COVER SHEET

4	1	3	7	6

S.E.C. Registration Number

S Y N E R G Y G R I D & D E V E L O P M E N T

P H I L S . , I N C . (f o r m e r l y : U E M

D E V E L O P M E N T P H I L S . , I N C .)

(Company's Full Name)

1 6 0 7 1 6 T H F L O O R T Y C O O N C E N T E R

B L D G. C O N D O M I N I U M P E A R L D R I V E ,

P A S I G C I T Y , M E T R O M A N I L A

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

Jordan G. Zafra	633-9757/5843930
Contact Person	Company Telephone Number

1 2	3 1	**SEC FORM 17-Q**	1 0	2 7
Month	*Day*	FORM TYPE	*Month*	*Day*

Fiscal Year

Annual Meeting

N/A

Secondary License Type, if Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

Remarks = pls. use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SRC RULE 17 (2)(b) THEREUNDER

1. For the quarterly period ended: **30 September 2017**

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

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

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

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

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

8. Issuer's telephone number, including area code
(**632) 584-3930**

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

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

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

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

Yes [**X**] No [ ]

12. Check whether the issuer:

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

Yes [**X**] No [ ]

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

Yes [**X**] No [ ]

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

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

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

DOCUMENTS INCORPORATED BY REFERENCE:

The Company attaches to this form and incorporates by reference as a component of Part I hereof its Financial Statements for the third quarter of 2017, period ending September 30, 2017.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

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

Synergy Grid & Development Phils., Inc. ("Company") also attaches to this form and incorporates by reference as a component of Part I, its Financial Statements for the third quarter of 2017, period ending September 30, 2017.

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

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

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

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

On November 5 and 9, and December 14, 2010, the Board of Directors (BOD) considered and approved the amendment of the Articles of Incorporation and By-Laws of the Company for the purpose of, among others, changing the Company's corporate name to Synergy Grid & Development Phils., Inc., changing its primary purpose to enable it to engage in the business of investing in, purchasing or acquiring, and selling or disposing of the shares of stock, bonds, evidences of indebtedness and other securities issued or created by corporations and other entities engaged in power, energy, utilities, infrastructure and other allied businesses; and for the above purposes, to acquire, lease, hold, occupy, use, mortgage real and personal properties, to obtain financing from local and international funding sources or otherwise raise capital and funds by issuing or creating equity and debt securities, and to do or engage in any and all other businesses and activities incidental to or connected with, or in furtherance and/or the implementation of any and all of the foregoing and increasing the Company's authorized capital stock to 215,000,000 million. The amendments to the Articles of Incorporation and By-Laws of the Company were approved by the stockholders on December 21, 2010. The SEC approved the Amended Articles of Incorporation on March 28, 2011.

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

In connection with the above resolutions and with a proposed share swap with the stockholders of Pacifica21 Holdings, Inc. (Pacifica21) and OneTaipan Holdings, Inc. (Onetaipan), on February 16, 2011, the BOD passed a resolution authorizing the Company to issue, out of the P165 million increase in the authorized capital stock of the Company, 100,000,000 common shares at a price of P20 per share, to the stockholders of Onetaipan and Pacifica21 in exchange for their shares in Onetaipan and Pacifica21.The share swap was approved by the Company's stockholders on December 21, 2010.

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

As of December 31, 2015, the share swap agreement has not yet been effected pending receipt of the approval from one of the regulatory bodies which is essential to the completion of the transaction and as such, the management is taking the position that the shares issued out of the increase in authorized capital stock should not yet be reported.

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

On January 28, 2016, the shareholders of Onetaipan and Pacifica21 wrote the Company stating their intention to rescind the share swap agreement as the approval of one of the regulatory body has not been obtained and the consummation of the said agreement has been pending since2011.

On February 23, 2016, upon request of the shareholders of OneTaipan and Pacifica21, the BOD of the Company approved the rescission of the share swap agreement. The BOD further approved the cancellation of the increase in authorized capital stock which was previously approved by the SEC. The Company filed application with the SEC to approve such cancellation upon approval of the same by the Company's stockholders.

On November 18, 2016, the Company received an order dated October 12, 2016 from the SEC granting its petition to cancel the Certificate of Approval of Increase in Capital Stock of the Company and the Certificate of Filing of Amended Articles of Incorporation both issued by the SEC on March 28, 2011. The increase in the Company's authorized capital stock, which the SEC Order cancelled, was based on the above share swap transaction.

On January 17, 2017, the Company filed a motion to the Office of the President to withdraw the appeal filed in 2015. As of date, the motion is still unresolved.

On January 1, 2015, the Company entered into a Shared Services Agreement with Monte Oro Grid Resources Corporation (MOGRC) and Calaca High Power Corporation (CHPC) for a period of three (3) years. The Company shall render monthly management consulting and financial advisory services and, in consideration of the services rendered, the Company shall receive a monthly management fee of P300,000.00 from each entity.

On March 22, 2017, the Shared Services Agreement was amended to extend for another year or until 31 December 2018.

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

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

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

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

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

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

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

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

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

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

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

<u>Nine months ended September 30, 2017 compared with nine months ended September 30, 2016</u>

Cash and cash equivalents
Cash as of September 30, 2017 amounted to P6.70 million, 5.96% higher than the P6.32 million as of September 30, 2016.

Other current assets
As of September 30, 2017, the Company recorded other current assets of P1.15 million as compared P2.05 million as of September 30, 2016, a decrease of 43.97% due to output tax offset against input tax.

Income
By virtue of the Shared Services Agreements with MOGRC and CHPC, the Company provides management consulting and financial advisory services in consideration of a management fee of P300,000.00 from each entity.

In March 2016, the Company reversed the remaining allowance for impairment of input VAT amounting to P1,789,624.00 as a result of income recognized from the Shared Services Agreement from which output VAT can be offset and claimed.

Interest income for the nine months ended September 30, 2017 amounted to P0.006 million, 36.05% lower than the P0.009 million in the same period in 2016.

Operating expenses
For the nine months ended September 30, 2017, the Company incurred expenses such as filing fees, salaries and other employee benefits, professional fees, taxes and licenses and other operating expenses totaling to P4.47 million, which is 7.71% higher as compared to P4.15 million in the same period in 2016.

Nine months ended September 30, 2017 compared to Year ended December 31, 2016

Revenue recognized during the period ending September 30, 2017 and for year ended 2016 represents management fee, interest income from savings deposit, and reversal of the Company's allowance for input VAT, the aggregate of which amounts to P5.41 million and P8.76 million, respectively.

Expenses as of September 30, 2017 and December 31, 2016 amounted to P4.47 million and P7.04 million respectively. This resulted to P0.02 income per share for the period ended September 30, 2017 compared to P0.03 income per share for the year 2016.

Key Performance Indicators

Performance Indicators	Formula	30 September 2016	30 September 2017
Current Ratio	Current Assets /Current Liabilities	83.51 : 1 8,369,830 / 100,222	74.13 : 1 7,846,175 / 105,847
Debt to Equity Ratio	Total Liabilities / Stockholder's Equity	.013: 1 108,106 / 8,340,474	.014: 1 108,396 / 7,816,529
Asset to Equity Ratio	Total Assets / Stockholder's Equity	1.013: 1 8,448,580 / 8,340,474	1.014: 1 7,924,925 / 7,816,529
Equity to Debt Ratio	Stockholder's Equity / Total Liabilities	77.15 : 1 8,340,474 / 108,106	72.11 : 1 7,816,529 / 108,396
Book Value per share	Stockholder's Equity / Total number of shares	0.17: 1 8,340,474 / 49,466,000	0.16 : 1 7,816,529 / 49,466,000
Income (Loss) per share	Net Income (Loss) / Totalnumber of shares	0.06: 1 2,965,735 / 49,466,000	0.02: 1 838,217 / 49,466,000
Interest Rate Coverage Ratio	EBIT / Interest Expense	N/A	N/A

Assets

Total assets as of September 30, 2017 amounted to P7.92 million, wherein 84.53% represents cash and cash equivalents and 15.47% represents other current and noncurrent assets. As of September 30, 2016, total assets amounted to P8.45 million.

Liquidity and Capital Resources

As of September 30, 2017, the Company's current assets exceeded the current liabilities by P7.74 million. The current ratio as of September 30, 2017 decreased as compared to September 30, 2016.

	September 30, 2017	September 30, 2016
Current Assets	P 7,846,175	P 8,369,830
Current Liabilities	105,847	100,222
Difference	7,740,328	8,269,608
Current Ratio	74.13	83.51

PART II--OTHER INFORMATION

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

SIGNATURES

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

SYNERGY GRID & DEVELOPMENT PHILS., INC.

By:

LIMUEL P. LEAL
Treasurer/Compliance Officer

MA. THERESITA DE GUZMAN YULO
Comptroller

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

INTERIM STATEMENTS OF FINANCIAL POSITION
30 September 2017
(With Comparative figures for 30 September 2016)

			Audited		Unaudited Year to Date		
	Note		31 December 2016		30 September 2016		**30 September 2017**
ASSETS							
Current Assets							
Cash	*4,11*	P	6,409,488	P	6,322,015	**P**	**6,698,789**
Other current assets - net	*5*		904,677		2,047,815		**1,147,386**
Total Current Assets			7,314,165		8,369,830		**7,846,175**
Noncurrent Assets							
Available for sale financial assets	*11*		78,750		78,750		**78,750**
		P	7,392,915	P	8,448,580	**P**	**7,924,925**
LIABILITIES AND EQUITY							
Current Liabilities							
Accrued expenses and other current liabilities	*7,11*	P	403,880	P	100,222	**P**	**105,847**
Noncurrent Liabilities							
Deferred tax liability	10		10,723		7,884		**2,549**
Total Liabilities			414,603		108,106		**108,396**
Equity							
Capital stock	*9*		49,466,000		49,466,000		**49,466,000**
Deficit			(42,487,688)		(41,125,526)		**(41,649,471)**
Total Equity			6,978,312		8,340,474		**7,816,529**
		P	7,392,915	P	8,448,580	**P**	**7,924,925**

See Notes to Financial Statements

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

INTERIM STATEMENTS OF COMPREHENSIVE INCOME
30 September 2017
(With Comparative figures for 30 September 2016)

			Audited		Unaudited Year to Date				Unaudited Quarter Ending		
	Note		31 December 2016		30 September 2016		**30 September 2017**		30 September 2016		**30 September 2017**
INCOME											
Management income	8	P	7,200,000	P	5,400,000	**P**	**5,400,000**	P	1,800,000	**P**	**1,800,000**
Reversal of impairment of input VAT	5		1,543,631		1,789,624		**-**		-		**-**
Interest and other income	*4,5*		13,788		10,134		**6,238**		4,214		**2,100**
			8,757,419		7,199,758		**5,406,238**		1,804,214		**1,802,100**
OPERATING EXPENSES											
Salaries and other employee benefits	*8*		4,197,204		2,898,216		**3,185,716**		875,239		**961,489**
Filing fees			750,040		744,990		**941,969**		-		**7,500**
Professional fees			710,703		110,525		**213,845**		29,000		**12,000**
Taxes and licenses			71,672		71,672		**72,423**		-		**1,014**
Office supplies			18,708		5,495		**14,520**		4,381		**15**
Repairs and maintenance			5,300		5,300		**5,500**		-		**-**
Insurance			2,202		2,202		**1,122**		-		**-**
Transportation			1,065		589		**1,121**		146		**68**
Bank charges			2,407		2,407		**684**		2,050		**57**
Depreciation	*6*		157,597		157,597		**-**		39,383		**-**
Meetings and conferences			125,647		96,173		**12,500**		12,500		**12,500**
Impairment of creditable withholding ta	5		935,099		-		**-**		-		**-**
Miscellaneous			66,946		59,445		**25,392**		14,480		**8,894**
			7,044,590		4,154,611		**4,474,792**		977,179		**1,003,537**
INCOME FROM OPERATIONS			1,712,829		3,045,147		**931,446**		827,035		**798,563**
FOREIGN EXCHANGE GAIN - net			35,744		26,279		**8,497**		26,273		**2,677**
INCOME BEFORE INCOME TAX AND FINAL TAX			1,748,573		3,071,426		**939,943**		853,308		**801,240**
TAXES	*10*		145,000		105,691		**101,726**		44,524		**37,222**
NET INCOME / TOTAL COMPREHENSIVE INCOME		P	1,603,573	P	2,965,735	P	**838,217**	P	808,784	**P**	**764,018**
BASIC AND DILUTED INCOME PER SHARE	*9*	P	0.03	P	0.06	**P**	**0.02**	P	0.02	**P**	**0.02**

See Notes to Financial Statements

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

INTERIM STATEMENTS OF CHANGES IN EQUITY
30 September 2017
(With Comparative figures for 30 September 2016)

	Note		**Audited**		**Unaudited Year to Date**		
			31 December 2016		30 September 2016		**30 September 2017**
CAPITAL STOCK - P1 par value							
Authorized - 50,000,000 shares							
Issued/subscribed (paid)	9	P	49,466,000	P	49,466,000	**P**	**49,466,000**
RETAINED EARNINGS (DEFICIT)							
Balance at beginning of period			(44,091,261)		(44,091,261)		**(42,487,688)**
Net income for the period			1,603,573		2,965,735		**838,217**
Balance at end of the period			(42,487,688)		(41,125,526)		**(41,649,471)**
		P	6,978,312	P	8,340,474	**P**	**7,816,529**

See Notes to Financial Statements

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

INTERIM STATEMENTS OF CASH FLOWS
30 September 2017
(With Comparative figures for 30 September 2016)

		Audited	Unaudited Year to Date	
	Note	31 December 2016	30 September 2016	**30 September 2017**
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		P 1,748,573	P 3,071,426	**P 939,943**
Adjustments for:				
Impairment of creditable withholding tax	*5*	935,099	-	-
Depreciation	*6*	157,597	157,597	-
Reversal of impairment fo input VAT	*5*	(1,543,631)	(1,789,624)	-
Interest income	*4,5*	(12,895)	(9,234)	**(6,238)**
Other Income		-	(900)	-
Unrealized foreign exchange gain - net		(35,744)	(26,279)	**(8,497)**
Operating income before working capital changes		1,248,999	1,402,986	**925,208**
Increase in other current assets:		(368,480)	(190,532)	**(351,431)**
Increase (decrease) in accrued expenses and other current liabilites		19,420	(284,238)	**(298,033)**
Cash generated from operations		899,939	928,216	**275,744**
Interest received		12,895	9,234	**6,238**
Other income		-	900	-
Income tax paid		(2,167)	(105,691)	**(1,178)**
Net cash provided by operating activities		910,667	832,659	**280,804**
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		35,744	26,279	**8,497**
NET INCREASE IN CASH AND CASH EQUIVALENTS		946,411	858,938	**289,301**
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		5,463,077	5,463,077	**6,409,488**
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	*4*	P 6,409,488	P 6,322,015	**P 6,698,789**

See Notes to Financial Statements

SYNERGY GRID & DEVELOPMENT PHILS., INC.
NOTES TO THE FINANCIAL STATEMENTS

1. Reporting Entity

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

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

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

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

The increase in the Company's authorized capital stock, through the share swap agreement, was approved by the SEC on March 28, 2011. However, the share swap agreement has not been completed pending the delivery of all conditions as agreed by the parties involved.

On August 26, 2016, the Company filed an application for the cancellation of the increase in authorized capital stock upon request of the shareholders of the parties involved and the approval of the Company's BOD and stockholders.

The Company filed an application with the SEC on August 26, 2016 relative to the abovementioned transactions which were approved by the SEC on October 12, 2016 (Note 9).

Furthermore, the Company has not yet started its commercial operations as of September 30, 2017. Management's final decision on the operations will be dependent on the ongoing evaluation as to the feasibility of improved business conditions in the future. In the light with the Company's intention to operate in the future, the Company maintains liquid assets and had entered into a management agreement with related parties to provide management consulting and financial advisory services which resulted to an improved financial performance (Note 8).

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

The Company's registered office address is Unit 1602, 16th Floor, Tycoon Center Bldg. Condominium, Pearl Drive, Pasig City, Metro Manila.

2. Basis of Preparation

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

Basis of Measurement
The financial statements have been prepared on the historical cost basis of accounting.

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

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

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

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

In particular, the following are information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements:

Fair Value Measurement
The Company carries certain financial assets and financial liabilities at fair value which requires extensive use of accounting estimates and judgments. Significant components of fair value measurement were determined using verifiable objective evidence (i.e., foreign exchange rates, interest rates, volatility rates). The amount of changes in fair value would differ if the Company utilized different valuation methodologies and assumptions.

Any change in the fair value of these financial assets and financial liabilities would affect profit or loss and other comprehensive income.

The methods and assumptions used to estimate fair values of financial assets and financial liabilities are discussed in Note 11.

Estimating Useful Lives of Property and Equipment
The Company estimates the useful lives of its property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

Property and equipment, net of accumulated depreciation amounted to nil as at September 30, 2017 and December 31, 2016, respectively (Note 6).

Impairment of Non-financial Assets
The Company assesses impairment on non-financial assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Company considers important which could trigger an impairment review include the following:

- significant underperformance relative to the expected historical or projected future operating results;

- significant changes in the manner of use of the acquired assets or the strategy for overall business; and

- significant negative industry or economic trends.

If any indicator exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of an asset's fair value less costs of disposal or value in use. Under PFRSs, whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized.

There is no indication of impairment on the Company's property and equipment as at September 30, 2017 and December 31, 2016. In 2017 and 2016, the Company recognized impairment losses on its creditable withholding tax which amounts to nil and P935,099, respectively (Note 5).

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

The Company has not recognize the deferred tax assets as at September 30, 2017 and December 31, 2016 since management does not expect to have sufficient taxable profit that will be available against which the Company can utilize the benefit therefrom (Note 10).

Provisions and Contingencies
The Company, in the ordinary course of business, sets up appropriate provisions for its present legal or constructive obligations, if any, in accordance with its policies on provisions and contingencies. In recognizing and measuring provisions, management takes risk and uncertainties into account. The Company does not have any contingent legal or constructive obligation that requires provision or disclosure as at September 30, 2017 and December 31, 2016.

3. Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

Adoption of Amendments to Standards and Interpretation
The Company has adopted the following amendments to standards and new interpretation starting January 1, 2016 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption of these amendments to standards and interpretation did not have any significant impact on the Company's financial statements.

- *Annual Improvements to PFRSs 2012 - 2014 Cycle*. This cycle of improvements contains amendments to four standards, of which only the below mentioned are applicable to the Company, none of which are expected to have significant impact on the Company's financial statements.

  - *Offsetting disclosures in condensed interim financial statements (Amendment to* PFRS 7*, Financial Instruments: Disclosures).* PFRS 7 is also amended to clarify that the additional disclosures required by *Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to* PFRS 7*)* are not specifically required for inclusion in condensed interim financial statements for all interim periods; however, they are required if the general requirements of PAS 34, *Interim Financial Reporting*, require their inclusion.

    The amendment to PFRS 7 is applied retrospectively, in accordance with PAS 8*, Accounting Policies, Changes in Accounting Estimates and Errors.*

  - *Disclosure of information "elsewhere in the interim financial report' (Amendment to* PAS 34*).* PAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements, may be disclosed "elsewhere in the interim financial report" - i.e. incorporated by cross-reference from the interim financial statements to another part of the interim financial report (e.g., management commentary or risk report). The interim financial report is incomplete if the interim financial statements and any disclosure incorporated by cross-reference are not made available to users of the interim financial statements on the same terms and at the same time.

- *Disclosure Initiative (Amendments to* PAS 1, *Presentation of Financial Statements)* addresses some concerns expressed about existing presentation and disclosure requirements and to ensure that entities are able to use judgment when applying PAS 1. The amendments clarify that:

- Information should not be obscured by aggregating or by providing immaterial information.

- Materiality considerations apply to all parts of the financial statements, even when a standard requires a specific disclosure.

- The list of line items to be presented in the statement of financial position and statement of profit or loss and other comprehensive income can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements.

- An entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.

Standards Issued but Not Yet Adopted
A number of new standards and amendments to standards are effective for annual periods beginning after January 1, 2016. However, the Company has not applied the following new or amended standards in preparing these financial statements. Unless otherwise stated, none of these are expected to have a significant impact on the Company's financial statements.

Effective January 1, 2017

- *Disclosure initiative (Amendments to* PAS 7, *Statement of Cash Flows)*. The amendments address financial statements users' requests for improved disclosures about an entity's net debt relevant to understanding an entity's cash flows. The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes - e.g., by providing a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities.

  The amendments are effective for annual periods beginning on or after January 1, 2017 with early adoption permitted. When an entity first applies the amendments, it is not required to provide comparative information for preceding periods.

- *Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to* PAS 12, *Income Taxes)*. The amendments clarify that:

  - the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset;

  - the calculation of future taxable profit in evaluating whether sufficient taxable profit will be available in future periods excludes tax deductions resulting from the reversal of the deductible temporary differences;

  - the estimate of probable future taxable profit may include the recovery of some of an entity's assets for more than their carrying amount if there is sufficient evidence that it is probable that the entity will achieve this; and

- an entity assesses a deductible temporary difference related to unrealized losses in combination with all of its other deductible temporary differences, unless a tax law restricts the utilization of losses to deduction against income of a specific type.

The amendments are to be applied retrospectively for annual periods beginning on or after January 1, 2017 with early adoption permitted. On initial application, the change in the opening equity of the earliest comparative period may be recognized in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. If an entity applies the relief, it shall disclose that fact.

Effective January 1, 2018

- PFRS 15, *Revenue from Contracts with Customers*, replaces PAS 11, *Construction Contracts*, PAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programmes*, IFRIC 18, *Transfer of Assets from Customers*, and SIC-31, *Revenue - Barter Transactions Involving Advertising Services*. The new standard introduces a new revenue recognition model for contracts with customers which specifies that revenue should be recognized when (or as) a company transfers control of goods or services to a customer at the amount to which the company expects to be entitled. Depending on whether certain criteria are met, revenue is recognized over time, in a manner that best reflects the company's performance, or at a point in time, when control of the goods or services is transferred to the customer. The standard does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other PFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties. Furthermore, if a contract with a customer is partly in the scope of another IFRS, then the guidance on separation and measurement contained in the other PFRS takes precedence.

  The new standard is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.

- PFRS 9, *Financial Instruments (2014)*. PFRS 9 (2014) replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and supersedes the previously published versions of PFRS 9 that introduced new classifications and measurement requirements (in 2009 and 2010) and a new hedge accounting model (in 2013). PFRS 9 includes revised guidance on the classification and measurement of financial assets, including a new expected credit loss model for calculating impairment, guidance on own credit risk on financial liabilities measured at fair value and supplements the new general hedge accounting requirements published in 2013. PFRS 9 incorporates new hedge accounting requirements that represent a major overhaul of hedge accounting and introduces significant improvements by aligning the accounting more closely with risk management.

  The new standard is to be applied retrospectively for annual periods beginning on or after January 1, 2018 with early adoption permitted.

<u>Financial Instruments</u>
Date of Recognition. The Company recognizes a financial asset or a financial liability in the statements of financial position when it becomes a party to the contractual provisions of the instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, is done using trade date accounting.

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

Subsequent to initial recognition, the Company classifies its financial assets in the following categories: held-to-maturity (HTM) investments, available-for-sale (AFS) financial assets, FVPL financial assets, and loans and receivables. The Company classifies its financial liabilities as either FVPL financial liabilities or other financial liabilities. The classification depends on the purpose for which the investments are acquired and whether they are quoted in an active market. Management determines the classification of the Company's financial assets and financial liabilities at initial recognition and, where allowed and appropriate, reevaluates such designation at every reporting date.

The Company has no HTM investments, FVPL financial assets and FVPL financial liabilities as at September 30, 2017 and December 31, 2016.

AFS Financial Assets. AFS financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other financial asset categories. Subsequent to initial recognition, AFS financial assets are measured at fair value and changes therein, other than impairment losses and foreign currency differences on AFS debt instruments, are recognized in other comprehensive income and presented in the "Fair value reserve" in equity. Dividends earned on holding AFS financial assets are recognized as "Dividend income" when the right to receive payment has been established. When individual AFS financial assets are either derecognized or impaired, the related accumulated unrealized gains or losses previously reported in equity are transferred to and recognized in profit or loss.

AFS financial assets also include unquoted equity instruments with fair values which cannot be reliably determined. These instruments are carried at cost less impairment in value, if any.

The Company's investments in AFS financial assets are included under "Other noncurrent assets" account in the statements of financial position.

Loans and Receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not designated as AFS financial assets or financial asset at FVPL.

Subsequent to initial measurement, loans and receivables are carried at amortized cost using the effective interest method, less any impairment in value. Any interest earned on loans and receivables shall be recognized as part of "Interest income" account in profit or loss on an accrual basis. Gains and losses are recognized in profit or loss when loans and receivables are derecognized or impaired.

The Company's cash and advances are included in this category.

Cash includes cash on hand and in banks and is stated at face value. Cash equivalents are short-term, highly liquid instruments that are readily convertible to known amounts of cash with original maturities of three months or less from dates of acquisition and that are subject to an insignificant risk of change in value.

Other Financial Liabilities. This category pertains to financial liabilities that are not designated or classified as at FVPL. After initial measurement, other financial liabilities are carried at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any premium or discount and any directly attributable transaction costs that are considered an integral part of the effective interest rate of the liability.

Included in this category are accrued expenses and other current liabilities.

<u>Derecognition of Financial Assets and Liabilities</u>
Financial Assets. A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;

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

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

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

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

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

<u>Property and Equipment</u>
Property and equipment are carried at cost less accumulated depreciation and impairment loss, if any.

The initial cost of property and equipment consists of its purchase price, including any directly attributable costs in bringing the asset to its working condition and location for its intended use. Expenditures incurred after the properties have been put into operation, such as repairs and maintenance, are normally recognized in profit or loss in the year the costs are incurred. Major expenditures are capitalized as additional costs of property and equipment only when it is probable that future economic benefits associated with the items will flow to the Company and the costs of the items can be measured reliably.

Depreciation is computed using the straight-line method over the following estimated useful lives of the assets:

	Number of Years
Transportation equipment	5
Furniture and fixtures	3
Office equipment	3
Computer equipment	5

The useful lives, residual values and depreciation method are reviewed periodically to ensure that they are consistent with the expected pattern of economic benefits from the items under property and equipment.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation is recognized in profit or loss. Assets are derecognized upon disposal or when there is no longer future economic benefits expected from the use or disposal of these items. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in which the asset is derecognized.

<u>Impairment of Assets</u>
Financial Assets
The Company assesses at the reporting date whether a financial asset or group of financial assets is impaired.

A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred loss event) and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Assets Carried at Amortized Cost. For assets carried at amortized cost such as loans and receivables, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If no objective evidence of impairment has been identified for a particular financial asset that was individually assessed, the Company includes the asset as part of a group of financial assets pooled according to their credit risk characteristics and collectively assesses the group for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in the collective impairment assessment.

Evidence of impairment for specific impairment purposes may include indications that the borrower or a group of borrowers is experiencing financial difficulty, default or delinquency in principal or interest payments, or may enter into bankruptcy or other form of financial reorganization intended to alleviate the financial condition of the borrower. For collective impairment purposes, evidence of impairment may include observable data on existing economic conditions or industry-wide developments indicating that there is a measurable decrease in the estimated future cash flows of the related assets.

If there is objective evidence of impairment, the amount of loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). Time value is generally not considered when the effect of discounting the cash flows is not material. If a loan or receivable has a variable rate, the discount rate for measuring any impairment loss is the current effective interest rate, adjusted for the original credit risk premium. For collective impairment purposes, impairment loss is computed based on their respective default and historical loss experience.

The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The impairment loss for the period shall be recognized in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the carrying amount of the asset does not exceed its amortized cost at the reversal date.

Non-financial Assets
The carrying amounts of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, and if the carrying amount exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of fair value less costs of disposal and value in use. The fair value less costs of disposal is the amount that would be received to sell an asset in an orderly transaction between market participants at the measurement date less costs of disposal.

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 largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to 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. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such a reversal, the depreciation and amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

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

advantageous market for the asset or liability. The principal or most advantageous market must be accessible to the Company.

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

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

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

- Level 3: inputs for the asset or liability that are not based on observable market data.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization at the end of each reporting period.

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

Capital Stock

Common Shares

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

Earnings Per Share

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

Operating Segment

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

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

Taxes

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

Current Tax

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

Deferred Tax

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

Deferred tax is not recognized for:

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

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

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

The carrying amount of deferred tax assets is reviewed at each reporting date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and the carryforward tax benefits of NOLCO and MCIT can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that the future taxable income will allow the deferred tax assets to be recognized.

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

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

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

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

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

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

<u>Revenue Recognition</u>
Revenue is recognized to the extent that it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue can be measured reliably. The following specific recognition criteria must also be met before revenue is recognized.

Management Income
Management income is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Management income, which is derived from management consulting and financial advisory services, is recognized upon performance of service.

Interest Income
Interest income from cash in bank, which is subject to final withholding tax, is presented at gross amount and the tax paid or withheld is included in income tax expense.

All other income items are recognized as earned.

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

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

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

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

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

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

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

4. Cash

This account consists of:

	Note	**September 2017**	2016
Cash on hand		**P10,000**	P10,000
Cash in banks		**6,688,789**	6,399,488
	11	**P6,698,789**	P6,409,488

Cash in banks earn annual interest at the respective bank's deposit rates. Interest income amounted to P5,905 and P11,395 for the periods ended September 30, 2017 and December 31, 2016, respectively.

5. Other Current Assets

The movements and balances of this account are as follows:

	September 2017	2016
Input VAT – net	**P368,763**	P864,000
Creditable withholding tax - net	**701,278**	-
Advances	**77,345**	40,677
	P1,147,386	P904,677

The Company has provided allowance for impairment on its input VAT amounting to P245,993 as at December 31, 2016 because the Company does not have enough output VAT for which the input can be applied with. No additional impairment loss was recognized in 2017 and 2016.

In 2016, the Company reversed its allowance for impairment on its input VAT amounting to P1,543,631, which are included under "Interest and other income" account in the statements of profit or loss and other comprehensive income as a result of income recognized from the Shared Services Agreement from which output VAT can be offset and claimed (Note 8).

The Company has provided allowance for impairment on its creditable withholding tax as the Company does not expect to have enough future income tax liabilities for which the creditable withholding tax can be applied with. The corresponding impairment loss on creditable withholding tax recognized in profit or loss amounted to P935,099 in 2016.

Interest income earned from advances amounted to P333 and P1,500 for the periods ended September 30, 2017 and December 31, 2016.

6. Property and Equipment

The movements and balances of this account are as follows:

	Transportation Equipment	Furniture and Fixtures	Office Equipment	Computer Equipment	Total
Cost					
Balance as at December 31, 2015 and 2016	**P1,182,143**	**P37,665**	**P18,781**	**P682,474**	**P1,921,063**
Accumulated Depreciation					
December 31, 2014	788,116	37,665	18,781	682,474	1,527,036
Depreciation	236,430	-	-	-	236,430
December 31, 2015	1,024,546	37,665	18,781	682,474	1,763,466
Depreciation	157,597	-	-	-	157,597
December 31, 2016	**1,182,143**	**37,665**	**18,781**	**682,474**	**1,921,063**
Carrying Amount					
December 31, 2015	P157,597	P -	P -	P -	P157,597
December 31, 2016	**P -**	**P -**	**P -**	**P -**	**P -**

7. Accrued Expenses and Other Current Liabilities

This account consists of:

	Note	September 2017	2016
Professional fees	*11*	**P -**	P170,000
Government payables		**105,847**	233,880
		P105,847	P403,880

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

8. Related Party Transactions

The Company's balances and transactions with related parties as at September 30, 2017 and December 31, 2016 are as follows:

Transaction	Year	*Note*	Amount of the Transaction		
Under KMP services					
Monte Oro Grid Resources Corporation					
▪ Management income	**2017**	*a*	**P2,700,000**	Non-interest bearing	Unsecured
	2016	*a*	3,600,000		
Calaca High Power Corporation					
▪ Management income	**2017**	*a*	**P2,700,000**	Non-interest bearing	Unsecured
	2016	*a*	3,600,000		
Key Management Personnel					
▪ Short-term employee benefits	**2017**	*b*	**P3,185,716**		
	2016	*b*	4,197,204		

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

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

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

9. Capital Stock

	September 2017		2016	
	Number of Shares	**Amount**	Number of Shares	Amount
Authorized shares (at P1 par value per share) Common	**50,000,000**	**P50,000,000**	50,000,000	P50,000,000
Issued shares Common	**49,466,000**	**P49,466,000**	49,466,000	P49,466,000

As at September 30, 2017 and December 31, 2016, the Company's offer price is P206 and P187.10, respectively.

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

	September 2017	2016
Net income attributable to shareholders	**P838,217**	P1,603,573
Divided by weighted average number of outstanding common shares	**49,466,000**	49,466,000
	P0.00	P0.03

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

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

The above were approved by the Company's stockholders on December 21, 2010.

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

The share swap was approved by the Company's stockholders on December 21, 2010.

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

However, as at December 31, 2015, the share swap agreement has not yet been effected pending receipt of the approval from one of the regulatory bodies which is essential to the completion of the transaction and as such, the management is taking the position that the shares issued out of the increase in authorized capital stock should not yet be reported.

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

Upon effectivity of the share swap, the Company will own 68.34% of Pacifica21 and 100% of OneTaipan.

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

On February 23, 2016, upon the request of the shareholders of OneTaipan and Pacifica21, the BOD of the Company approved the rescission of the share swap agreement. The BOD further approved the cancellation of the increase in authorized capital stock which was previously approved by the SEC. On August 26, 2016, the Company filed an application with the SEC to approve such cancellation after obtaining the approval of the same on April 28, 2016 by Company's stockholders.

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

On January 17, 2017, the Company filed a motion to the Office of the President to withdraw the previously filed appeal in 2015.

10. Income Tax

The components of taxes are as follows:

	September 2017	2016
Current income tax	**P108,722**	P144,901
Deferred income tax	**(8,174)**	(2,068)
Final tax on interest income	**1,178**	2,167
	P101,726	P145,000

Current income tax expense represents the current year's MCIT.

The reconciliation of the taxes computed at the statutory income tax rate to the taxes as shown in profit or loss follows:

	September 2017	2016
Income before income tax	**P939,943**	P1,748,573
Tax on income at statutory tax rate	**P281,983**	P524,572
Tax effects of:		
Nondeductible expense	**-**	280,530
Movement in unrecognized deferred tax	**108,722**	144,901
Non taxable income	**-**	(463,090)
Application of NOLCO	**(288,385)**	(340,661)
Interest income subjected to final tax	**(594)**	(1,252)
	P101,726	P145,000

The Company has not recognize the deferred tax assets relating to temporary differences NOLCO and MCIT as at September 30, 2017 and December 31, 2016 since management does not expect the Company to have sufficient taxable profit that will be available against which the Company can utilize the benefit therefrom.

The Company's temporary differences of which deferred tax assets were not recognized as at September 30, 2017 and December 31, 2016 are shown below:

	September 2017	2016
NOLCO	**P -**	P6,696,526
MCIT	**397,740**	290,137
	P397,740	P6,986,663

In September 30, 2017, the Company has deferred tax liability amounting to P2,549 arising from the unrealized foreign exchange gain of P8,497. In 2016, the Company has deferred tax liability amounting to P10,723 arising from the unrealized foreign exchange gain of P35,744.

The Company has NOLCO which can be claimed as deduction from future taxable income. Details of NOLCO are as follows:

Year Incurred	Expiry Date	Amount	Expired	Applied	Balance September 2017	Balance 2016
2014	2017	P6,696,526	P6,531,703	P164,823	P -	P6,696,526
		P6,696,526	P6,531,703	P164,823	P -	P6,696,526

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

Year Incurred	Expiry Date	Amount	Expired	Balance September 2017	Balance 2016
2014	2017	P1,119	P1,119	P -	1,119
2015	2018	144,117	-	144,117	144,117
2016	2019	144,901	-	144,901	144,901
2017	2020	108,722	-	108,722	-
		P398,859	P1,119	P397,740	P290,137

11. Financial Risks and Capital Management Objectives and Policies

The Company's financial instruments comprise of cash, advances, available-for-sale financial assets, and accrued expenses and other current liabilities (excluding government payables).

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

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

The Company's aim is to achieve an appropriate balance between risk and return and minimize potential adverse effects on the Company's financial performance. The BOD provides written principles for overall risk management.

The BOD constituted the Company's Audit Committee which has oversight responsibility over Company's corporate governance process relating to the: (a) quality and integrity of the Company's financial statements and financial reporting process and the Company's system of internal accounting and financial controls; (b) annual independent audit of the Company's financial statements; (c) compliance by the Company with legal and regulatory requirements, including the Company disclosures control and procedures; and (d) evaluation of management's process to access and manage the Company's enterprise risk issues.

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

The maximum credit risk exposure of the Company is its cash in banks amounting to P6,688,789 and P6,399,488 as at September 30, 2017 and December 31, 2016, respectively (Note 4).

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

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

As at September 30, 2017 and December 31, 2016, the credit quality of the Company's cash in bank is high grade given that the credit risk for cash in bank is considered negligible since the counterparties are reputable entities with high quality external credit rating.

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

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

The table below summarizes the maturity profile of the Company's financial assets and financial liabilities based on contractual undiscounted payments used for liquidity management as at September 30, 2017 and December 31, 2017.

	September 2017			
	Carrying Amount	**Contractual Cash Flows**	**1 Year**	**More than 1 Year**
Financial Assets				
Cash	**P6,698,789**	**P6,698,789**	**P6,698,789**	**P -**
Advances	**77,345**	**77,345**	**77,345**	**-**
Available-for-sale financial assets	**78,750**	**78,750**	**-**	**78,750**
Financial Liabilities				
Accrued expenses and other current liabilities*	**-**	**-**	**-**	**-**

**Excluding government payables amounting to P105,847.*

	2016			
	Carrying Amount	Contractual Cash Flows	1 Year	More than 1 Year
Financial Assets				
Cash	P6,409,488	P6,409,488	P6,409,488	P -
Advances	40,677	40,677	40,677	-
Available-for-sale financial assets	78,750	78,750	-	78,750
Financial Liabilities				
Accrued expenses and other current liabilities*	170,000	170,000	170,000	-

**Excluding government payables amounting to P233,880.*

Fair Value of Financial Assets and Liabilities

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

As at September 30, 2017 and December 31, 2016, the fair value of the Company's available-for-sale financial assets amount to P78,750 and has been categorized under Level 3.

In 2017 and 2016, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

Capital Management

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

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

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

The Company's current ratio, calculated as total current assets over total current liabilities, and debt-to-equity ratio, calculated as total liabilities over equity, as at September 30, 2017 and December 31, 2016 are as follows:

Current Ratio

	September 2017	2016
Current assets	**P7,846,175**	P7,314,165
Current liabilities	**105,847**	403,880
	74.13:1.00	18.11:1.00

Debt-to-Equity Ratio

	September 2017	2016
Total liabilities	**P108,396**	P414,603
Total equity	**7,816,529**	6,978,312
	0.014:1.00	0.06:1.00

As at September 30, 2017 and December 31, 2016, the Company is compliant with the minimum public float requirement by the PSE.

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

Schedule A. Financial Assets

Name of Issuing entity and asssociation of each issue	Number of shares or principal amounts of bonds	Amount shown in balance sheet	Valued based on market quotation at end of	Income received and accrued
Philippine Long Distance Telephone Company - Common shares	7,500	Php78,750		

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

Name and Designation of debtor	Balance December 31, 2016	Additions	Amounts Collected	Amounts written off	Current	Not Current	Balance September 2017
TOTAL	-	-	-	-	-	-	-

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

Name and Designation of debtor	Balance December 31, 2016	Additions	Amounts Collected	Amounts written off	Current	Not Current	Balance September 2017
TOTAL	-	-	-	-	-	-	-

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

Schedule D. Intangible Assets - Other Assets

Description	Balance December 31, 2016	Additions at Cost	Charged to cost and expense	Charged to other accounts	Other Changes	Balance September 2017
Creditable income tax	-	-	-	701,278	-	701,278
Input VAT - net	864,000	-	-	(495,237)	-	368,763
Advances	40,677			36,668		77,345
TOTAL	**904,677**	**-**	**-**	**242,709**	**-**	**1,147,386**

Schedule E. Long Term Debt

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

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

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

Name of related party	Balance December 31, 2016	Balance September 2017
TOTAL	-	-

Schedule G. Guarantees of Securities of Other Isssuers

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

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

Schedule H. Capital Stock

Title of Issue	Number of shares authorized	No. of shares issued and outstanding	No. of shares reserved for options, warrants convertion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Common	50,000,000	49,466,000	-		22,014,303	27,451,697
TOTAL	**50,000,000**	**49,466,000**	**-**	**-**	**22,014,303**	**27,451,697**

SYNERGY GRID & DEVELOPMENT PHILS., INC.
AGING OF ACCOUNTS RECEIVABLE
As of September 30, 2017

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

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