

COVER SHEET

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S.E.C. Registration Number

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(Company's Full Name)

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

Janine G. Manzano

Contact Person/s

(02) 7218-0437

Company Telephone Number

1	2
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Month

Fiscal Year

3	1
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Day

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SEC Form 17-Q

FORM TYPE

June

Month

Last Friday

Day

Annual Meeting

Secondary License Type, If Applicable

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Dept. Requiring this Doc.

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Amended Articles Number/Section

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Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

[illegible]

File Number

LCU

[illegible]

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
THE REVISED CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended **September 30, 2023**
2. Commission identification number **25160**
3. BIR Tax Identification No **000-189-138-000**
4. Exact name of issuer as specified in its charter **Millennium Global Holdings, Inc.**
5. Province, country or other jurisdiction of incorporation or organization: **Metro Manila, Philippines**
6. Industry Classification Code: (SEC Use Only)
7. **Lot 9 Block 2 John St., Multinational Village, Paranaque City** **1708**
Address of issuer's office Postal Code

Issuer's telephone number, including area code **(632) 8551-2575**
8. **N/A**
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	2,369,684,619 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 the Revised 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, 2023 is Php119,866,903.10 (1,198,669,031@0.10).

**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 six (6) months ended **September 30, 2023**. References are going to be made on results of operations for the same period of the previous year 2022.*

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") is a general holding company. It was incorporated and registered with the Philippine Securities and Exchange Commission ("SEC") per SEC Registration No. 25160 on May 19, 1964. It is also listed in the Philippine Stock Exchange, Inc. (the "PSE") since March 1, 1976. It uses the ticker symbol MG.

In recent years, the Company has established its presence through the seafood businesses of its subsidiaries. Nevertheless, it adopts a positive stance to portfolio diversification and varied business opportunities as the SEC on February 14, 2013 approved, among others, the amendment of its primary purpose to become a general holding company.

On February 1, 2017, the SEC approved the Company's application for decrease in authorized capital stock to ₱250 Million and equity restructuring. On March 20, 2017, the SEC further approved the equity restructuring to partially wipe out the remaining deficit as of December 31, 2015.

On October 7, 2022, the SEC approved the Company's application for change of the principal office to Lot 9 Block 2 John St., Multinational Village, Paranaque City.

Status of Operations

The Company owns 51% controlling interest in Millennium Ocean Star Corporation (MOSC). MOSC is primarily engaged in the processing of high-quality seafood and aquaculture products for export and trading of imported marine and other related products. Its key business activity is the processing and export of several quality and high valued seafood products such as Black Tiger Shrimps, Kisu (asohos) fillet, frozen lobsters, etc. Its processing plants and buying stations are strategically located all over the country, enabling it to have a strong market foothold in Japan, Taiwan, Hong Kong, Vietnam, Malaysia, Singapore, United States of America, Canada, etc. MOSC also imports salmon, mackerel scad, scallops, shrimps, etc. for the local market, supplying supermarkets, groceries, food processors, hotels, and restaurants nationwide.

The Company also owns 51% stake in Cebu Canning Corporation (C3). C3 is a domestic company engaged in the business of manufacturing, processing and dealing in pasteurized canned crabmeat, frozen marine

products and other food products for export purposes. The raw crab meat which is the main material used in the business is locally sourced by C3.

Due to the COVID-19 pandemic, C3's regular operations were temporarily halted in 2021 to save on costs and the production was temporarily absorbed by MOSC. This irregularity may continue until such time that it is deemed appropriate to resume C3 regular operations.

Transaction with and/or Dependence on Related parties

Pursuant to the approval of the stockholders on December 18, 2020, the members of the Board of Directors of the Company approved on March 18, 2021 the initial increase of the authorized capital stock of the Corporation from P250 Million to P750 Million, divided into 5,000,000,000 common shares at par value of P0.10/share. The shares shall be subscribed at P0.20/share by Yang Chi Jen (a.k.a. Michael Yang), the Company's Chairman/President and CEO and controlling shareholder of subsidiary, MOSC. The proceeds of the transaction shall be invested in MOSC for the purpose of supporting its operations and expanding its production lines for fish and meat canning, meat and seafoods processing, and sauces. The increase in authorized capital stock is subject to the approval of the SEC and the issuance of the subject shares shall only be effective upon said approval.

Effect of Existing or Probable Government Regulations on the Business

During the COVID-19 pandemic and in compliance with the directives of the government to observe the rules on varying degrees of community quarantine, operations of subsidiaries were streamlined and kept at minimum to balance the health and safety of workers and employees. Currently, operations schedule for MOSC have resumed to regular schedule.

Development Activities

The Company has not engaged in significant development activities.

Cost and Effects of Compliance with Environmental Laws

The Company is committed to complying with the relevant environmental laws and regulations. Its costs and effects have no significant impact on its business.

Employees

Beginning 2014, personnel support has been provided to the Company through its subsidiaries, MOSC and C3. 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.

In 2021, due to the COVID-19 pandemic, C3 regular operations were temporarily halted to save on costs and production was temporarily absorbed by MOSC. This irregularity may continue until such time that it is deemed appropriate to resume C3 regular operations.

Description of Properties

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

Legal Proceedings

The Company 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 Company 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 August 25, 2023, the stockholders of the Company representing 2,369,684,619 issued and outstanding shares, or 51.46% thereof, elected the following members of the Board of Directors for the ensuing year:

1. Yang Chi Jen (a.k.a Michael Yang)
2. Yeh Hsiu-Yin
3. Hsien-Tzu Yang
4. Willy O. Dizon
5. Maria Soledad C. Lim
6. Nancy T. Golpeo
7. Ernesto S. Go
8. Amelia T. Tan
9. Aracelli G. Co
10. Maria Luisa T. Wu (Independent)
11. Cristina Hiltrude L. Aganon (Independent)

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

1. Minutes of the previous Annual Stockholders' Meeting held on December 7, 2022;

2. Audited Financial Statements for the calendar year ended December 31, 2022, as contained in the Annual Report;
3. All prior acts and proceedings of the Board of Directors, Corporate Officers and Management;
4. Appointment of Valdes Abad & Company as External Auditor for the calendar year 2023;

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

Name	Positions
Yang Chi Jen a.k.a. Michael Yang	Chairman / President & CEO
Amelia T. Tan	Treasurer
Lyra Gracia Y. Lipae-Fabella	Corporate Secretary

The Board likewise approved the appointments of Atty. Lyra Gracia Y. Lipae-Fabella as Corporate Information Officer and Alternate Compliance Officer; Mr. Yang Chi Jen as Alternate Corporate Information Officer and Alternate Compliance Officer; and Ms. Janine G. Manzano as Compliance Officer and Alternate Corporate Information Officer.

PART II. RESULTS OF OPERATIONS

Financial Highlights and Key Performance Indicators					
Consolidated Balance Sheet					
	As at September 30 2023	As at December 31 2022	Increase (Decrease)		
			Amount	%	
Total Assets	₱ 2,022,546,243	₱ 2,081,509,352	₱ (58,963,109)	(2.83%)	
Current Assets	1,658,265,661	1,740,483,066	(82,217,405)	(4.72%)	
Property and Equipment	292,893,530	282,525,694	10,367,836	3.67%	
Total Liabilities	1,345,868,438	1,416,602,859	(70,734,421)	(4.99%)	
Current Liabilities	1,301,617,143	1,355,186,349	(53,569,206)	(3.95%)	
Interest-bearing Loans	1,091,178,631	1,058,507,424	32,671,207	3.09%	
Equity	663,646,267	664,906,493	(1,260,226)	(0.19%)	
Consolidated Statements of Comprehensive Income					
	For the 9 months ended September 30 2023	For the 9 months ended September 30 2022	Increase (Decrease)		
			Amount	%	
Revenues (gross)	₱ 474,285,295	₱ 407,222,537	₱ 67,062,758	16.47%	
Gross Profit	127,340,378	108,250,919	19,089,459	17.63%	
General & administrative expenses	(102,001,659)	91,914,391	(193,916,050)	-210.97%	
Earnings Before Interest, Taxes, Dep'n. & Amort.	62,401,013	49,591,819	12,809,194	25.83%	
Profit / (Loss) before tax	(318,423)	(1,186,272)	867,849	-73.16%	
Profit / (Loss) after tax	(1,260,225)	(1,790,024)	529,799	-29.60%	
Total Comprehensive Income (loss)	(1,260,225)	(1,790,024)	529,799	-29.60%	
Consolidated Cash Flows					
	For the 9 months ended September 30 2023	For the 9 months ended September 30 2022	Increase (Decrease)		
			Amount	%	
Net Cash from Operating Activities	₱ (232,954,382)	₱ (130,184,690)	₱ (102,769,692)	78.94%	
Net Cash from Investing Activities	(52,716,941)	(15,647,328)	(37,069,613)	236.91%	
Net Cash from Financing Activities	(69,269,116)	(197,929,775)	128,660,659	65.00%	

	For the 9 months ended September 30 2023	As at December 31 2022
Key Performance Indicators		
Current Ratio	1.26	1.28
Quick Ratio	1.18	0.87
Solvency Ratio	1.49	1.47
Debt Ratio	0.67	0.68
Debt-to-Equity Ratio	2.05	2.13
Interest coverage ratio	(1.39)	(1.02)
Asset to Equity Ratio	3.05	3.13

Gross Profit Margin	0.27	0.06
Net Profit Margin	(0.00266)	(0.00091)
Return on Assets	(0.00062)	(0.00044)
Return on Equity	(0.00190)	(0.00137)
Price/Earnings Ratio	(155.52)	(312.95)
Book value per share	0.26546	0.28059
	2023	2022
Issued & Outstanding Shares	2,369,684,619	2,369,684,619
Ave. Exchange Rates (\$ to Peso)	56.96	56.12
<i>Please refer to Financial Statement Notes</i>		

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 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 Earnings per Share.*

As of September 30, 2023, the financial results reflect the consolidated financial statements of the Company and its subsidiaries, MOSC and C3.

Discussion on Financial Results

Assets

Cash as of September 30, 2023 is Php40.4 Million as compared to Php395.4 Million on December 31, 2022.

Accounts receivables as of September 30, 2023 amounting to Php703.4 Million represents trade and other receivables of MOSC and nil for the Company. Accounts receivable increased by ₱46.9 Million as compared to ₱656.6 Million as of December 31, 2022.

Liabilities

Liabilities as of September 30, 2023 amount to ₱1.358 Billion as compared to ₱1.417 Billion as of December 31, 2022. The decrease of ₱57.7Million is mainly due to payment of borrowings and lease payable.

Equity

Increase in equity of ₱1.3M as of September 30, 2023 pertains to the reversal of return on capital.

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

Revenues

Revenue generated for the period ended September 30, 2023 is ₱474.3 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, 2023 is ₱18.8 Million. The revenues are attributable to Rental income, Foreign Exchange Gains and Miscellaneous income for storage.

Expenses

Comparing the six (9) months ended September 30, 2023 against six (9) months ended September 30, 2022, the top expenses in Peso terms are as follows:

- **Cost of Sales**

Total cost of sales for Php346.9 Million in 2023 represents cost of 73.2% of gross sales of Php474.2 Million.

- **Salaries and Benefits**

The Company has not made any hiring during the quarter. As of September 30, 2023, total salaries increased by ₱1.7 Million, from ₱12.9 Million as of September 30, 2022 to ₱14.6 Million as of September 30, 2023. Salaries represent MOSC manpower cost and employees' benefits. This accounts for 17.55% of total operating expenses as of September 30, 2023.

- **Interest expense** as of September 30, 2023 amounted to Php44.9 Million. This accounts for about 53.89% of the group's total operating expenses.

- **Utilities expense** as of September 30, 2023 amounted to Php18 Million. This accounts for about 22.27% of groups' total operating expenses. For the year 2022 it amounted to Php19.2 Million.

- **Shipping and handling cost** as of September 30, 2023 amounted to Php19.5 Million. This accounts for about 23.43% of groups' total operating expenses. For the year 2022 it amounted to Php17.4 Million.

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, 2023 and 2022:

Consolidated Cash Flows	For the 9 months ended September 30		Increase (Decrease)	
	2023	2022	Amount	%
Net Cash from Operating Activities	₱ (232,954,382)	₱ (130,184,690)	₱ (102,769,692)	78.94%
Net Cash from Investing Activities	(52,716,941)	(15,647,328)	(37,069,613)	236.91%
Net Cash from Financing Activities	(69,269,116)	(197,929,775)	128,660,659	65.00%

Operating Activities

Net cash used for operating activities of ₱233 Million as of September 30, 2023 are mainly from MOSC operations as of September 30, 2023.

Investing Activities

Net cash used for investing activities of ₱52.7 Million as of September 30, 2023 was mainly from acquisition of property and equipment and additional advances made to related parties of MOSC.

Financing Activities

Net cash from financing activities of ₱69.3 Million as of September 30, 2023, mainly from payments of ₱63.9 Million lease liability and ₱44.8 Million finance cost.

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

The Company's operations have since resumed and become regular after some temporary disruptions as a result of the community quarantines which the government imposed beginning March 17, 2020. Due to the COVID-19 pandemic, C3 regular operations were temporarily halted to save on costs and production was temporarily absorbed by MOSC. This irregularity may continue until such time that it is deemed appropriate to resume C3 regular operations.

While the irregularity of operations due to COVID-19 pandemic was temporary, management anticipates that any significant or prolonged suspension of businesses and/or restrictions on the movement of workers will negatively impact the Group's financial condition and operations – specifically in its production and distribution channels.

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.

The Company's operations have since resumed and become regular after some temporary disruptions as a result of the community quarantines which the government imposed beginning March 17, 2020. Due to the COVID-19 pandemic, C3 regular operations were temporarily halted to save on costs and production was temporarily absorbed by MOSC. This irregularity may continue until such time that it is deemed appropriate to resume C3 regular operations.

While the irregularity of operations due to COVID-19 pandemic was temporary, management anticipates that any significant or prolonged suspension of businesses and/or restrictions on the movement of workers will negatively impact the Group's financial condition and operations – specifically in its production and distribution channels.

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 known 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's operations have since resumed and become regular after some temporary disruptions as a result of the community quarantines which the government imposed beginning March 17, 2020. Due to the COVID-19 pandemic, C3 regular operations were temporarily halted to save on costs and production was temporarily absorbed by MOSC. This irregularity may continue until such time that it is deemed appropriate to resume C3 regular operations.

While the irregularity of operations due to COVID-19 pandemic was temporary, management anticipates that any significant or prolonged suspension of businesses and/or restrictions on the movement of workers will negatively impact the Group's financial condition and operations – specifically in its production and distribution channels.

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

There are no significant issuances, repurchases, and repayments of debt and equity securities during the 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 significant changes in the composition of the issuer during the period.

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

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

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.

There are no subsequent events disclosed under SEC Form 17-C.

PART III. CONTROL AND COMPENSATION INFORMATION

DIRECTORS & EXECUTIVE OFFICERS

Name	Age	Citizenship	Position	No. of Years Served as Director	Term of Office
Yang Chi Jen (a.k.a Michael Yang)	53	Filipino	Chairman/ President & CEO	11	August 25, 2023 – present
Hsien – Tzu Yang	81	Taiwanese	Director	11	August 25, 2023 – present
Yeh Hsiu-Yin	73	Chinese	Director	2	August 25, 2023 – present
Willy O. Dizon	67	Filipino	Director	11	August 25, 2023 – present
Maria Soledad C. Lim	63	Filipino	Director	11	August 25, 2023 – present
Nancy T. Golpeo	62	Filipino	Director	11	August 25, 2023 – present
Ernesto S. Go	72	Filipino	Director	11	August 25, 2023 – present
Amelia T. Tan	56	Filipino	Director	8	August 25, 2023 – present
Aracelli G. Co	58	Filipino	Director	8	August 25, 2023 – present
Maria Luisa T. Wu	68	Filipino	Independent Director	9	August 25, 2023 – present
Cristina Hiltrude L. Aganon	57	Filipino	Independent Director	6	August 25, 2023 – present
Lyra Gracia Y. Lipae- Fabella	47	Filipino	Corporate Secretary	N/A	August 25, 2023 – present
Janine G. Manzano	30	Filipino	Compliance Officer	N/A	August 25, 2023 – present

PROFILES

YANG CHI JEN (a.k.a Michael Yang)
Chairman, President & CEO

Mr. Yang has four (4) 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 Philippine 101 Hotel, Inc., a company engaged in the hotel industry. He was educated in Taiwan where he attended Kweishan Junior High School.

YEH HSIU-YIN

Director

Ms. Yeh Hsiu Yin had decades of experience in the areas of seafood processing and packing. She used to manage Shie Jie Corporation where she now sits as Director. She also started FM Foodmark Enterprises as a single proprietorship until it is now known as Jomark Food Corporation where she likewise sits as Director. She also owned Shop Mark Supermarket in Zamboanga City until its closure in 2008 due to the volatility of the peace and order situation at the time. She is also Director of Millennium Ocean Star Corporation. She was educated in Taiwan where she attended First Lady High School.

HSIEN-TZU YANG

Director

Mr. Yang has had more than four (4) decades of 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.

WILLY O. DIZON

Director

Mr. Dizon is the Chairman/President of Timbercity Jetty Gas Station and De Luxe Construction Supply Co., Inc. He is a seasoned businessman with more than thirty (30) years track experience in sales and marketing. He took up BS Chemical Engineering at Mapua Institute of Technology.

MARIA SOLEDAD C. LIM

Director

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

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.

AMELIA T. TAN

Director, Treasurer

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

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. She has been an Asst. Treasurer of the Philippine Plastic Industry Association and Treasurer of Northern Rizal Yorklin Alumni Assn. since 2013. 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.

ERNESTO S. GO

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 Uniq Intertrade 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.

CRISTINA HILTRUDE L. AGANON

Independent Director

Ms. Aganon is a Certified Public Accountant. She serves as the Treasury Officer/Budget Officer/Accounting Officer of Private Infra Dev. Corp. since 2011. Previously, she has worked as Branch manager for the Philippine National Bank from 2008 to 2010. Ms. Aganon obtained her degree in BS Commerce Major in Accounting from St. Mary's University in Nueva Vizcaya. She likewise earned 36 MBA units from the University of Santo Tomas.

LYRA GRACIA Y. LIPAE-FABELLA

Corporate Secretary, Corporate Information Officer and Alternate Compliance Officer

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

JANINE G. MANZANO

Compliance Officer and Alternate Corporate Information Officer

Ms. Manzano is a licensed teacher who found joy working in the corporate field. Prior to immersing in the corporate practice, she taught at St. Benedict School of Novaliches. She obtained her degree in BS Secondary Education from Divine Word College of Vigan.

Family Relationship

Yang Chi Jen (a.k.a. Michael Yang) is the son of spouses Hsien-Tzu Yang and Yeh Hsiu-Yin.

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.19, Series of 2016 and SEC Memorandum Circular No.24, Series of 2019, the Corporation revised its Manual on Corporate Governance, adopting the mandatory provisions of the Revised Code of Corporate Governance and Revised Corporation Code. There has been no material deviation from the Corporation's Revised Manual on Corporate Governance.

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 Company and secure its sustained competitiveness in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interest of the Company, its shareholders and other stakeholders.

The Board meets regularly throughout the year to ensure a high standard of business practice for the Company and its stakeholders and to ensure soundness, effectiveness, and adequacy of the Company'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 Company's Revised Manual of Corporate Governance, the following committees were established with specific responsibilities.

Nomination, Compensation and Election Committee

The Nomination, Compensation and Election Committee is composed of three (3) members of the Board of Directors. The members of the Committee are as follows:

1. Yang Chi Jen - Chairman
2. Amelia T. Tan – Member
3. Ernesto S. Go – Member

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 Company'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.

It is also tasked 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 Revised Manual on Corporate Governance of the Company and the pertinent rules of the SEC.

It likewise reviews and evaluates the qualifications of all persons nominated to positions in the Company, which require appointment, by the Board.

Audit Committee

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

1. Cristina Hiltrude L. Aganon (Independent Director) – Chairman
2. Aracelli G. Co – Member
3. Maria Luisa T. Wu (Independent Director) – 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 Company, and crisis management.

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

Corporate Governance Committee/Risk Management and Oversight Committee

The Committee is composed of one (1) independent director and two (2) regular directors. The members are as follows:

1. Maria Luisa T. Wu – (Independent Director) Chairman
2. Yang Chi Jen – Member
3. Amelia T. Tan – Member

The Committee is tasked to assist the Board in the performance of its corporate governance responsibilities. It shall ensure compliance with and proper observance of corporate governance principles and practices.

The Committee is likewise tasked for the oversight of a Company's Risk Management system to ensure its functionality and effectiveness.

Executive Committee

The Executive Committee is composed of a minimum of three (3) members. The members of the Committee are as follows:

1. Yang Chi Jen – Chairman
2. Amelia T. Tan – Member
3. Aracelli G. Co – 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 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 Revised 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 Company 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, PSE and through the Company's website.

PART V. EXHIBITS AND SCHEDULES

The significant matters reported under SEC Form 17-C during the third quarter of 2023 are as follows:

Date of Report	
July 5, 2023	Approval of the Annual Stockholders' Meeting ("ASM") on August 25, 2023 at 2:00 p.m. through remote communication/ online (Zoom). The record date is set on July 31, 2023. The other details of the ASM shall be announced at a later date.
August 25, 2023	Results of the ASM and the Organizational Meeting
September 14, 2023	Update of foreign ownership restriction from "no limit" to "40%" in view of the authority provided by the primary purpose of its Amended Articles of Incorporation allowing the Corporation to "acquire and own xxx real or personal property of every kind and description". This is in harmony with the mandate of the 1987 Philippine Constitution and related laws that ownership of private lands is limited to 40% foreign equity.
September 15, 2023	Submission of the Certificates of Completion of the following members of the Board of Directors / Officers, received for having attended the webinar provided by the Center for Global Best Practices: 1. Yang Chi Jen (a.k.a. Michael Yang) – Chairman/ President & CEO; 2. Willy O. Dizon – Director; 3. Hsien Tzu Yang – Director; 4. Maria Soledad C. Lim – Director; 5. Nancy T. Golpeo – Director; 6. Amelia T. Tan – Director; 7. Aracelli G. Co – Director; 8. Atty. Ernesto S. Go – Director; 9. Yeh Hsiu-Yin – Director; 10. Maria Luisa T. Wu – Independent Director; 11. Cristina Hiltrude L. Aganon – Independent Director; 12. Atty. Lyra Gracia Y. Lipae-Fabella – Corporate Secretary; and 13. Janine G. Manzano – Compliance Officer

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 17 2023.

MILLENNIUM GLOBAL HOLDINGS, INC.

Issuer

By:



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



AMELIA T. TAN
Treasurer

MILLENNIUM GLOBAL HOLDINGS, INC.

AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

September 30, 2023 (Unaudited) AND DECEMBER 31, 2023, 2022 AND 2021 (Audited)

(In Philippine Peso) AS AT	30 September-23 (Unaudited)	31 Dec-22 (Audited)	31 Dec-21 (Audited)
ASSETS			
Current Assets			
Cash	40,497,011	395,437,450	390,922,403
Trade and other receivables, net	703,474,918	656,550,820	699,973,888
Inventories	655,464,469	443,887,495	462,146,582
Other current assets	110,196,614	120,200,018	117,751,617
Due from related parties	148,632,649	124,407,283	123,249,909
Total Current Assets	1,658,265,661	1,740,483,066	1,794,044,399
Noncurrent Assets			
Property, plant and equipment, net	292,893,530	282,525,694	342,144,492
Investment in associate	28,390,867	28,390,868	26,444,112
Deferred tax assets	15,207,986	15,207,986	15,880,184
Financial asset at FVOCI	380,535	50,000	50,000
Goodwill	14,521,202	14,521,202	14,521,202
Other noncurrent assets	12,886,462	330,536	330,536
Total Noncurrent Assets	364,280,582	341,026,286	399,370,526
TOTAL ASSETS	2,022,546,243	2,081,509,352	2,193,414,925
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	63,912,172	97,762,890	95,618,205
Due to a related party	152,889,438	146,023,035	134,690,006
Lease liability, current portion	6,668,440	52,893,000	70,524,255
Borrowings	1,091,178,631	1,058,507,424	1,161,425,041
Total Current Liabilities	1,314,648,681	1,355,186,349	1,462,257,507
Noncurrent Liabilities			
Lease liability, net of current portion	-	17,655,933	8,882,949
Borrowings, net of current portion	-	-	-
Retirement benefits obligations	44,251,295	43,760,577	43,365,936
Total Noncurrent Liabilities	44,251,295	61,416,510	52,248,885
TOTAL LIABILITIES	1,358,899,976	1,416,602,859	1,514,506,392

Equity (capital deficiency)			
Attributable to equity holders of the parent			
Share capital	236,968,462	236,968,462	250,000,000
Share premium	36,578,500	36,578,500	36,578,500
Remeasurement of retirement benefits obligation	(7,455,587)	(7,455,587)	(7,455,587)
AFS reserve	(300,000)	(300,000)	(300,000)
Deficit	(128,087,157)	(126,563,432)	(125,607,616)
Deposit for future share subscription	287,636,935	287,636,935	287,636,935
Total	425,341,153	426,864,878	440,852,232
Equity attributable to non-controlling interests	238,305,114	238,041,615	238,056,301
TOTAL EQUITY	663,646,267	664,906,493	678,908,533
TOTAL LIABILITIES & EQUITY	2,022,546,243	2,081,509,352	2,193,414,925

MILLENNIUM GLOBAL HOLDINGS, INC.

AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

FOR THE 9 MONTHS PERIOD ENDED SEPTEMBER 30, 2023, 2022 AND 2021 (Unaudited)

(In Philippine Peso)	9 mos. 30-Sept-23 (Unaudited)	9 mos. 30-Sept-22 (Unaudited)	9 mos. 30-Sept-21 (Unaudited)
REVENUES			
Gross sales	474,285,295	407,222,537	554,528,086
Less: COST OF SALES	346,944,917	298,971,618	449,339,962
GROSS PROFIT	127,340,378	108,250,919	105,188,124
OPERATING EXPENSES			
Taxes and licenses	3,630,576	3,515,928	5,225,537
Salaries and other employees' benefits	14,632,394	12,930,512	11,758,625
Transportation and Travel	876,754	625,748	296,952
Advertising and promotions	9,750	7,401	25,000
Representation expenses	2,602,976	696,455	843,704
Reprocessing	101,414	315,477	79,692
Communication, light& water expense	18,569,780	19,279,952	18,430,168
Commission	652,392	1,018,209	1,138,666
Brokerage fees	363,485	158,174	1,317,643
Rental expenses	3,011,868	2,737,615	3,152,056
Repair and maintenance	4,389,574	3,351,704	2,481,720
Management & Professional fees	2,277,639	1,040,004	1,249,862
Retirement benefits	1,749,493	1,792,171	624,037
Security and janitorial services	1,421,181	1,396,481	1,277,393
Supplies & other Office expense	1,006,478	1,108,322	2,918,367
Insurance	506,836	385,576	330,385
Membership dues	251,700	255,424	254,500
Warehousing services	60	846,670	339,078
Shipping cost	19,534,098	17,427,055	16,916,809
Information technology services	260,920	314,192	271,619
Documentary stamps	3,515,793	3,747,099	2,369,985
Fuel and lubricants	1,922,461	1,123,603	1,127,678
Donations and contributions	16,043	38,645	40,800
Product testing and analysis fee	484,249	278,195	292,077
Sanitation	554,671	448,835	388,771
Fines, penalties & other charges	175,609	615,904	37,462
Filing fee	232,453	-	-
Miscellaneous	515,169	1,094,343	4,292,890
Director's fee	105,000	-	-
Total Operating Expenses	83,370,816	76,549,694	77,481,476
Subtotal	43,969,562	31,701,225	27,706,648

Other Income/Expenses			
Bank charges	(837,639)	(407,051)	(374,495)
Foreign exchange (gain) or loss	5,036,707	479,417	639,980
Rental income	1,571,569	3,974,406	4,949,426
Gain on finance lease-sale and leaseback	-	2,918,944	2,515,926
Miscellaneous income	12,217,831	10,924,879	7,120,740
Other income (loss), net	17,988,468	17,890,594	14,851,577
EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization)	61,958,030	49,591,819	42,558,225
Total Depreciation and amortization	17,793,204	15,364,697	15,493,244
Profit (loss) from operations	44,164,826	34,227,122	27,064,981
Finance Income	442,983	25,909	4,801,331
Finance costs	(44,926,232)	(35,439,303)	(34,464,089)
Profit (Loss) before income tax	(318,423)	(1,186,272)	(2,597,776)
Provision for Income Tax	(941,802)	(603,752)	(615,777)
Profit (Loss)	(1,260,225)	(1,790,024)	(3,213,553)
Share in net losses (income of consolidated subsidiaries in excess of investments)	-	-	-
TOTAL COMPREHENSIVE INCOME (LOSS)	(1,260,225)	(1,790,024)	(3,213,553)

MILLENNIUM GLOBAL HOLDINGS, INC.**AND ITS SUBSIDIARIES****CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)****FOR THE 3 MONTHS PERIOD ENDED SEPTEMBER 30, 2023, 2022 AND 2021 (Unaudited)**

(In Philippine Peso)	3 mos. July - Sept 2023 (Unaudited)	3 mos. July - Sept 2022 (Unaudited)	3 mos. July - Sept 2021 (Unaudited)
REVENUES			
Gross sales	219,004,210	165,178,143	130,969,701
	219,004,210	165,178,143	130,969,701
Less: COST OF SALES	167,009,043	128,475,661	95,164,247
GROSS PROFIT	51,995,167	36,702,482	35,805,454
OPERATING EXPENSES			
Taxes and licenses	1,336,517	985,970	2,303,160
Salaries and other employees' benefits	3,654,306	2,663,533	2,640,731
Transportation and Travel	298,472	80,116	102,994
Advertising and promotions	-	7,401	24,000
Representation expenses	2,389,996	415,498	610,921
Reprocessing	(60,014)	14,789	13,000
Communication, light& water expense	7,846,605	8,002,914	5,795,507
Commission	-	234,694	351,961
Brokerage fees	14,229	-	934,521
Rental expenses	754,907	85,427	398,326
Repair and maintenance	2,627,117	1,465,884	1,270,991
Management & Professional fees	928,466	545,004	438,110
Retirement benefits	400,149	205,644	213,904
Security and janitorial services	690,660	648,499	445,568
Supplies & other Office expense	353,910	548,220	2,137,389
Insurance	121,894	41,255	164,365
Membership dues	1,700	-	-
Warehousing services	60	93,855	-
Shipping cost	8,803,586	13,312,764	5,613,382
Information technology services	90,948	75,610	111,039
Documentary stamps	2,261,800	1,854,618	1,731,331
Fuel and lubricants	1,103,343	326,088	385,236
Donations and contributions	5,000	2,500	4,000
Product testing and analysis fee	260,934	133,266	80,959
Sanitation	196,686	193,874	132,388
Fines, penalties & other charges	1,186	39,522	25,966
Outside services	-	-	-
Miscellaneous	149,177	1,408,911	3,635,882
Director's fee	105,000	-	-
Total Operating Expenses	34,336,634	33,385,856	29,565,631
Subtotal	17,658,533	3,316,626	6,239,823

Other Income/Expenses			
Bank charges	(447,725)	(250,559)	(142,332)
Foreign exchange gain or (loss)	2,823,255	212,496	193,889
Rental income	948,671	884,040	1,194,708
Gain on finance lease-sale and leaseback	-	2,918,944	926,123
Miscellaneous income	5,024,584	1,998,467	6,036,642
Other income (loss), net	8,348,785	5,763,388	8,209,030
EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization)	26,007,318	9,080,014	14,448,853
Total Depreciation and amortization	7,397,183	5,122,399	5,095,034
Profit (loss) from operations	18,610,135	3,957,615	9,353,819
Finance Income	29,861	4,691	8,038
Finance costs	(18,767,264)	(12,907,342)	(9,295,062)
Profit (Loss) before income tax	(127,268)	(8,945,036)	66,795
Provision for Income Tax	(51,383)	53,631	(125,973)
Profit (Loss)	(178,651)	(8,891,405)	(59,178)
Share in net losses (income of consolidated subsidiaries in excess of investments)	-	-	-
Profit (loss)	(178,651)	(8,891,405)	(59,178)
TOTAL COMPREHENSIVE INCOME (LOSS)	(178,651)	(8,891,405)	(59,178)

**MILLENNIUM GLOBAL HOLDINGS, INC.
AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CAPITAL DEFICIENCY)
FOR THE PERIOD ENDED SEPTEMBER 30, 2023, 2022 AND 2021 (Unaudited)**

AS AT	30-Sept-23	30-Sept-22	30-Sept-21
CAPITAL STOCK			
Share capital			
Balance at beginning of year	236,968,462	250,000,000	250,000,000
Return of capital	-	(13,031,538)	-
Reversal of return of capital	-	-	-
Balance at end of period	236,968,462	236,968,462	250,000,000
Share premium			
Balance at beginning of year	36,578,500	36,578,500	36,578,500
Additions during the year	-	-	-
Balance at end of period	36,578,500	36,578,500	36,578,500
AFS Reserves			
Balance at beginning of year	(300,000)	(300,000)	(300,000)
Other comprehensive income	-	-	-
Balance at end of period	(300,000)	(300,000)	(300,000)
Remeasurement of retirement benefits obligation			
Balance at beginning of year	(7,455,587)	(7,455,587)	(7,455,587)
Other comprehensive income	-	-	-
Balance at end of period	(7,455,587)	(7,455,587)	(7,455,587)
Deficit			
Balance at beginning of year	(126,563,432)	(125,607,616)	(124,804,064)
Equity restructuring (Wipeout)	-	-	(5,946,447)
Prior period adjustment	-	-	-
Share in net income of parent	(1,523,725)	(2,103,799)	-
Balance at end of period	(128,087,157)	(127,711,415)	(127,010,699)
Deposit for future share subscription			
Balance at beginning of year	287,636,935	287,636,935	-
Additional deposits	-	-	-
Balance at end of period	287,636,935	287,636,935	-
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	425,341,153	425,716,895	151,812,214
NON-CONTROLLING INTERESTS			
Balance at beginning of year	238,041,615	238,056,301	239,403,427
Changes in ownership interest	263,499	313,775	(1,006,919)
	238,305,114	238,370,076	238,396,508
TOTAL EQUITY (CAPITAL DEFICIENCY)	663,646,267	664,086,971	390,208,722

**MILLENNIUM GLOBAL HOLDINGS, INC.
AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED SEPTEMBER 30, 2023, 2022 and 2021 (Unaudited)**

	9 mos. 30-Sept-23 (Unaudited)	9 mos. 30-Sept-22 (Unaudited)	9 mos. 30-Sept-21 (Unaudited)
(In Philippine Peso)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit (loss) before tax	(318,423)	(1,186,272)	(2,597,777)
Adjustments for:			
Depreciation and amortization	17,793,204	15,364,697	15,493,244
Retirement benefits expense	1,749,493	1,792,171	624,037
Finance costs	44,926,232	35,439,303	34,464,089
Finance income	(442,983)	(25,909)	(19,777)
Operating loss before working capital changes	63,707,523	51,383,990	44,638,903
Decrease (increase) in:			
Trade and other receivables	(46,924,098)	60,003,816	(360,131,658)
Inventories	(211,576,974)	(196,281,084)	(133,858,071)
Prepayment and other current assets	10,003,405	(2,087,491)	4,666,179
Other noncurrent assets	(12,555,926)	(53,875,545)	(83,939,496)
Increase (decrease) in:			
Accounts payable and accrued expenses	(33,850,718)	(341,007)	32,830,043
Cash provided by (used in) operations	(231,196,788)	(141,197,321)	(492,469,187)
Finance income received	442,983	25,909	19,777
Benefits paid	(1,258,775)	(1,436,701)	(303,713)
Income taxes paid	(941,802)	12,423,423	(615,777)
Cash provided by (used in) Operating activities	(232,954,382)	(130,184,690)	(505,427,277)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to (Payment of):			
Property & equipment	(28,161,040)	40,810,061	14,546,899
Due to related parties	(24,225,366)	(56,457,389)	(55,430,303)
Financial assets at FVOCI	(330,535)	-	-
Proceeds from disposal of property & equipment	-	-	18,998,948
Cash from investing activities	(52,716,941)	(15,647,328)	(36,431,355)
CASH FLOWS FROM FINANCING ACTIVITIES			
Reversal of return of capital	-	-	-
Collection of subscription receivable	-	(13,031,538)	-
Availment (repayment) of borrowings			
Loan payable	32,671,207	(72,847,942)	255,967,060
Obligation under Finance lease	(63,949,071)	(79,407,204)	(53,119,939)
Increase (decrease) in due to related parties	6,866,403	2,796,212	(3,845)
Finance cost paid	(44,926,233)	(35,439,303)	(22,045,577)
Net cash provided by financing activities	(69,269,116)	(197,929,775)	437,111,805
Net Increase / (Decrease) in Cash and cash equivalents	(354,940,439)	(343,761,793)	(80,570,271)
Cash at beginning of year	395,437,450	390,922,403	145,297,802
Cash at end of period	40,497,011	47,160,610	52,609,352

MILLENNIUM GLOBAL HOLDINGS, INC.

AND ITS SUBSIDIARIES

SCHEDULE OF FINANCIAL SOUNDNESS AND INDICATORS

FOR THE PERIOD ENDED SEPTEMBER 30, 2023 (Unaudited) and DECEMBER 31, 2022 and 2021 (Audited)

(In Philippine Peso)	September 30, 2023 (Unaudited)	Dec. 31, 2022 (Audited)	Dec. 31, 2021 (Audited)
Current/Liquidity ratio			
Current assets	1,658,265,661	1,740,483,066	1,794,044,399
Current liabilities	1,314,648,681	1,355,186,349	1,462,257,507
Current Ratio	1.26	1.28	1.23
Quick ratio			
Current assets-Inventory-prepayments	892,604,578	1,176,395,553	1,214,146,200
Current liabilities	1,314,648,681	1,355,186,349	1,462,257,507
Quick Ratio	0.678	0.868	0.830
Solvency ratio			
Total Assets	2,022,546,243	2,081,509,352	2,193,414,925
Total Liabilities	1,358,899,976	1,416,602,859	1,514,506,392
Solvency Ratio	1.49	1.47	1.45
Debt ratio			
Total Debts	1,358,899,976	1,416,602,859	1,514,506,392
Total Assets	2,022,546,243	2,081,509,352	2,193,414,925
Debt Ratio	0.67	0.68	0.69
Debt to Equity Ratio			
Debt	1,358,899,976	1,416,602,859	1,514,506,392
Equity	663,646,267	664,906,493	678,908,533
Debt/Equity Ratio	2.05	2.13	2.23
Assets to Equity ratio			
Assets	2,022,546,243	2,081,509,352	2,193,414,925
Equity	663,646,267	664,906,493	678,908,533
Assets to Equity Ratio	3.048	3.131	3.231
Net Profit margin ratio			
Net Income (loss)-continuing operation	(1,260,225)	(913,517)	(2,144,646)
Revenue	474,285,295	999,319,692	981,122,351
Net Profit Margin Ratio	(0.00266)	(0.00091)	(0.00219)

Gross margin ratio

Gross profit	127,340,378	63,253,396	62,759,501
Revenue	474,285,295	999,319,692	981,122,351
Gross Margin Ratio	0.268	0.063	0.064

Interest coverage

EBIT (Earnings before Interest income (charges) and taxes)	62,401,013	22,657,446	14,151,125
Interest Charges	(44,926,232)	(22,286,127)	(22,547,383)
Interest coverage Ratio	(1.3890)	(1.0167)	(0.63)

Return on Assets

Profit (loss)	(1,260,225)	(913,517)	(2,144,646)
Total Assets	2,022,546,243	2,081,509,352	2,193,414,925
Return on Assets Ratio	(0.0006)	(0.0004)	(0.0010)

Return on Equity

Profit (loss)	(1,260,225)	(913,517)	(2,144,646)
Equity	663,646,267	664,906,493	678,908,533
Return on Equity Ratio	(0.0019)	(0.0014)	(0.0032)

Price/Earnings Ratio

Price per share	0.1000	0.114	0.159
Per common share	(0.00064301)	(0.000364280)	(0.000319008)
Price/Earnings Ratio	(155.52)	(312.95)	(498.42)

**MILLENNIUM GLOBAL HOLDINGS, INC.
AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2023 (Unaudited) and December 31, 2022 and 2021 (Audited)**

NOTE 1 – CORPORATE INFORMATION

Millennium Global Holdings, Inc. (the Parent Company) and its subsidiaries, Millennium Ocean Star Corporation and Cebu Canning Corporation, (collectively referred to herein as the “Group”) were incorporated under the laws of the Republic of the Philippines.

Millennium Global Holdings, Inc.

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

In recent years, the Parent Company has established its presence through the seafood businesses of its subsidiaries. Nevertheless, it adopts a positive stance to portfolio diversification and varied business opportunities as the SEC on February 14, 2013 approved, among others, the amendment of its primary purpose to become a general holding company.

On February 1, 2017, the SEC approved the Company’s application for decrease in authorized capital stock to ₱250 Million and equity restructuring. On March 20, 2017, the SEC further approved the equity restructuring to partially wipe out the remaining deficit as of December 31, 2015.

On October 7, 2022, the SEC approved the Company’s application for change of the principal office to Lot 9 Block 2 John St., Multinational Village, Paranaque City.

Millennium Ocean Star Corporation (MOSC)

The Parent Company owns 51% controlling interest in MOSC. MOSC is primarily engaged in the processing of high-quality seafood and aquaculture products for export and trading of imported marine and other related products. Its key business activity is the processing and export of several quality and high valued seafood products such as Black Tiger Shrimps, Kisu (asohos) fillet, frozen lobsters, etc. Its processing plants and buying stations are strategically located all over the country, enabling it to have a strong market foothold in Japan, Taiwan, Hong Kong, Vietnam, Malaysia, Singapore, United States of America, Canada, etc. MOSC also imports salmon, mackerel scad, scallops, shrimps, etc. for the local market, supplying supermarkets, groceries, food processors, hotels, and restaurants nationwide.

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

The Subsidiary’s registered office address is at Block 4 Lot 6 Greenbreeze Village, Langkaan II, Dasmariñas, Cavite, Philippines.

Cebu Canning Corporation (C3)

The Parent Company owns 51% stake in C3. C3 is a domestic company engaged in the business of manufacturing, processing and dealing in pasteurized canned crabmeat, frozen marine products and other food products for export purposes. The raw crab meat which is the main material used in the business is locally sourced by C3.

Due to the COVID-19 pandemic, C3 regular operations were temporarily halted to save on costs and production was temporarily absorbed by MOSC. This irregularity may continue until such time that it is deemed appropriate to resume C3 regular operations.

C3 was incorporated under the laws of the Republic of the Philippines and registered with Philippine Securities and Exchange Commission (SEC) per Registration No. CS200806090 on April 24, 2008.

C3's registered office address is at Tresco Compound, Casuntinigan, Asahi Road, Mandaue City, Cebu, Philippines.

NOTE 2 - BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

2.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with the Philippine Financial Reporting Standards (PFRSs). PFRSs includes all applicable PFRS, Philippine Accounting Standards (PASs) and Interpretations issued by the Philippine Financial Reporting Interpretation Committee (PFRIC) as approved by the Financial Reporting Standards Committee (FRSC) and adopted by the SEC.

The consolidated financial statements have been prepared on the accrual basis using historical cost basis, except for financial assets at fair value through other comprehensive income (FVOCI) that are measured at fair value. The consolidated financial statements are presented in Philippine peso, which is the Group's functional and presentation currency. All values are rounded to the nearest million, except when otherwise indicated.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Parent Company, Millennium Global Holdings, Inc., and the following subsidiaries:

	Percentage of Ownership	
	2022	2021
Subsidiaries:		
Millennium Ocean Star Corporation	51%	51%
Cebu Canning Corporation	51%	51%

A subsidiary is an entity in which the Parent Company has control. Subsidiaries are consolidated from the date on which control is transferred to the Parent Company and cease to be consolidated from the date on which control is transferred out of the Parent Company. Control is achieved when the Parent Company is exposed to, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Parent Company controls an investee, if and only if, the Parent Company has:

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

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

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

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

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

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

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

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. Intercompany balances and transactions, including intercompany profits and unrealized profits and losses, are eliminated in full.

Non-controlling Interests

Non-controlling interests represent the interests in subsidiaries which are not owned, directly or indirectly through subsidiaries, by the Parent Company. If losses applicable to the non-controlling interest in a consolidated subsidiary exceed the non-controlling interest's equity in the subsidiary, the excess, and any further losses applicable to non-controlling interest, are charged against the majority interest except to the extent that the minority has a binding obligation to, and is able to, make good of the losses. If the subsidiary subsequently reports profits, the majority interest is allocated all such profits until the interest's share of losses previously absorbed by the majority interest has been recovered.

2.3 Business combination and goodwill

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

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

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

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PAS, is measured at fair value with changes in fair value recognized either in profit or loss or as a change to OCI. If the contingent consideration is not within the scope of PFRS 9, it is measured in accordance with the appropriate PFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill

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

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

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

2.4 Use of judgment and estimates

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported in the Group's financial statements and accompanying notes.

Judgments are made by management in the development, selection and disclosure of the Group's significant accounting policies and estimates and the application of these policies and estimates.

The estimates and assumptions are reviewed on an on-going basis. These are based on management's evaluation of relevant facts and circumstances as of the reporting date. Actual results could differ from such estimates.

Revision 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.

2.5 Adoption of new and revised accounting standards

New and Amended Accounting Standards Effective in 2022

Amendments to PAS 16, Property, Plant and Equipment - Proceeds before Intended Use - the purpose of the amendments is to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of

operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

PAS 16 "Property, Plant and Equipment" outlines the accounting treatment for most types of property, plant and equipment. Property, plant and equipment is initially measured at its cost, subsequently measured either using a cost or revaluation model, and depreciated so that its depreciable amount is allocated on a systematic basis over its useful life.

Amendments to PAS 37, Onerous Contracts - Cost of Fulfilling a Contract – the amendment is regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous. The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

PAS 37 "Provisions, Contingent Liabilities and Contingent Assets" outlines the accounting for provisions (liabilities of uncertain timing or amount), together with contingent assets (possible assets) and contingent liabilities (possible obligations and present obligations that are not probable or not reliably measurable).

Amendments to PFRS 3, Reference to the Conceptual Framework with amendments to PFRS 3 'Business Combinations – the amendments update an outdated reference in PFRS 3 without significantly changing its requirements. The changes are: update PFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework; add to PFRS 3 a requirement that, for transactions and other events within the scope of PAS 37 or IFRIC 21, an acquirer applies PAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination; and add to PFRS 3 an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

PFRS 3 "Business Combinations" outlines the accounting when an acquirer obtains control of a business (e.g. an acquisition or merger). Such business combinations are accounted for using the 'acquisition method', which generally requires assets acquired and liabilities assumed to be measured at their fair values at the acquisition date.

PAS 1 "Presentation of Financial Statements" sets out the overall requirements for financial statements, including how they should be structured, the minimum requirements for their content and overriding concepts such as going concern, the accrual basis of accounting and the current/non-current distinction. The standard requires a complete set of financial statements to comprise a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity and a statement of cash flows.

PAS 41 "Agriculture" sets out the accounting for agricultural activity – the transformation of biological assets (living plants and animals) into agricultural produce (harvested product of the entity's biological assets). The standard generally requires biological assets to be measured at fair value less costs to sell.

PFRS 1 "First-time Adoption of International Financial Reporting Standards" sets out the procedures that an entity must follow when it adopts PFRS for the first time as the basis for preparing its general purpose financial statements. The PFRS grants limited exemptions from the general requirement to comply with each PFRS effective at the end of its first PFRS reporting period.

Annual Improvements to Accounting Standards

2018-2020 Cycle

The Annual Improvements to PFRSs (2018-2020 Cycle) are effective for annual periods beginning on or after January 1, 2022, with retrospective application. The amendments to the following standards:

- PFRS 1, Subsidiary as a first-time adopter - The amendment permits a subsidiary to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to PFRSs. As a result of the amendment, a subsidiary that uses the exemption in PFRS 1: D16 (a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to PFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in PFRS 1: D16 (a).
- PFRS 9, Fees in the '10 per cent' test for derecognition of financial liabilities - The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.
- The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the financial statements.
- PFRS 16, Lease Incentives - The amendment removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.
- PAS 41, Taxation in fair value measurements - The amendment removes the requirement for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in PFRS 13.

The amendments do not have material impact on the consolidated financial statements.

New and Amended Standards Effective Subsequent to 2022 but not Early Adopted

Pronouncements issued but not yet effective as at December 31, 2022 are listed below. The Group intends to adopt the following pronouncements when they become effective. Except as otherwise indicated, the Group does not expect the adoption of these new pronouncements to have a significant impact on the financial statements.

Effective beginning on or after January 1, 2023

Amendments to PAS 1, Classification of Liabilities as Current or Non-current – the amendments provide a more general approach to the classification of liabilities under PAS 1 based on the contractual arrangements in place at the reporting date. The amendments affect only the presentation of liabilities in the statement of financial position not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items. To:

- clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability;
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and
- make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The Group is still assessing the impact of the preceding amendments to the consolidated financial statements.

Amendments to PFRS 17, Insurance Contracts – the amendments' purpose is to address concerns and implementation challenges that were identified after PFRS 17 'Insurance Contracts' was published in 2017. The main changes are: deferral of the date of initial application of PFRS 17 by two years to annual periods beginning on or after January 1, 2023; additional scope exclusion for credit card contracts and similar contracts that provide insurance coverage as well as optional scope exclusion for loan contracts that transfer significant insurance risk; recognition of insurance acquisition cash flows relating to expected contract renewals, including transition provisions and guidance for insurance acquisition cash flows recognized in a business acquired in a business combination; extension of the risk mitigation option to include reinsurance contracts held and non-financial derivatives; amendments to require an entity that at initial recognition recognizes losses on onerous insurance contracts issued to also recognize a gain on reinsurance contracts held; simplified presentation of insurance contracts in the statement of financial position so that entities would present insurance contract assets and liabilities in the statement of financial position determined using portfolios of insurance contracts rather than groups of insurance contracts; and several small amendments regarding minor application issues.

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

The amendments are not expected to have a significant impact on the preparation of consolidated financial statements.

Disclosure of Accounting Policies (Amendments to PAS 1, Presentation of Financial Statements, and IFRS Practice Statement 2, Making Materiality Judgements), continues the IASB's clarifications on applying the concept of materiality. These amendments help companies provide useful accounting policy disclosures, and they include:

- requiring companies to disclose their material accounting policies instead of their significant accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and do not need to be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material.

The IASB also amended IFRS Practice Statement 2 to include guidance and examples on applying materiality to accounting policy disclosures.

The Group is still assessing the impact of the preceding amendments to the consolidated financial statements.

Definition of Accounting Estimates (Amendments to PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors), clarifies how companies distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. The distinction between the two is important because changes in accounting policies are applied retrospectively, whereas changes in accounting estimates are applied prospectively.

The amendments clarify that accounting estimates are monetary amounts in the financial statements subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

PAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" is applied in selecting and applying accounting policies, accounting for changes in estimates and reflecting corrections of prior period errors. The standard requires compliance with any specific PFRS applying to a transaction, event or condition, and provides guidance on developing accounting policies for other items that result in relevant and reliable information. Changes in accounting policies and corrections of errors are generally retrospectively accounted for, whereas changes in accounting estimates are generally accounted for on a prospective basis.

The Group is still assessing the impact of the preceding amendments to the consolidated financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to PAS 12, Income Taxes), clarifies how companies account for deferred taxes on transactions such as leases and decommissioning obligations, with a focus on reducing diversity in practice.

The amendments narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

PAS 12, "Income Taxes" implements a so-called 'comprehensive balance sheet method' of accounting for income taxes which recognizes both the current tax consequences of transactions and events and the future tax consequences of the future recovery or settlement of the carrying amount of an entity's assets and liabilities. Differences between the carrying amount and tax base of assets and liabilities, and carried forward tax losses and credits, are recognized, with limited exceptions, as deferred tax liabilities or deferred tax assets, with the latter also being subject to a 'probable profits' test.

The Group is still assessing the impact of the preceding amendments to the consolidated financial statements.

Effective beginning on or after January 1, 2024

PFRS 16, "Leases" specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. Lessor accounting however remains largely unchanged from PAS 17 and the distinction between operating and finance leases is retained

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
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The significant accounting policies used in the preparation of these consolidated financial statements are summarized below. The policies have been consistently applied to all years presented unless otherwise stated.

3.1 Financial instruments

Initial recognition

The financial asset or a financial liability are recognized only when the entity becomes party to the contractual provisions of the instrument.

A financial asset (except trade receivable without a significant financing component) or financial liability are initially measured at fair value plus, in the case not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and measurement

The financial assets are classified based on the Group's business model for managing the assets and the contractual cash flows characteristics, and these are measured as follows:

- Amortized cost - a financial asset is measured at amortized cost if both of the following conditions are met:
 - i. the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
 - ii. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Fair value through other comprehensive income (FVOCI) - financial assets are classified and measured at fair value through other comprehensive income if they are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- Fair value through profit or loss (FVTPL) - any financial assets that are not held in one of the two business models mentioned are measured at fair value through profit or loss.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The foregoing categories of financial instruments are more fully described below.

Financial assets at FVTPL - These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

As of September 30, 2023, December 31, 2022, and 2021, the Group has no financial assets at FVTPL.

Financial assets at amortized cost - These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss. Cash, trade and other receivables, refundable deposits, and due from related parties are included in this category.

Debt investments at FVOCI - These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI - These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

As of September 30, 2023, December 31, 2022, and 2021, the Group's equity investments are carried at FVOCI.

Financial liabilities – Classification and measurement

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

As of September 30, 2023, December 31, 2022, and 2021, the Group has no financial liabilities classified under FVTPL.

The other financial liabilities of the Group as of September 30, 2023, December 31, 2022, and 2021, includes trade and other payables, due to related parties, borrowings, and lease liability.

Derecognition*Financial assets*

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred, or liabilities assumed) is recognized in profit or loss.

Offsetting

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Impairment

Impairment of financial assets are recognized in stages as follows:

- Stage 1 - as soon as a financial instrument is originated or purchased, 12-month expected credit losses are recognized in profit or loss and a loss allowance is established. This serves as a proxy for the initial expectations of credit losses. For financial assets, interest revenue is calculated on the gross carrying amount (without deduction for expected credit losses).
- Stage 2 - if the credit risk increases significantly and is not considered low, full lifetime expected credit losses are recognized in profit or loss. The calculation of interest revenue is the same as for Stage 1.
- Stage 3 - if the credit risk of a financial asset increases to the point that it is considered credit-impaired, interest revenue is calculated based on the amortized cost (the gross carrying amount less the loss allowance). Financial assets in this stage will generally be assessed individually. Lifetime expected credit losses are recognized on these financial assets.

3.2 Current versus non-current classification

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

An asset as current when:

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

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as noncurrent.

3.3 Foreign currency transactions and translation

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

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

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as 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 par value is determined.

3.4 Fair value measurement

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

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

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

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

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

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

3.5 Cash

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

3.6 Trade and other receivables

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

3.7 Inventories

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

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

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

3.8 Prepayments and other current assets

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

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

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

3.9 Investment in associates

Associates are entities over where the Company is in a position to exercise significant influence in the financial and operating policy decisions but not control or joint control.

Investment in associates is recognized using the equity method of accounting. Under the equity method the investment is initially recognized at cost and adjusted thereafter for the post-acquisition change in the investor's share of net assets of the investee. On acquisition of the investment any difference between the cost of the investment and the investor's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities is accounted for in accordance with PFRS 3 Business Combinations.

The income statement of the investor includes the investor's share of the income statement of the investee.

Losses of associates in excess of the Company's interest in the relevant entity are not recognized except to the extent that the Company has an obligation. Profits on company transactions with associates are eliminated to the extent of the Company's interest in the relevant associate.

Below is the Company's associate, which is incorporated outside the Philippines.

<u>Associate</u>	<u>Percentage of Ownership</u>
Pacific Seafoods Company (PASECO)	47.57%

3.10 Property, plant and equipment

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

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

Depreciation and amortization is charged so as to allocate the cost of other assets less their residual values over their estimated useful lives using the straight-line method.

Below are the estimated useful lives used for the depreciation and amortization of property, plant and equipment:

	<u>Useful years</u>
Building	30 years
Leasehold improvements	15 years
Machineries	15 years
Transportation equipment	5 years
Furniture and fixtures	5 years

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

The estimated useful lives and depreciation and amortization method are reviewed periodically, and adjusted prospectively, if necessary, to ensure that the periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property, plant and equipment. The lease term includes assumption of lease renewals when such have been determined to be reasonably assured. The lease renewal is reasonably assured when failure to renew the lease imposes a penalty to the lessee.

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

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

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

3.11 Refundable security deposits

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

3.12 Impairment of non-financial assets other than inventories

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

An asset's recoverable amount is the higher of an asset's or its Cash Generating Units (CGU's) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash flows independent of those from other assets, the recoverable amount is determined for the CGU to which the asset belongs. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

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

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

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

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

3.13 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. They are classified as current liabilities if payment is due within one year or less (or within the normal operating cycle of the business if longer); otherwise, they are presented as noncurrent liabilities.

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

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

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

3.14 Borrowings

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

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

3.15 Borrowing costs

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

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

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

3.16 Provisions and contingencies

Provisions are recognized when: (a) Group has a present obligation (legal or constructive) as a result of a past event; (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects

current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as finance cost. When the Group expects a provision or loss to be reimbursed, the reimbursement is recognized as a consolidated asset only when the reimbursement is virtually certain and its amount is estimable. The expense relating to any provision is presented in the consolidated statement of income, net of any reimbursement.

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

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

3.17 Due to (from) related parties

Due to (from) related parties are non-interest bearing borrowings. These are measured initially at their nominal values and subsequently recognized at amortized costs less settlement payments.

3.18 Deposit for future share subscription

Deposit for future share subscription represents payments made on subscription of shares which cannot be directly credited to 'Capital Stock' pending application for the approval of the proposed increase presented for filing /filed with the SEC and registration of the amendment to the Articles of Incorporation increasing capital stock. The paid-up subscription can be classified under equity if the nature of the transaction give rise to a contractual obligation of the Group to deliver its own shares to the subscriber in exchange of the subscription amount.

In addition, deposit for future share subscription shall be classified under equity if all of the following elements are present as at reporting date:

- a. The unissued authorized capital of the entity is insufficient to cover the amount of shares indicated in the contract;
- b. There is Board of Directors' approval on the proposed increase in authorized capital stock (for which a deposit was received by the corporation);
- c. There is stockholders' approval of said proposed increase; and
- d. The application for the approval of the proposed increase has been presented for filing or has been filed with the Commission.

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

3.19 Equity

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

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

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

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

3.20 Revenue recognition

Revenue from contract with customers

Revenue from contract with customers is recognized at a point in time when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for the goods or services. The Group applies this standard with its revenue arrangements on investments.

To determine whether to recognize revenue, the Group follows a five-step process:

1. identifying the contract with a customer;
2. identifying the performance obligation;
3. determining the transaction price;
4. allocating the transaction price to the performance obligations; and,
5. recognizing revenue when/as performance obligations are satisfied.

For Step 1 to be achieved, the following gating criteria must be present:

- the parties to the contract have approved the contract either in writing, orally or in accordance with other customary business practices;
- each party's rights regarding the goods or services to be transferred or performed can be identified;
- the payment terms for the goods or services to be transferred or performed can be identified;
- the contract has commercial substance (i.e., the risk, timing or amount of the future cash flows is expected to change as a result of the contract; and,
- collection of the consideration in exchange of the goods and services is probable.

Revenue is recognized only when (or as) the Group satisfies a performance obligation by transferring control of the promised goods or services to a customer. The transfer of control can occur over time or at a point in time.

A performance obligation is satisfied at a point in time unless it meets one of the following criteria, in which case it is satisfied over time:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and,
- the Company's performance does not create an asset with an alternative use to the Group and the entity has an enforceable right to payment for performance completed to date.

The transaction price allocated to the performance obligations satisfied at a point in time is recognized as revenue when control of goods or services transfers to the customer. As a matter of accounting policy when applicable, if the performance obligation is satisfied over time, the transaction price allocated to that performance obligation is recognized as revenue as the performance obligation is satisfied.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contract with customers are disclosed in Note 4.

Sale of goods

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

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

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

Rental income

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

Finance income

Interest income is recorded using the EIR which is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. Interest income is included in “finance income” in the consolidated statements of income.

Contract balances

Receivable from Customers

A receivable represents the Group’s right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Cost to obtain contract

The incremental costs of obtaining a contract with a customer are recognized as an asset if the Group expects to recover them.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due, whichever is earlier. Contract liabilities are recognized as revenue when the Group performs under the contract.

3.21 Employee benefits

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

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

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

Defined benefit costs comprise the following:

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

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

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

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

3.22 Costs and expense recognition

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

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

3.23 Leases

At inception of a contract, an entity shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group assesses whether the contract meets three key evaluations which are whether:

- a) the contract contains an *identified asset*, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group,
- b) the Group has the *right to obtain substantially all of the economic benefits* from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract,
- c) the Group has the *right to direct the use* of the identified asset throughout the period of use.

The Group shall reassess whether a contract is, or contains, a lease only if the terms and conditions of the contract are changed.

The Group as a lessee

The Group recognizes right-of-use assets and lease liabilities for its leases.

(a) Right-of-use asset

At lease commencement date, the Group recognizes a right-of-use asset on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

(b) Lease liability

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

3.24 Taxes

Current income tax

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

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

Deferred tax

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

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

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, when timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- When the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination; and at the time of the transaction, affects neither the accounting profit nor taxable profit (or loss).
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

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

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

Value-added Tax (VAT)

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

For acquisition of capital goods over ₱1,000,000, the VAT is deferred and amortized over the useful life of the related capital goods or 60 months, whichever is shorter, commencing on the date of the acquisition.

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

3.25 Related parties

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

3.26 Earnings per share (EPS)

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

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

3.27 Segment reporting

An operating segment is a component of the Group 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 Group's other components.

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

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

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

3.28 Events after the reporting date

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

NOTE 4 - SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS
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The preparation of the consolidated financial statements in conformity with PFRS requires the management to make estimates, assumptions and judgments that affect the amounts reported in the consolidated financial statements and accompanying notes.

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

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

4.1 Judgments

a) Going concern

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

b) Determination of functional currency

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

c) Classification of financial statements

The Group exercises judgments in classifying 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 arrangement and the definitions of a financial asset or liability. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated statement of financial position.

The classification of financial assets and liabilities is presented in Note 8.

d) Fair value measurements

A number of the Group's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities.

The Group uses market observable data when measuring the fair value of an asset or liability. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques.

If the inputs used to measure the fair value of an asset or a liability can be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy based on the lowest level input that is significant to the entire measurement.

e) Revenue recognition from contracts with customers

Revenue recognition under PFRS 15 involves the application of significant judgment and estimation in the (a) identification of the contract for sale of goods and services that would meet the requirements of PFRS 15; (b) assessment of performance obligation and the probability that the entity will collect the consideration from the buyer; and (c) determining the timing of satisfaction of the performance obligation.

f) Identification of the contract

The Group's primary document for a contract with a customer is a signed contract to sell. It has determined however, that in cases wherein contracts to sell are not signed by both parties, the combination of its other signed documentation such as reservation agreement, official receipts, quotation sheets and other documents, would contain all the criteria to qualify as contract with customer under PFRS 15.

In addition, part of the assessment of the Group before revenue recognition is to assess the probability that the Group will collect the consideration to which it will be entitled in exchange for the goods that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, the Group considers the significance if the customer's initial payments in relation to the total contract price. Collectability is also assessed by considering factors such as payment history of customer, age and pricing of the property. Management regularly evaluates the historical cancellations and back-outs if it would still support its current threshold of customers' equity before commencing revenue recognition.

g) Determining performance obligation

With respect to sale of goods, the Group concluded that the transfer of goods and services in each contract constitute a performance obligation. Generally, the Group is responsible for all these goods and services and the overall management of the sale and production.

The Group uses those goods and services as inputs and provides a significant service of integrating them into a combined output.

h) Determining the timing of satisfaction of the performance obligation

The Group concluded that revenue from contracts with customers is to be recognized at a point in time since it does not fall within any of the following conditions to be met for a recognition over a period of time:

- (a) The customer receives and consumes the benefits of the goods or services as they are provided by the Group;
- (b) the Group's performance does not create an asset with an alternative use and;
- (c) the goods or services create or enhances an asset that the customer controls as that asset is created and enhanced.

i) Determination whether an agreement contains a lease

The determination of whether a contract is, or contains a lease, is based on the substance of the arrangement at the inception of the lease. The arrangement is assessed for if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration

The Group has entered into a lease arrangement as a lessor and a lessee.

Leases are further disclosed in Note 35.

j) Contingencies

The Group is currently involved in legal proceedings. The estimate of the probable cost for the resolution of claims has been developed in consultation with the aid of the outside legal counsel handling the Group's defense in this matter and is based upon an analysis of potential results. Management does not believe that the outcome of this matter will affect the results of operations. It is probable, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to this proceeding.

k) Repairs and maintenance

Costs of repairs and maintenance that do not result in an increase in the future economic benefit of an item of property and equipment is charged to operations in the period it is incurred. Otherwise, it is capitalized as part of the asset.

4.2 Estimates

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

a) Fair values of financial instruments

PFRS requires that financial assets and financial liabilities be carried or disclosed at fair value, which requires the use of accounting estimates and judgment. While significant components of fair value measurement were determined using verifiable objective evidence (i.e., foreign exchange rates, interest rates, and volatility rates), the amount of changes in fair value would differ if the Group utilized different valuation methodologies. Any change in the fair values of financial assets and financial liabilities directly affects profit or loss, equity, and the required disclosures.

Where the fair values of financial assets and financial liabilities recorded in the statements of financial position cannot be derived from active markets, their fair values are determined using valuation techniques that are generally-accepted market valuations including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimates are used in establishing fair values.

The fair values of financial assets and financial liabilities by category and their fair value hierarchy are set out in Note 7.

b) Assessing ECL on financial assets

The Group applies the general approach in measuring the ECL. For cash, the Group assessed that cash is deposited with reputable banks that possess good credit ratings. For trade and other receivables and due from related parties, the Group considers the financial capacity of the counterparty. No ECL was recognized in 2021 and 2020. The carrying amounts of the Group's financial assets are as follows:

	Note	2023	2022	2021
Cash	10	₱ 40,497,011	395,437,450	₱ 390,922,403
Trade and other receivables, net	11	703,474,918	561,999,370	599,353,896
Due from related parties	14,32	148,632,649	124,407,283	123,249,909
<i>*Excludes advances to suppliers</i>				

c) Allowance for credit losses of receivables

The Group reviews its impaired receivables at each reporting date to assess whether an additional provision for credit losses should be recorded in the profit and loss. 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 number of factors and actual results may differ, resulting in future changes to the allowance.

The carrying value of receivables amounted to ₱703,474,918, ₱656,550,820 and ₱699,973,888 as of September 30, 2023, December 31, 2022, and 2021, respectively (Note 11).

No allowance for credit losses were recognized as of September 30, 2023, December 31, 2022 and 2021. No write-off and recoveries either were recognized by the Group as of September 30, 2023, December 31, 2022 and 2021.

d) Impairment of trade and other receivables and due from related parties

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

The carrying values of trade and other receivables and due from related parties and the related allowance for impairment losses provided as at September 30, 2023, December 31, 2022 and 2021 are disclosed in Notes 11, and 13.

e) Impairment of equity investments

The Group classifies certain financial assets as equity investments and recognizes movements in fair value in OCI 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 financial assets at other comprehensive income as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgment.

The Group treats "significant" generally as 20% or more of the original cost of the investment, and "prolonged," longer than 12 months. In addition, the 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.

Accumulated unrealized loss recognized for the years ended September 30, 2023, December 31, 2022 and 2021 amounted to ₱300,000. The carrying amount of financial assets at FVOCI amounted to ₱50,000 as at September 30, 2023, December 31, 2022 and 2021 (Note 15).

f) Estimation of net realizable values and impairment of inventories

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

The carrying values of inventories and the related allowance for inventory obsolescence are disclosed in Note 12.

g) Estimation of useful lives of property, plant and equipment

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

The estimated useful lives of property, plant and equipment are discussed in Note 3.10.

h) Impairment of goodwill

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

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

Discount rates – discount rates were estimated based on the industry weighted average cost of capital, which includes the cost of equity and debt after considering the gearing ratio. Value-in-use is the most sensitive to changes in discount rate and growth rate.

i) Impairment of non-financial assets other than inventories

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

Management has reviewed the carrying values of the Group's property, plant and equipment as at September 30, 2023, December 31, 2022 and 2021 for impairment. Based on the results of its evaluation, there were no indications that the property and equipment were impaired, thus, no impairment loss needs to be recognized in 2023, 2022, and 2021.

j) Realizability of deferred tax assets

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

The Group's recognized deferred tax assets amounted to ₱15,207,986, ₱15,207,986 and ₱15,880,184 as at September 30, 2023, December 31, 2022 and 2021, respectively (see Note 34). The Group has not recognized deferred tax assets on NOLCO of the Parent Company as at December 31, 2022 and 2021. The non-recognition of deferred tax assets on NOLCO is based on management's assumption that there will be no available future taxable profits for the Parent Company.

k) Incremental borrowing rate of lease liability

Incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The incremental borrowing rate is determined by the Group on the commencement date of the lease. As a result, it incorporates the impact of significant economic events and other changes in circumstances arising between lease inception and commencement.

This incremental rate is used to measure the lease liability at the present value of lease payments that are not paid at the end of lease term. In 2023, the Group's determined incremental rates used to compute the carrying value of lease liability amounting to a total of ₱70,548,933 are 7% and 5% (Note 35).

l) Estimation of retirement benefits

The determination of the Group's obligation and cost for retirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. The assumptions described in Note 31 include, among others, discount rates, average remaining working lives and rates of compensation increase. While management believes that the assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions may materially affect pension and other retirement obligations.

The details of the Group's retirement benefits are provided in Note 33.

4.3 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.

NOTE 5 - CASH

This account consists of the following:

	30-Sept-23	31-Dec-22	31-Dec-21
Cash	₱ 40,497,011	₱ 395,437,450	₱ 390,922,403
Total	₱ 40,497,011	₱ 395,437,450	₱ 390,922,403

NOTE 6 – TRADE AND OTHER RECEIVABLES

This account consists of the following:

	30-Sept-23	31-Dec-22	31-Dec-21
Accounts receivable-trade	₱ 687,290,186	₱ 578,639,069	₱ 615,993,595
Accounts receivable-others	16,838,504	94,551,450	100,619,992
Allowance for impairment loss	(653,772)	(16,639,699)	(16,639,699)
Total	₱ 703,474,918	₱ 656,550,820	₱ 699,973,888

NOTE 7 - AGING OF ACCOUNTS RECEIVABLE TRADE AND OTHER RECEIVABLES

This account as of September 30, 2023 consists of the following:

	Total	<u>Neither past due nor impaired</u>	<u>31-60 days</u>	<u>61-90 days</u>	<u>Over 90 days</u>
A/R-Trade	687,290,186	493,743,418	129,610,856	63,282,140	653,772

NOTE 8 – PREPAYMENTS AND OTHER CURRENT ASSETS

This account consists of the following:

	30-Sept-23	31-Dec-22	31-Dec-21
Prepayments & other current assets	₱ 4,950,512	₱ 10,709,702	₱ 10,017,988
Input tax	71,803,188	48,018,469	40,000,684
Factory supplies	17,038,505	61,296,513	67,554,799
Prepaid tax & creditable withholding tax	813,251	797,788	800,600
Guaranty deposits	16,308,479	99,979	99,979
Allowance for impairment	(722,433)	(722,433)	(722,433)
Total	₱ 110,196,614	₱ 120,200,018	₱ 117,751,617

NOTE 9 – TRADE AND OTHER PAYABLES

This account consists of the following:

	30-Sept-23	31-Dec-22	31-Dec-21
Trade payables	₱ 55,898,239	₱ 85,278,612	₱ 86,626,627
Income tax payable	-	430,659	307,878
Government payables	979,372	3,995,447	479,877
Accrued expenses	7,005,343	8,058,172	8,203,823
Others	29,218	-	-
Total	₱ 63,912,172	₱ 97,762,890	₱ 95,618,205

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