

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the Quarter ended **September 30, 2008**
2. Commission identification number. **25160**
3. BIR Tax Identification No **310-000-189-138**
4. Exact name of issuer as specified in its charter **IPVG CORP**
5. Province, country or other jurisdiction of incorporation or organization : **Metro Manila, Philippines**
6. Industry Classification Code: (SEC Use Only)
7. **34F RCBC Plaza Tower 2, 6819 Ayala Avenue, Makati City** **1200**
Address of issuer's principal office Postal Code
(632) 976-4784
8. Issuer's telephone number, including area code
9. **N/A**
Former name, former address and former fiscal year, if changed since last report
10. 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	675,501,163

11. 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

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes [] No []

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

Yes [] No []

13. 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").

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

14. 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 []

DOCUMENTS INCORPORATED BY REFERENCE

15. 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)

REPUBLIC OF THE PHILIPPINES)
CITY OF MAKATI)S.S.

TREASURER'S CERTIFICATION

I, **EMMANUEL L. JALANDONI**, of legal age, Filipino and with office address at the 34F RCBC Plaza Tower 2, Ayala Avenue, Makati City, after being sworn in accordance with law, hereby certify that:


1. I am the Treasurer of **IPVG Corp. and Subsidiaries** (the "Corporation"), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines under SEC Certificate of Registration No. 25160 with principal office address at 34F RCBC Plaza Tower 2, Ayala Avenue, Makati City.
2. The Financial Statement ("F/S") diskette submitted contains the exact data stated in the hard copies of the F/S of the Corporation.
3. I am executing this certification to attest to the truth of the foregoing and in compliance with the reportorial requirements of the SEC.

WITNESS MY HAND on this _____ day of _____ 2008 at _____


Emmanuel L. Jalandoni
Chief Finance Officer

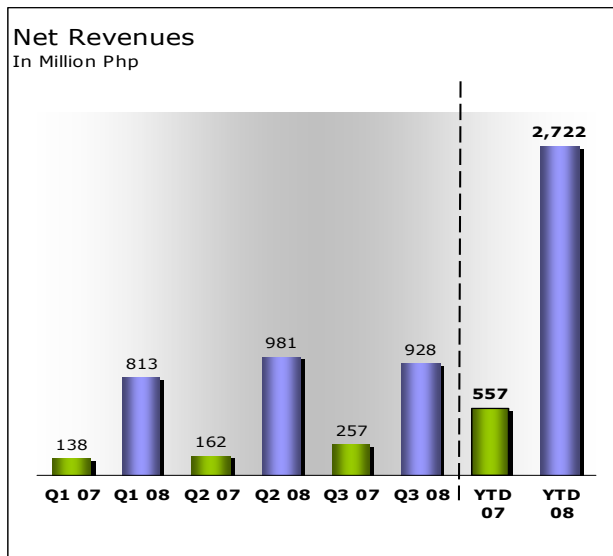
SUBSCRIBED AND SWORN to before me on this _____ day of NOV 18 2008
at CITY OF MAKATI. Affiant exhibited to me his Community Tax Certificate No. 19465935 issued on January 9, 2008 at Makati City, MM.

Doc. No. 110 ;
Page No. 23 ;
Book No. XXX ;
Series of 2008.


GENOVACIO B. ORTIZ JR.
Notary Public for Makati City
Until December 31, 2008
ICR NO. 6982706; IUL/2003; Makati C.
LBP NO. 655195- Lifetime Member
OPE M - 84 / 2003 ROLL NO. 434

Financial Highlights

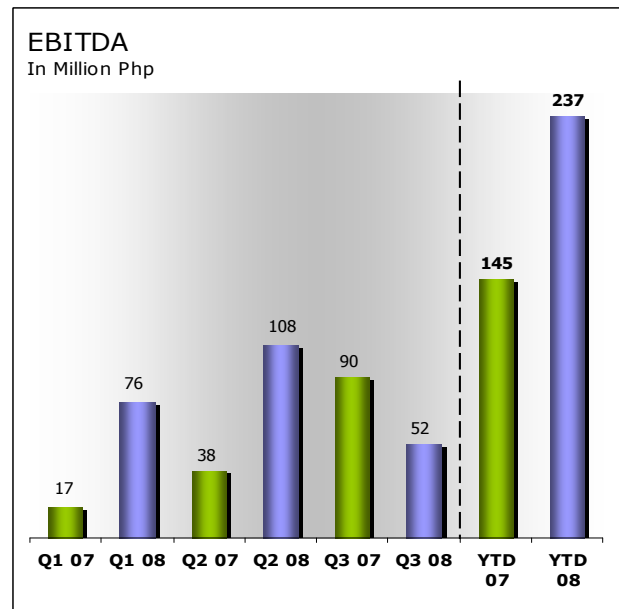
For the 3rd Quarter of 2008



For the first nine months of 2008, IPVG's consolidated gross revenue reached P2.78 Billion for a 354% increase over P612.8 Million in 2007. This increase was due to the stronger performance of its Data Center and Online Gaming units plus key acquisitions (Prolexic & Influent) during the 1st quarter of 2008. The consolidated 3rd Quarter revenues for 2008 of P950.5 Million is 242% higher than the same period of previous year.

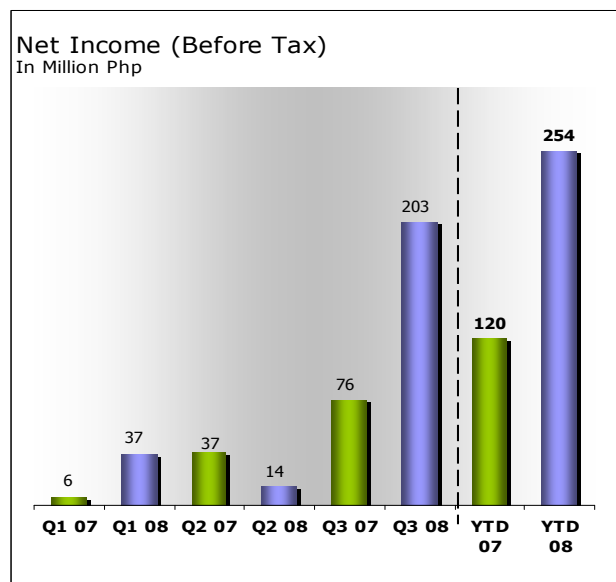
Net of discounts, the consolidated revenue of P2.72 Billion for the first three quarters represents an improvement of 389% vs. 2007's figure of P556.7 Million. On a quarterly basis, the net revenue of P928.16 Million in the 3rd quarter is 262% higher than the P256.5 Million posted in 2007.

Gross Margin was slightly lower at 44% compared to 48% in 2007.



Earnings Before Interest, Depreciation, and Amortization (EBITDA) improved by 63% to P236.6 Million for the first nine months ending September 30, 2008. For the 3rd quarter however, the P52.3 Million EBITDA is actually 42% lower than the same period in 2007.

In 2008, consolidated Operating Expenses for the first nine months increased by 510% or P928.5 Million vs. previous year's P182.2 Million. Third quarter expenses is 395% higher, year-on-year.



Consolidated Net Income before tax & minority shares for the first three quarters of 2008 is 112% higher than 2007 at P253.9 Million. Comparing 3rd quarter figures, net income in 2008 is 167% higher than previous year at P203.35 Million.

Highlights in Third Quarter:

COMMUNICATIONS

- IPVG IT&T subsidiary IP Converge Data Center, Inc. (IP-Converge) signed a partnership with Kalypto Risk Technologies, Inc., an India-based IT company that develop risk management and Basel II solutions to address Credit and Operational risks for banks.
- Salesforce.com, a leading technology company set up its 3rd Asia-Pacific Regional Training Center in the Philippines through its authorized consulting partner, IP-Converge.
- Del Monte Philippines, a leading food manufacturer and beverage company, partnered with IP-Converge to acquire 54 enterprise-user licenses of Salesforce.com's On-Demand Customer Relationship Management (CRM) solution.
- Philippine Global Communication Inc. (Philcom) and Bell Telecommunications Philippines Inc. (BellTel) partnered with IP-Converge to upgrade their respective organization's network connection infrastructure.
- IP-Converge successfully passed the audit of its Quality Management System and have been awarded with the ISO 9001:2000 certification.

CONTENT

- US game developer Electronic Arts signed up with X-Play Online Games Inc., the joint venture company formed by GMA-NMI and IP e-Games, to market and operate the real-time mid-session game NBA Street Online in the Philippines.
- IP e-Games, in partnership with sister company MegaMobile and 3D animation studio BeeHive Digital, launched a total of six (6) mobile games inspired by e-Games titles RAN Online and Granado Espada.
- Megamobile strengthened IP E-Games' mobile business by offering more account related activities. Through a mobile validation program, gamers can now participate in more personal mobile services such as personalized alerts and account lock/unlock features. The program offered a more efficient and targeted method of gamer profiling that strengthened the capability of IP E-Games to offer more dynamic digital advertising experience for its web and mobile channels. In a span of one month alone, Megamobile was able to validate more than 150,000 gaming accounts.
- Megamobile launched its Mail2Mobile Service, a unique corporate application designed for a leading global pharmaceutical company. The SMS application enables the company to communicate product, service and corporate updates throughout their sales channels.
- EMI/Polyeast, Galaxy Records and RV Golden Music Publishing signed a licensing deal with Megamobile to distribute mobile music downloads. The agreements enable Megamobile to distribute a full range of mobile music downloadable formats such as monotones, polytones, Trutones, Ringback tones and Full Track Music distribution.

BPO

- IPVG entered a strategic partnership with Canada-based contact center Gemma Communications LP (GemmaCom) for off-shore outsourcing services.
- Vietnam company CMC Telecom signed a commercial partnership with IPVG for development of IPVG's BPO businesses.
- National Receivables Group (NRG), a leading Australian debt management solutions provider expanded its contact centre operations to the Philippines through a partnership with IPCCO.
- IPCCO celebrated its 1st year Anniversary last Aug. 1, 2008.

- I-Pay Commerce Ventures, Inc. (i-PCV) entered a partnership with Hong Kong-based e-commerce expert Ecapay to expand the coverage of its international payment processing solutions. The partnership enabled i-PCV merchants to accept payments from various bank accounts in Thailand, Malaysia, China and Taiwan.
- i-PCV forged a partnership with BancNet to allow top-up / loading of flagship product - i-CASH, via BancNet's eMerchant facility.

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

Our discussions in the foregoing sections of this report pertain to the results of our company's operations for the nine (9) months ending September of 2008. This report covers the different business units under the group, including the parent company. References are going to be made to results of operations for the same quarter of the previous year 2007.

The report shall 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, are not 100% accurate, and therefore contain a substantial element of risks and uncertainties. Actual results may be different from our forecasts.

Furthermore, the information contained herein should be read in conjunction with the accompanying unaudited consolidated financial statements and related notes. Our financial statements, and the financial discussions below, have been prepared in accordance with Philippine Generally Accepted Accounting Principles (GAAP).

I. BUSINESS AND GENERAL INFORMATION

The succeeding section briefly describes the Business Units and their corresponding operational highlights for the reporting period. A more extensive discussion of the businesses is contained in the Annual Report SEC 17-A.

IPVG Corp. is a company listed in the Philippine Stock Exchange, Inc. and is focused in the following growth areas: Information Technology & Telecommunications (IT&T), Online Computer Games and Business Process Outsourcing (BPO).

IPVG established the following subsidiaries: in 2005, IP Converge Data Center to focus on the IT&T initiatives, and IP E-Game Ventures Inc. to pursue our Online Computer Games business, and in 2006, IP Contact Center Outsourcing for our BPO initiatives. At the start of 2008, IPVG acquired three more companies, namely: Prolexic Technologies, Inc., Interactive Teleservices Corporation (Influent), and Megamobile, Inc.

A. IP Converge Data Center

IP Converge Data Center Inc. is a wholly-owned subsidiary of IPVG, incorporated on September 2005, and is the only carrier-neutral international telco-grade data center in the Philippines. IP Converge provides customers with internet connectivity, co-location services, application management, solutions architecture, and managed network services. By partnering with all the players in the telecommunications industry, IP Converge offers clients with a wider array of mission critical applications, diverse in both carrier and specific cable routes used for transmission of traffic.

Business Segments

IPC's business comprises of three (3) main segments of products and services. Our services are anchored on our robust network infrastructure and data center facilities, in conjunction with strategic partnerships with local and international IT providers and carriers, and a core of fully-trained network engineers.

- Internet Data Center (IDC) Services
 - Server Co-Location
 - Disaster Recovery
 - Network and Data Security
 - Managed Network Services

- IP-Transport and Connectivity
 - Global Internet Access (GIA)
 - International Managed Bandwidth Service (IMBS)
 - Multiple Protocol Layer Switching / Internet Protocol–Virtual Private Network (MPLS / IP-VPN)
 - Voice Over Internet Protocol (VOIP) Termination

- IT Consultancy and Systems Integration
Network Consultation
Banking and Financial Solutions

B. IP E-Game Ventures Inc.

IP E-Game Ventures Inc.'s business is comprised of three (3) main segments of products and services, delivered to our end customers through our base of more than 8,000 internet café retailers, and broadband internet access at home. We are concentrating primarily on local internet consumers, which have a potential base of over 15 million customers.

- MMORPG (Massively Multi-Player Online Role-Playing Games).

Massively Multiplayer Online Role-Playing Game (MMORPG) is a genre of online computer role-playing games (RPGs) in which a large number of players interact with one another in a virtual world. As in all RPGs, players assume the role of a fictional character, and take control over many of that character's actions. MMORPGs are distinguished from single-player or small multi-player RPGs by the number of players, and by the game's persistent world. This is usually hosted by the game's publisher which continues to exist and evolve while the player is away from the game.

This segment of games targets the hardcore gamers. We currently publish the market-dominant product RAN Online, and have launched another game, Cabal Online in 2Q 2008. This game was developed by a South Korean based application software and solutions development company, ESTsoft.

CABAL Online is a unique third-person MMORPG that combines futuristic, fantasy and medieval themes into one action-packed, sophisticated role playing adventure. The game has been successfully launched in Asia, Europe, and America (including USA and Canada), gathering 20,000,000 registrations across the globe. In Vietnam, CABAL Online recorded a maximum of 75,000 concurrent users at any given time. It is expected to be one of the biggest titles to hit the Filipino online gaming community.

- Casual

The term **Casual Game** is used to refer to a category of electronic or computer games targeted at a mass audience. Casual games usually have a few simple rules and provide an engaging game design, making it easy for a new player to begin playing the game in just minutes. They require no long-term time commitment or special skills to play, and there are comparatively low production and distribution costs for the producer. (Source: Wikipedia)

Our casual game O2Jam is currently the market leader in terms of daily users. It has more than 500,000 active users, and concurrency levels of more than 12,000 (as of March 2007). Our new game Audition, Dance Battle, which was launched in Q4 2006, is the #1 online casual game in the world. It is now the no. 1 online music rhythm game in the local market. To date, Audition has more than 300,000 registered users with concurrency levels of more than 6,000 users as of March 2007.

The company's casual game titles have a combined active user base of over 700,000, with over 6,000 concurrent users. In the first quarter of 2008, e-Games entered a joint venture with GMA New Media Inc. (GMA NMI), the digital media arm of GMA Network, Inc. to form X-Play. X-Play, having P800M authorized capital, aims to evolve and promote casual online gaming and its digital content development, especially with the convergence of traditional and digital media through IP E-Games and GMA NMI.

X-Play, Inc. is equally owned by IP E-Games and GMA-NMI, with each party having a 50% stake in the company.

C. IP Contact Center Outsourcing Inc.

IP-Contact Center Outsourcing, Inc (“IPCCO”) is a wholly-owned subsidiary of IPVG that focuses on the business process outsourcing (“BPO”) industry.

Property and Facilities

IPCCO’s operations are currently located at the 25th floor of IBM Plaza, Eastwood City Libis, where all of the customer service agents hold office. IPCCO has selected the Cisco Unified Communications and Collaboration Suite (“UCC” formerly IPCC) that provides a pure VoIP IPBX. IPCCO recently upgraded this infrastructure for higher availability and doubled capacity. This enables IPCCO to easily deploy and integrate multiple sites, as well as provide a lower cost structure. IPCCO also has support infrastructure located in its sister company’s IDC at IP-Converge, providing business continuity contingencies.

IPCCO has over fourteen (17) clients supporting over twenty-four (24) programs. Our programs include Inbound customer service, Tier 1 & Tier 2 technical support, Outbound Telemarketing, Inbound Sales, Chat monitoring support, Back office processing, Email support, Inbound Helpdesk, Outbound leads generation, among others.

IPCCO has recently launched with a Fortune Global 500 consumer electronics company to provide tier 1 customer care support in its AsiaPacific markets. The majority of IPCCO’s clients are US-facing and operating during the night shift in the Philippines. IPCCO has been focusing on increasing its daytime operations to utilize idle capacity. We provide Inbound, Outbound voice as well as non-voice BPO services.

Business Segments

Inbound Solutions

IPCCO provides inbound services that are virtually true extensions of our Clients’ operations with order and service processing abilities. We hold the responsibility of representing our Clients’ brand with the same care as its business owners. We establish close-knit relationships with our clients to implement technology and provide premier outsourced support to meet our customer service needs.

IPCCO launched tier 1 customer care support for one of the leading Fortune Global 500 consumer electronics companies supporting several AsiaPacific markets, and continuing to expand into other countries within the year. Our client implements leading edge processes which go beyond customer satisfaction and focuses on customer delight.

IPCCO also provides non-voice support by regulating and monitoring chat rooms. We maintain clean rooms real time 24/7. Our Client offers mobile community solution such as mobile online chatting, content clearing house and interactive mobile entertainment. It has over 7 million registered users worldwide and has licensed its products and services to more than 85 mobile operators in 33 countries. Some of their customers and partners include Cingular, TMobile, Verizon, Sprint Nextel and Vodafone.

Our inbound voice support varies in levels or tiers. One of our biggest Clients is one of the oldest specialty direct mail order companies in the US; produce over 50+ catalogs per year. IPCCO processes over 80% of their US orders. Our services include Inbound Customer Service, Inbound/Outbound Sales and Order Entry & Back Office.

We also service a leading global provider of push e-mail. The client a service similar to Blackberry on a wide variety of mobile devices and is a leading provider of solutions for individual users, small and medium enterprises through wireless operators. IPCCO has Technical Support Level 2 offering customer Support infrastructure for over 40 mobile operators worldwide. We follow the sun supporting centers in APAC, EMEA and Americas.

Outbound Solutions

IPCCO provides an extensive range of outbound solutions in both business-to-business and business-to-consumer programs. Our Business-to-Business program reaches out to existing and potential new customers for a leading NASDAQ-listed local search engine company; consistently ranks in the Top 100 in U.S. website

traffic according to Internet research firm, comScore. The company is based in Irvine, California and has affiliate offices across the country and around the world.

We also service Business-to-Consumer solutions to one of the leading Fortune 500 companies across South East Asia. We introduce our Client's products and services to their potential customers to increase their market share and promote their new products. Our experienced sales team goes above and beyond the targeted sales figures set by our Customer.

Distance Learning

IPCCO offers Distance Learning, an e-Learning subset. We serve one of the largest English language schools in Korea. They are regarded as the pioneer in providing comprehensive English education in Korea. Our distance learning solutions has been proven cost effective and is not constrained by geographic considerations. We offer opportunities in situations where traditional education has difficulty operating given the distance and time. We provide flexibility and tailor fit our services to our customers needs.

We recruit, train and manage personal English teachers to educate students in Korea and China. We provide outbound modules in business and practical English lessons. Lesson durations vary from a minimum ten minutes to a maximum of an hour, guaranteeing clear line quality through our robust voice platforms.

D. IPAY COMMERCE VENTURES INC.

i-Pay Commerce Ventures, Inc. (i-PCV) provides numerous value-added payment and cash management services to various partners in the Philippines and abroad. Such services include processing of local and international remittances, e-commerce via the acceptance of Internet based debit and credit card payments, issuance of debit cards and loyalty programs.

Through strategic partnerships i-PCV is at the forefront of end-to-end payment processing.

Products

1. **i-CASH.** Is the flagship product of iPCV. It is a cash management solution that integrates the following:

Cash Card Features:

- Receive international remittances or local money transfers
- Load more monetary value at i-CASH top-up establishments
- Withdraw at any ATM in the Philippines
- Withdraw from any VISA ATM abroad

Debit Card Features:

- Cash-less shopping at your favorite stores through Bancnet and Visa terminals
- On-line transactions
 - Bills payment

Privilege and Loyalty Card features

- Freebies and discounts from 100+ merchants nationwide

2. **Local Remittances.** Payment processing solution supporting local remittances. Handles bulk allotment distribution requirements of agency and service types of companies, as well as remittance requirements of retail customers. This solution supports bank-to-bank transfers, direct to i-Cash Card and door-to-door deliveries.

3. **Payment Processing Services.** A one-stop-shop payment processing solution that addresses the various payment requirements of merchants ranging from: merchant accounts, electronic commerce through Visa, MasterCard, Diners Credit Cards, ACH for US checking accounts, FPX for Malaysian Accounts, and China Debit Cards (China Union Pay).

Market and Competition

i-PCV operates in a highly competitive and dynamic market with players from different industries such as: telecommunications, banking and finance, remittance, credit card.

Among the major players are the following:

Industry Major Players

Telecommunications Globe Telecom, Smart Communications, Inc.

Banking & Finance BPI, PNB

Remittance IRemit, Inc. / Western Union

Credit Card Issuing & Acquiring Equitable Card Network / BPI

Revenue Sources

i-PCV currently has (3) major revenue sources broken down as follows:

1. **Issuing Business.** As an issuer of Visa and i-CASH debit and loyalty cards, i-PCV derives revenues from fees such as card fees and membership fees.
2. **Remittance Business.** Through i-PCV's local and international remittance business, revenue is derived from the remittance processing fees.
3. **Acquiring Business.** The acquiring business covers processing of payments to merchant establishments from various credit card issuers, 3rd party payment portals, as well as i-CASH debit cards. It also covers loading of value to the i-CASH card (top-up) and drawing of funds (cash back) through i-CASH virtual terminals deployed in various partner merchant establishments. Revenue from this business is derived from commissions based on the face value of the sale (Merchant Discount Rate) and other transaction fees.

Strategic Partners

1. **iPayDNA International Limited.** A reputable international organization specializing in e-commerce solutions, which include among others, processing of debit card / credit transactions from major debit or credit card brands as well as direct debits from banks in China.
2. **Chinatrust.** Chinatrust (Philippines) Commercial Bank Corporation (CHTR) is a subsidiary of Chinatrust Commercial Bank, Ltd. (CTCB) of Taiwan. CHTR was incorporated on September 7, 1995 initially as Access Banking Corporation, and commenced operations as a domestic commercial bank on September 26 of the same year. A year later, Access Banking Corporation's name was changed to its present name, Chinatrust (Philippines) Commercial Bank Corporation. On June 2, 1999, CHTR's shares were listed at the Philippine Stock Exchange.

As a full-service commercial bank, CHTR offers various products and services, such as business banking, peso deposits, consumer loans, foreign currency deposits, corporate lending, treasury products, trust products, international trade, and remittances. From the foregoing products and services, CHTR's revenues are categorized into three major segments, namely, portfolio products, transactional banking products, and exposure management products.

Operational Highlights

- * The company is beginning to see some traction in the International Acquiring Business.
- * They had a soft launch for their Visa Debit Cards which led to initial membership revenues.

E. Prolexic Technologies, Inc.

Acquired in January 2008, Prolexic Technologies is a US-based managed security service provider of Distributed Denial of Service (DDoS) mitigation solutions. Prolexic's services use a global network designed to protect businesses from all forms of distributed denial of service attacks and emerging security threats to DNS, VoIP, and email while simultaneously increasing network performance. Leveraging unique filtering techniques, high-speed bandwidth and peering, advanced routing, and other patentpending devices, Prolexic has created the most powerful DDoS detection and protection system in the world.

Prolexic's Clean Pipe Virtual Transport® service enables enterprises and service providers to scale against the largest and most aggressive DDoS attacks on the Internet. This protection can be provided through three different delivery methods:

- **DNS Redirection / Proxy**
An original delivery method and still the quickest method to deploy Prolexic's solution, IPs on Prolexic's intrusion prevention network (IPN) are provided to the customer. Through a DNS change, all customer traffic is routed to Prolexic's IPN, where it is cleansed. Once traffic is filtered of malicious content, it is proxied back to the customer's infrastructure. Proxy is a simple configuration and provides the additional benefit of content caching.
- **BGP Routing / GRE Tunneling**
Clean Pipe Virtual Transport® can be easily implemented over a dedicated GRE tunnel. Prolexic will announce the customer's subnet and tunnel traffic to its location via Generic Route Encapsulation (GRE) tunnels. GRE tunneling provides a customer several advantages, including total control over when traffic is filtered. Traffic re-routes can be performed quickly using BGP, the standard routing protocol in use today to support complex routing policies.
- **Direct Circuit**
A dedicated circuit that can withstand a 10+ Gbps SYN flood or TCP connection flood. With dedicated circuits, customers will have the defenses required to survive such attacks without notice. Clean Pipe Virtual Transport® circuits can be implemented like a standard BGP4-enabled Internet circuit. Connections can be made directly within Prolexic's points-of-presence, or via a Prolexic partnered low-cost dedicated circuit directly to Prolexic's IPN.

This wholly owned subsidiary continues to be the only service-based DDoS mitigation platform that covers North America, Europe and Asia.

F. Interactive Teleservices Corporation (Influent)

Incorporated in December 1994 in Nebraska, Interactive Teleservices Corporation (Influent) offers its Fortune 1000 clients full range of call center outsourcing solutions that helps its clients acquire, retain, grow and service their customers. It is ranked among the top 20 global business process outsourcing (BPO) companies and operates 10 call centers in the US, Panama and the Philippines. IPVG acquired 70% of Influent to signify its commitment to be a global outsourcing provider. Influent's strong presence and capability in North America, where 80% of revenues come from, coupled with IPVG's infrastructure and capabilities in Asia will help realize IPVG's commitment to become a significant global outsourcing provider.

As stipulated under the purchase agreement, IPCCO would sell or lease incremental capacity of 250 seats in the Philippines to Influent on an as-needed basis. Influent's strong pipeline of work is expected to boost IPVG's Philippine BPO business in the second half of 2008.

Business Segments

Its goal is to create a seamless extension of its clients' businesses through outsourcing and allow them instead to focus on their core competencies. Major services are as follows:

- Outbound Telesales
- Inbound Sales
- Customer Service
- Customer Retention
- Lead Generation

G. Megamobile, Inc.

The acquisition of 70% of MEGAMobile's outstanding capital stock marks the entry of IPVG into the dynamic and highly competitive area of mobile content and value-added services (VAS). The Philippines has an estimated subscriber base of 55 million and the demand for mobile content stemming from this market is an opportunity that should be seized. IPVG's investment is aimed to strengthen MEGAMobile's content pipeline, marketing programs and infrastructure. Its addition to IPVG's current lines of business creates a new product that will form a synergy among its communications, outsourcing and online gaming operations, thus enabling the subsidiaries to reach out to its huge customer base and strategic distribution network.

Business Segments

MEGAMobile's business is comprised of four (4) main segments of mobile content products and services which are offered to subscribers and through major telecommunication companies:

- Community
- Advertainment
- Content and Messaging
- Partnerships (IP E-Games, IPCV, etc.)

H. IP Converge Data Center Pte Ltd.

To cater to the ever growing and diverse needs of its customers, IPVG has established its presence in Singapore using its newly acquired Data Center as its launch pad.

From the Data Center, IPVG offers co-location, network services, managed services including security, and disaster recovery, and a host of other services and customized facilities that meet the specific needs of our clients' distinct requirements.

The Data Center, located in New Tech Park, Lorong Chuan, sits in a central location in Singapore, close to the Central Business District (CBD) and major telecommunication cable paths and landing sites. The Data Center is laid out in a 2000 square meter location on the 6th floor of New Tech Park is home to a number of companies in the technology, media and communications fields. The data centre itself is 850 square meters of custom-built space in an environment that conforms to the Tier-3 (Fault Tolerant Site Infrastructure) definition of the Uptime Institute. IPVG offers total systems management, from simple stand-alone server co-location to fully managed services including full bandwidth provisioning.

Together with IPVG's main data center in Makati City, Philippines and its PoP in Hong Kong – IPVG has essentially completed its "ring" covering ASEAN and China. The overall resulting infrastructure gives customers a choice between the telecommunications and business hubs of Singapore, Hong Kong and the Philippines – using these as a springboard for serving the IT needs of their employees and customers across the region.

II. RESULTS OF OPERATIONS

Financial Highlights and Key Performance Indicators				
Consolidated Balance Sheet	As of September 30		Increase (Decrease)	
	2008	2007	Amount	%
Total Assets	2,896,843,961	1,409,380,783	1,487,463,178	106%
Current Assets	1,325,587,065	1,132,836,740	192,750,325	17%
Property and Equipment	432,740,824	150,522,962	282,217,862	187%
Total Liabilities	1,542,873,909	479,090,335	1,063,783,574	222%
Interest-bearing Loans	940,191,965	137,800,920	802,391,045	582%
Stockholders Equity	1,356,828,032	930,290,448	426,537,584	46%
	For Nine Months Ended September 30		Increase (Decrease)	
	2008	2007	Amount	%
Consolidated Statements of Income				
Revenues (Gross)	2,782,698,355	612,854,199	2,169,844,156	354%
Revenues (net of discounts)	2,722,256,683	556,726,531	2,165,530,152	389%
Gross Profit	1,231,154,552	294,628,257	936,526,295	318%
Expenses	1,110,694,527	182,177,905	928,516,623	510%
Income / (Loss) from Operations	120,460,025	112,450,352	8,009,672	7%
Earnings Before Interest, Taxes and Depreciation	236,599,534	145,346,532	91,253,003	63%
Net Income / (Loss) before tax	253,866,877	119,677,435	134,189,442	112%
Net Income / (Loss) before tax net of minority share	172,970,109	119,677,435	53,292,674	45%
Net Income / (Loss) after tax	167,557,817	119,677,435	47,880,382	40%
	For Quarter Ended September 30		Increase (Decrease)	
	2008	2007	Amount	%
Consolidated Statements of Income				
Revenues (Gross)	950,473,028	277,602,032	672,870,996	242%
Revenues (net of discounts)	928,162,689	256,537,882	671,624,807	262%
Gross Profit	412,482,789	159,668,161	252,814,628	158%
Expenses	408,434,774	82,558,879	325,875,896	395%
Income / (Loss) from Operations	4,048,015	77,109,282	(73,061,268)	-95%
Earnings Before Interest, Taxes and Depreciation	52,336,031	89,953,161	(37,617,130)	-42%
Net Income / (Loss) before tax	203,351,683	76,166,163	127,185,521	167%
Net Income / (Loss) before tax net of minority share	132,902,542	76,166,163	56,736,379	74%
Net Income / (Loss) after tax	130,865,883	76,166,163	54,699,720	72%
	As of September 30		Increase (Decrease)	
	2008	2007	Amount	%
Consolidated Cash Flows				
Net Cash Provided / (Used) By Operating Activities	(91,960,921)	4,231,418	(96,192,340)	-2273%
Net Cash Provided / (Used) in Investing Activities	(880,578,343)	(154,808,651)	(725,769,692)	469%
Capital Expenditures	(345,357,356)	(84,160,662)	(261,196,694)	310%
Intangible Assets	(33,236,678)	(38,703,409)	5,466,732	-14%
Net Cash Provided/(Used) in Financing Activities	900,074,764	857,235,897	42,838,867	5%
	For Nine Months Ended September 30			
	As of September 30	As of September 30		
	2008	2007		
Key Performance Indicators				
Current Ratio*	1.26	2.10		
Book Value per Share*	2.01	1.39		
Debt to Stockholder's Equity	0.69	0.15		
Gross Margin	44%	48%		
Net Operating Margin*	4.33%	18.35%		
Earnings Per Share	0.376	0.179		
	As of September 30			
	2008	2007		
Outstanding Shares	675,501,163	670,001,163		
Number of Employees	2,723	579		
Exchange Rates (\$ to Peso)	46.692	50.387		

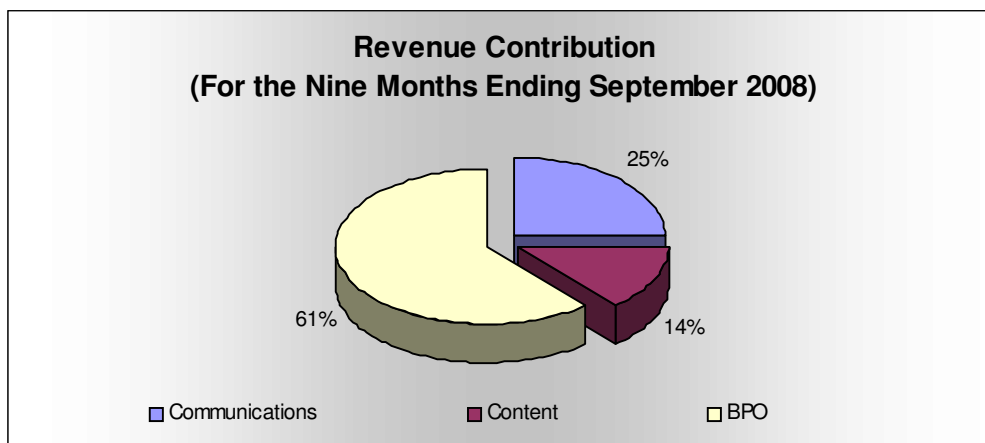
* Restated September 2007 figures.

Ratios

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

GROUP RESULTS

Total consolidated gross revenues for the first nine months of 2008 increased by P2.17 Billion or 354% to P2.78 Billion vs. the same period in 2007. The increase was due to continued growth from IP-Converge (IP Service/Communications) & IP-Egames Ventures (Online Games) and new business units Prolexic (Distributed Denial of Service) & Influert (Business Process Outsourcing). Below are the percentage contributions of each segment to group total:



Net Revenue growth remains strong at 389%, from P556.7 Million in 2007 to P2.722 Billion in 2008 due to the consolidation of revenues from our overseas operations, Influert and Prolexic, and the continued growth in revenues of our Gaming and Data Center businesses. Gross profit likewise increased by 318% from P294.6 Million to P1.23 Billion in 2008, albeit at a slower pace due to the higher direct labor and other direct costs of our overseas operations. Effectively, Gross Margin in 2008 at 44% is slightly lower than same period in 2007 of 48%.

For the quarter ending 30 September 2008, gross revenues increased by P672.9 Million or 242% to P950.47 Million. (Net of discounts, revenue growth was at 262%.) Cost of sales as a percentage of gross revenue increased 54% in 2008 from 35% of the same quarter in 2007.

Consolidated operating expenses for the first nine months of 2008 grew by 510% or P928.5 Million due to the consolidation of expenses of our overseas operations. Salaries and payroll-related expenses for instance increased as total Group-wide employees increased to 2,723 as of September 2008 from only 257 a year ago. Manpower cost accounts for 17% of gross revenue for the first nine months of 2008.

IPVG and Subsidiaries Headcount Summary	Sep-07	Dec-07	Mar-08	Jun-08	Sep-08
IPVG Parent	33	37	54	66	66
Managerial	18	20	27	27	27
Rank and File	15	17	27	39	39
IP Converge Data Center	56	59	62	65	66
Managerial	19	22	20	25	25
Rank and File	37	37	42	40	41
IP Contact Center Outsourcing Inc.	53	341	317	305	305
Managerial	8	13	9	14	14
Rank and File	45	328	308	291	291
IP Egame Ventures Inc.	107	110	111	110	124
Managerial	29	26	26	37	38
Rank and File	78	84	85	73	86
I-PCV	6	6	15	16	24
Managerial	2	2	3	4	5
Rank and File	4	4	12	12	19
Megamobile			7	9	9
Managerial			2	2	2
Rank and File			5	7	7
Prolexic			27	33	33
Managerial			6	5	5
Rank and File			21	28	28
Influert USA			2,007	2,087	2,087
Managerial			40	42	42
Rank and File			1,967	2,045	2,045
On the Job Trainees	1	0	2	2	1
Consultants	1	4	3	8	8
Total	257	557	2,605	2,701	2,723

The group's combined capital expenditure also increased due to significant IT investments and existing fixed assets of the new subsidiaries. This increased the depreciation charges by P83.2 Million or 253% for the first nine months of 2008. This expense item accounts for 4% of gross revenue as of September 30, 2008.

Earnings Before Interest, Depreciation, and Amortization (EBITDA) grew by 63% year-on-year or P91.2 Million as of September 30, 2008. Comparing the 3rd quarter figures for 2007 & 2008 actually shows a decline of 42% or P37.6 Million as the company's business process outsourcing arm in the U.S (Influent) started to feel the impact of the economic crisis and the group's aggressive but necessary investments in human capital and strategic acquisitions weighed on its operating expenses. The group expects to contain its overall expenses in the coming months as the new subsidiaries are assimilated and synergies are employed for more efficient operations.

Total consolidated assets grew by 106% year-on-year to P2.9 Billion as of September 30, 2008. This was highlighted by the P282.2 Million or 187% growth in property & equipment.

Total consolidated liabilities increased by P1.06 Billion or 222% as interest-bearing loans grew by P802.4 Million as of September 30, 2008 compared to previous year.

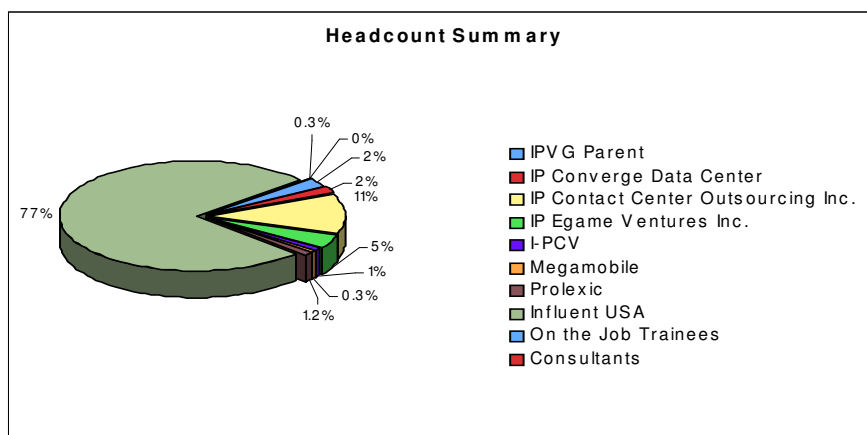
Total Stockholder's Equity was at P1.36 Billion as of September 2008 representing a 46% growth vs. previous year.

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

Expenses

Comparing the first three quarters of 2008 against 2007, the top eight expenses in Peso terms are as follows:

- **Salaries and Benefits** increased by 661% or P408.9 Million from P61.8 Million in 2007 due to the 2,466 increase in employees. Bulk of the increase came from the acquisition of Influent with 2,087 employees as of September 2008 or 77% of the group's total headcount.



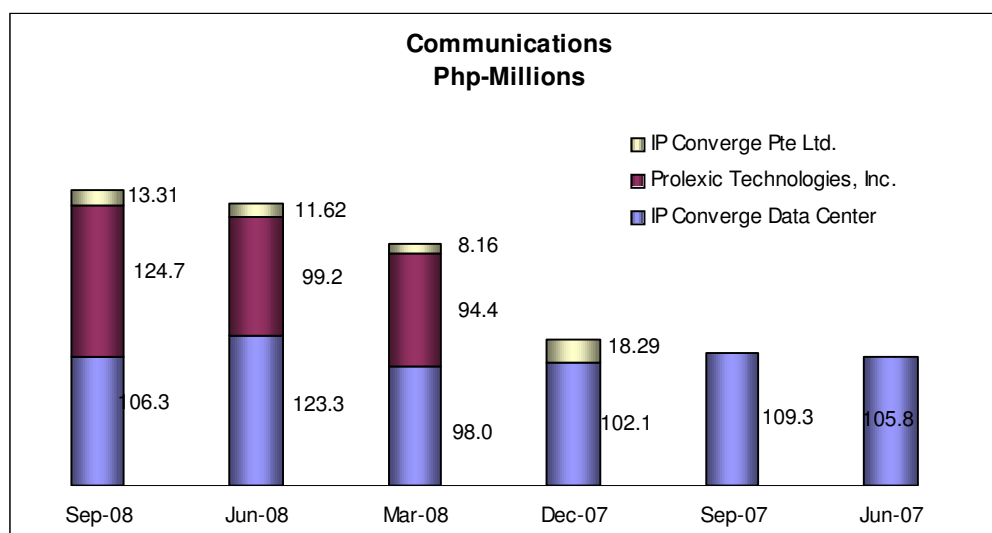
- **Depreciation** expense increased by P83.2 Million or 253% due to the increase in fixed assets and capitalizable softwares. This is 4% of the group's gross revenue.
- **Outside Services** which consist of contractual services related to external Legal & Audit services and the maintenance and upkeep of the premises, increased by P78 Million.
- **Communication, light, & water** expenses increased by P67 Million or 797% as a function of the higher headcount and office space. This was also the result of increased business activity across all units including new subsidiaries.
- **Rental** expenses increased by P53.5 Million or 916%. Also driven by the acquisitions and expansion.
- **Professional Fees** increased by P64 Million or 550% due to services engaged in relation to the acquisitions.
- **Transportation and Travel** increased by P39.2 Million or 235% due to the increased frequency of local and overseas travel by the employees to pursue strategic partnerships, sales opportunities, and staff training.

- **Advertising & promotions** expenses amounting to P28.8 Million posted a 155% increase due to more aggressive marketing campaigns for new online games on top of the programmed expenses of Influent and Prolexic.
- **Other operating expenses** grew significantly from the same period in 2007 in view of the inclusion of the cost of activities of Influent, Prolexic, and Megamobile into the group and the increase in general business activity of our existing companies.

IP SERVICE INDUSTRIES

Communications

The Communications segment is composed of IP Converge, Prolexic Technologies, and IP Converge Pte Ltd. Total service revenue for this segment translates to 25% of the group's total revenue for the first nine months of 2008. Year on year, this business segment's revenue share increased by P385.51 Million or 124% due to the acquisition of Prolexic Technologies. The following graph shows the revenue distribution of the segment for the past six quarters starting March 2007. Of the segment's total revenue, **IP Converge Data Center** and **Prolexic Technologies** account for 51% and 43.5%, respectively while the remaining 5.5% comes from IP Converge Pte Ltd.



IP Converge Data Center's year-on-year revenue increased by 8% or P25.15 Million to P327.58 Million for the first three quarters of 2008 from P302.43 Million for the same period last year. It partnered with two large local telcos to upgrade their respective organizations network connection infrastructure. It was also awarded an ISO 9001:2000 certification during the period.

The components of our Cost of Services are as follows:

- **Internet Bandwidth.** Our partnerships with PCCW Global, Asia Netcom, and other major telcos allowed us to source the most cost-efficient bandwidth services in this part of the world. This comprises about 60% of our total cost of sales. We deliver this direct to our customers, or through interconnection facilities with other telcos. We have secured a license with the National Telecommunications Commission (NTC) as a Value Added Service (VAS) provider on May 26, 2005 which will expire on May 25, 2010.
- Rent is the portion of the IDC facilities which is exclusively "sold" as part of the data center services.
- Repairs and Maintenance is composed of the cost of maintaining the UPS and Airconditioning Equipment, and other incidental costs due to the ordinary wear and tear of our network, computer and office equipment within the data center facilities.
- Salaries and Direct Labor pertains to personnel costs in the maintenance and operations of the Data Center facilities.
- Commissions to Sales managers account for 4% of our cost of sales. The company offers a fixed percentage of gross margins to a number of employees who are directly responsible for the management of the customer accounts, including securing of the contract.

- Other Costs include allocated power and utilities, other outside services, supplies, and other incidental expenses related to the operations of the data center facility.

Facilities

The data center facility itself is located in RCBC Plaza -- a very high quality, secure building in the heart of Makati, the business district of Manila and of the Philippines. The data centre is laid out over 1,800 square meters in one floor of the plaza and is readily accessible by road through the main thoroughfares of Ayala and Sen. Gil Puyat Avenues, and through the helicopter pad on the roof of the building. The floor itself contains office space and 650 square meters of conditioned raised floor space for co-location of servers and communications equipment. The same facility houses the Philippine data termination node for the PCCW worldwide network (www.PCCW.com, www.Reach.com) and thus is ideal for any client requiring data centre services and bandwidth to the internet or to specific locations via IPLC. Both Reach Networks and Asia Netcom provide network facilities to IP-Converge. Equipment in our data centre is supplied by Cisco, Juniper Networks, and HP.

RCBC Plaza is a PEZA accredited building. By co-locating in RCBC Plaza, IP Converge has been granted a license as a PEZA-registered entity due to its very high export earning performance, where between 75 to 80% of our revenue comes from exports or cross-border clients. As a PEZA registered entity, IP Converge will enjoy fiscal incentives, including income tax holidays.

Prolexic is still the only service-based DDOS mitigation platform that covers N. America, Europe and Asia. Its growing customer base continues to provide increasing revenue during the first three quarters of the year. It posted a 60% increase in customer base from 100 to 160 and experienced a 51% increase in monthly billings from USD750,000 to USD1,135,000.

Online Games & Mobile Content

The Online Games and Mobile Content Segment is composed of IP E-Games Ventures Inc., Megamobile, and the overseas operations of IPVG. The combined revenue of this segment is P377.34 for the first nine months of 2008 and contributes 14% of the group's total revenue.

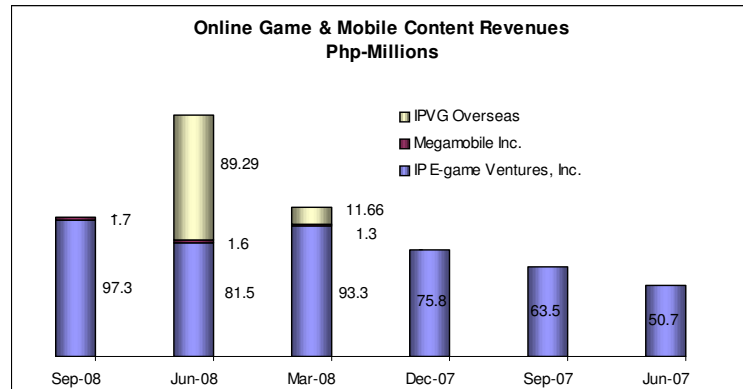
For the second straight year, the revenues of E-Games continued to grow side by side with the growth of its subscribers. During the first nine months of 2008, E-Games posted

P272.11 Million in net revenues. The 1st nine months' revenue performance is a 66% or P108.22 increase over the P163.89 Million posted during the same period last year. It has a total number of registered users of 9 Million with 3 Million active users and 81,000 concurrent users at any given time.

Megamobile contributed P4.6 Million in Value Added Services which mostly came from its Community and Content & Messaging categories.

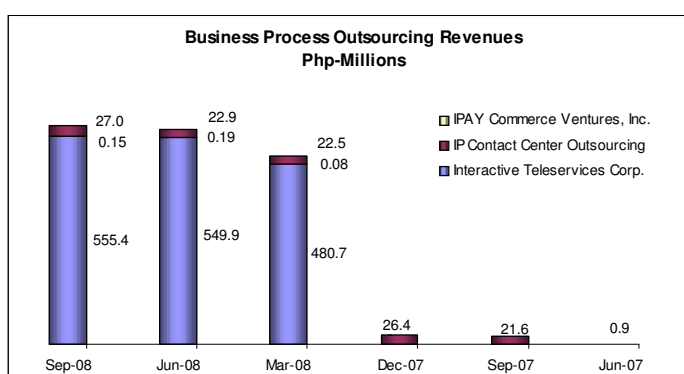
Total cost of sales for the online games and mobile content segment is composed mostly of Royalty payments to the game publishers, telecommunications costs in maintaining and running the games, costs of production and printing of the pre-paid cards which are used by our subscribers to purchase items in the game, and direct labor expenses of our game operators.

In terms of subscriber base, IP-EGames operates the #1 and #2 online games in a market with explosive potential. RAN Online represents the top MMORPG (Massively Multiplayer Online Role Playing Game) in the country, and Audition leads the MMOCasual Games market. The commercial launch of Cabal Online in June was very remarkable. It raised total combined active users for all game titles of IP E-Games by 20%.



Business Process Outsourcing

Business Process Outsourcing generated service revenues amounting to P1,659 Million which made up 61% of the Group's revenues. The acquisition of the leading US-based contact center, Influent, significantly improved the capacity to offer value added services in the BPO industry. This is evidenced by its P1,031 Million or 95.6% contribution to segment's total or 58.3% of the Group's total revenues.



IP Contact Center continues to show improvement with its year-on-year revenue growing by P49.28 Million or 213% to Php72.42Million. Revenues amounted to 2.6% of the total revenues of the Group. IPCCO has started to become profitable in the 3rd quarter of 2008 as utilization of seats improved due to additional contracts from existing and new clients.

I-Pay Commerce Ventures' revenues are expected to come in gradually starting Q4 due to launch of core services. Major contributors will come from e-commerce and remittance businesses. I-Pay Commerce will be one of IPVG's fastest growing businesses in terms of percentage growth in the last quarter of 2008.

Liquidity and Capital Resources

The following table shows our consolidated cash flows for the nine months ended September 30, 2008 and September 30, 2007:

Consolidated Cash Flows	As of September 30	As of September 30	Increase (Decrease)	
	2008	2007	Amount	%
Net Cash Provided / (Used) By Operating Activities	(91,960,921)	4,231,418	(96,192,340)	-2273%
Net Cash Provided / (Used) in Investing Activities	(880,578,343)	(154,808,651)	(725,769,692)	469%
Capital Expenditures	(345,357,356)	(84,160,662)	(261,196,694)	310%
Intangible Assets	(33,236,678)	(38,703,409)	5,466,732	-14%
Net Cash Provided/(Used) in Financing Activities	900,074,764	857,235,897	42,838,867	5%

Our consolidated cash and cash equivalents amounted to Php98.7 Million, a decrease of P72.5 Million from the start of the year. This was mainly due to the acquisition of capital equipment and loan repayments. Cash used in operating & investment activities were covered by cash provided by financing activities.

Financing Activities

A large portion of funds came from new loans since the year started amounting to P320Million to date. Additional advances from stockholders amounting to Php20.13Million also came in—mostly during the first quarter. On top of this, the additional financing provided to our two newly-acquired subsidiaries by way of payable notes amounted to P482.4 Million. This amount already excludes the P222.8Million extinguishment of loans by Influent's previous majority owners in the 3rd quarter.

Net cash provided by financing activities amounted to **P900.08 Million**.

Operating Activities

Consolidated cash used in operating activities as of September 30, 2008 was P91.96 Million. This was lower than the P138.5Million used as of end December 2007. Funds were mainly generated from the operating units of Egames, IP Converge, and new subsidiaries Prolexic, Influent, & Megamobile.

Investing Activities

The group's keen eye for opportunities is shown in its acquisition of new companies at the start of 2008. This is reflected by the increase in goodwill to P312.6 Million. It also continued to make capital investments as illustrated by the P345 Million addition to property & equipment since yearend 2007.

The Data Center business continues to be a stable source of funds for the group with its recurring inflows from new and existing customers. The subscriber base of Egames, on the other hand, has grown with the introduction of its latest title, Cabal Online. Revenue (and cash) contributions from these subscribers will continue to increase, and will finance operations. Both of these businesses, on their current state, are self-sustaining. Any additional funds required by these companies in the future, will be used for expansion.

We also continue to look for ways to provide for an efficient and cost-effective working environment. By centralizing our procurement process, partnering with key suppliers, and leveraging on the growing size and requirements of our existing businesses, we expect to contain acquisition costs and overall cost structure.

Requirements under SRC Rule 17 and 68.1

We have extensively disclosed the risks in our Annual Report 17A filed with the exchange on May 15, 2008.

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

Companies in the outsourcing business and those with USD-denominated billings are naturally prone to the movements in the exchange rates. These companies include, IP Converge Data Center (85% USD billings) and IP Contact Center Outsourcing Inc. (100%), both operating in the Philippines.

During the regime of a strong Peso, 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 and its subsidiaries do 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 IPVG.

IPVG's investments in foreign securities are limited to its shares in Interactive Teleservices Inc. (Influent) and in Prolexic Inc. Both of these companies are not traded in any public exchanges in their territories.

Aside from risks that are inherent in our businesses, such as risks from competitive forces and from the performance of business operations, we do not foresee any other trend, event or uncertainty that will have a material impact on our net sales and income from the continuing operations of our subsidiaries.

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

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

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

Under the terms of the Agreement with Reach Network Philippines Inc. and IP Converge Data Center for the acquisition of the assets of the former's data center facilities, IP Converge has opened Standby Letter of Credit with a local bank in favor of Reach Network Philippines Inc. that allows Reach to draw against the SBLC in the

event that IP Converge ceases its business operations and vacates the premises at the 34th floor. The standby Letter of Credit will expire on August 31, 2010.

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

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

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

We have not issued, repurchased, nor repaid any debt and equity securities.

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.

During the period reported, our company acquired 100% of Prolexic Technologies, Inc., and 70% each of Interactive Teleservices Corporation (Influent) & Megamobile, Inc. These acquisitions have material period to period changes on our financial statements.

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

There have been no changes in any contingent liabilities or assets since the last annual balance sheet date.

Disclosures not made under SEC Form 17-C.

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

Other subsequent events disclosed under SEC Form 17-C.

None to disclose, other than those subsequently mentioned.

OTHER OPERATIONAL INFORMATION

DIRECTORS & CORPORATE OFFICERS

Directors:

Name	Age	Citizenship	Positions held	Term of Office
Jaime C. Gonzalez	62	Filipino	Director, Chairman,	11 June 2003 - present
Jaime Enrique Y. Gonzalez	31	Filipino	Managing Director, CEO & President	11 June 2003 – present
Srinivas Polishetty	41	Indian	Director, Treasurer	13 Feb 2004 - present
Marco Antonio Y. Santos	39	Filipino	Director, Deputy Chairman	13 Feb 2004 - present
Roger Stone	60	British	Director, Deputy Chairman	19 June 2006 - present
Eduardo Martin Lichauco	39	Filipino	Director	19 June 2006 - present
Juan Kevin Belmonte	46	Filipino	Director	26 July 2007- present
Emmanuel L. Jalandoni	39	Filipino	Director, CFO & CIO	27 November 2007 – present
Sheila Quien – Feliciano	34	Filipino	Director, Corporate Secretary, Compliance Officer & Alternate CIO	27 June 2008 - present
Rene Fuentes	61	Filipino	Independent Director	13 Feb 2004 - present
Juan Victor S. Tanjuatco	60	Filipino	Independent Director	22 October 2004 -present

Mr. Jaime C. Gonzalez is a graduate of the Harvard Business School (MBA) and of De La Salle University in Manila: B.A. in Economics (com laude) and B.S. in Commerce (cum laude). He is presently Chairman and Chief Executive Officer of AO Capital Partners Limited, a financial and investment advisory firm with headquarters in Hong Kong. He is a member of the Board of Directors of a number of publicly listed companies, including IPVG Corp., Euromoney Institutional Investor PLC (a leading international media group focused primarily on the international finance sector listed in the London Stock Exchange); and Chairman of Export and Industry Bank (a commercial bank listed in the Philippine Stock Exchange).

Mr. Jaime Enrique Y. Gonzalez is the founder and incorporator of IPVG Corp., and its predecessors Adobo Interactive Inc. and Balikbayanmail.com. He managed the company's growth from start-up to take-off stage to its present structure and size. Mr. Gonzalez also serves as a Director on the board of Retail Specialist Inc., Elite Holdings, Inc. and has held past directorships with Edsamil Philippines, Inc. His undergraduate studies was in Middlebury College and he participated in a Masters in Entrepreneurship course at the Asian Institute of Management.

Mr. Srinivas Polishetty is currently the Vice President of American Orient Capital Partners (Philippines). He has an MBA degree from the Asian Institute of Management and McGill University of Montreal. Prior to joining American Orient Capital Partners (Philippines), he worked as an equity research analyst covering Asian utilities and was a deputy director for a leading Indian oil and gas firm.

Mr. Marco Antonio Y. Santos is a Director in Mapua Information Technology Center Inc., iPeople Inc. (a listed company), Market Intelligence Holdings, Inc., Indio Communication Inc.; Chairman in Edsamil Holdings Pte Ltd. and Touch Media Philippines Inc. He was General Manager of Edsamil Singapore Private Ltd. (2000-2001), Head Marketing of Evoserve, Inc (2000), Director of Mezcal Corporation of the Philippines (1998), AVP Marketing Manager of Philippine Fuji Xerox (1996-2000), Marketing Trainee of Fuji Xerox Co. Ltd. Japan (1992-1995) and Copywriter/Marketing Officer of Basic/ Foote, Cone and Belding (FCB) (1990-1992), and presently Directors in Pocket Aces Corp., International On-Line Games, Inc., Clubs Diamond PanPac Corporation and Botika Ng Munisipyo, Inc. Mr. Santos holds a Bachelors of Science Degree from the Ateneo de Manila University (1990), majoring in Management Engineering.

Mr. Rene Fuentes is currently the Liberal Arts Program Director and Advisor of Sycip Gorres Velayo & Co. (SGV & Co.) His business experience during the past 5 years up to present, include management consultancy and directorship in foundations and private companies, which include, La Flor De La Isabela, International Wine & Food Society (Philippine Branch), Philippine-Australia Business Council, Philippine-New Zealand Business Council, De La Salle University Science Foundation, Inc., and 1911 Insurance Agency Corporation. He took his MBA from University of Sta. Clara, United States.

Mr. Eduardo Martin Lichauco is Senior Vice President of AO Capital Partners, an investment and financial advisory services firm, covering the Asia Pacific region. He is also Managing Director of AO Tholons Capital, AO Capital's joint venture private equity fund with Tholons Capital. Prior to AO Capital, he was Country Manager of ations of Walden International, a leading global venture capital firm. He also served in a concurrent capacity as Vice-President of the firm's South/Southeast Asia operations, identifying cross-border investment opportunities between the US and the region in the semiconductor, software, IT-Enabled Services and telecommunication industries. Mr. Lichauco has over 15 years of private equity and venture capital experience and started his career with H&Q Philippines, Inc. where he served as Associate Director. Mr. Lichauco also worked with the Project Finance division of ING Bank, in between his stints with Walden and H&Q.

Mr. Lichauco received his Masters in Business Administration (MBA) with Honors from the Arthur D. Little School of Management in Chestnut Hill, Massachusetts, USA. He also holds a Bachelor of Arts degree, Major in Economics from the Ateneo de Manila University in Manila, Philippines.

Mr. Juan Kevin G. Belmonte is the president of Nuvoland, a real estate company, and Philstar Global Corporation which owns and operates philstar.com, a leading internet portal. He sits on the Boards of the Philippine Star Group of Companies, IP E-Game Ventures, Inc., and Nuvoland. Mr. Belmonte was a partner at Arthur Andersen & Co./SGV & Co. He received his Masters in Management from Northwestern University, USA.

Mr. Roger Stone has had more than thirty (30) years experience in the areas of marketing, sales, software development and executive management in the IT and telecommunications industries. For a number of years he ran his own consultancy business and leveraged his exposure to European, Asian & Pacific rim, Central and Latin American business markets. He has spent almost 20 years of his career working outside the United Kingdom in Austria, Hong Kong, India, Philippines, Vietnam, Thailand and Costa Rica and has held senior management posts in IT companies including CEO of a UK based plc. He graduated from Loughborough University of Technology in the United Kingdom with an Honours degree in Aero /Automotive Engineering.

Mr. Juan Victor Tanjuatco is a holder of a Masters Degree in Business Administration in Finance from Wharton School of Finance and Commerce, University of Pennsylvania and a Bachelor of Arts Degree in Economics from Ateneo de Manila University (cum laude), he has built up his work expertise through extensive exposure in the United States with IBM Philadelphia, in Hongkong with Credit Agricole Indosuez (formerly Banque Indosuez), in New Zealand also with Banque Indosuez, and in the Philippines, with Banque Indosuez, Manila Offshore Branch and the Bancom Group, Inc. Mr. Tanjuatco is currently the Executive Vice President of Export and Industry Bank, Chairman and Director of Tincan Mobile Solutions, Inc., Director of Ketmar Fast food Corp. and President of Tanjuatco Development Corp. and Tanay Central Rice Mill, Inc.

Mr. Emmanuel L. Jalandoni holds a Bachelors of Science Degree from the Ateneo de Manila University (1990), majoring in Management Engineering. Before joining the Company as the Chief Finance Officer, Mr. Jalandoni was Chief Finance Officer for Edsamail Holdings Pte Ltd. an e-commerce company and Internet Service Provider that pioneered the free email services in the country. Prior to that, he was also the Program Sales Manager for Wholesale Banking Solutions at Unisys Asia Division from 1998 to 2000, and held various positions at Citibank N.A., Manila branch from 1990 to 1997. As the current group Chief Finance Officer of IPVG, he is in charge of Accounting, Finance and Treasury operations of the parent company and of the different subsidiaries.

Atty. Shiela Quien-Feliciano holds a Juris Doctor Degree from the Ateneo de Manila University School of Law (1999) and passed the Philippine Bar Examinations in 2000. Ms. Feliciano has been practicing law, specializing in Corporate Law and Mergers & Acquisitions, for the past nine years. Before joining the Corporation in 2005, she was the Vice-President for Legal of The Music One Corporation, which operated the Music One and Tower Records franchise in the Philippines (2002-2005). Prior to that, she was an Associate with Puyat Jacinto and Santos Law Offices.

Executive officers and Significant Employees of IPVG and Subsidiaries

In addition to **Mr. Jaime Enrique Y. Gonzalez** who is the President and Chief Executive Officer of the Corporation (since 2003), **Mr. Roger Stone** who is the Deputy Chairman (since January 2005), and **Mr. Emmanuel L. Jalandoni**, the Chief Financial Officer (since May 2004), the other Executive officers and Significant Employees of the Corporation and its subsidiaries – and members of the IPVG Management Committee, are:

Reynaldo R. Huergas President, IP Converge Data Center Inc. (since January 2006)

Rene is a seasoned executive with more than twenty-year (20) track record of successful sales and marketing, business development, management and executive experience in technology, telecommunications, and customer service management in Asia and the United States. Prior to joining IPVG, he was Managing Director of myAyala Inc. Contact Center Solutions and Services Group from June 2005, and for Global Data Hub Inc. (formerly Ayalaport Makati Inc.) from April 2004 to May 2005, where he managed a full-scale data center operation. He spent ten years in Hong Kong, Singapore and Indonesia in companies where he occupied senior management positions, was Vice President for Fixed Networks Group of Globe Telecoms from 1994 to 1997, and was Country Manager for Unisys World Trade Inc. - Indonesia and Singapore.

Steve Tsao President, IP E-Game Ventures Inc. (since January 2004)

Steve has held various management positions over seven (7) years within the companies Dupont and Corning. He has had specific experience in the wide scale deployment of IT Solutions and Operational Integrations of Mergers & Acquisitions. Steve has an MBA from Babson College (presently ranked #1 for Entrepreneurship) and studied International Business at Harvard. Steve is also a pioneering MMOG gamer, starting some of the earliest MMOG communities and portals. He has experience in consulting for some of the top MMOG developers.

Mohan Kulkarni President & CEO, IP Contact Center Outsourcing, Inc. (since April 2008)

An Indian Institute of Technology (Mumbai) graduate, Mohan has acquired his Masters in Business Administration from the Harvard Business School. Having started his career with Larsen & Toubro, Mohan moved on to work with Citibank in New York, followed by HSBC, where he held senior positions in the Asia-pacific and Middle-east region. He has substantial experience in setting up and growing consumer banking businesses and BPO operations in the international markets. Before joining IPVG and IPCCO, Mohan was CEO of TeleTech India, and just prior to that he founded FinSource - a financial services company in the Philippines. In the year 2005, TeleTech acquired FinSource.

Warren Liu Chief Technology Officer (since November 2003)

Warren has over ten (10) years of experience in the Gaming and Technology Industry. He has consulted and managed network solutions for clients in the United States as well as throughout Asia. He is the founder of Wewp!, one of the first gaming review websites, which subsequently made a successful transition to a private financing group. He is the founder and director of Virtual Batavia a pioneering company in the mobile and technology sector. He has been one of the pioneers in the MMOG space in terms of community and market understanding.

Jose Manuel S. Fernando, Vice President for Business Development (since May 2007)

Manny has over 14 years experience in the telecommunications industry, having started his career in the industry way back in 1994. Prior to joining IPVG, he was the Senior Vice President/Chief Operations Officer in Wireless Services Asia Inc., the first-ever mobile content provider in the Philippines. Manny likewise took management positions in some of the top companies in the industry such as Isla Communications, Ericsson Telecommunications Inc., and Sendo International Ltd. With more than a decade of experience, Manny has gained extensive proficiencies in Commercial Partnership Programs, Business Development and P&L Management. Manny is a founding member and director of the Internet and Mobile Marketing Association of the Philippines (IMMAP) – the premier marketing association for organizations that utilize the internet and

mobile as part or their entire business model. Manny graduated with a degree in Business Management in Ateneo de Manila University. He took his Master's Degree in International Management at The American Graduate School of International Management (Thunderbird) in Arizona, USA.

Antonio Jose Garcia, Vice President for Investor Relations (Since July 2006)

Tonio is a Marketing graduate of De La Salle University, with over 25 years experience in operations management, stock brokerage and portfolio management securities dealing and customer service with AGJ Securities Corp, Vantage Securities Corp. and UOB Securities Corp. He also has extensive experience in the creation, launching, development, and overall management of various businesses, more particularly for Philweb Corp., where he was formerly a Senior Vice President.

Gil Edeza, COO, IP E-Game Ventures, Inc. (since September 2008)

Gil is the former Global CTO of Level-Up Games, and has been involved in major technology start-ups in the country such as Netopia, Wolfpac Communications, and Level Up. He counts 18 years of experience in the Information Technology and Telecoms sectors, including his stint as the youngest Country Manager of an IT Multinational Company – 3Com.

Alejandro James A. Chiongbian, President, i-Pay Commerce Ventures Inc. (since April 2007)

Dondi initially joined the IPVG group in 2006 as a Business Consultant/Project Director, and was instrumental in the research, design and development of IPVG's payment and remittance business. Prior to this, he was connected with the Renoir Group from 2004 - 2006. Here, he specialized in the analysis and implementation of organizational change which resulted in significant, measurable, and sustainable profit for companies - in the banking, finance, logistics, manufacturing, processing, medical and health, real estate and telecommunications industries - across the Asia Pacific and the United States. From 1999 – 2001, Dondi held various positions in Eastern Shipping Lines and Eastern International Plastic Packaging Corp. He has an MBA from the Asian Institute of Management in the Philippines and holds a degree in Finance from the George Washington University in Washington DC, USA.

Family Relationships

Mr. Jaime C. Gonzalez is the father of Jaime Enrique Y. Gonzalez. Jaime Enrique Y. Gonzalez and Marco Y. Santos are second cousins. Christopher Cox is the son-in-law of Jaime C. Gonzalez and the brother-in-law of Enrique Gonzalez.

IPVG CORP. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
As of September 30, 2008 (Unaudited)

IPVG CORP. & SUBSIDIARIES

Audited Balance Sheet as of December 31, 2007 & Unaudited Balance Sheets as of September 30, 2008 & September 30, 2007

	30-Sep-08 Unaudited	31-Dec-07 Audited	30-Sep-07 Unaudited
ASSETS			
Current Assets			
Cash	98,724,834	171,189,335	754,323,928
Short-term Investments	0	125,000,000	
Receivables - net	763,981,361	261,927,015	209,979,534
Due from related parties	190,012,088	139,594,522	99,457,649
Inventory	11,655,682	12,180,647	10,382,820
Prepaid expenses and Other Current Assets	261,213,100	179,915,823	58,692,809
Total Current Assets	1,325,587,065	889,807,342	1,132,836,740
Noncurrent Assets			
Investment in associates & joint ventures - net	344,679,171	9,999,998	31,944,580
Property Plant and Equipment - net (Note 4)	432,740,824	184,674,629	150,522,962
Intangible Assets - net	649,730,711	322,714,757	60,811,963
Deferred Income tax	112,409,636	32,429,508	28,881,855
Other Assets	31,696,554	52,019,043	4,382,684
Total Noncurrent Assets	1,571,256,896	601,837,935	276,544,043
Total Assets	2,896,843,961	1,491,645,277	1,409,380,783
LIABILITIES AND STOCKHOLDER'S EQUITY			
Current Liabilities			
Accounts Payable and accrued expenses	413,096,871	208,328,785	222,435,065
Notes Payable	235,512,402		
Loans Payable - Current	217,329,947	105,185,128	100,176,206
Current portion of obligations under finance lease	11,345,799	5,674,156	818,911
Advances from Officers & Stockholders	21,518,220	1,386,539	4,313,102
Income Tax Payable	3,080,777	12,077,835	
Unearned Revenue	70,408,557	32,988,795	
Other Current Liabilities	82,529,389	58,499,245	102,412,039
Total Current Liabilities	1,054,821,962	424,140,482	430,155,322
Noncurrent Liabilities			
Loans Payable - Non current	228,526,037	20,964,150	29,989,493
Notes Payable - Long-term	246,950,296		
Obligations under finance lease	527,485	527,485	6,816,310
Subscription Payable	7,666,092	7,666,092	
Accrued Retirement Liability	2,951,017	3,502,615	
Other noncurrent liabilities	1,431,021	1,431,021	12,129,209
Total Noncurrent Liabilities	488,051,947	34,091,362	48,935,012
Total Liabilities	1,542,873,909	458,231,844	479,090,335
Minority Interest	120,003,946	39,107,178	(13,933,065)
Share in Accumulated Losses of a Subsidiary in excess of Investment	(2,857,980)	(2,857,980)	
Stockholders' Equity	1,236,824,086	997,164,234	944,223,513
Total Liabilities & Stockholders Equity	2,896,843,961	1,491,645,277	1,409,380,783

IPVG CORP and Subsidiary				
Statements of Income				
For the Nine Month Period Ended September 30, 2008 and 2007				
	September 30, 2008	September 30, 2007	Increase /	
	Unaudited	Unaudited	(Decrease)	%
Gross Sales	2,782,698,355	612,854,199	2,169,844,156	354%
Less: Discount	60,441,671	56,127,667	4,314,004	8%
Net Revenues	2,722,256,683	556,726,531	2,165,530,152	389%
Less: COST OF SERVICES	1,491,102,132	262,098,275	1,229,003,857	469%
GROSS PROFIT	1,231,154,552	294,628,257	936,526,295	318%
EXPENSES				
Salaries, and other employees' benefits	470,785,630	61,829,507	408,956,122	661%
Communication, light & Water	75,554,829	8,424,791	67,130,039	797%
Professional Fees	75,771,225	11,651,914	64,119,311	550%
Other Outside Services	83,864,143	5,910,614	77,953,529	1319%
Representation expenses	6,408,326	4,954,672	1,453,654	29%
Taxes and licenses	26,456,244	5,940,665	20,515,579	345%
Rental expenses	59,286,930	5,837,053	53,449,877	916%
Supplies & other Office expense	33,171,844	7,500,529	25,671,315	342%
Repairs and Maintenance	10,041,427	370,366	9,671,061	2611%
Advertising and Promotions	47,433,083	18,603,081	28,830,002	155%
Transportation and Travel	55,797,615	16,649,599	39,148,016	235%
Depreciation and Amortization expense	116,139,510	32,896,179	83,243,330	253%
Miscellaneous expense	14,606,925	749,846	13,857,079	1848%
Commission expense	17,283,850	159,288	17,124,562	10751%
Loss on Damages	0		0	
Provision for Doubtful expense	17,508,798		17,508,798	
Donation	584,149	699,800	(115,651)	-17%
Total Operating Expenses	1,110,694,527	182,177,905	928,516,623	510%
Income (Loss) From Operations	120,460,025	112,450,352	8,009,672	7%
Other Income/Expenses				
Bank charges	(5,468,876)	(1,059,327)	(4,409,549)	416%
Interest Income	7,429,793	3,932,467	3,497,326	89%
Interest Expense	170,521,110	(6,176,614)	176,697,724	-2861%
Other Income/Expense	(47,661,559)	12,465,399	(60,126,957)	-482%
Gain/loss on forex	9,037,236	(1,934,842)	10,972,079	-567%
Loss on disposal	(450,852)			
Other Income/Expense	133,406,853	7,227,083	126,179,769	1746%
Income (Loss) Before Share in Net Losses (Income)	253,866,877	119,677,435	134,189,442	112%
Share in Net Losses (Income) of Consolidated Subsidiaries in excess of Investm	(80,896,768)		(80,896,768)	n/a
Income (Loss) Before Tax	172,970,109	119,677,435	53,292,674	45%
Provision for Income Tax	5,412,292		5,412,292	n/a
Net Profit (Loss) After Tax	167,557,817	119,677,435	47,880,382	n/a
Earnings (Loss) Per share	0.376	0.179		
Outstanding Shares	675,501,163	670,001,163		

IPVG CORP and Subsidiary				
Statements of Income				
For the Three Month Period Ended September 30, 2008 and 2007				
	September 30, 2008	September 30, 2007	Increase /	
	Unaudited	Unaudited	(Decrease)	%
Gross Sales	950,473,028	277,602,032	672,870,996	242%
Less: Discount	22,310,339	21,064,150	1,246,189	6%
Net Revenues	928,162,689	256,537,882	671,624,807	262%
Less: COST OF SERVICES	515,679,900	96,869,721	418,810,179	432%
GROSS PROFIT	412,482,789	159,668,161	252,814,628	158%
EXPENSES				
Salaries, and other employees' benefits	158,282,522	28,196,381	130,086,141	461%
Communication, light & Water	25,675,248	3,495,173	22,180,075	635%
Professional Fees	37,429,553	5,782,231	31,647,322	547%
Other Outside Services	30,473,942	3,129,934	27,344,008	874%
Representation expenses	2,153,956	2,445,445	(291,489)	-12%
Taxes and licenses	12,133,449	2,796,673	9,336,776	334%
Rental expenses	19,545,835	4,796,741	14,749,094	307%
Supplies & other Office expense	15,012,602	3,308,708	11,703,894	354%
Repairs and Maintenance	3,643,660	93,312	3,550,348	3805%
Advertising and Promotions	15,086,003	7,981,026	7,104,977	89%
Transportation and Travel	18,181,010	6,703,844	11,477,166	171%
Depreciation and Amortization expense	48,288,016	12,843,879	35,444,137	276%
Miscellaneous expense	5,372,915	271,695	5,101,220	1878%
Commission expense	6,501,051	63,987	6,437,063	10060%
Loss on Damages	0		0	n/a
Provision for Doubtful expense	10,614,960		10,614,960	n/a
Donation	40,053	649,850	(609,797)	-94%
Total Operating Expenses	408,434,774	82,558,879	325,875,896	395%
Income (Loss) From Operations	4,048,015	77,109,282	(73,061,268)	-95%
Other Income/Expenses				
Bank charges	(2,117,467)	(553,990)	(1,563,477)	n/a
Interest Income	655,515	3,774,960	(3,119,446)	-83%
Interest Expense	198,972,818	(3,866,145)	202,838,963	n/a
Other Income/Expense	381,086	1,408,768	(1,027,682)	-73%
Gain/loss on forex	1,862,570	(1,706,712)	3,569,282	n/a
Loss on disposal	(450,852)			
Other Income/Expense	199,303,669	(943,119)	200,246,788	n/a
Income (Loss) Before Share in Net Losses (Income)	203,351,683	76,166,163	127,185,521	167%
Share in Net Losses (Income) of Consolidated Subsidiaries in excess of Investm	(70,449,141)		(70,449,141)	n/a
Income (Loss) Before Tax	132,902,542	76,166,163	56,736,379	74%
Provision for Income Tax	2,036,659		2,036,659	n/a
Net Profit (Loss) After Tax	130,865,883	76,166,163	54,699,720	n/a
Earnings (Loss) Per share	0.301	0.114		
Outstanding Shares	675,501,163	670,001,163		

IPVG Corp and Subsidiaries
Consolidated Statement of Cashflow
For the Nine Month Period ended September 30, 2008 and September 30, 2007, and 12-Month Period ended December 31, 2007 (Audited)

	September 30, 2008 Unaudited	December 31, 2007 Audited	September 30, 2007 Unaudited
CASHFLOWS FROM OPERATING ACTIVITIES			
Net Income (loss) before tax	253,866,877	183,984,382	119,677,435
Adjustments for:			
Gain (loss) on disposal of property and equipment		(58,218,139)	
Depreciation, Amortization	116,139,510	51,570,924	32,200,186
Stock options benefit			
Interest expense	(170,521,110)	10,753,352	
Loss on disposal of property and equipment			
Interest Income	(7,429,793)	(8,273,535)	(3,932,467)
Impairment losses		3,553,040	
Operating loss before working capital changes	192,055,484	183,370,024	147,945,153
Changes in operating assets and liabilities			
Decrease (increase) in:			
Receivables	(502,054,345)	(116,439,101)	(147,129,191)
Due from related parties	(50,417,566)	(134,192,798)	(94,055,925)
Inventories	524,965	(9,244,366)	(6,327,039)
Prepayments and other current assets	(81,297,277)	(161,031,512)	(34,098,319)
Deferred Income Tax	(94,389,478)		
Increase (Decrease) in:			
Accounts Payable and accrued expenses	204,768,086	94,457,308	105,833,382
Other Current Liabilities	24,030,144	17,279,988	28,130,890
Unearned Revenue	37,419,761	(2,502,421)	
Accrued Retirement	(551,598)	1,342,810	
Cash Provided by (used) in Operations	(269,911,825)	(126,960,068)	298,951
Interest received	7,429,793	5,702,424	3,932,467
Income taxes paid		(6,488,231)	
Interest paid	170,521,110	(10,753,352)	
Net Cash Provided by (used in) Operating Activities	(91,960,921)	(138,499,227)	4,231,418
CASHFLOWS FROM INVESTING ACTIVITIES			
Decrease (Increase) in goodwill	(312,627,625)	(271,530,070)	
Increase in Investment of Shares of Stock	(334,679,172)		(31,944,580)
Proceeds from disposal of property and equipment			
(Acquisitions)/Disposal of:			
Property and equipment	(345,357,356)	(142,080,844)	(84,160,662)
Intangible Assets	(33,236,678)	(48,960,218)	(38,703,409)
Proceeds from Short-term Investments	125,000,000	(125,000,000)	
Decrease (increase) in other noncurrent assets		(47,636,359)	
Additional investments in associates and joint venture		(2,499,998)	
Increase in other assets	20,322,488		
Net Cash used in Investing Activities	(880,578,343)	(637,707,489)	(154,808,651)
CASHFLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans	319,706,706	102,293,097	93,162,931
Repayment of loans		(13,146,587)	
Increase (decrease) in obligations under finance lease	5,671,643	(5,369,410)	(3,935,829)
Increase (decrease) in other noncurrent liabilities	0	(3,279,906)	(887,312)
Increase (decrease) in Notes Payable	482,462,698		
Proceeds from Issuance of shares of stock	1,050,000	147,965,795	122,315,978
Deposits for Future Subscription	28,990,667		
Decrease (Increase) in share in accumulated losses of subsidiaries in excess of investments		11,075,085	
(Repayment) Advances from officers and stockholders	20,131,681	(4,426,563)	(1,500,000)
Increase in Additional paid-in capital	42,061,368	654,765,312	648,080,129
Additions to minority interest		9,853,964	
Net Cash Provided by Financing Activities	900,074,764	899,730,787	857,235,897
Net Increase / (Decrease) in Cash and Cash Equivalents	-72,464,501	123,524,071	706,658,664
Cash and Cash Equivalents at the Beginning of the Year	171,189,335	47,665,264	47,665,264
Cash and Cash Equivalents at the End of the Period	98,724,834	171,189,335	754,323,927

IPVG Corp and Subsidiaries
Consolidated Statement of Changes in Stockholders Equity

	9-Month Period Ending 30-Sep-08	9-Month Period Ending 30-Sep-07
	Unaudited	Unaudited
CAPITAL STOCK		
Common Stock		
Balance at Beginning of year	622,948,863	430,883,068
Conversion of Advances from Stockholders to Equity		
Transfer From Deposit for Future Subscription		
Issuances during the year	1,050,000	113,315,978
Balance at the end of the Period	623,998,863	544,199,046
Additional Paid In Capital		
Balance at Beginning of year	770,532,758	115,767,446
Additions during the year	4,250,000	
Paid-In Capital from Issuance of Shares of Stock	37,811,368	657,080,129
Balance at the end of the Period	812,594,126	772,847,575
Deposits for Future Subscription		
Balance at Beginning of year	1,009,333	45,109,333
Conversion of Advances from Affiliates to Equity		
Issued as Common Stock		
Transfer to Additional Paid In Capital		
Additions (issuances) during the year	28,990,667	
Balance at the end of the Period	30,000,000	45,109,333
Common Stock Options Outstanding		
DEFICIT		
Balance at Beginning of year	(397,242,831)	(543,734,584)
Net Income (Loss)	167,557,817	119,677,435
Balance at the end of the Period	(229,685,014)	(424,057,149)
TREASURY STOCK at cost - 97,510 shares		
Balance at Beginning of year	(83,888)	(83,888)
Balance at the end of the Period	(83,888)	(83,888)
Minority Interest		
Balance at Beginning of the year	39,107,178	6,208,597
Additions during the year		
Share in Net Income (loss) during the year	80,896,768	
Issuance of shares	0	
Balance at the end of the Period	120,003,946	6,208,597
Total Stockholders Equity	1,356,828,033	944,223,514

IPVG Corp. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Unaudited

1. Corporate Information

IPVG Corp. (the Parent Company) is a company incorporated in the Philippines and listed in the Philippine Stock Exchange (PSE). The Parent Company's primary purpose is to invest its funds in information technology businesses, as well as engage in management of investment in media and information technology industry, and to engage in the business of providing internet, intranet, extranet, content delivery, non-regulated on-line gaming, non-regulated computer game retailing, call centers, data center and value-added services to any and all types of information technology users, whether private or government-owned, in the local, regional and global markets, including but not limited to reselling manufacturing, assembling, processing, producing, inventing and developing, any and all kinds of communication products and services; purchase, sale, import and export, license, distribution and rental of any computer hardware, equipment and all other types of similar or allied products and the components thereof; engage in e-commerce, including but not limited to purchase, sale, import and export distribution and marketing at wholesale and retail insofar as may be permitted by law, all kinds of goods, commodities, ware and merchandise of every kind and description through the use of internet, intranet, extranet and other value-added services; and in consequence or as may be necessarily useful and convenient in the premises, carry on and undertake such activities which may be reasonably and conveniently carried on in connection with or incidental to the above purpose, or calculated, directly or indirectly, to enhance the value of or render profitable, any of the Corporation's property or rights.

The Parent Company's registered office address is at 34th Floor, Tower 2, RCBC Plaza, Ayala Avenue, Makati City.

The consolidated financial statements of IPVG Corp. and Subsidiaries (the Group) as of and for the quarter ended September 30, 2008 are authorized for issuance by the Audit Committee on **August 19, 2008** subject to adjustments based on internal and external audit.

2. Summary of Significant Accounting Policies

Adoption of New Standards, Revised Standards, Amendments to Standards and Interpretations

The FRSC approved the adoption of new standards, revised standards, amendments to standards and interpretations.

New Standard and Amendment to Standard Adopted in 2007

Effective January 1, 2007, the Group adopted the following new standard and amendment to standard which are relevant to its operations:

- PFRS 7, *Financial Instruments: Disclosures*, introduces new disclosures to improve the information about financial instruments. It requires the disclosure of quantitative and qualitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, as well as sensitivity analysis to market risk. It replaces the disclosure requirements of PAS 32, *Financial Instruments: Disclosures and Presentation*. Adoption of this standard resulted in the inclusion of additional disclosure on the consolidated financial statements (see Note 4).

The Group adopted the amendment to the transitional provisions of PFRS 7 as approved by the FRSC of the Philippines, which gives transitory relief with respect to the presentation of comparative information for the new risk disclosures about the nature and extent of risks arising from financial instruments. Accordingly, the Group did not present comparative information for the disclosures required by PFRS 7, unless the disclosures were previously required under PAS 32; and

- Amendment to PAS 1, *Presentation of Financial Statements - Capital Disclosures*, introduces disclosures about the entity's objectives, policies and processes for managing capital; quantitative data about what the entity regards as capital; whether the entity has complied with any capital requirements; and if it has not complied, the consequences of such non-compliance. Adoption of these amendment resulted in inclusion of additional disclosures in the consolidated financial statements (see Note 4).

New Standard, Revised Standards, Amendment to Standard and Interpretations Not Yet Adopted

- PFRS 8, *Operating Segments*, requires an entity to adopt the “management approach” to reporting segment information. It is required for adoption only by entities whose debt or equity instruments are publicly traded, or are in the process of filing with the Philippine SEC for the purposes of issuing any class of instruments in a public market. PFRS 8 is effective for annual periods beginning on or after January 1, 2009 and will replace PAS 14, *Segment Reporting*;
- Revised PFRS 3, *Business Combinations*, includes in its scope business combinations involving only mutual entities, and those in which separate entities or businesses are brought together to form a reporting entity by contract alone. All business combinations are accounted for by applying the acquisition method (referred to previously as the purchase method). Revised PFRS 3 is effective for annual periods beginning on or after July 1, 2009;
- Revised PAS 1, *Presentation of Financial Statements*, this revised standard will be effective for financial years beginning on or after January 1, 2009. In accordance with the revised PAS 1, the statements of changes in equity shall include only transactions with owners, while all non-owner changes will be presented in equity as a single line with details included in a separate statement. Owners are defined as holders of instruments classified as equity.

In addition, the revised PAS 1 provides for the introduction of a new statement of comprehensive income that combines all items of income and expense recognized in the statements of income together with “other comprehensive income”. The revisions specify what is included in other comprehensive income, such as gains and losses on available-for-sale assets, actuarial gains and losses on defined benefit pension plans and changes in the asset revaluation reserve. Entities can choose to present all items in one statement, or to present two linked statements, a separate statement of income and a statement of comprehensive income;

- Revised PAS 23, *Borrowing Costs*, removes the option to expense borrowing costs and requires that an entity capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Revised PAS 23 is effective for annual periods beginning on or after January 1, 2009;
- Amendment to PAS 27, *Consolidated and Separate Financial Statements*, relates mainly to changes in the accounting for non-controlling interest and the loss of control of a subsidiary. Amendment to PAS 27 is effective for annual periods beginning on or after July 1, 2009;
- IFRIC 11, *PFRS 2 - Group and Treasury Share Transactions*, describes how to apply PFRS 2, *Share-based Payment*, to share-based payment arrangements involving an entity's own equity instruments and share-based payment arrangements of subsidiaries involving equity instruments of its parent company. IFRIC 11 is effective for annual periods beginning on or after January 1, 2008;
- IFRIC 13, *Customer Loyalty Programmes*, addresses the accounting by entities that operate, or otherwise participate in, customer loyalty programmes for their customers. It relates to customer loyalty programmes under which the customer can redeem credits for awards such as free or discounted goods or services. IFRIC 13 is effective for annual period beginning on or after July 1, 2008; and
- IFRIC 14, *PAS 19 Employee Benefits - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*, clarifies when refunds or reductions in future contributions in relation to defined benefit assets should be regarded as available and provides guidance on the impact of minimum funding requirements (MFR) on such assets. It also addresses when a MRF

might give rise to a liability. IFRIC 14 is effective for annual periods beginning on or after January 1, 2008.

Under prevailing circumstances, the adoption of the above new standard, revised standards, amendment to standard and interpretations are not expected to have a material effect on the Group's financial statements.

The following summary explains the significant accounting policies which have been adopted and consistently applied in the preparation of the consolidated financial statements.

Principles of Consolidation

The consolidated financial statements include the accounts of the Parent Company and the individual accounts of the following subsidiaries:

<i>Name of Subsidiary</i>	<i>Proportion of Ownership Interest Held by</i>		<i>Effective Equity Interest of the Parent Company</i>
	<i>Parent Company</i>	<i>Subsidiary</i>	
IP Converge Data Center Inc. (IPCDC)	100.00%		100.00%
IP-Converge Pte. Ltd. (IPCP)		100.00%	100.00%
IP Converge Data Services, Inc. (IPDS) ^(a)		100.00%	100.00%
IP Contact Center Outsourcing Inc. (IPCCO)	100.00%		100.00%
International On-line Games, Inc. (IOG) ^(a)	100.00%		100.00%
Station 168 Corp. (S168) ^(a)	100.00%		100.00%
IP E-Game Ventures Inc. (IPEG)	71.01%		71.01%
Ran On-line, Inc. (ROI) ^(a)		71.01%	71.01%
Prolexic Technologies	100.00%		100.00%
Interactive Teleservices Corporation (Influent)	35.00%	35.00%	70.00%
Megamobile, Inc.	70.00%		70.00%
I-Pay Commerce Ventures Inc. (iPCV)	56.67%		56.67%
IP Distance Learning Ventures Inc. (IPDL) ^(a)	60.00%		60.00%
Single Search Philippines, Inc. (SSPI) ^(b)	50.94%		50.94%
Next Sequel Interactive Inc. (NSI) ^(b)	33.33%		33.33%
TCommunications and Community, Inc. ^(a)	40.00%		40.00%
First Cagayan Converge Data Center, Inc. (FCCDCI)		40.00%	40.00%

(a) *Non-operational*

(b) *Dormant*

IPCDC is a company registered and incorporated in the Philippines to develop, produce, design, integrate, sell, buy or otherwise deal with goods and services in connection with the transmission, receiving, or exchange of voice, data, video or any form or kind of communication.

IPCP is a company registered and incorporated in Singapore to carry on the business of an internet access/service provider. IPCP was incorporated on July 23, 2007 and has not started commercial operations.

IPDS is a company registered and incorporated in the Philippines to render various services and applications such as data center services, co-location services and managed services. IPDS was incorporated on September 6, 2005 and has not started commercial operations.

IPCCO is a company registered and incorporated in the Philippines to engage in business process outsourcing activities and operate as a contact center.

IOG is a company registered and incorporated in the Philippines to engage in the business of interactive gaming and content distribution, catering to the local, regional and global market and provide internet, intranet, extranet and other value-added services. IOG was incorporated on January 1, 2005 and has not started commercial operations.

S168 is a company registered and incorporated in the Philippines to engage in the business of providing computer and internet service to the public such as interactive online gaming, internet access, lease of computer, and any other incidental services thereto. S168 was incorporated on July 12, 2006 and has not started commercial operations.

IPEG is a company registered and incorporated in the Philippines to engage in the business of interactive gaming and content distribution.

ROI is a company registered and incorporated in the Philippines to engage in the business of interactive gaming and content distribution. ROI was incorporated on August 3, 2006 and has not started commercial operations.

Prolexic is a US-based managed security service provider of Distributed Denial of Service (DDoS) mitigation solutions acquired in January 2008. Prolexic's services use a global network designed to protect businesses from all forms of distributed denial of service attacks and emerging security threats to DNS, VoIP, and email while simultaneously increasing network performance.

Influent offers its Fortune 1000 clients a full range of call center outsourcing solutions that helps its clients acquire, retain, grow and service their customers. It is ranked among the top 20 global business process outsourcing (BPO) companies and operates 10 call centers in the US, Panama and the Philippines. IPVG acquired 70% of Influent to signify its commitment to be a global outsourcing provider.

Megamobile is into the the dynamic and highly competitive area of mobile content and value-added services (VAS). IPVG's investment is aimed to strengthen MEGAMobile's content pipeline, marketing programs, and infrastructure. Its addition to IPVG's current lines of business creates a new product that will form a synergy among its communications, outsourcing and online gaming operations, thus enabling the subsidiaries to reach out to its huge customer base and strategic distribution network.

IP Converge Data Center Pte Ltd., a wholly-owned subsidiary of IPCDC, caters to the ever growing and diverse needs of its customers. IPVG has established its presence in Singapore using its newly acquired Data Center as its launch pad. From the Data Center, IPVG offers co-location, network services, managed services including security, and disaster recovery, and a host of other services and customized facilities that meet the specific needs of our clients' distinct requirements.

iPCV is a company registered and incorporated in the Philippines to provide end-to-end payment solutions, card issuance platforms, payment vehicles linked to electronic wallets, switching solutions, remittance services, and any other value added services for payment processing. IPAY was incorporated on April 16, 2007 and has not started commercial operations.

IPDL is a company registered and incorporated in the Philippines to provide English learning services through learning centers, e-mail, internet, phone, and any other means of communication. IPDL was incorporated on April 24, 2007 and has not started commercial operations.

SSPI is a company registered and incorporated in the Philippines to primarily engage in the business of website and data maintenance, phone line services, and providing relationship matchmaking services for Filipino citizens over the internet. SSPI has suspended its operations in 2004.

NSI is a company registered and incorporated in the Philippines primarily engaged to create, produce, operate, maintain and carry out audio, visual and audio-visual materials including but not limited to presentations, promotions, commercials, and documentaries through any medium of communication or telecommunication. NSI has suspended its operations in 2005. Although the Parent Company controls less than 50% of the voting shares of stock of NSI, it has the power to govern the financial and operating policies of the aforementioned entity. Accordingly, NSI was included in the consolidation.

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable are taken into account.

Subsidiaries are consolidated from the date control is transferred to the Group and cease to be consolidated from the date control is transferred out of the Group.

The financial statements of the subsidiaries are prepared for the same reporting year using uniform accounting policies for like transactions and other events in similar circumstances. All significant intra-group account balances and transactions were eliminated in the consolidated financial statements.

Non-derivative Financial Instruments

Non-derivative financial instruments comprise of cash, short-term investments, receivables, due from related parties, deposits, accounts payable and accrued expenses, loans payable, obligations under finance lease, advances from officers and stockholders, other current liabilities and subscriptions payable.

Non-derivative financial instruments are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

Cash

Cash includes cash on hand and in banks. Cash in banks earns interest at the respective deposit rates.

Receivables

Receivables are recognized and carried at original invoice amounts less allowance for any uncollectible amount. An estimate for doubtful accounts is made when collection of the full amount is no longer probable.

Investments in Shares of Stock

Investments in shares of stock of companies are accounted for by the cost method. Under this method, investments are carried at cost less impairment losses, if any.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation, amortization and impairment losses, if any.

Initially, an item of property and equipment is measured at its cost, which comprises its purchase price and any directly attributable cost of bringing the asset to the location and condition for its intended use. Subsequent costs are added to the carrying amount of the asset when it is probable that future economic benefits associated with the asset will flow to the Group. Costs of day-to-day servicing of an asset are recognized as expenses in the period in which they are incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the estimated useful lives of the improvements or the term of the lease, whichever is shorter.

The estimated useful lives of property and equipment are as follows:

	<u>Number of Years</u>
Computer equipment	3-5
Office furniture and equipment	3-5
Network equipment	7-10
Leasehold improvements	5-7
Software & Licenses	5-7

The useful lives and depreciation and amortization method are reviewed at each balance sheet date to ensure that such useful lives and depreciation and amortization method are consistent with the expected pattern of economic benefits from those assets.

When an asset is disposed of, or is permanently withdrawn from use and no future economic benefits are expected from its disposal, the cost and accumulated depreciation, amortization and impairment

losses, if any, are removed from the accounts and any resulting gain or loss arising from the retirement or disposal is reflected in current operations.

Intangible Assets

Intangible assets consist of computer software which is measured at cost less accumulated amortization and impairment loss, if any. Amortization is computed using the straight line method over the estimated useful lives of three (3) to five (5) years.

Intangible assets also include acquired goodwill which represents the excess of the cost of the acquisition over the fair value of the net identifiable assets at the date of acquisition. Goodwill is stated at cost less impairment loss, if any. Goodwill is reviewed annually or more frequently if events or changes in circumstances indicate the carrying value may be impaired.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized over its useful life and are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed annually or earlier whenever an indicator of impairment exists.

Revenue Recognition

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Group and the revenue can be reliably measured. Revenue is generally recognized upon the performance of the related service.

Impairment of Assets

The carrying amount of the Group's non-current assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the impaired asset is estimated.

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the consolidated statements of operations.

The recoverable amount of non-current assets is the greater of fair value less costs to sell and value in use. 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 inflow largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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 or amortization, if no impairment loss had been recognized.

Share-Based Payment Transactions

Certain employees receive remuneration in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value of the stock options at the date at which they are granted less the established stock option price of P1 per share. Fair value is determined using the closing rate listed in the PSE.

The cost of equity-settled transactions is recognized, together with a corresponding increase in equity, over the period in which the option can be exercised.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are recognized in the consolidated statements of operations on a straight-line basis over the term of the lease.

On the other hand, leases where substantially all the risks and benefits incidental to the ownership of leased properties are transferred to the lessee are classified as finance lease. Minimum lease payments under finance lease are apportioned between the finance charge and the reduction of the outstanding liability. The interest expense component of finance lease payments is recognized in the consolidated statements of operations using the effective interest rate method.

Borrowing Costs

Borrowing costs are expensed as incurred.

Retirement Cost

Retirement cost is computed based on Republic Act No. 7641 (RA 7641) entitled "Retirement Pay Law" which provides that all employees regardless of position, designation or status and irrespective of the method by which the wages are paid are entitled to retirement benefits provided under (a) compulsory retirement at the age of sixty-five (65); (b) optional retirement at sixty (60) or more but not 65 and have served at least five years in the Company.

Income Taxes

Income tax on the profit or loss for the year comprises current and deferred income tax. Income tax is recognized in the consolidated statements of operations except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is provided using the balance sheet liability method. Deferred tax assets are recognized for the future tax consequences attributable to temporary differences between the carrying amounts of assets for financial reporting purposes and the amounts used for taxation purposes and the carry forward tax benefits of the net operating loss carryover (NOLCO) and the minimum corporate income tax (MCIT) over the regular corporate income tax. The amount of deferred tax provided is based on the expected manner of realization of the carrying amount of assets and liabilities, using tax rates enacted at the balance sheet 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 asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. The carrying amount of the deferred tax asset is reviewed at each balance sheet date and reduced, if appropriate.

Related Party Transactions

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. It includes companies in which one or more of the directors and/or controlling interest or are in a position to exercise significant influence therein.

Foreign Currency Translation

The functional and presentation currency of the Group is the Philippine Peso. Transactions in foreign currencies are recorded in Philippine peso based on the exchange rates prevailing at the transaction dates. Foreign currency denominated monetary assets and liabilities are translated into Philippines peso using the prevailing exchange rate at balance sheet date. Exchange gains or losses arising from translation of foreign currency denominated items at rates different from those at which they were previously recorded are credited or charged to operations.

Income / (Loss) per Share

Income or Loss per share is computed by dividing net income or loss applicable to common stock by the weighted average number of common shares outstanding during the year, with retroactive adjustments for any stock dividends declared.

Subsequent Events

Post quarter-end events that provided additional information about the Company's position at the balance sheet date (adjusting events) are recognized in the financial statements. Post quarter-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

3. Management's Use of Estimates

The preparation of the consolidated financial statements in conformity with PFRS requires management to make estimates and assumptions that affect the amounts reported in the financial statements. 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 could differ from such estimates.

PAS 1, *Presentation of Financial Statements*, which was adopted by the Group effective January 1, 2005, requires disclosure about key sources of estimation, uncertainty and judgments management has made in the process of applying accounting policies. The following presents a summary of these significant estimates and judgments:

Estimating allowance for doubtful accounts

The Group maintains allowances for doubtful accounts at a level considered adequate to provide for potential uncollectible receivables. The level of this allowance is evaluated by management on the basis of factors that affect the collectibility of accounts. The Group reviews the age and status of receivables, and identifies accounts that are to be provided with allowances on a continuous basis.

Estimating useful lives of property and equipment and intangible assets

The Group estimates the useful lives of property and equipment and intangible assets 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 at each balance sheet date 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. In addition, estimation of the useful lives of property and equipment and intangible assets is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above.

Asset impairment

The Group assesses impairment on assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Group 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

In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Group is required to make estimates and assumptions that can materially affect the consolidated financial statements.

Deferred income tax

The Group reviews its deferred income tax assets at each balance sheet 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 income tax asset to be utilized. However, there is no assurance that the Group will generate sufficient taxable profit to allow all or part of the deferred income tax assets to be utilized.

4. Cash

This account consists of the following:

	30-Sep-08	30-Jun-08	31-Mar-08	31-Dec-07
Cash on Hand	236,226	175,916	153,002	110,000
Cash in banks	98,488,608	114,785,052	212,625,230	171,079,335
Total	98,724,834	114,960,968	212,778,231	171,189,335

5. Receivables

This account consists of the following:

	30-Sep-08	30-Jun-08	31-Mar-08	31-Dec-07
Trade Receivables				
IPVG Corp.	169,692,434	179,919,462	85,696,987	71,241,484
IP Converge Data Center	80,108,702	97,105,576	92,869,914	75,974,155
IP E-game Ventures, Inc.	27,364,467	17,111,942	3,451,267	6,689,209
IP Contact Center Outsourcing	23,321,477	22,966,486	18,633,684	17,294,515
IP Converge Pte Ltd.	28,035,534	28,716,481	25,699,527	16,966,477
Megamobile	908,770	745,060	759,156	
Interactive Teleservices Corp.	321,699,862	306,047,388	246,925,615	
Prolexic Technologies, Inc.	14,639,733	28,659,521	19,193,264	
IPAY Commerce Ventures, Inc.	25,630	10,350		
Notes Receivable	4,456,907	4,456,907	4,456,907	
Other Receivables	106,250,517	105,900,350	105,198,858	79,668,155
Interest Receivable	0	0		2,571,111
Advances to Projects	1,221,439	1,661,580	404,510	216,097
Others	5,466,361	5,216,953	5,115,413	102,088
Total	783,191,833	798,518,056	608,405,102	270,723,291
Less: Provision for Impairment	(19,210,472)	(15,491,726)	(13,000,965)	(8,796,276)
Eliminating Entries				
Net	763,981,361	783,026,330	595,404,136	261,927,016

The Table below shows the aging of receivables:

As of September 30, 2008	Amount	%
1-30 days	329,443,732	43%
31-60 days	25,779,238	3%
61-90 days	42,108,236	6%
Over 90 days	366,650,155	48%

6. Prepaid Expenses and Other Current Assets

This account consists of the following:

	30-Sep-08	30-Jun-08	31-Mar-08	31-Dec-07
Prepaid expenses	91,106,380	87,456,025	61,119,463	16,708,156
Prepaid advertising			23,223,200	23,223,200
Deposit -Indefeasible rights of use in cable system	118,030,000	118,030,000	118,030,000	118,030,000
Deposits	36,262,444	33,624,063	19,163,438	18,752,979
Creditable withholding taxes	4,073,450	3,296,667	2,672,306	2,125,475
Input value added taxes (VAT)	18,926,608	18,419,041	15,723,978	4,363,491
Output Tax	(7,631,362)	(6,368,231)	(5,028,229)	(4,363,491)
Others	445,581	445,581	1,096,218	1,076,012
Total	261,213,100	254,903,146	236,000,374	179,915,823

7. Property, Plant and Equipment

The movement of this account consists of the following:

	Office Furn & Fixtures	Office Equipmt.	Computer Equipmt.	Transpo. Equipmt.	Machinery & Equipmt.	Network Equipment	Leasehold Imp.	Telemarketing Equipment	Software	Aircraft
Cost:										
Beginning Balance	6,181,523	25,742,083	53,185,265	5,340,121	24,961,751	88,512,119	46,002,928	0	0	0
Additions from January – Mar 2008	1,713,010	82,652,909	182,274,826	6,156,208	51,786	48,732,880	82,000,699	237,984,562	43,223,205	0
Additions from April – June 2008	1,877,774	4,565,209	18,145,540	0	0	16,239,480	4,273,218	0	0	11,359,935
Additions from July – September 2008	411,012	5,001,036	24,586,175	25,113,907	66,000	16,262,341	-86,909	0	-840,456	99,438
Balance as of September, 2008	10,183,320	117,961,237	278,191,806	36,610,236	25,079,537	169,746,820	132,189,935	237,984,562	42,382,749	11,459,373
Accumulated Depreciation										
Beginning Balance	3,014,582	2,643,565	19,650,401	1,043,825	18,234,489	11,249,360	9,415,273	0	0	0
Depreciation from January – March, 2008	491,232	49,622,753	92,562,077	2,181,735	581,797	30,481,069	53,751,059	229,984,373	39,751,012	0
Depreciation from April – June, 2008	438,037	1,473,982	11,926,850	701,281	585,387	3,969,973	3,668,750	1,817,802	862,725	1,886,399
Depreciation from July – September, 2008	524,704	16,250,837	6,025,887	409,079	585,387	4,579,308	5,000,491	1,931,543	957,200	794,526
Balance as of September, 2008	4,468,555	69,991,136	130,165,216	4,335,920	19,987,059	50,279,709	71,835,573	233,733,718	41,570,936	2,680,926
Carrying amount:										
Beginning Balance										
Balance as of September 2008	5,714,765	47,970,100	148,026,590	32,274,316	5,092,478	119,467,110	60,354,362	4,250,844	811,813	8,778,447

8. Accounts Payable and Accrued Expenses

This account consists of the following:

	30-Sep-08	30-Jun-08	31-Mar-08	31-Dec-07
Accounts payable	252,189,004	334,315,383	269,378,015	192,472,894
Accrued expenses	157,888,100	154,389,893	131,820,931	13,822,327
Others	3,019,768	2,867,667	3,736,205	2,033,564
	413,096,871	491,572,943	404,935,151	208,328,785

The increase in this account is due to the increase in payables to various suppliers and contractors.

9. Other Current Liabilities

This account consists of the following:

	30-Sep-08	30-Jun-08	31-Mar-08	31-Dec-07
Customer Deposits	46,693,034	44,451,399	46,497,681	43,494,183
Output VAT - net	19,123,312	19,697,234	14,060,004	1,840,900
Salaries Payable	5,330,817	4,882,499	4,458,228	3,852,740
Interest expense payable	(253,801)	(253,801)	(253,801)	
Unearned Service Income				
Withholding taxes payable	8,440,397	7,192,813	8,584,755	3,923,043
Advances from Customers	1,166,750	1,159,950	1,159,950	
Advances rent - net	964,516	964,516	964,516	964,516
Payable to Reach				
Others	1,064,364	1,177,725	228,856	4,423,862
	82,529,389	79,272,336	75,700,188	58,499,244

The increase in this account is attributed to the increase in Output VAT-net and Salaries payable.

10. Notes Payable

	30-Sep-08	30-Jun-08
Influent	449,683,348	668,383,804
Prolexic	32,779,350	20,744,359
	482,462,698	689,128,163
Less: Non-current portion		
Influent	246,950,296	251,922,994
	235,512,402	437,205,169

As part of IPVG's acquisition agreement with Influent, notes payable amounting to P258.32Million was waived upon closing of transactions last September.

11. Loans Payable

This account consists of:

Malayan Bank loan (MB loan)	80,000,000
Unicapital, Inc. loan (UC loan)	96,489,000
Export and Industry Bank (EIB loan)	18,389,550
RCBC Savings Bank loan (RCBC loan)	4,937,364
China Bank (CBC loan)	211,000,000
Majalco Finance and Investment Inc.	10,000,000
Elite Holdings, Inc.	9,000,000
Hanley Property Limited	11,075,250
Officers & Directors	4,964,820
	445,855,983.97
Less: noncurrent portion	
EIB loan	13,424,100
RCBC loan	4,101,937
China Bank loan	211,000,000
Others	
	228,526,036.56
Loans Payable - Current	217,329,947.41

12. Obligations Under Finance Lease

As of September 30, 2008, the details of the obligations under finance lease are as follows:

	Principal	Interest	Minimum Lease Payments
Less than one year	11,345,798	1,197,903	12,543,702
Between one and three years	527,485	7,020	534,505
	11,873,283	1,204,923	13,078,207

13. Service Revenue - Net

This account consists of the following:

	For Three Months Ending				
	30-Sep-08	30-Jun-08	31-Mar-08	31-Dec-07	30-Sep-07
Communications	244,337,873	234,067,815	200,529,893	120,383,422	109,260,450
IP Converge Data Center	106,347,781	123,262,473	97,971,904	102,089,397	109,260,450
Prolexic Technologies, Inc.	124,682,692	99,185,571	94,396,260		
IP Converge Pte Ltd.	13,307,400	11,619,772	8,161,729	18,294,026	
Content	98,997,348	172,360,904	106,290,025	75,753,298	63,493,261
IP E-game Ventures, Inc.	97,265,541	81,522,886	93,322,963	75,753,298	63,493,261
Megamobile Inc.	1,731,807	1,552,018	1,309,200	-	
IPVG Overseas	-	89,286,000	11,657,861		
BPO	582,594,776	572,981,215	503,256,704	26,423,159	21,561,376
Interactive Teleservices Corp.	555,401,576	549,927,072	480,665,862		
IP Contact Center Outsourcing	27,041,841	22,867,899	22,509,447	26,423,159	21,561,376
IPAY Commerce Ventures, Inc.	151,358	186,244	81,396	-	
Corporate Overhead	2,232,689	2,080,108	2,527,330	(64,726,799)	62,222,795
Total Revenues	928,162,689	981,490,042	812,603,952	157,833,080	256,537,882

SIGNATURES

Pursuant to the requirements of Section 17 of the Securities Regulations Code, and Section 141 of the Corporation Code, this report, the QUARTERLY REPORT FOR THE QUARTER ENDING SEPTEMBER 30, 2008 (SEC Form 17-Q) is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati, Philippines on November 18, 2008.

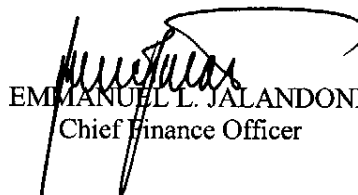
IPVG Corp. and Subsidiaries

Issuer

By:



ROGER G. STONE
Deputy Chairman



EMMANUEL L. JALANDONI
Chief Finance Officer




SHEILA Q. FELICIANO
Corporate Secretary

Before me (REPUBLIC OF THE PHILIPPINES)
MAKATI CITY)S.S.

SUBSCRIBED AND SWORN TO before me this NOV 19 2008, the following persons exhibiting me their Community Tax Certificates:

	CTC/Passport No.	Date of Issue	Place of Issue
Roger G. Stone	761202735	March 22, 2008	FCO-U.K.
Emmanuel L. Jalandoni	19465935	January 9, 2008	Makati City, M.M
Sheila Q. Feliciano	19478227	January 14, 2008	Makati City, M.M

Doc. No. 111 ;
Page No. 24 ;
Book No. YAY ;
Series of 2008.



CITY CERVACIO B. ORTIZ JR.
Notary Public for Makati City
Valid December 31, 2008
TIN NO. (REGISTERED) 171212003; Makati City
JEP No. 626195- Lifetime Member
M.T.M - 54 / 2004 HOLE NO. 4000