111142016000829

SECURITIES AND EXCHANGE COMMISSION

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Company Information

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Company Name	MILLENNIUM GLOBAL HOLDINGS, INC.
Industry Classification	
Company Type	Stock Corporation

Document Information

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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
Ms. Amelia T. Tan
Treasurer
Atty. LyraGracia 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-Q September 30, 2016**	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-Q

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

1. For the quarter ended **September 30, 2016**

2. SEC registration 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.**(Formerly IPVG Corp.)

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

6. Industry Classification Code: [ ]se 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 September 30, 2016 is Php 247,222,641.24 (915,639,412) shares @ 0.26/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 three (3) months ended ***September 30, 2016****. References are going to be made on results of operations for the same period of the previous year 2015.*

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. It is a general holding company listed in the Philippine Stock Exchange, Inc. (the "PSE").

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 aims 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 "34thFloor, Tower 2, RCBC Plaza, 6819 Ayala Avenue, Makati City " to "2ndFloor 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.

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.

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

On December 16, 2015, the stockholders of the Company approved the conduct of an equity restructuring to wipe out/reduce its continuing deficit, with corresponding amendment to the Company's Articles of Incorporation to decrease the authorized capital stock from P2.5 Billion to P250 Million and the par value from P1.00/share to P0.10/share, without change in the number of common shares. The stockholders also delegated authority to the Board to finalize the terms of the transaction.

Key Competitors

No key competitors are identifiable for the year 2016.

Principal Suppliers

No principal suppliers are identifiable for the year 2016.

Dependence on a Few or Single Customer

No customer/s are identifiable for the year 2016.

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

The Company's is committed to comply to applicable environmental laws.

Employees

In line with the Company's corporate restructuring 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 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.

Submission of Matters to a Vote of Security Holders

On December 16, 2015, the stockholders of the Company representing 1,439,948,970 issued and outstanding shares, or 67.47% thereof, elected the following members of the Board of Directors for the ensuing year:

1. Yang Chi Jen (a.k.a Michael Yang)
2. Hsien-Tzu Yang
3. Hsin –Jan Wan
4. Jose Marie E. Fabella
5. Aracelli G. Co
6. Willy O. Dizon
7. Nancy T. Golpeo
8. Maria Soledad C. Lim
9. Amelia T. Tan
10. Ernesto S. Go (independent)
11. Maria Luisa T. Wu (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, 2014;

2. Audited Financial Statements for the calendar year ended December 31, 2014, as contained in the Annual Report;

3. Equity restructuring to wipe out/reduce the Corporation's deficit with amendment of the Articles of Incorporation to decrease the authorized capital stock from P2.5 Billion to P250 Million and the par value from P1.00/share to P0.10/share, without change in the number of common shares; and with delegation to the Board to finalize terms thereof;

4. All prior acts and proceedings of the Board of Directors, Corporate officers and Management; and

5. Appointment of Valdes Abad & Associates as external Auditor for the calendar year 2015.

Financial Highlights and Key Performance Indicators

	As at September 30	As at December 31	Increase (Decrease)	
Consolidated Balance Sheet	**2016**	**2015**	**Amount**	**%**
Total Assets	1,913,884,662	1,437,938,151	475,946,511	33%
Current Assets	1,341,715,677	974,614,193	367,101,484	38%
Property and Equipment	557,425,625	433,230,901	124,194,724	27%
Total Liabilities	1,259,759,672	1,213,765,008	45,994,664	3.79%
Current Liabilities	1,181,836,978	1,142,159,777	39,677,201	3.47%
Interest-bearing Loans	508,997,290	613,830,158	(104,832,868)	-17%
Equity	222,731,236	224,173,143	(1,441,907)	0.64%
	For the 9 months ended September 30		**Increase (Decrease)**	
	2016	**2015**	**Amount**	**%**
Consolidated Statements of Comprehensive Income				
Revenues (gross)	1,182,520,423	1,250,753,490	(68,233,067)	-5.46%
Gross Profit	93,558,340	163,247,620	(69,689,280)	-42.69%
General & administrative expenses	113,672,855	185,435,620	(71,762,765)	-38.70%
Earnings Before Interest, Taxes, Dep'n. & Amort.	51,414,040.00	65,216,478	(13,802,408)	-21.12%
Profit / (Loss) before tax	1,851,843	6,815,365	(4,963,522)	-72.83%
Profit / (Loss) after tax	602,995	3,572,487	(2,969,532)	(83.12%)
Share in net losses of consolidated subsidiaries in excess of investments		(2,428,039)		
Total Comprehensive Income (loss)	602,995	1,144,447	(541,452)	(47.31%)
	For the 9 months ended September 30,		**Increase (Decrease)**	
Consolidated Cash Flows	**2016**	**2015**	**Amount**	**%**
Net Cash from Operating Activities	(95,300,487)	(82,630,709)	(12,669,778)	-15.33%
Net Cash from Investing Activities	(144,713,186)	(3,272,781)	(141,440,405)	4321.72%
Net Cash from Financing Activities	186,901,633	4,239,991	182,661,642	4308.07%

	For the 9 months ended September 30	As at Dec. 31
Key Performance Indicators	**2016**	**2015**
Current Ratio	0.83	0.83
Quick Ratio	0.30	0.42
Solvency Ratio	1.13	1.18
Debt Ratio		
Debt-to-Equity Ratio	7.59	6.690
Interest coverage ratio	0.02	0.804
Asset to Equity Ratio	8.59	6.41
Gross Profit Margin	7.91%	8.23%
Net Profit Margin	0.005%	-0.40%

Return on Assets	0.000315	(0.000264)
Return on Equity	0.002707	(0.001696)
Price/Earnings Ratio	919	1,375
Book value (loss) per share	0.104362	0.105038

	2016	2015
Issued & Outstanding Shares (fully paid)	2,134,215,000	2,134,215,000
Subscribed Shares	2,134,215,000	2,134,215,000
Number of Employees	226	226
Ave. Exchange Rates ($ to Peso)	47.69	45.51

Please refer to Financial Statement Notes

Ratios

- *Current Ratio is computed by dividing Current assets by Current liabilities.*
- *Quick Ratio is computed by dividing Current assets less Inventory and prepayments by Current liabilities*
- *Solvency Ratio is computed by dividing Total assets by Total liabilities*
- *Debt Ratio is computed by dividing Total debts by Total assets*
- *Debt to Equity Ratio is computed by dividing Total debts by Total equity*
- *Net Profit Margin Ratio is computed by dividing Net Profit (loss) by Total revenue*
- *Gross Margin Ratio is computed by dividing Gross Profit by Total revenue.*
- *Interest coverage Ratio is computed by dividing EBIT by Interest charges*
- *Return on Assets Ratio is computed by dividing Net Profit (loss) by Total assets*
- *Return on Equity Ratio is computed by dividing Net Profit (loss) by Total equity*
- *Price/Earnings Ratio is computed by dividing Price per share by Per common share*

As of September 30, 2016, the financial results reflect the consolidated financial statements of the Company and its subsidiaries, MOSC and C3.

Assets

Cash as of September 30, 2016 is P86 Million as compared to P140 Million on December 31, 2015.

Accounts receivables as of September 30, 2016 for P393 Million represents Trade and other receivables of MOSC and nil for the Company. Accounts receivable increased by P57 Million as compared to P336Million as of Dec. 31, 2015.

Liabilities

Liabilities as of September 30, 2016 amount to P 1.260 Million as compared to P 1.214 Million as of December 31, 2015. The increase of P46 Million is mainly due to increase in accounts payable of P 972 Million and offset by and borrowings for P 105 Million.

Equity

Increase in equity to P 937 Thousand as of September 30, 2016 is mainly due to the increase the Net unrealized gain (loss) on remeasurement of retirement plan of P 1.1 Million

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

Revenues and other income

Revenue generated for the period ended September 30, 2016 is P 1.183 Million. The revenues are attributable to MOSC's import/export and processing of marine goods and other related products.

Other Income (charges) as of September 30, 2016 is P 44 Million. The revenues are attributable to Rental income and Miscellaneous income for storage.

Expenses

Comparing the nine (9) months ended September 30, 2016 against nine (9) months ended September 30, 2016, the top expenses in Peso terms are as follows:

Salaries and employees benefits

The Company as of September 30, 2016 has made no hiring. As of September 30, 2016, total salaries decreased by P 4.4 Million, from P 29.9 Million as of September 30, 2015 to P 25.5 Million as of September 30, 2016. Salaries represent MOSC and C3 manpower cost and employee's benefits. This accounts for 18.01% of total operating expenses as of September 30, 2016

Below is the headcount summary for each of the quarter ended September 30, 2016 and proceeding four (4) periods:

Headcount Summary	Sep-15	Dec-15	Mar-15	Jun-16	Sep-16
MGHI	-	-	-	-	-
MOSC					
Managerial	9	9	9	9	9
Rank and File	216	217	217	217	217
Consultants	-	-	-	-	-
C3					
Managerial		1	1	1	1
Rank and File		23	23	23	23
Consultants					
Total	**225**	**226**	**250**	**250**	**250**

- **Management and professional fees** as of September 30, 2016 increase to P 1.586 Million representing 1.39% of total operating expenses, from P 49.7 Million on September 30, 2015.

- **Shipping and Handling cost** increased by P 0.6 Million or 0.02 % from P 29.4 Million as of September 30, 2015 to P 30 Million as of September 30, 2016. This accounts for about 26.42 % of the Company's total operating expenses as of September 30, 2016**.**

- **Communication, light &water** likewise decreased by P 5.6 Million or 34% from P16.1 Million as of September 30, 2015 to P10.5 Million as of September 30, 2016. This accounts for about 9.26% of the Company's total operating expenses as of September 30, 2016.

Additional details on the Statement of Comprehensive Income accounts may be found in the accompanying Notes to Financial Statements.

Liquidity and Capital Resources

The following table shows the consolidated cash flows as of September 30, 2016 and 2015:

	For the 9 months ended September 30		Increase (Decrease)	
Consolidated Cash Flows	**2016**	**2015**	**Amount**	**%**
Net Cash from Operating Activities	(95,300,487)	(82,630,709)	(12,669,778)	-15.33%
Net Cash from Investing Activities	(144,713,186)	(3,272,781)	(141,440,405)	4321.72%
Net Cash from Financing Activities	186,901,633	4,329,991	182,661,642	4308.07%

Operating Activities

Net cash used for operating activities of ₱95.3 Million as of September 30, 2016 are mainly for MOSC operations as of September 30, 2016.

Investing Activities

Net cash from investing activities of (₱145) Million as of September 30, 2016 was from purchase of Storage and processing equipment of MOSC.

Financing Activities

Net cash from financing activities of ₱187 Million as of September 30, 2016 represents ₱221 million and (₱30) Million from availments of borrowings and due finance costs paid.

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.

There are no 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.

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.

There are no significant Issuances, repurchases, and repayments of debt and equity securities during the interim period.

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.

There are no material changes 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.

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

There are no material changes in contingent liabilities or contingent assets since the last annual balance sheet date.

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, other than those previously disclosed.

PART III.CONTROL AND COMPENSATION INFORMATION

DIRECTORS & EXECUTIVE OFFICERS

Name	Age	Citizenship	Position	Term of Office*
Yang Chi Jen (a.k.a Michael Yang)	48	Filipino	Chairman/ President & CEO/ Alternate Corporate Information and Compliance Officer	December 16, 2015 – present
Hsin – Jan Wan	52	Taiwanese	Director/Deputy Chairman	December 16, 2015 – present
Nancy T. Golpeo	56	Filipino	Director	December 16, 2015 – present
Jose Marie E. Fabella	40	Filipino	Director	December 16, 2015 – present
Hsien-Tzu Yang	76	Taiwanese	Director	December 16, 2015 – present
Willy O. Dizon	61	Filipino	Director	December 16, 2015 – present
Maria Soledad C. Lim	56	Filipino	Director	December 16, 2015 – present
Aracelli G. Co	52	Filipino	Director	December 16, 2015 – present
Amelia T. Tan	52	Filipino	Director	December 16, 2015 – present
Ernesto S. Go	66	Filipino	Independent Director	December 16, 2015 – present
Maria Luisa T. Wu	62	Filipino	Independent Director	December 16, 2015 – present
Lyra Gracia Y. Lipae-Fabella	40	Filipino	Corporate Secretary, Corporate Information and Compliance Officer	December 16, 2015 – present

*Since date of last election

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; ShieJie 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.

HSIN – JAN WAN
Director/ Deputy Chairman

Mr. Wan has served as Finance Vice President of the Manhattan International Co., Ltd (Cambodia) from September 2013 until October 2014; Acting CFO & MBOS Director of Nippecraft Limited (Singapore) from November 2006 until July 2013; Finance & Administration Director of Jinxing Paper Industry Co. (China) from September 2005 – November 2006; Verification Deputy Manager of PT Pabrik Kertas Tjiwi Kimia Tbk (Indonesia) from August 2000 - November 2004; Finance & Administration Manager of Contex Textile Co. (Philippines), Logimas Manufacturing Co. (Philippines) and Markwins Cosmetics Co. (China) from 1996- 2004. He received his BA (Accounting) degree from Chong Yuan Christian University (Taiwan) and MBA (Finance Major) degree from the George Washington University (USA).

HSIEN-TZU YANG
Director

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 ShieJie 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.

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.

ARACELLI G. CO
Director

Ms. Co is the Manager of Aracelli Plastic Products. She is also a member of the faculty of Northern Rizal Yorklin School since 1984 up to present. She has been an Asst. Treasurer of the Philippine Plastic Industry Association and Treasurer of Northern Rizal Yorklin Alumni Assn. since 2013 up to present. She is a Certified Public Accountant. She obtained her degree in Bachelor of Science in Business Administration major in Accounting from the Philippine School of Business Administration.

WILLY O. DIZON
Director

Mr. Dizon is the Chairman/President of TimbercityJetti 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.

NANCY T. GOLPEO
Director

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

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.

AMELIA T. TAN
Director

Ms. Tan is the Treasurer of the Corporation and Chief Finance Officer and Corporate Secretary of Millennium Ocean Star Corporation. Previously, she has more than 19 years banking experience in Bank of the Philippine Islands (2004-1999), Far East Bank (1999-1987) and Urban Bank (1987-1985). She obtained her degree in Bachelor of Science in Commerce major in Management Financial Institution from De La Salle University.

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.

MARIA LUISA T. WU
Independent Director

Ms. Wu is a Financial Consultant for Planters and Green Revolutionist Association Inc.; President of UniqIntertrade Corporation; and Proprietor of the Giant Builders and the Ad-Reds International Trading. She is also a member of the Filipino-Chinese Eastern Chamber of Commerce. She was previously connected with Giant Footwear (Shanghai, China) and Masterx Footwear (Mariveles, Bataan) as production manager. Ms. Wu took up Bachelor of Science in Commerce, Major in Accountancy, at the University of the East.

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 professional experience includes having been a Junior Auditor of a leading auditing firm, Associate of a reputable 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.

PART IV. 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. 9, series of 2014, the Company amended its Manual of Corporate Governance on July 28, 2014, adopting all the mandatory provisions of the Revised Code of Corporate Governance. There has been no material deviation from the Corporation's Manual of Corporate Governance.

Furthermore, in compliance with SEC Advisory dated March 16, 2016, the Corporation has provided SEC the Company's Annual Corporate Governance Report (ACGR) for 2015.

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. Aracelli G. Co (Independent Director) - Member
3. Mr. Hsin – Jan Wan - Member

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. The members of the Nomination Committee are as follows:

1. Ernesto S. Go (Independent Director) – Chairman
2. Yang Chi Jen – Member
3. Maria Luisa T. Wu (Independent Director) - Member

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 members of the Executive Committee are as follows:

1. Yang Chi Jen – Chairman
2. Amelia T. Tan – Member
3. Ernesto S. Go – Member
4. Maria Luisa T. Wu – Member
5. Hsin Jan Wan - Member

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.

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.

Content and Timing of Disclosures

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PART VI. EXHIBITS AND SCHEDULES

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

- 17-C report dated June 23, 2016 advising that the Board of Directors approved the postponement of the annual stockholders' meeting of the Company which pursuant to its By-Laws should be held on the last Friday of June of every year. The postponement aims to give the Company sufficient time to prepare for the additional matters which may have to be presented to the stockholders. The Board shall convene at a later date to determine the exact date, time and venue of the annual stockholders' meeting as well as the record date.

- 17-C report dated August 8, 2016 advising that the Company temporarily holds office at Blk 1 Lot 1, Dahlia St. corner J.P. Rizal St., Sto. Nino, Paranaque City, pending the demolition of the building at the site of its registered address at Senses Spa Building, MIA Road, corner Pildera Street, Tambo, Paranaque City and the completion of the construction of a new building which will rise on the same site.

  The Company shall return to the site of its registered address in 2019 or earlier, upon completion of the construction of the new building. In the meantime, please address all communications to: **Blk 1 Lot 1, Dahlia St. corner J.P. Rizal St., Sto. Nino, Paranaque City.**

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized, in Paranaque City on NOV 10 2016.

MILLENNIUM GLOBAL HOLDINGS, INC.
Issuer

By:

YANG CHIJEN (a.k.a. Michael Yang)
President and CEO

AMELIA T. TAN
Treasurer

MILLENNIUM GLOBAL HOLDINGS, INC.
(Formerly IPVG CORP.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
September 30, 2016 (Unaudited) AND DECEMBER31, 2015 AND 2014 (Audited)

(In Philippine Peso) AS AT	30 Sep-16 (Unaudited)	31 Dec-15 (Audited)	31 Dec-14 (Audited)
ASSETS			
Current Assets			
Cash on hand and in banks	86,411,057	P 139,523,097	P 109,766,354
Trade and other receivables, net	393,021,314	335,767,919	387,812,037
Inventories	802,256,867	475,913,242	460,023,888
Due from a related party			
Other current assets	60,026,439	23,409,934	12,022,472
Total Current Assets	**1,341,715,677**	**974,614,192**	**969,624,751**
Noncurrent Assets			
Property, plant and equipment, net	557,425,625	433,230,901	428,757,075
Investment in Associate	0	-	-
Deferred tax assets	0	14,718,400	11,572,701
Loan receivable	823,290	515,455	-
AFS financial asset, net	20,000	50,000	50,000
Goodwill	12,476,297	14,521,202	14,521,202
Other noncurrent assets	1,423,773	288,000	590,600
Total Noncurrent Assets	**572,168,985**	**463,323,959**	**455,491,578**
TOTAL ASSETS	**1,913,884,662**	**1,437,938,151**	**1,425,116,329**
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	656,464,338	399,370,151	257,674,395
Due to a related party	113,357,445	115,846,735	133,771,963
Obligations under finance lease, current portion	17,888,831	18,351,817	21,861,713
Borrowings	827,558,816	608,556,812	754,088,762
Income tax payable	-	34,262	-
Total Current Liabilities	**1,615,269,430**	**1,142,159,777**	**1,167,396,833**
Noncurrent Liabilities			
	30,262,690	31,045,927	36,983,647
Borrowings, net of current portion	7,171,070	5,273,346	3,732,640
Retirement benefits obligations	38,450,236	35,285,958	31,688,864
Total Noncurrent Liabilities	**75,883,996**	**71,605,231**	**72,405,151**
TOTAL LIABILITIES	**1,691,153,426**	**1,213,765,008**	**1,239,801,984**
Equity (capital deficiency)			
Attributable to equity holders of the parent			
Share capital	2,134,215,000	2,134,215,000	2,083,810,300
Share premium	820,128,895	820,128,895	820,128,896
Deposits for future share subscription	-	-	-
Remeasurement of retirement benefits obligation	(7,455,587)	(6,279,368)	1,224,228
AFS reserve	(300,000)	(255,900)	7,140
Deficit	(2,845,323,590)	(2,844,224,523)	(2,841,261,347)
	101,264,718	103,584,103	63,909,217

Equity attributable to non-controlling Interests	121,466,518	120,589,040	121,405,128
TOTAL EQUITY	**222,731,236**	**224,173,143**	**185,314,345**
TOTAL LIABILITIES & EQUITY	**1,913,884,662**	**P1,437,938,151**	**P1,425,116,329**

MILLENNIUM GLOBAL HOLDINGS, INC.
(Formerly IPVG CORP.)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
FOR THE 9 MONTHS PERIOD ENDED SEPTEMBER 30, 2016, 2015 AND 2014 (Unaudited)

	9 mos.	**9 mos.**	**9 mos.**
	30-Sep-16	**30-Sep-15**	**30-Sep-14**
(In Philippine Peso)	(Unaudited)	(Unaudited)	(Unaudited)
REVENUES			
Gross sales	1,182,520,423	P1,250,753,490	P1,151,425,519
Other Income			
	1,182,520,423	1,250,753,490	1,151,425,519
Less: COST OF SALES	1,088,962,082	1,087,505,870	963,696,759
GROSS PROFIT	**93,558,340**	**163,247,620**	**187,728,760**
OPERATING EXPENSES			
Taxes and licenses	6,846,068	7,105,330	15,853,414
Salaries and other employees' benefits	20,473,551	29,893,055	37,881,604
Transportation and Travel	1,251,653	3,728,954	6,570,662
Storage expense	568,647	637,746	1,248,179
Representation expenses	848,132	447,631	881,511
Others administrative cost	4,000	1,129,046	9,039,433
Communication, light& water expense	10,526,573	16,087,811	29,552,895
Depreciation and amortization	20,548,463	28,701,512	35,156,550
Commission	1,353,878	1,065,726	1,807,931
Brokerage fees	295,276	-	-
Rental expenses	4,521,770	3,485,419	5,474,355
Repair and maintenance	1,585,532	1,553,923	5,003,457
Management & Professional fees	1,585,532	51,379,869	1,744,536
Retirement benefits	1,153,880	1,323,295	-
Security and janitorial services	1,480,819	1,099,825	1,506,003
Supplies & other Office expense	2,184,888	3,832,578	4,831,296
Insurance	676,093	1,158,833	767,282
Membership dues	260,600	527,076	254,023
Purchasing and Harvest Expense	-	150,250	200,563
Warehousing services	297	-	-
Shipping cost	30,029,735	20,559,714	-
Information technology services	179,840	132,551	272,222
Documentary stamps	2,885,583	1,474,830	-
Advertising and promotion	16,984	-	36,651
Maintenance	3,000	-	-
Fuel and lubricants	1,900,739	-	-
Donations and contributions	58,286	-	-
Medical and dental	65,856	-	-

Training and seminar	39,078	-	-
Product testing and analysis fee	484,914	-	-
Sanitation	723,323	-	-
Postage and telephone	78,097	-	-
Fines, penalties &othercharges	538,616	267,896	-
Fringe benefit	78,960	-	-
Litigation	50,000		
Miscellaneous	18,350	874,708	3,220,409
Total Operating Expenses	**113,672,855.00**	**185,435,620**	**207,205,814**
EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization)	**51,414,040**	**65,216,478**	**54,567,029**
Total Depreciation and amortization	20,548,463	28,701,512	35,156,550
Other Income/Expenses			
Bank charges	(604,322)	(760,710)	(730,704)
Foreign exchange (gain) or loss	2,839,978	1,996,117	(605,337)
Provision for Bad Debts	-	-	(851,687)
HO Admin cost recovery	-	-	9,114,611
Management income	-	46,398,944	-
Rental income	5,804,010	2,039,753	9,166,641
Gain on finance lease-sale and leaseback	-	3,854,596	4,937,874
Gain on sale of fixed asset	100,000	-	(47,500)
Interest expense	-	-	-
Miscellaneous expense	(498,324)	-	-
Miscellaneous income	36,423,753	5,174,266	17,903,635
Other income (loss), net	**45,061,743**	**58,702,966**	**38,887,533**
Profit (loss) from operations	**23,950,582**	**36,514,966**	**19,410,479**
Finance Income	8,163,844	1,840,819	8,419,853
Finance costs	(30,262,582)	(31,540,421)	(30,262,674)
Profit (Loss) before income tax	**1,851,843**	**6,815,365**	**(2,702,342)**
Provision for Income Tax	1,248,848	3,242,878	3,819,439
Profit (Loss)	**602,995**	**3,572,487**	**(6,521,780)**
Share in net losses (income of consolidated subsidiaries in excess of investments	**-**	(2,428,039)	(10,825,790)
Profit (loss)	**602,995**	**1,144,447**	**(17,347,570)**
Unrealized gain on AFS investment, net of tax		-	-
Remeasurement of defined benefit obligation, net of tax		-	-
TOTAL COMPREHENSIVE INCOME (LOSS)	**602,995**	**P1,144,447**	**P(17,347,570)**

MILLENNIUM GLOBAL HOLDINGS, INC.
(Formerly IPVG CORP.)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
FOR THE 3 MONTHS PERIOD ENDED SEPTEMBER 30, 2016, 2015 AND 2014 (Unaudited)

	3 mos.	3 mos.	3 mos.
	Jul-Sep, 2016	**Jul-Sep, 2015**	**Jul-Sep, 2014**
(In Philippine Peso)	(Unaudited)	(Unaudited)	(Unaudited)
REVENUES			
Gross sales	P 350,493,087	P375,128,445	P373,052,267
Other Income			
	350,493,087	375,128,445	373,052,267
Less: COST OF SALES	323,785,238	321,510,096	320,824,950
GROSS PROFIT	**26,707,849**	**53,618,349**	**52,227,317**
OPERATING EXPENSES			
Taxes and licenses	2,519,668	1,975,014	4,876,201
Salaries and other employees' benefits	6,383,602	11,249,049	12,791,250
Transportation and Travel	465,186	1,196,560	1,261,073
Storage expense	181,813	231,466	295,173
Representation expenses	303,861	131,713	473,335
Others administrative cost	-	377,074	3,582,016
Communication, light& water expense	3,010,426	4,592,189	5,829,597
Depreciation and amortization	6,638,444	10,232,061	8,348,065
Commission	426,191	464,291	630,209
Brokerage	295,276	-	-
Rental expenses	1,325,356	768,915	869,417
Repair and maintenance	508,232	526,738	1,094,349
Management & Professional fees	499,071	17,470,927	467,500
Retirement benefits	557,537	451,319	-
Security and janitorial services	503,154	363,370	301,275
Supplies & other Office expense	429,106	656,718	708,412
Insurance	353,236	412,084	123,931
Membership dues	3,600	-	4,023
Warehousing services	-	-	-
Shipping cost	9,230,393	8,818,042	5,204,434
Information technology services	72,883	76,369	37,895
Documentary stamps	1,283,975	156,067	-
Advertising and promotion	5,563	-	200
Fines, penalties & other charges	115,346	156,351	-
Brokerage fees	295,276	-	-
Fuel and lubricants	678,055	-	-
Donations and contributions	9,336	-	-
Medical and dental	45,621	-	-
Training and seminar	14,698	-	-
Fringe benefit	78,960	-	-
Litigation	50,000	-	-
Product testing and analysis fee	458,211	-	-
Reprocessing cost	(565,075)		
Sanitation	485,365	-	-

Postage and telephone	58,465	-	-
Purchase and harvest	-	2,250	47,423
Miscellaneous	18,350	387,854	1,133,842
Total Operating Expenses	**36,739,181**	**60,696,722**	**48,079,619**
EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization)	**47,882,478**	**23,164,671**	**19,303,841**
Total Depreciation and amortization	6,638,444	10,232,061	8,348,065
Other Income/Expenses			
Bank charges	(172,987)	(297,120)	-
Foreign exchange (gain) or loss	1,013,685	922,843	(15,708)
Provision for Bad Debts	-	-	-
HO Admin cost recovery	-	-	3,657,194
Management income	-	15,309,754	37,392
Rental income	826,121	993,493	1,516,804
Gain on finance lease-sale and leaseback	-	1,309,948	1,659,356
Loss on sale of fixed asset	100,000	-	(47,500)
Interest expense	-	-	-
Miscellaneous expense	(90,860)	-	-
Miscellaneous income	13,628,558	1,772,065	-
Other income (loss), net	**15,304,517**	**20,010,984**	**6,808,078**
Profit (loss) from operations	**5,273,185**	**12,932,611**	**10,955,776**
Finance Income	8,096,995	17,344	3,044,263
Finance costs	(13,484,265)	(10,916,746)	(11,966,100)
Profit (Loss) before income tax	**(114,085)**	**2,033,208**	**2,033,939**
Provision for Income Tax	(685,628)	979,386	6,246,528
Profit (Loss)	**(799,713)**	**1,053,823**	**(4,212,589)**
Share in net losses (income of consolidated subsidiaries in excess of investments		**(674,831)**	**(7,390,685)**
Profit (loss)	**(799,713)**	**378,992**	**(11,603,274)**
Unrealized gain on AFS investment, net of tax			
Remeasurement of defined benefit obligation, net of tax			
TOTAL COMPREHENSIVE INCOME (LOSS)	**P(799,713)**	**P378,992**	**P(11,603,274)**

MILLENNIUM GLOBAL HOLDINGS, INC.
(Formerly IPVG CORP.)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CAPITAL DEFICIENCY)
FOR THE PERIOD ENDED SEPTEMBER 30, 2016, 2015 AND 2014 (Unaudited)

AS AT	30-Sep-16	30-Sep-15	30-Sep-14
CAPITAL STOCK			
Share capital			
Balance at beginning of year	2,134,215,000	P2,083,810,300	P2,031,250,000
Issuance of shares	-	15,500,000	42,445,300
Conversion of deposits for future stock subscriptions		-	9,215,000
Balance at end of period	2,134,215,000	**2,099,310,300**	**2,082,910,300**
Share premium			
Balance at beginning of year	820,128,895	820,128,896	819,953,896
Additions during the year	-	-	175,000
Balance at end of period	820,128,895	**820,128,896**	**820,128,896**
Deposits for future shares subscription			
Balance at beginning of year	-	-	9,390,000
Issuance of shares	-		(9,390,000)
Conversion of deposits for future stock	-		
Balance at end of period	-		
AFS Reserves			
Balance at beginning of year	(300,000)	7,140	
Other comprehensive income	-	-	
Balance at end of period	**(300,000)**	**7,140**	
Remeasurement of retirement benefits obligation			
Balance at beginning of year	(7,455,587)	1,224,228	
Other comprehensive income	(1,176,219)		
Balance at end of period	**(7,455,587)**	**1,224,228**	
Deficit			
Balance at beginning of year	(2,844,924,298)	(2,841,261,347)	(2,833,357,183)
Net income (loss) during the period	602,995	1,144,447	(17,347,570)
Share in net income of subsidiary	(877,478)		
Balance at end of period	**(2,845,323,590)**	**(2,840,116,899)**	**(2,850,704,753)**
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	**101,264,718**	**80,553,664**	**52,334,442**
NON-CONTROLLING INTERESTS			
Changes in ownership interest	121,466,518	125,586,376	114,852,845
		125,586,376	**114,852,845**
TOTAL EQUITY (CAPITAL DEFICIENCY)	**P222,731,236**	**P206,140,040**	**P167,187,287**

MILLENNIUM GLOBAL HOLDINGS, INC.
(Formerly IPVG CORP.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED SEPTEMBER 31, 2016, 2015 and 2014 (Unaudited)

(In Philippine Peso)	9 mos. 30-Sep-16 (Unaudited)	9 mos. 30-Sep-15 (Unaudited)	9 mos. 30-Sep-14 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit (loss) before tax	1,851,843	P4,387,325	(13,528,132)
Adjustments for:			
Depreciation and amortization	20,548,463	28,701,512	35,156,550
Retirement Benefits/AFS Reserve			
Net unrealized gain on available for sale (AFS) investment	(44,100)		
Net unrealized gain (loss) on remeasurement of retirement plan	(1,176,219)		
Retirement benefits expense			
Finance costs	30,262,582	31,540,421	30,262,674
Finance income	(8,163,844)	(1,840,189)	(8,149,853)
Provision for income tax	(1,248,848)		
Operating loss before working capital changes	**42,029,878**	**62,788,439**	**43,741,238**
Decrease (increase) in:			
Trade and other receivables	(58,077,979)	(68,985,254)	(382,683,333)
Loan receivable			30,000,000
Inventories	(326,343,626)	(7,356,457)	(145,728,632)
Due from related parties	(307,835)	-	(248,467,764)
Prepayment and other current assets	(36,616,504)	8,521,270	(23,771,960)
Other noncurrent assets	(1,135,773)	(40,096,961)	-
Goodwill	2,044,905		
Deferred tax asset	14,718,400		
Increase (decrease) in:			
Accounts payable and accrued expenses	257,094,188	(6,766,531)	225,810,154
Retirement benefits	3,164,277	1,251,296	31,858,996
Cash provided by (used in) operations	**(103,430,069)**	**(50,644,199)**	**(469,241,301)**
Finance income received	8,163,844	1,840,819	8,149,853
Interests paid		(31,540,421)	(30,262,674)
Income taxes paid	(34,262)	(2,286,909)	
Cash provided by (used in) Operating activities	**(95,300,487)**	**(82,630,709)**	**(491,354,122)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from:			
Net Cash flow from business combination			
Loans to MOSC			
Additions to:			
Property & equipment	(144,743,186)	(3,272,781)	(426,058,604)
Investment in noncurrent asset			(30,299,979)
Investment in a subsidiary			
Change in available for sale investment	30,000		
Cash from investing activities	**(144,713,186)**	**(3,272,781)**	**(456,368,583)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Issuance of shares		15,500,000	
Proceeds from additional paid-in capital			51,835,300
Net proceeds (repayments) of interest-bearing loans			771,192,652

Deposit for future share subscription			(9,390,000)
Availment of borrowings	220,899,728	(21,426,600)	
Loan payable			-
Obligation under Finance lease	(1,246,223)	(3,954,098)	65,716,508
Increase (decrease) in due to related parties	(2,489,290)	14,210,690	(2,730,480)
Finance cost paid	(30,262,582)		
Non-controlling interest			
Net cash provided by financing activities	**186,901,633**	**4,329,991**	**876,623,980**
Net Increase / (Decrease) in Cash and cash equivalents	(53,112,040)	(81,573,500)	(71,088,725)
Non-controlling interest		4,181,248	114,852,845
Cash at beginning of year	139,523,097	109,766,354	1,304,851
Cash at end of year	**86,411,057**	**32,374,102**	**45,068,972**

MILLENNIUM GLOBAL HOLDINGS, INC.

(Formerly IPVG CORP.)

SCHEDULE OF FINANCIAL SOUNDNESS AND INDICATORS

FOR THE PERIOD ENDED SEPTEMBER 30, 2016 (Unaudited) and DECEMBER 31, 2015 and 2014 (Audited)

(In Philippine Peso)	**Sep. 30, 2016** (Unaudited)	**Dec. 31, 2015** (Audited)	**Dec. 31, 2014** (Audited)
Current/Liquidity ratio			
Current assets	1,341,715,677	1,045,438,134	969,624,751
Current liabilities	1,615,269,430	1,274,339,973	1,167,396,833
Current Ratio	0.83	0.820	0.831
Quick ratio			
Current assets-Inventory-prepayments	485,178,079	524,936,775	497,578,391
Current liabilities	1,615,269,430	1,274,339,973	1,167,396,833
Quick Ratio	0.30	0.412	0.426
Solvency ratio			
Total Assets	1,913,884,662	1,521,552,244	1,425,116,329
Total Liabilities	1,691,153,426	1,318,219,236	1,239,801,984
Solvency Ratio	1.13	1.154	1.149
Debt ratio			
Total Debts	1,691,153,426	1,318,219,236	1,239,801,984
Total Assets	1,913,884,662	1,521,552,244	1,425,116,329
Debt Ratio	0.88	0.866	0.870
Debt to Equity Ratio			
Debt	1,691,153,426	1,318,219,236	1,239,801,984
Equity	222,731,236	203,333,008	185,314,345
Debt/Equity Ratio	7.59	6.483	6.690
Assets to Equity ratio			
Assets	1,913,884,662	1,521,552,244	1,425,116,329
Equity	222,731,236	203,333,008	185,314,345

Assets to Equity Ratio	8.59	7.483	7.690
Net Profit margin ratio			
Net Income (loss)-continuing operation	602,995	23,582,355	(6,230,373)
Revenue	1,182,520,423	1,751,250,090	1,560,239,248
Net Profit Margin Ratio	0.0005	0.013	(0.004)
Gross margin ratio			
Gross profit	93,558,340	109,629,271	128,407,690
Revenue	1,182,520,423	1,751,250,090	1,560,239,248
Gross Margin Ratio	0.079	0.063	0.082
Interest coverage			
EBIT (Earnings before Interest income (charges) and taxes)	(15,107,663)	4,782,155	35,224,913
Interest Charges	16,778,316.75	2,518,663	39,761,134
Interest coverage Ratio	-0.9004	1.899	0.886
		765,455	(6,230,373)
Return on Assets			
Profit (loss)	602,995	765,455	(6,230,373)
Total Assets	222,731,236	1,521,552,244	1,425,116,329
Return on Assets Ratio	0.0027	0.001	(0.004)
Return on Equity			
Profit (loss)	602,995	765,455	(6,230,373)
Equity	222,731,236	203,333,008	185,314,345
Return on Equity Ratio	0.0027	0.004	(0.034)
Price/Earnings Ratio			
Price per share	0.27	0.3600	0.3800
Per common share	0.0005	0.0004	(0.0037)
Price/Earnings Ratio	520	1,004	(102.48)

NOTE 1 - GENERAL INFORMATION

1.1 Corporate information

Millennium Global Holdings, Inc. (*formerly IPVG Corp.*) (the Parent Company), was incorporated under the laws of the Republic of the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) per SEC Registration No. 25160 on May 19,1964.

The capital stocks of the Company were listed beginning March 1, 1976 in the Philippines Stock Exchange (PSE) with the ticker code MG (formerly IP).

On May 22, 2012, the Company's shareholders approved to amend its Articles of Incorporation to change the primary purpose of the Company, allowing the Corporation 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 capital stock of the Company from Two Billion Pesos up to Ten Billion Pesos 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 Company to include seafood, aqua-culture, seafood processing and agriculture, modifying and superseding their earlier approval on the primary purpose. The shareholders also approved to change the principal office of the 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 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.

The 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.

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

- 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 were ratified by the shareholders on December 20, 2013 and consequently approved by the SEC as on May 14, 2014.

On December 16, 2015, the stockholders of the Company approved the conduct of an equity restructuring to wipe out/reduce its continuing deficit, with corresponding amendment to the Company's Articles of Incorporation to decrease the authorized capital stock from P2.5 Billion to P250 Million and the par value from P1.00/share to P0.10/share, without change in the number of common shares. The stockholders also delegated authority to the Board to finalize terms of the transaction.

On August 8, 2016, the Company advised that it temporarily holds office at Blk 1 Lot 1, Dahlia St. corner J.P. Rizal St., Sto. Nino, Paranaque City, pending the demolition of the building at the site of its registered address at Senses Spa Building, MIA Road, corner Pildera Street, Tambo, Paranaque City and the completion of the construction of a new building which will rise on the same site.

The Company shall return to the site of its registered address in 2019 or earlier, upon completion of the construction of the new building. In the meantime, please address all communications to: **Blk 1 Lot 1, Dahlia St. corner J.P. Rizal St., Sto. Nino, Paranaque City.**

1.2 Company updates

a) Cebu Canning Corporation (C3)

On November 28, 2014, the stockholders of the Company approved the acquisition of C3 to make it a wholly-owned subsidiary of the Company, with authority to the Board to finalize the terms and conditions thereof. Thereafter, on March 6, 2015, the Board of Directors approved the execution of the Subscription Agreements with C3 pursuant to the plan to fully acquire C3 as a wholly-owned subsidiary of the Company. On April 17, 2015, upon approval of the SEC of C3's increase in authorized capital stock, C3 became a subsidiary (51%) of MG.

The completion of the 100% acquisition of C3 will take place upon transfer of all the C3 secondary shares to MG.

b) Millennium Ocean Star Corporation (MOSC)

On November 26, 2013, the BOD approved the investment in and/or acquisition of various businesses and operating companies, including 51% controlling interest in MOSC. During the annual shareholders' meeting held last December 20, 2013, the shareholders approved the investment in MOSC and the transaction was executed on January 10, 2014.

c) Increase in authorized share capital to P2,500,000,000 and listing of new shares

On July 25, 2013, the SEC approved the Company's increase in authorized capital stock from 2,000,000,000 shares at P1 par value per share to 2,500,000,000 shares at P1 par value per share.

On December 20, 2013, the stockholders ratified the issuance of 125,000,000 shares at P1 par value per share, taken from the P500,000,000 increase in authorized share capital, to the Company's Chairman, President and CEO, and approved the listing of the same, subject to compliance with the requirements of the PSE.

(d) Issuance of 9.215 Million shares

On April 11, 2014, the BOD 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 (a.k.a. Michael Yang), the Company's Chairman and President, to be taken from the existing unissued common shares of the Company.

The stockholders ratified the above corporate act, including the listing of the subject shares, on November 28, 2014.

(e) Corporate restructuring

In July 2011, the shareholders and the Board of Directors (BOD) of the Company approved the Company's corporate restructuring which aimed 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 immediately after the transaction.

(f) Investment agreements

a. On July 1, 2013, the Company entered into an Investment Agreement with MOSC. Under the Agreement, the Company shall advance up to P60,000,000 as additional working capital to MOSC. The amount was payable in two (2) years with interest rate of 6.5% per annum. A total loan of P30,000,000 was made but has been fully paid for as of March 31, 2014.

b. On January 10, 2014, the Company executed a Subscription Agreement with MOSC acquiring 51% controlling interest in MOSC, as approved by the stockholders on December 20, 2013. The aggregate subscription price for the 137,908,163 MOSC primary common shares is P137,908,163. Initial payment has been made in the amount of P65,000.000.

c. On March 6, 2015, the Company executed Subscription Agreements with C3 pursuant to the plan to fully acquire C3 as a wholly-owned subsidiary of the Company, as approved by the stockholders on November 28, 2014. On April 17, 2015, upon approval of the SEC of C3's increase in authorized capital stock, C3 became a subsidiary (51%) of MG. The completion of the 100% acquisition of C3 will take place upon transfer of all the C3 secondary shares to MG.

d. On March 6, 2015, the Company executed an Investment Agreement with Chen Chih-Hsingamounting to P15,000,000, payable to Chen Chih-Hsingin 3 years from execution of the Agreement, convertible into equity at the option of Chen Chih-Hsingand subject to extension of time as may be mutually agreed upon by the parties

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

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

Basis of measurement
The accompanying financial statements have been prepared on a historical cost basis.

Functional and presentation currency
The financial statements are prepared in Philippine Peso (P), which is the Company'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 the financial statements in compliance with PFRS requires the use of certain critical accounting estimates. It also requires the Company's management to exercise judgment in applying the Company's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effects are disclosed in Note 3.

Changes in accounting policies and disclosures
a. New standards and amendments effective from January 1, 2013
The accounting policies adopted are consistent with those of the previous years except for the following new standards and amendments effective for the first time from January 1, 2013 of which none have had a material effect on the financial statements:

i. Standards and amendments relevant to the Company
• PFRS 10, *Consolidated Financial Statements*
• PFRS 12, *Disclosures of Interests in Other Entities*
• PFRS 13, *Fair Value Measurement*
• Amendments to PAS 1, *Presentation of Items of Other Comprehensive Income*
• Amendments to PAS 27, *Separate Financial Statements*
• Amendments to PFRS 7, *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*

The adoption of the standards or amendments is described below:

• **PFRS 10, *Consolidated Financial Statements*:** The new standard is applicable to annual periods beginning on or after January 1, 2013. Earlier application is permitted. PFRS 10 replaced the portion of PAS 27, *Consolidated and Separate Financial Statements,* that addressed the accounting for consolidated financial statements. It also included the issues raised in SIC-12 (PIC-12), *Consolidation - Special Purpose Entities*.

PFRS 10 was developed to eliminate the perceived conflict on the concept of consolidation between PAS 27 (amended in 2008) and PIC-12. PAS 27 (amended in 2008) requires the consolidation of entities based on the power to govern its financial and operating policies whereas PIC-12 mandates consolidation of entities based on risks and rewards.

PFRS 10 provides a single consolidation model that identifies control as the basis for consolidation for all types of entities. It provides a new definition of control based on three elements: power over the investee, exposure or rights to variable returns from involvement with the investee, and ability to use power over the investee to affect the amount of investor's return. The changes introduced by PFRS 10 require management to exercise significant judgment to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in PAS 27. The application of this standard has an effect on the Company's accounting for its subsidiary, which it had acquired on January 10, 2014.

• **PFRS 12, *Disclosures of Interests in Other Entities*:** This standard prescribes all of the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities. The standard requires a reporting entity to disclose information that helps users to assess the nature and financial effects of the reporting entity's relationship with other entities. The standard had an impact on the Company's financial position or performance.

• **PFRS 13, *Fair Value Measurement*:** This standard was developed to eliminate inconsistencies of fair value measurements dispersed in various existing PFRS. It clarifies the definition of fair value, provides a single framework for measuring fair value and enhances fair value disclosures. As a result of the guidance in PFRS 13, the Company re-assessed its policies for measuring fair values. The Company has assessed that the application of PFRS 13 has not materially impacted the fair value measurements of the Company.

• **Amendments to PAS 1, Presentation of Items of Other Comprehensive Income:** The amendments improved the consistency and clarity of the presentation of items of other comprehensive income. The amendments also

highlighted the importance that the board places on presenting profit or loss and other comprehensive income together and with equal prominence. The main change resulting from the amendments was a requirement for entities to group items presented in other comprehensive income on the basis of whether they are potentially reclassified to profit or loss subsequently (reclassification adjustments). The amendments did not address which items are presented in other comprehensive income.

The amendments did not change the option to present items of other comprehensive income either before tax or net of tax. However, if the items are presented before tax, then the tax related to each of the two groups of other comprehensive income items (those that might be reclassified and those that will not be reclassified) must be shown separately.

• **Amendments to PAS 27, *Separate Financial Statements*:** As a consequence of the issuance of the new PFRS 10 and PFRS 12, what remains of PAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in the separate financial statements. The adoption of the amended PAS 27 did not have a significant impact on the financial statements of the Company.

• **Amendments to PFRS 7, *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*:** These amendments require an entity to disclose information about rights of set-off and related arrangements (such as collateral agreements). The new disclosures are required for all recognized financial instruments that are set-off in accordance with PAS 32. These disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or 'similar agreement', irrespective of whether they are set-off in accordance with PAS 32. The amendments require entities to disclose, in a tabular format, unless another format is more appropriate, the following minimum quantitative information. This is presented separately for financial assets and financial liabilities recognized at the end of the reporting period:

a) The gross amounts of those recognized financial assets and recognized financial liabilities;
b) The amounts that are set-off in accordance with the criteria in PAS 32 when determining the net amounts presented in the statement of financial position;
c) The net amounts presented in the statement of financial position;
d) The amounts subject to an enforceable master netting arrangement or similar agreement that are not otherwise included in (b) above, including:

> i. Amounts related to recognized financial instruments that do not meet some or all of the offsetting criteria in PAS 32; and
> ii. Amounts related to financial collateral (including cash collateral); and

e) The net amount after deducting the amounts in (d) from the amounts in (c) above.

The amendments affect disclosures only and have no impact on the Company's financial position or performance.

Annual improvements to PFRS (2009-2011 cycle)

The Annual Improvements to PFRSs (2009-2011 cycle) contain non-urgent but necessary amendments to PFRS. The Company adopted these amendments for the current year.

• Amendments to PFRS 1, *First-Time Adoption of Philippine Financial Reporting Standards – Borrowing Costs*
• PAS 1, *Presentation of Financial Statements – Clarification of the Requirements for Comparative Information*
• PAS 16, *Property, Plant and Equipment – Classification of Servicing Equipment*
• PAS 32, *Financial Instruments Presentation – Tax Effect of Distribution to Holders of Equity Instruments*
• PAS 34, *Interim Financial Reporting – Interim Financial Reporting and Segment Information for Total Assets and Liabilities*

The Company, however, expects no significant impact on its financial position or performance from the adoption of the amendments.

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

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

i. Standards and amendments relevant to the Company

• **PFRS 9, *Financial Instruments: Recognition and Measurement*:** PFRS 9, as issued, reflects the first phase on the replacement of PAS 39, *Financial Instruments: Recognition and Measurement* and applies to the classification and measurement of financial assets and liabilities as defined in PAS 39. Work on impairment of financial instruments and hedge accounting is still ongoing, with a view to replacing PAS 39 in its entirety. PFRS 9 requires all financial assets to be measured at fair value at initial recognition. A debt financial asset may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if it is held within a business model that has the objective to hold the assets to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at fair value through profit or loss. All equity financial assets are measured at fair value either through other comprehensive income or profit or loss. Equity financial assets held for trading must be measured at fair value through profit or loss. For FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in other comprehensive income. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward into PFRS 9, including the embedded derivative separation rules and the criteria for using the FVO.

The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Company's financial assets, but will potentially have no impact on the classification and measurement of financial liabilities. The Company did not conduct an evaluation on the possible financial impact of an early adoption of the new standard, as the Company will not early adopt the standard. However, initial indications show that adoption of PFRS 9 will have no significant impact on its financial position or performance.

The new standard removes the January 1, 2015 effective date. The new mandatory effective date will be determined once classification and measurement and impairment phases of PFRS 9 are finalized. As a result, the transitional guidance will change.

• **Amendments to PFRS 10, PFRS 12 and PAS 27, *Investment Entities*:** 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 Company'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 Company'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.

• **Amendments to PAS 36, *Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets*:** These amendments remove the unintended consequences of PFRS 13 on the disclosures required under PAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units (CGUs) for which impairment loss has been recognized or reversed during the period. These amendments are effective retrospectively for annual periods beginning on or after January 1, 2014 with earlier application permitted, provided PFRS 13 is also applied. The amendments affect disclosures only and have no impact on the Company's financial position or performance.

ii. Standards, interpretations and amendments not relevant to the Company

• PAS 39*, Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting (Amendments) (effective January 1, 2014)*
• Amendments to PAS 19, *Defined Benefit Plans: Employment Contribution (effective July 1, 2014)*
• Philippine Interpretation on IFRIC 15, *Agreements for the Construction of Real Estate (no definite effective date)*
• Philippine Interpretation on IFRIC 21,*Levies (effective January 1, 2014)*

2.2 Current versus noncurrent classification

The Company presents assets and liabilities in the statement of financial position based on current/noncurrent classification. An asset is current when it is:

• Expected to be realized or intended to sold or consumed in normal operating cycle
• Held primarily for the purpose of trading
• Expected to be realized within twelve months after the reporting period, or
• Cash on hand and in banks unless restricted from being exchanged or used to settle aliability 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 Company classifies all other liabilities as noncurrent.

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

2.3 Fair value measurement

The Company measures financial instruments at fair value at each reporting date.

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

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

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

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

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

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

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

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

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

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

2.4 Foreign currency transactions and translation

Transactions in foreign currencies are initially recorded by the Company 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 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 other comprehensive income 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 other comprehensive income.

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.

2.5 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 Company 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 statement 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 statement of loss.

The Company has not designated any financial assets at FVPL.

(b) Loans and receivables

This category is the most relevant to the Company. 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 statement of loss. The losses arising from impairment are recognized in the statement of loss in finance costs for loans and in other pre-operating expenses for receivables.

This category generally applies to cash on hand and in banks, loans receivable and due from a related party

(c) HTM investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as HTM when the Company 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 statement of loss. The losses arising from impairment are recognized in the statement of loss in finance costs. The Company did not have any HTM investments as at March 31, 2015 and 2014.

(d) AFS investments

AFS financial investments include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as neither held for neither 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 investments are subsequently measured at fair value with unrealized gains or losses recognized as other comprehensive income 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 statement of loss in finance costs. Interest earned while holding AFS financial investments is reported as finance income using the EIR method.

The Company evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Company is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Company may elect to reclassify these financial assets if the Company 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 statement of loss.

The Company's investment in New Wave Resource Limited is classified under this category.

Derecognition

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

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

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

ii. Impairment of financial assets

The Company assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment exists if one or more events that have 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 Company 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 Company 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 carrying 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 statement of loss. Interest income (recorded as finance income in the 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 Company. 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 objective evidence of an impairment loss 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 investments

For AFS financial investments, the Company 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 statement of loss – is removed from other comprehensive income and recognized in the 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 other comprehensive income. 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 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 statement of loss, the impairment loss is reversed through the 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 Company 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 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 Company 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 Company. 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 statement of loss.

This category generally applies to trade and other payables, due to a related party and deposit for future share subscription.

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 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. 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 statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the asset and settle the liability simultaneously.

2.6 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 reporting cash flows, cash in banks is unrestricted and available for use in current operations.

2.7 Other current assets

Other assets are recognized when the Company expects to receive future economic benefit from them and the amount can be measured reliably. Other assets are classified in the statement 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 Company's normal operating cycle, whichever is longer. Otherwise, other assets are classified as noncurrent assets. Creditable withholding taxes (CWT) represent taxes withheld by the Company's customers required under the Philippine taxation laws and regulations. CWTs are recognized as asset and will be used to offset against the Company's income tax liability. CWTs are stated at net realizable value (NRV).

2.8 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets is 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 Company makes a formal estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or its cash generating unit's (CGU) 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, if no impairment loss had been recognized. Reversals of impairment are recognized in the statement of loss.

2.9 Trade and other payables

Trade and other payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer); otherwise, they are presented as noncurrent liabilities. These are measured initially at fair value and subsequently measured at amortized cost using the EIR method.

Accrued expenses are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the suppliers. It is necessary to estimate the amount of timing or accrued expenses; however, the uncertainty is generally much less than for provisions.

Government dues and remittances include withholding income taxes which represent taxes retained by the Company for an item of income required to be remitted to the BIR on or before the 10th day of the following month. The obligation of the Company to deduct and withhold the taxes arises at the time the 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.

2.10 Provisions and contingencies

Provisions are recognized when:

(a) the Company 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 pretax 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 Company expects a provision or loss to be reimbursed, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain and its amount is estimable. The expense relating to any provision is presented in the statement of loss, net of any reimbursement.

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

2.11 Deposits for future shares subscription

Deposit for future shares subscription refers to the amount of cash or property received by the Company with the purpose of applying the same as payment for future issuance of shares.

Deposit for future shares subscription is presented under equity if it meets the following conditions:

- The unissued authorized share capital of the Company is insufficient to cover the amount of shares indicated in the contract;
- There is BOD's approval on the proposed increase in authorized share capital (for which a deposit was received by the Company);
- There is shareholders' approval of said proposed increase; and

- The application for the approval of the proposed increase has been filed with the SEC.

Otherwise, the deposit for future shares subscription is presented as noncurrent liability.

2.12 Share capital

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 Company, 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 common shares are shown in equity as a deduction, net of tax, from the proceeds.

2.13 Retained earnings (deficit)

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.

2.14 Expense recognition

Expenses are recognized in the statement 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. Expenses are recognized in the statement 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 statement of financial position as an asset.

Expenses in the statement of loss are presented using the function of expense method. General and administrative expenses are costs attributable to administrative, marketing and other business activities of the Company.

2.15 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 Company is also considered to be a related party.

2.16 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 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:

(i) 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
(ii) in respect of taxable temporary differences associated 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.

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.

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.

Value-added Tax (VAT)

Revenues, expenses and assets are recognized net of the amount of VAT, except when the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

2.17 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. All other leases are classified as operating leases.

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.

2.18 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit attributable to equity holders of the Company by weighted average number of common shares in issue during the year excluding ordinary shares purchased by the Company and held as treasury shares.

Diluted EPS is calculated by adjusting the weighted average number of common shares outstanding and assume conversion of all dilutive potential common shares.

The Company presents basic and diluted EPS, even if the amounts are negative (loss per share).

2.19 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.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The CODM, who is responsible for 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.

Segment capital expenditure is the total cost incurred during the period to acquire property, and equipment and investment properties.

2.20 Events after the reporting date

Post year-end events up to the date when the financial statements were authorized for issue by the BOD that provide additional information about the Company's position at reporting date (adjusting events) are reflected in

the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

NOTE 3 - SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

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

Determination of functional currency

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

Classification of financial instruments

The Company classifies a financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement and the guidelines set by PAS 39 on the definitions of a financial asset, a financial liability or equity. In addition, the Company 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 statement of financial position.

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.

The Company has entered into operating lease arrangement as a lessee. The Company, as a lessee, has determined that the lessor retains substantial risks and rewards of ownership of these properties, which are on operating lease agreements.

Estimates

Impairment of loans and receivables

The Company reviews its loans and receivables at each reporting date to assess whether an allowance for impairment loss should be recognized in its statement of loss or loans and 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 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 Company 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.

Impairment of AFS Investments

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

Realizability of deferred tax assets

Management reviews the carrying amount of deferred tax asset at each reporting date. The carrying amount of deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profit will be available against which the related tax asset can be utilized. Deferred income tax is recognized only to the extent that taxable income will be available against which the deferred tax asset can be used.

Impairment of non-financial assets

The Company 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 Company makes an estimate of the asset's recoverable amount. At the reporting date, the Company 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.

Estimating provision and contingencies

The estimate of the probable costs for the resolution of possible claims has been developed in consultation with outside legal counsel and is based upon an analysis of potential results.

Finance cost

Interest expense for loans payable charged to finance costs and guarantee fees to the shareholders forming part of the Company's interest expense.

(f) Pension benefit liability

The Company's employees are entitled to pension benefits in accordance with RA No. 7641, which is unfunded.

NOTE 4 - CASH

This account consists of the following:

	30-Sep-16	31-Dec-15	31-Dec-14
Cash on hand and in banks	P86,411,057	P139,523,097	P109,766,354
Total	**P86,411,057**	**P139,523,097**	**P109,766,354**

NOTE 5 – TRADE AND OTHER RECEIVABLES

This account consists of the following:

	30-Sep-16	31-Dec-15	31-Dec-14
Accounts receivable-trade	248,254,384	P237,807,006	P330,297,090
Accounts receivable-others	144,766,930	108,719,969	61,973,062
Allowance for impairment loss	-	(10,759,056)	(4,458,115)
Total	**P393,021,314**	**P335,767,919**	**P387,812,037**

NOTE 6 - AGING OF ACCOUNTS RECEIVABLE TRADE AND OTHER RECEIVABLES

This account as of September 30, 2016 consists of the following:

	Total	Neither past due nor impaired	31-60 days	61-90 days	Over 90 days
A/R-Trade	**P393,021,314**	164,549,845	16,143,131	5,954,493	206,373,845

NOTE 7 – OTHER CURRENT ASSETS

This account consists of the following:

	30-Sep-16	31-Dec-15	31-Dec-14
Prepayments & other current assets	P 7,006,622	P6,147,881	P1,081,612
Input tax	18,537,752	8,445,182	6,946,735
Factory supplies	19,763,664	8,816,871	3,197,603
Allowance for impairment	-	-	-
	45,308,038	**23,409,934**	**11,225,950**
Prepaid tax & creditable withholding tax	14,718,400	-	796,522
Allowance for impairment	-	-	-
Total	**P60,026,438**	**P23,409,934**	**P12,022,472**

NOTE 8 – TRADE AND OTHER PAYABLES

This account consists of the following:

	30-Sep-16	31-Dec-15	31-Dec-14
Trade payables	327,868,900	P389,871,802	P256,031,935
Government payables	366,390	763,257	173,933
Accrued expenses	26,973,564	8,735,092	1,468,527
Others	301,255,484	-	-
Total	**P656,464,338**	**P399,370,151**	**P257,674,395**

-END OF REPORT-