capital was approved by the SEC on July 25, 2013. The listing of the additional 125,000,000 subscribed shares was also approved by the shareholders on December 20, 2013, subject to compliance with the requirements of the PSE (see Note 19).

In line with the approved increase in the authorized share capital, the Parent Company classified the deposits for future shares subscription under equity as at December 31, 2013.

On April 11, 2014, the deposits for future shares subscription representing 9,215,000 shares were assigned and issued to the Parent Company's chairman and president. Premium of P175,000 from the issuance of shares was recognized (see Notes 19 and 20).

NOTE 19 - SHARE CAPITAL

Details of the Group's share capital are as follows:

	2014		2013	
	Number of shares	Amount	Number of shares	Amount
Authorized shares at P1 par value per share	2,500,000,000	P2,500,000,000	2,500,000,000	P2,500,000,000
Outstanding shares				
Issued but not yet paid	50,404,700	P50,404,700	93,750,000	P93,750,000
Issued and fully paid	2,083,810,300	2,083,810,300	2,031,250,000	2,031,250,000
	2,134,215,000	P2,134,215,000	2,125,000,000	P2,125,000,000

Movements of the Parent Company's outstanding shares issued and fully paid are as follows:

	2014	2013
At January 1	P2,031,250,000	P2,000,000,000
Issuances during the year	9,215,000	31,250,000
Collection of subscriptions receivables during the year	43,345,300	-
At December 31	P2,083,810,300	P2,031,250,000

Shares issuances in 2014

On April 11, 2014, the BOD of the Parent Company approved the assignment and issuance of 9,215,000 shares lodged in the deposits for future shares subscription to Yang Chi Jen (Chairman and President), to be taken from the existing unissued common shares of the Parent Company (see Note 18). The shares were issued at a premium of P175,000 (see Note 20).

Shares issuances in 2013

On June 27, 2013, the BOD of the Parent Company approved the initial increase of the authorized share capital from P2,000,000,000 to P2,500,000,000. The BOD also approved the subscription to 25% of the P500,000,000 increase in authorized share capital equivalent to P125,000,000 shares for a total of P125,000,000 by the Company's Chairman, President and CEO, of which 25% or P31,250,000 has been paid as at December 31, 2013.

On July 25, 2013, the SEC approved the Parent Company's application for the increase in authorized capital stock of the Parent Company from P2,000,000,000 to P2,500,000,000. The listing of the additional 125,000,000 subscribed shares was also approved by the shareholders on December 20, 2013, subject to compliance with the requirements of the PSE.

Collections of subscriptions receivable in 2014

During the year, the Parent Company collected subscriptions receivables amounting to P43,345,300.

NOTE 20 - SHARE PREMIUM

The movements of share premium are as follows:

	2014	2013
At January 1	P819,953,896	P819,953,896
Share premium on common shares issued during the year (Note 19)		
Gross proceeds	9,390,000	-
Par value of issued shares	(9,215,000)	-
	175,000	-
At December 31	P80,128,896	P819,953,896

Share premium arises when the amount subscribed is in excess of nominal value.

In 2014, the Company issued 9,215,000 shares with par value of P1 per share at a total issue price of P9,315,000. The issuance of shares resulted to a share premium of P175,000.

NOTE 21 - SALES

The account consists of:

	2014	2013	2012
Black Tiger Shrimp	P491,340,477	P-	P-
Cuttlefish Products	196,308,573	-	-
Squid Products	189,927,250	-	-
Octopus	149,648,315	-	-
Leather Jacket Fish	92,331,473	-	-
Vannamei Shrimps	79,798,413	-	-
Kissu Fillet	63,073,645	-	-
Groupers (Red)	62,506,653		
Lobster	60,321,275		
Abalone / Tokobushi	54,343,058		
Giant squid fillet	44,507,439		
Scallops meat	18,005,629		
Kissu products	16,626,055	-	-
Parrot fish	13,057,734	-	-
Crablets	10,154,995	-	-
Ribbon fish	8,982,898	-	-
Other aquaculture products	9,305,366	-	-
	P1,560,239,248	P-	P-

The Group exports its products to various countries such as USA, Taiwan, Hongkong and Japan.

NOTE 22 - COST OF SALES

The account consists of:

	2014	2013	2012
Inventories, beginning	P-	P-	P-
Fair value of inventories acquired at the date of business combination	10,194,467	-	-
Net purchases of goods	1,659,705,182	-	-
Overheads	221,955,797	-	-
	1,891,855,446	-	-
Inventories, ending (Note 11)	(460,023,888)	-	-
Cost of sales	P1,431,831,558	-	-
Details of overheads are as follows:			
Freight	P66,386,857	-	-
Communication, light and water	55,201,297	-	-
Depreciation and amortization (Note 14)	37,694,760	-	-
Direct labor	23,982,008	-	-
Handling	15,865,240	-	-
Indirect labor	9,121,222	-	-
Rental (Note 29)	6,148,516	-	-
Repairs and maintenance	3,997,688	-	-
Packaging	3,558,209	-	-
	P221,955,797	P-	P-

The Group purchases its products through its buying stations strategically located all over the Philippines.

NOTE 23 - GENERAL AND ADMINISTRATIVE EXPENSES

The account consists of:

	2014	2013	2012
Taxes and licenses	P15,444,936	P805,779	P8,173,105
Salaries, wages and benefits	11,642,592	-	-
Transportation and travel	9,937,854	20,961	5,793,143
Fuel and oil	7,741,523	-	-
Representation	7,238,777	40,356	1,730,786
Filing fees and other charges	5,112,147	1,010,510	-
Depreciation and amortization (Note 14)	4,533,765	-	-
Communication	4,031,206	14,944	-
Marketing	3,687,366	-	-
Rental (Note 29)	3,605,348	53,571	-
Repairs and maintenance	3,553,497	-	-
Professional fees	3,204,847	1,387,387	4,523,020
Retirement benefits (Note 27)	3,037,122	-	-
Security and managerial services	2,224,328	-	-
Office supplies	1,944,889	64,287	-
Insurance	1,849,335	-	149,730
Membership dues	1,802,440	-	12,061,570
Fines, penalties and other charges	1,757,975	3,151,376	-
Shipping costs	879,175	-	-
Trainings and seminars	100,000	-	-
Outside services	82,714	24,500	1,679,778
Utilities	60,000	30,000	-
Advertising and promotions	-	6,586	-
Research and development	-	-	11,783,750
Bonus	-	-	3,499,500
Others	4,575,242	60,727	541,341
	P98,047,078	P6,670,984	P49,935,723

NOTE 24 - OTHER OPERATING INCOME (LOSSES), NET

The account consists of:

	2014	2013	2012
Rental income (Note 29)	P5,862,667	P-	P-
Gain on finance lease-sale and leaseback	6,764,501	-	-
Scrap sales	1,052,731	-	-
Impairment losses			
Trade and other receivables (Note 9)	(7,442,714)		-
Decline in value of inventories due to obsolescence (Note 11)	(1,393,141)		-
AFS financial assets (Note 13)	-	-	(1,424,849,491)
Other assets (Note 12)	-	(796,522)	(2,548,805)
Unrealized foreign exchange gain	20,257	-	-
Realized foreign exchange gain	-	-	401,820
Others	-	(1,040)	1,118,481
	P4,864,301	(P797,562)	(P1,425,877,995)

Gain on finance lease and leaseback pertains to the transportation and plant equipment that were sold by the Company to various banks.

NOTE 25 - FINANCE COSTS

The account consists of:

	2014	2013	2012
Interest costs from:			
Borrowings (Note 17)	**P32,112,917**	P-	P-
Finance lease (Note 29)	**6,172,219**	-	-
Retirement benefits liability (Note 27)	**1,475,998**	-	-
Advances from related parties (Note 26)	-	-	10,000,000
	P39,761,134	P-	P10,000,000

NOTE 26 - RELATED PARTY TRANSACTIONS

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

The details of the Group's related parties are summarized as follows:

Name of the related party	Relationship	Nature of transaction	Country of incorporation
Millennium Ocean Star Corporation (MOSC)*	Affiliate	Advances	Philippines
IPVG Employees, Inc. (IEI)	Shareholders	Deposits for future share subscription	-
Individuals	Key management personnel	Advances	-

**Affiliate in 2013*

a. *Outstanding balances*

	Due from related parties (Note "i")		Terms and conditions	Type of security	Nature of consideration to be provided in settlement	Details of guarantees given or received	Allowance for impairment loss	Impairment loss
	2014	2013						
Affiliate								
MOSC	P-	P487,500	Demandable	Unsecured	Cash	None	P-	P-

i. These advances are non-interest bearing, unsecured and payable on demand. For the years ended December 31, 2014 and 2013, the Group has not recorded any impairment loss relating to the amounts owed by the related party. The assessment is undertaken through examining the financial position of the related party and the market in which the related party operates.

	Loans receivable (Note 10)		Terms and conditions	Type of security	Nature of consideration to be provided in settlement	Details of guarantees given or received	Allowance for impairment loss	Impairment loss
	2014	2013						
Affiliate								
MOSC	P-	P30,000,000	6.5% per annum, payable within 2 years	Unsecured	Cash	None	P-	P-

	Due to a related party (Note "ii")		Terms and conditions	Type of security	Nature of consideration to be provided in settlement	Details of guarantees given or received
	2014	2013				
Key management personnel						
Individual/ Shareholders	P133,771,963	P6,834,130	Demandable	Unsecured	Cash	None

ii. The amount due to a related party represents non-interest bearing cash advances used to finance the Group's working capital requirements. These advances are non-interest bearing, unsecured and payable on demand.

b. Transactions

Significant transactions with related parties for the years ended December 31, 2014, 2013 and 2012 are as follows:

	Rental (Notes 23 and "i")			Finance costs (Notes 25 and "ii")			Finance income ("iii")		
	2014	2013	2012	2014	2013	2012	2014	2013	2012
Affiliate									
MOSC	P-	P53,571	P-	P-	P-	P-	P-	P975,000	P-
Key management personnel									
Individuals/Shareholders	-	-	-	-	-	10,000,000	-	-	-
	P-	P53,571	P-	P-	P-	P10,000,000	P-	P975,000	P-

	Collection of loans receivable (Notes 10 and "iii")			Collection of interest receivable (Notes 10 and "iii")			Payments to a related party (Note "iv")		
	2014	2013	2012	2014	2013	2012	2014	2013	2012
Subsidiary									
MOSC	P30,000,000	P-	P-	P487,500	P-	P-	P41,190	P-	P-
Key management personnel									
Individuals/Shareholders	-	-	-	-	-	-	-	-	10,000,000
	P30,000,000	P-	P-	P487,500	P-	P-	P41,190	P-	P10,000,000

The Group in the ordinary course of business has the following transactions with the related parties:

i. In 2013, the Group entered into a 10-year lease agreement for the lease of office space (see Note 29).

ii. Finance cost in 2012 pertains to the interest charges arising from the outstanding advances from related parties as at December 31, 2011 which were paid in full in 2012.

iii. In 2014, the Company collected in full the principal amount of loans receivable from MOSC amounting to P30,000,000 and the corresponding interest receivable of P487,500.

The total finance income in 2013 amounting to P975,000 pertains to the interest arising from loans receivable (see Note 10).

iv. The Company made payments to its related party amounting to P41,190 and Nil in 2014 and 2013, respectively.

c) *Key management personnel compensation*

Salaries and other short-term benefits of key management personnel amounted to P10,732,000, Nil and Nil for the years ended December 31, 2014, 2013 and 2012, respectively. These are included in "direct labor" and "salaries, wages and benefits" account under "cost of sales" and "operating expenses" in the consolidated statements of income, respectively.

NOTE 27 - RETIREMENT BENEFITS

The Group has a noncontributory, defined benefit plan covering all its officers and regular employees. Retirement benefits expense recognized in the consolidated statement of loss (loss) is computed based on provision of PAS 19R. The principal actuarial assumptions used to determine the funding of the trust fund is accrued benefit actuarial cost method which takes into account the factors of interest, mortality, disability, and salary projection rates.

The amounts recognized in the consolidated statements of financial position are as follows:

	2014	2013
Present value of the obligation	**P31,688,864**	P-

The retirement benefits expense recognized in the consolidated statements of income as follows:

	2014	2013	2012
Current service cost (Note 23)	**P3,037,122**	P-	P-
Interest cost (Note 25)	**1,475,998**	-	-
	P4,513,120	P-	P-

a. Reconciliation of defined benefit obligation

The movement in the defined benefit obligation is as follows:

	2014	2013
Present value of obligation at January 1	P-	P-
Fair value at date of business combination	30,749,954	-
Current service cost	3,037,122	-
Interest cost	1,475,998	-
	4,513,120	-
Benefits paid directly from book reserve	(145,000)	-
Remeasurements in OCI:		
Effect of changes in financial assumptions	(913,422)	-
Effect of experience adjustments	(2,515,788)	-
	(3,429,210)	-
Present value of obligation at December 31	P31,688,864	P-

b. Remeasurements in OCI

Remeasurements in OCI represent actuarial gains and losses presented at net of related deferred tax as shown below:

	2014	2013	2012
At January 1	P-	P-	P-
Fair value at date of business combination	7,455,587	-	-
Remeasurements in OCI, net of deferred tax	(2,400,447)	-	-
At December 31	P5,055,140	P-	P-

	2014	2013	2012
Actuarial gain recognized	(P3,429,210)	P-	P-
Deferred tax	1,028,763	-	-
Actuarial gain recognized, net	(2,400,447)	-	-
Non-controlling interest	1,176,219		
Attributable to owners of the Parent Company (51%)	(P1,224,228)		

c. Actuarial assumptions

The significant actuarial assumptions were as follows:

	2014	2013
Discount rate	4.97%	-
Salary projection rate	10.00%	-

Sensitivity analysis

The sensitivity analysis below has been determined based on a reasonably possible change of each significant assumption on the defined benefit obligation as at the December 31, 2014 and 2013 with all other variables held constant:

	Reasonably possible change	2014	2013
Discount rate	+100 bps*	**(P4,751,750)**	P-
	-100 bps	**5,893,767**	-
Salary increase rate	+100 bps	**P5,214,207**	P-
	-100 bps	**(4,355,315)**	-

*100bps is equivalent to 1%

The defined benefit obligation is calculated using the discount rate set with reference to government bonds. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the retirement benefit liability recognized in the consolidated statements of the financial position.

There were no changes from the previous period in the methods and assumptions used in preparing the sensitivity analysis.

The average duration of the defined benefit obligation is 19.7 as at December 31, 2014.

d. Maturity analysis

Shown below is the maturity analysis of the undiscounted benefit payments:

	2014	2013
Less than 1 year	**P-**	P-
Between 1 to 5 years	**2,441,799**	-
Between 5 to 10 years	**8,783,495**	-

NOTE 28 - INCOME TAXES

a. The components of the Group's provision for income tax are as follows:

	2014	2013	2012
Current	**P6,014,952**	P19,500	P8,036
Deferred	**(4,031,340)**	-	469,809
	P1,983,612	P19,500	P477,845

The reconciliation of the provision from income tax computed at the statutory tax rates to the provision for income tax reported in the consolidated statements of comprehensive income is as follows:

	2014	2013	2012
Loss before tax	(P4,246,760)	(P6,491,826)	(P1,485,691,117)
Tax expense computed at statutory tax rate of 30%	(1,274,028)	(1,947,548)	(445,707,335)
Deductible temporary differences and carry forward benefits and excess MCIT for which no deferred income tax assets were recognized	2,802,062	783,194	444,151,524
Nondeductible expenses	542,416	1,184,370	2,397,436
Income subject to final tax	(86,838)	(516)	(363,780)
	P1,983,612	P19,500	P477,845

The components of deferred tax assets as at December 31 are as follows:

	2014	2013	2012
At January 1	P-	P-	P474,809
Fair value at date of business combination	10,178,421	-	-
Charged to statements of income during the year:			
Retirement benefits obligation	1,310,436	-	-
Unrealized foreign exchange loss (gain)	1,354,214	-	-
MCIT	(1,602,297)	-	(449,905)
Accrued expenses	-	-	(24,904)
Allowance for impairment loss on trade and other receivables	948,748	-	-
Allowance for inventory obsolesces	417,942	-	-
			-
Charged to statements of comprehensive income during the year:			
Unrealized loss on market value of AFS financial assets	(6,000)	-	-
Remeasurements of the defined benefit obligation	(1,028,763)	-	-
At December 31	P11,572,701	P-	P-

The Group did not recognize deferred tax assets on the following deductible temporary differences and carryforward benefits of NOLCO and excess MCIT since management believes that it is more likely than the Group will not be able to realize their benefits in the future or prior to their expiration:

	2014	2013	2012
Allowance for impairment losses	P-	P1,426,736,012	P1,426,736,012
NOLCO	59,747,786	50,407,581	50,407,581
MCIT	27,536	27,536	27,536
	P59,775,322	P1,477,171,129	P1,477,171,129

As at December 31, 2014, the Group's NOLCO and excess MCIT that can be claimed as deduction from future taxable income and income tax payable, respectively, are as follows:

NOLCO

Year incurred	Amount	Expired	Applied	Ending Balance	Expiry
2012	P47,861,933	P-	P-	P47,861,933	2015
2013	2,545,648	-	-	2,545,648	2016
2014	9,340,205	-	-	9,340,205	2017
	P59,747,786	P-	P-	P59,747,786	

MCIT

Year incurred	Amount	Expired	Applied	Ending Balance	Expiry
2012	P8,036	P-	P-	P8,036	2015
2013	19,500	-	-	19,500	2016
2014	521,472			521,472	2017
	P549,008	P-	P-	P549,008	

NOTE 29 - LEASE AGREEMENTS

The Group as a lessor - operating lease

The rent income recognized for the years ended December 31, 2014, 2013 and 2012 amounted to PP5,862,667, Nil and Nil, respectively (see Note 24).

The Group as a lessee - operating lease

The Group has entered into various cancellable lease agreements with different individuals for the lease of plants located in Navotas, Paranaque, Cebu, etc. The lease agreements are renewable every year where terms and conditions are subject to the agreement of both parties.

The refundable security deposit attached to the lease agreement for the rental of the plants amounted to P590,600 and Nil as at December 31, 2014 and 2013, respectively.

There were no restrictions imposed by these lease arrangements nor contingent rent recognized for the years ended December 31, 2014 and 2013.

The rent expense charged to operations for the years ended December 31, 2014, 2013 and 2012 amounted to P9,753,864, P53,571 and Nil, respectively (see Note 22 and 23).

The Group as a lessee - finance lease

The Group has various finance lease agreements with local banks for the lease of transportation and plant equipment. Lease term ranges from 36 to 60 months, subject to renewal. It carries with it guaranty deposit equivalent to the purchase price should the Group opts to acquire the equipment at the end of the lease term.

Details and movements in the obligations under finance lease are as follows:

	2014	2013
At January 1	P-	P-
Fair value of obligations under finance lease assumed at the date of business combination	88,339,362	-
Availments	-	-
Payments	(29,494,002)	-
	58,845,360	-
Less: Non-current portion	36,983,647	-
	P21,861,713	P-

Finance costs arising from these lease agreements amounted to P6,172,219, Nil and Nil in December 31, 2014, 2013 and 2012, respectively (see Note 25).

Future minimum annual rentals recognized at present value are as follows:

	2014	2013
Not later than one year	P21,861,713	P-
More than one year but not later than five years	36,983,647	-
	P58,845,360	P-

NOTE 30 - LOSS PER SHARE

Basic loss per share amounts are calculated by dividing the loss for the year attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the year.

The financial information pertinent to the derivation of the basic loss per share for the years ended December 31, 2014, 2013 and 2012, are as follows:

	2014	2013	2012
Loss attributable to equity holders of the Parent Company	P7,904,163	P6,511,326	P1,486,168,962
Weighted average number of shares outstanding used for computation of basic loss per share (a)	2,131,527,292	2,052,083,333	1,689,611,007
Effect of dilutive potential ordinary shares	-	5,792,084	5,792,084
Weighted average number of shares outstanding used for computation of diluted loss per share (b)	2,131,527,292	2,061,298,333	1,695,403,091
Basic loss per share	P0.003708	P0.003173	P0.879592
Diluted loss per share	P0.003708	P0.003159	P0.876587

Basic loss per share is calculated by dividing net loss for the year attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding for the years ended December 31, 2014, 2013 and 2012.

For the purpose of computing the diluted loss per share, the effect of dilutive potential ordinary shares for the years ended December 31, 2014, 2013 and 2012 is added to the weighted average number of shares outstanding during the year. The Parent Company's dilutive potential ordinary shares in 2013 and 2012 are the deposits for future shares subscription as disclosed in Note 18. There are no dilutive potential ordinary shares in 2014.

The reconciliation of the average number of shares outstanding in 2014, 2013 and 2012 is as follows:

(a) Average number of shares outstanding used for the computation of basic loss per share

	Issuances during the year			Number of shares outstanding			Weighted average number of shares		
	2014	2013	2012	2014	2013	2012	2014	2013	2012
January 1	-	-	-	2,125,000,000	2,000,000,000	798,344,721	2,125,000,000	2,000,000,000	798,344,721
January 5	-	-	400,000,000	-	-	400,000,000	-	-	400,000,000
January 20	-	-	19,000,000	-	-	19,000,000	-	-	17,416,667
January 20	-	-	19,000,000	-	-	19,000,000	-	-	17,416,667
February 16	-	-	24,583,821	-	-	24,583,821	-	-	20,486,518
March 20	-	-	23,500,000	-	-	23,500,000	-	-	17,625,000
April 11	9,215,000	-	-	9,215,000	-	-	6,527,292	-	-
April 20	-	-	10,857,000	-	-	10,857,000	-	-	7,238,000
May 23	-	-	704,714,458	-	-	704,714,458	-	-	411,083,434
July 25	-	125,000,000	-	-	125,000,000	-	-	52,083,333	-
	9,215,000	125,000,000	1,201,655,279	2,134,215,000	2,125,000,000	2,000,000,000	2,131,527,292	2,052,083,333	1,689,611,007

(b) Average number of shares outstanding used for the computation of diluted loss per share

	Issuances during the year			Number of shares outstanding			Weighted average number of shares		
	2014	2013	2012	2014	2013	2012	2014	2013	2012
January 1	-	-	-	2,125,000,000	2,009,215,000	798,344,721	2,125,000,000	2,009,215,000	798,344,721
January 1*	-	1,000,000	1,000,000	-	-	1,000,000	-	-	1,000,000
January 5	-	-	400,000,000	-	-	400,000,000	-	-	400,000,000
January 20	-	-	19,000,000	-	-	19,000,000	-	-	17,416,667
January 20	-	-	19,000,000	-	-	19,000,000	-	-	17,416,667
February 16	-	-	24,583,821	-	-	24,583,821	-	-	20,486,518
March 20	-	-	23,500,000	-	-	23,500,000	-	-	17,625,000
April 11	9,215,000	-	-	9,215,000	-	-	6,527,292	-	-
April 20	-	-	10,857,000	-	-	10,857,000	-	-	7,238,000
May 18*	-	5,000,000	5,000,000	-	-	5,000,000	-	-	2,916,667
May 23	-	-	704,714,458	-	-	704,714,458	-	-	411,083,434
May 30	-	-	-	-	-	-	-	-	-
June 1*	-	3,215,000	3,215,000	-	-	3,215,000	-	-	1,875,417
July 25	-	125,000,000	-	-	125,000,000	-	-	52,083,333	-
	9,215,000	134,215,000	1,210,870,279	2,134,215,000	2,061,298,333	2,009,215,000	2,131,527,292	2,061,298,333	1,695,403,091

**Dilutive potential ordinary shares*

NOTE 31 - OPERATING SEGMENTS

The CEO is the Group's CODM. Management has determined the operating segments based on the reports reviewed by the CEO that are used to make strategic decisions.

The CEO considers the business based on the differences in the Group's products and services. Management considers the performance based on the two revenue-generating activities by the Group: the exporting and holding operations.

The reportable operating segments of exporting operations derive its revenue primarily from the export sale of aquatic and marine products. The revenue of the reportable segments arise solely external customers outside the Philippines jurisdiction.

The operating segments are organized and managed separately according to the different products, with each segment representing a strategic business unit that offers products sold through wholesale or retail or services rendered in farming operations. These divisions are the basis on which the Group reports its primary segment information. All operating business segments used by the Group meet the definition of a reportable segment under PFRS 8, *Operating Segments*.

The CEO assesses the performance of the operating segments based on a measure of Earnings Before Interests, Taxes and Depreciation and Amortization (EBITDA). This measurement basis excludes the effects of non-recurring expenditure from the operating segments and common operating expenses. Interest expense is not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the Group.

Segment assets and liabilities

Segment assets include all operating assets used by a segment and consist principally of receivables. Segment liabilities include all operating liabilities and consist principally of trade and other payables.

Segment transactions

Segment sales, expenses and performance include sales and cost of sales. Intercompany balances and transactions between segments, if any, are eliminated during the preparation of the consolidated financial statements.

The segment information reconciliation of the total EBITDA of the reportable segments to the Group's profit for the year provided to the CEO for the years ended December 31, 2014, 2013 and 2012 are as follows (amounts in thousands):

	Japan			Korea			Taiwan			Hongkong		
	2014	2013	2012	2014	2013	2012	2014	2013	2012	2014	2013	2012
Sales	P412,058	P-	P-	P373,644	P-	P-	P229,428	P-	P-	P227,953	P-	P-
Cost of sales	(378,146)	-	-	(342,893)	-	-	(210,546)	-	-	(209,192)	-	-
Operating expenses	-	-	-	-	-	-	-	-	-	-	-	-
Other operating income (loss), net	-	-	-	-	-	-	-	-	-	-	-	-
Finance income	-	-	-	-	-	-	-	-	-	-	-	-
Finance costs	-	-	-	-	-	-	-	-	-	-	-	-
Provision for income tax	-	-	-	-	-	-	-	-	-	-	-	-
Profit (loss) for the year	33,912	-	-	30,751	-	-	18,882	-	-	18,760	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-
Taxes	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation and amortization	9,955	-	-	9,027	-	-	5,543	-	-	5,507	-	-
EBITDA	P43,867	P-	P-	P39,778	P-	P-	P24,425	P-	P-	P24,268	P-	P-

	US			Others			Unallocated			Total		
	2014	2013	2012	2014	2013	2012	2014	2013	2012	2014	2013	2012
Sales	P166,763	P-	P-	P150,393	P-	P-	P-	P-	P-	P1,560,239	P-	P-
Cost of sales	(153,039)	-	-	(138,015)	-	-	-	-	-	(1,431,832)	-	-
Operating expenses	-	-	-	-	-	-	(98,047)	(6,671)	(49,936)	(98,047)	(6,671)	(49,936)
Other operating income (loss), net	-	-	-	-	-	-	4,864	(798)	(1,425,878)	4,864	(798)	(1,425,878)
Finance income	-	-	-	-	-	-	289	977	123	289	977	123
Finance costs	-	-	-	-	-	-	(39,761)	-	(10,000)	(39,761)	-	(10,000)
Provision for income tax	-	-	-	-	-	-	(1,984)	(20)	(478)	(1,984)	(20)	(478)
Profit (loss) for the year	13,724	-	-	12,378	-	-	(134,639)	(6,512)	(1,486,169)	(6,232)	(6,512)	(1,486,169)
Interest	-	-	-	-	-	-	39,472	(977)	9,877	39,472	(977)	9,877
Taxes	-	-	-	-	-	-	1,984	20	478	1,984	20	478
Depreciation and amortization	4,029	-	-	3,633	-	-	4,534	-	-	42,229	-	-
EBITDA	P17,753	P-	P-	P16,011	P-	P-	(P88,649)	(P7,469)	(P1,475,814)	P77,453	(P7,469)	(P1,475,814)

The segment assets and liabilities as at December 31, 2014 and 2013 are as follows (amounts in thousands):

	Exporting		Unallocated		Total	
	2014	2013	2014	2013	2014	2013
Segment assets	P1,324,386	P-	P100,730	P34,730	P1,425,116	P34,730
Segment liabilities	P1,073,500	P-	P982,969	P7,494	P1,239,802	P7,494

The total reportable segments' assets and liabilities are reconciled to the Group's total assets liabilities as at December 31, 2014 and 2013 are as follows (amounts in thousands):

	2014	2013
Segment assets	P1,324,386	P-
Unallocated:		
Cash on hand and in banks	-	1,305
Trade and other receivables	61,973	-
Due from related parties	-	488
Prepayments and other current assets	12,022	2,938
Loans receivables	-	30,000
Available-for-sale (AFS) financial asset, net	50	-
Goodwill	14,521	-
Deferred tax assets	11,573	-
Other noncurrent assets	591	-
	P1,425,116	P34,731
Segment liabilities	P1,073,500	P-
Unallocated:		
Trade and other payables	841	640
Due to a related party	-	20
Income tax payable	133,772	6,834
Retirement benefits liability	31,689	-
	P1,239,802	P7,494

The amounts provided to the CEO with respect to total assets and total liabilities are measured in a manner consistent with that of the consolidated financial statements.

The reportable segments' assets and liabilities are allocated based on the operations of the segment The Group's cash on hand and in banks, trade and other receivables, inventories, property, plant and equipment, trade and other payables, obligations under finance lease, borrowings and income tax payable were considered as segment assets and liabilities. Trade receivables arising from the exporting operations are further allocated based on geographical location as follows (amounts in thousands):

	Japan		Korea		Taiwan		Hongkong	
	2014	2013	2014	2013	2014	2013	2014	2013
Trade receivables	P7,320	P-	P30,686	P-	P46,415	P-	P153,821	P-

	US		Others		Unallocated		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
Trade receivables	P26,315	P-	P61,282	P-	P61,973	P-	P387,812	P-

Unallocated assets and liabilities are managed by the central administrative and treasury functions.

The Group does not have revenues from transactions with a single external customer amounting to ten percent (10%) or more of the Group's total revenues.

NOTE 32 - SUBSEQUENT EVENTS

- On March 6, 2015, the Parent Company entered into an investment agreement (the Agreement) with Chen Chih-Hsing amounting to P15,000,000, payable in three (3) years from the execution of the Agreement subject to extension of time as may be mutually agreed by both parties. The amount payable is convertible into equity at the option of Chen Chih-Hsing.

- On March 6, 2015, the Parent Company entered into a subscription agreement with Cebu Canning Corporation ("C3") for the subscription of 370,000 primary common shares at P100 par value per share (P3,700,000), to be taken from the increase in authorized share capital of C3, subject to the approval by the SEC. The execution of the subscription agreement with C3 is pursuant to the plan of the Parent Company to fully acquire C3 as a wholly-owned subsidiary. C3 will become a 51%-owned subsidiary of the Parent Company upon SEC's approval of C3's increase in authorized share capital. The remaining secondary shares of C3 constituting 49% of its total shareholdings will be transferred to the Parent Company.

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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY SCHEDULES

The Shareholders and the Board of Directors
Millennium Global Holdings, Inc. (formerly IPVG Corp.) and its Subsidiary
2nd Floor Senses Spa Building
MIA Road Corner Pildera Street
Tambo, Paranaque City

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Millennium Global Holdings, Inc. (*formerly IPVG Corp.*) and its Subsidiary as at December 31, 2014 and 2013 and for the years ended December 31, 2014, 2013 and 2012, included in Form 17-A and have issued our report thereon dated April 7, 2015. Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to Consolidated Financial Statements and Supplementary Schedules under Item No. 7 in Form 17-A are presented for purposes of complying with the Securities Regulation Code Rule 68, As Amended, and the Securities and Exchange Commission (SEC) Memorandum Circular No. 11, Series of 2008 and are not part of the basic consolidated financial statements. Such schedules are the responsibility of management. The schedules have been subjected to the auditing procedures applied in our audits of the basic consolidated financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

ALBA ROMEO & CO.

Michael D. Roxas
Partner
CPA Certificate No. 0108714
Tax Identification No. 300-674-353-000
PTR No. 44770483, issued on January 21, 2015, Makati City
BOA/PRC Registration No. 0005 (Firm), issued on November 12, 2012
effective until December 31, 2015
SEC Accreditation No. 1233-A (Individual), Group A, issued on June 21, 2012
effective until June 20, 2015
SEC Accreditation No. 0007-FR-3 (Firm), Group A, issued on March 22, 2012
effective until March 21, 2015, effectivity extended until April 30, 2015
BIR Accreditation No. 08-005267-1-2011, issued on January 28, 2014
effective until January 27, 2017

April 7, 2015
Makati City

Schedule A. Financial Assets

Financial asset	Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the statement of financial position	Fair value based on its carrying amount at end of reporting period	Fair value based on approximate discounted value of future cash flows at end of reporting period	Value based on market quotation at end of reporting period	Income received	Income accrued
As at December 31, 2014								
Loans and receivables								
Cash on hand and in banks (Note 7)	Not applicable	Not applicable	P109,766,354	P109,766,354	Not applicable	Not applicable	P289,460	P-
Trade and other receivables* (Note 8)	Not applicable	Not applicable	325,838,975	325,838,975	Not applicable	Not applicable	-	-
Refundable security deposit (Note 28)	Not applicable	Not applicable	590,600	590,600	Not applicable	Not applicable	-	-
AFS financial asset								
Investment in golf share (Note 13)	Eagle Ridge Golf & Country Club, Inc.	One (1) membership share	50,000	50,000	Not applicable	Not applicable	-	-
			P436,245,929	P436,245,929			P289,460	P-

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

Name and designation of debtor	Type of Receivable	Balance at beginning of period	Additions	Amounts collected	Amounts offset	Amounts written-off	Current	Not current	Balance at end of period
Millennium Ocean Star Corporation (Subsidiary)	Advances	P30,487,500	P-	P30,487,500	P-	P-	P-	P-	P-

Schedule D. Intangible Assets - Other Assets

Description	Beginning balance	Additions at cost	Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions)	Ending balance
Goodwill	P-	P14,521,202	P-	P-	P-	P14,521,202

Schedule E. Long-Term Debt

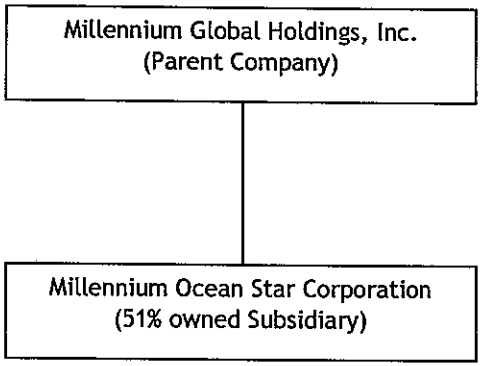
Title of issue and type of obligation	Interest rate	Terms	Maturity dates	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related statement of financial position	Amount shown under caption "Long-term Debt" in related statement of financial position
Loans payable - chattel mortgage	9-10%	3 years	2017	P3,732,640	P-	P3,732,640

Schedule H. Share Capital

As at December 31, 2014

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related statement of financial position caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Common shares	2,500,000,000	2,134,215,000	None	None	36,250,000	2,097,965,000

Schedule I. Map of Group of Companies



Schedule K. Effective Standards and Interpretations under the PFRS as of December 31, 2014

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		"Adopted", "Not Adopted" or "Not Applicable"
Framework for the Preparation and Presentation of Separate Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		Adopted
PFRSs Practice Statement Management Commentary		Not Applicable
Philippine Financial Reporting Standards		
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	Adopted
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	Adopted
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters	Adopted
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters	Adopted
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters	Not Applicable
	Amendments to PFRS 1: Government Loans	Not Applicable
PFRS 2	Share-based Payment	Not Applicable
	Amendments to PFRS 2: Vesting Conditions and Cancellations	Not Applicable
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions	Not Applicable
PFRS 3 (Revised)	Business Combinations	Adopted
PFRS 4	Insurance Contracts	Not Applicable
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts	Not Applicable
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations	Not Applicable
PFRS 6	Exploration for and Evaluation of Mineral Resources	Not Applicable
PFRS 7	Financial Instruments: Disclosures	Adopted
	Amendments to PFRS 7: Transition	Adopted
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	Adopted
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	Adopted
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	Adopted
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	Adopted
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	Adopted

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		"Adopted", "Not Adopted" or "Not Applicable"
PFRS 7	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures	Adopted
PFRS 8	Operating Segments	Adopted
PFRS 9	Financial Instruments	Adopted
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures	Adopted
PFRS 10	Consolidated Financial Statements	Adopted
PFRS 11	Joint Arrangements	Not Applicable
PFRS 12	Disclosure of Interests in Other Entities	Adopted
PFRS 13	Fair Value Measurement	Adopted
Philippine Accounting Standards		
PAS 1 (Revised)	Presentation of Financial Statements	Adopted
	Amendment to PAS 1: Capital Disclosures	Adopted
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	Not Applicable
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	Adopted
PAS 2	Inventories	Adopted
PAS 7	Statement of Cash Flows	Adopted
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	Adopted
PAS 10	Events after the Balance Sheet Date	Adopted
PAS 11	Construction Contracts	Not Applicable
PAS 12	Income Taxes	Adopted
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	Adopted
PAS 16	Property, Plant and Equipment	Adopted
PAS 17	Leases	Adopted
PAS 18	Revenue	Adopted
PAS 19	Employee Benefits	Adopted
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures	Adopted
PAS 19 (Amended)	Employee Benefits	Adopted
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance	Not Applicable
PAS 21	The Effects of Changes in Foreign Exchange Rates	Adopted
	Amendment: Net Investment in a Foreign Operation	Not Applicable
PAS 23 (Revised)	Borrowing Costs	Not Applicable

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		"Adopted", "Not Adopted" or "Not Applicable"
PAS 24 (Revised)	Related Party Disclosures	Adopted
PAS 26	Accounting and Reporting by Retirement Benefit Plans	Not Applicable
PAS 27 (Amended)	Separate Financial Statements	Adopted
PAS 28 (Amended)	Investments in Associates and Joint Ventures	Not Applicable
PAS 29	Financial Reporting in Hyperinflationary Economies	Not Applicable
PAS 31	Interests in Joint Ventures	Not Applicable
PAS 32	Financial Instruments: Disclosure and Presentation	Adopted
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	Not Applicable
	Amendment to PAS 32: Classification of Rights Issues	Not Applicable
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	Adopted
PAS 33	Earnings per Share	Adopted
PAS 34	Interim Financial Reporting	Not Adopted
PAS 36	Impairment of Assets	Adopted
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	Adopted
PAS 38	Intangible Assets	Adopted
PAS 39	Financial Instruments: Recognition and Measurement	Adopted
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	Adopted
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions	Not Applicable
	Amendments to PAS 39: The Fair Value Option	Not Applicable
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts	Not Applicable
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	Adopted
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	Adopted
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Reassessment of Embedded Derivatives	Not Applicable
	Embedded Derivatives	Not Applicable
	Amendment to PAS 39: Eligible Hedged Items	Not Applicable
PAS 40	Investment Property	Not Applicable
PAS 41	Agriculture	Not Applicable

Philippine Interpretations		
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	Not Applicable
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments	Not Applicable
IFRIC 4	Determining Whether an Arrangement Contains a Lease	Adopted
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	Not Applicable
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	Not Applicable
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies	Not Applicable
IFRIC 8	Scope of PFRS 2	Not Applicable
IFRIC 9	Reassessment of Embedded Derivatives	Not Applicable
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives	Not Applicable
IFRIC 10	Interim Financial Reporting and Impairment	Not Adopted
IFRIC 11	PFRS 2- Group and Treasury Share Transactions	Not Applicable
IFRIC 12	Service Concession Arrangements	Not Applicable
IFRIC 13	Customer Loyalty Programmes	Not Applicable
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	Not Applicable
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement	Not Applicable
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	Not Applicable
IFRIC 17	Distributions of Non-cash Assets to Owners	Not Applicable
IFRIC 18	Transfers of Assets from Customers	Not Applicable
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	Not Applicable
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	Not Applicable
IFRIC 21	Levies	Not Applicable
SIC-7	Introduction of the Euro	Not Applicable
SIC-10	Government Assistance - No Specific Relation to Operating Activities	Not Applicable
SIC-12	Consolidation - Special Purpose Entities	Not Applicable
	Amendment to SIC - 12: Scope of SIC 12	Not Applicable
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers	Not Applicable
SIC-15	Operating Leases - Incentives	Not Applicable
SIC-21	Income Taxes - Recovery of Revalued Non-Depreciable Assets	Not Applicable

SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders	Not Applicable
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	Not Applicable
SIC-29	Service Concession Arrangements: Disclosures.	Not Applicable
SIC-31	Revenue - Barter Transactions Involving Advertising Services	Not Applicable
SIC-32	Intangible Assets - Web Site Costs	Not Applicable

Schedule L. Financial Soundness Indicators in Two Comparative Periods

	December 31, 2014	December 31, 2013
Current/Liquidity Ratio		
Current ratio	**0.83**	0.63
Solvency Ratio/Debt-to-Equity Ratio		
Net debt-to-equity ratio	**6.10**	0.23
Asset-to-Equity Ratio		
Net assets per share	**0.03**	0.01
Interest Rate Coverage Ratio		
Interest cover ratio	**0.89**	Not Applicable
Profitability Ratios		
Gross profit ratio	**0.08**	Not Applicable
Other Ratios		
Basic earnings per share	**P0.003708**	P0.003173
Diluted earnings per share	**P0.003708**	P0.003159