

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20  
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

- Preliminary Information Statement  
 Definitive Information Statement

2. Exact name of the Registrant as specified in its charter: **PHILWEB CORPORATION**

Province, Country or other jurisdiction of Industry Classification Code Incorporation or Organization: **Philippines**

4. SEC Identification Number : **39121**

5. BIR Tax Identification Number : **000-141-527-000**

6. Address of principal office : **The Penthouse, Alphaland Southgate Tower  
2258 Chino Roces corner EDSA, Makati City**

7. Registrant's Telephone No. : **(632) 338-5599**

8. Date, time and place of the meeting of security holders: **May 31, 2016 at 5:00 p.m. at  
The City Club at Alphaland Makati Place, Ayala Avenue Extension corner Malugay  
Street, Makati City**

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **May 6, 2016**

10. Securities registered pursuant to Sections 4 and 8 of the RSA:

Title of Each Class	Number of Shares of Common Stock Outstanding
<b>Common Stock P1.00 par value</b>	<b>1,434,537,580 common shares (net of treasury shares of 81,380,938)</b>

11. Are any or all these securities listed on the Philippine Stock Exchange:

Yes  No

**WE ARE NOT ASKING YOU FOR A PROXY  
AND YOU ARE REQUESTED NOT TO SEND US A PROXY**

**INFORMATION STATEMENT**

**GENERAL INFORMATION**

**Date, Time and Place of Meeting of Security Holders**

The annual stockholders' meeting will be held on May 31, 2016 at 5:00 pm at The City Club at Alphaland Makati Place, Ayala Avenue Extension corner Malugay Street, Makati City.

The complete mailing address of the principal office of the Registrant is The Penthouse, Alphaland Southgate Tower, 2258 Chino Roces Avenue corner EDSA, Makati City 1232, Metro Manila.

The approximate date when the information statement will be first sent to security holders will be on May 6, 2016.

**Dissenters' Right of Appraisal**

There are no matters to be taken up during the annual stockholders' meeting with respect to which the law allows the exercise of appraisal right by any dissenting stockholder. The Corporation Code limits the exercise of the appraisal right to the following instances:

- a. In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of share, or of authorizing preferences in respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence (Section 81);
- b. In case of the sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets (Section 81);
- c. In case of merger or consolidation (Section 81);
- d. In case of investments in another corporation, business or purpose (Section 42).

Since the matters to be taken up do not include any of the foregoing, the appraisal right will not be available.

However, if at any time after this Information Statement has been sent out, an action which may give rise to the right of appraisal is proposed at the meeting, any stockholder who voted against the proposed action and who wishes to exercise such right must make a written

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demand, within thirty (30) days after the date of the meeting or when the vote was taken, for the payment of the fair market value of his shares. Upon payment, he must surrender his certificates of stock. No payment shall be made to any dissenting stockholder unless the Company has unrestricted retained earnings in its books to cover such payment.

**INTEREST OF CERTAIN PERSONS IN OR OPPOSITION TO MATTERS TO BE ACTED UPON**

The directors, officers, nominees for directors and their associates do not have a substantial interest, direct or indirect, by security holdings or otherwise in any matter to be acted upon, other than election to office.

No person has informed the registrant in writing that he intends to oppose any action to be taken by the Registrant at the meeting.

**CONTROL AND COMPENSATION INFORMATION**

**Voting Securities and Principal Holders Thereof**

There are 1,434,537,580 outstanding common shares (net of treasury shares of 81,380,938) as of March 31, 2016 entitled to notice and to vote during the meeting. Each common share is entitled to one vote, except with respect to the election of directors where the stockholders are entitled to cumulative voting. There is no classification of voting securities.

The record date to determine the stockholders entitled to notice and to vote at the meeting is on March 31, 2016.

The election of the members of the board of directors for the current fiscal year will be taken up and all stockholders have the right to cumulate their votes in favor of their chosen nominees for director in accordance with Section 24 of the Corporation Code. Section 24 provides that a stockholder, may vote such number of shares registered in his name as of the record date for as many person as there are directors to be elected, or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit. The total number of votes cast by such stockholders should not exceed the number of shares owned by him as shown in the books of the corporation multiplied by the whole number of directors to be elected.

No person has informed the registrant in writing that he intends to oppose any action to be taken by the registrant at the meeting.

**Security Ownership of Certain Record and Beneficial Owners and Management**

**(1) Security Ownership of Certain Record and Beneficial Owners**

As of March 31, 2015, PhilWeb Corporation knows of no one who beneficially owns more than 5% of its common stock except as set forth in the table below:

<i>Title of Class</i>	<i>Name and Address of Record Owner and Relationship with Issuer</i>	<i>Name of Beneficial Owner and Relationship with Record Owner</i>	<i>Citizenship</i>	<i>Amount and Nature of Record / Beneficial Ownership (indicate "r" or "b")</i>	<i>Percent Held</i>
Common	PhilWeb Casino Corporation The Penthouse, Alphaland Southgate Tower, 2258 Chino Roces Avenue cor. EDSA, Makati City Stockholder	Dennis O. Valdes Proxy/Representative	Filipino	260,392,307 (r&b - direct)	18.18%
Common	Azurestar Corporation The Penthouse, Alphaland Southgate Tower, 2258 Chino Roces Avenue corner EDSA, Makati City Stockholder	Roberto V. Ongpin Proxy/Representative	Filipino	147,868,248 (r&b - indirect)	10.31%
Common	Dominion Equities, Inc. The Penthouse, Alphaland Southgate Tower, 2258 Chino Roces Avenue corner EDSA, Makati City Stockholder	Roberto V. Ongpin Proxy/Representative	Filipino	90,842,400 (r&b - direct)	6.33%
Common	Compact Holdings, Inc. The Penthouse, Alphaland Southgate	Roberto V. Ongpin Proxy/Representative	Filipino	95,574,500 (r&b - indirect)	6.66%

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<i>Title of Class</i>	<i>Name and Address of Record Owner and Relationship with Issuer</i>	<i>Name of Beneficial Owner and Relationship with Record Owner</i>	<i>Citizenship</i>	<i>Amount and Nature of Record / Beneficial Ownership (indicate "r" or "b")</i>	<i>Percent Held</i>
Common	Tower, 2258 Chino Roces Avenue corner EDSA, Makati City Stockholder	Roberto V. Ongpin Proxy/Representative	Filipino	90,001,797 (r&b - indirect)	6.27%
	Deltaventure Resources, Inc. The Penthouse, Alphaland Southgate Tower, 2258 Chino Roces Avenue corner EDSA, Makati City Stockholder				

**(2) Security Ownership of Management**

As of March 31, 2016, the following are the details of the security ownership of Management based on total outstanding shares of **1,434,537,580**:

<i>Title of Class</i>	<i>Name of Beneficial Owner</i>	<i>Citizenship</i>	<i>Number of Shares and Nature of Beneficial Ownership</i>	<i>Percentage of Ownership</i>
Common	Roberto V. Ongpin Chairman	Filipino	21,840,000 (direct) 745,739,396 (indirect)	1.52% 52.02%
Common	Anna Bettina Ongpin Vice Chairperson	Filipino	100 (direct)	0.00%
Common	Dennis O. Valdes President	Filipino	2,533,200 (direct) 21,223,565 (indirect)	0.17% 1.48%
Common	Tomas I. Alcantara Independent Director	Filipino	372,000 (direct)	0.03%
Common	Edgardo J. Angara	Filipino	100 (direct)	0.00%

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	Independent Director			
Common	Crisanto Roy B. Alcid Independent Director	Filipino	100 (direct)	0.00%
Common	Gregorio Ma. Araneta III Independent Director	Filipino	100 (direct) 13,043,478 (indirect)	0.00% 0.91%
Common	Victor C. Macalincag Independent Director	Filipino	10,000 (direct)	0.00%
Common	Edgar Brian K. Ng Director	Filipino	151,500 (direct)	0.01%
Common	Michael Angelo Patrick M. Asperin Director	Filipino	1 (direct)	0.00%
Common	Rafael B. Ortigas Director	Filipino	1,200 (direct)	0.00%
Common	Cliburn Anthony A. Orbe Director	Filipino	202,800 (direct)	0.01%
Common	Prieto, Zaldy M. Director	Filipino	553,100 (direct)	0.03%
Common	Rodolfo Ma. A. Ponferrada Director/Corporate Secretary	Filipino	236,000 (direct)	0.02%
Common	Raymund S. Aquino Asst. Corp Secretary	Filipino	14,866(direct)	0.00%
Common	Antonio K. Garcia Senior Vice President	Filipino	15,000 (direct)	0.00%
Aggregate Ownership of Directors and Officers as a Group			805,936,506	56.18%

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There are no voting trust agreements or any other similar agreement that may result in a change in control of the Company of which the Company has any knowledge. No change in control of the Registrant has occurred since the beginning of its last fiscal year.

**Directors and Executive Officers**

PhilWeb's Board of Directors is composed of 14 members elected by and from among the Company's stockholders. The Board is responsible for providing overall management and direction to the Company.

The present directors and executive officers of the Company and a brief description of their business experience for the past five years are discussed below:

<b>Name</b>	<b>Age</b>	<b>Position/Citizenship/Period Served/Term of Office</b>
Roberto V. Ongpin	79	Director & Chairman/Filipino/16 yrs./1 yr.
Anna Bettina Ongpin	51	Director/ Filipino/2 yrs./1yr.
Dennis O. Valdes	54	Director & President/Filipino/10 yrs./1yr.
Tomas I. Alcantara	69	Director/Filipino/14 yrs./1 yr.
Crisanto Roy B. Alcid	46	Director /Filipino/1 year/1 yr
Edgardo J. Angara	81	Director /Filipino/2 yrs./1 yr.
Gregorio Ma. Araneta III	68	Director/Filipino/2 yrs./1yr.
Michael Angelo Patrick M. Asperin	57	Director/Filipino/2 yrs./1 yr.
Victor C. Macalincag	80	Director/Filipino/2 yrs./1 yr.
Edgar Brian K. Ng	46	Director/Filipino/2 yrs. /1 yr.
Rafael B. Ortigas	44	Director/Filipino/2 yrs./1 yr.
Cliburn Anthony A. Orbe	42	Director/Filipino/2 yrs./1 yr.
Zaldy M. Prieto	41	Director & CFO/Filipino/2 yrs./1 yr.
Rodolfo Ma. A. Ponferrada	39	Director & Corporate Secretary/Filipino/3 yrs./1 yr.
Raymund S. Aquino	47	Assistant Corporate Secretary/Filipino/4 yrs./1 yr.

**Roberto V. Ongpin** was elected Chairman of the Company in January 2000, the year he founded the Company. He is also the Chairman of Alphaland Corporation and Atok-Big Wedge Co., Inc. Mr. Ongpin joined SGV & Co. in 1964 and was Chairman and Managing Partner of the firm from 1970 to 1979. He served as the Minister of Trade and Industry of the Republic of the Philippines from 1979 to 1986. Mr. Ongpin graduated cum laude in Business Administration from the Ateneo de Manila University, is a Certified Public Accountant and has an MBA from the Harvard Business School.

**Anna Bettina Ongpin** was elected Director of the Company in August 2013 and Vice Chairperson in February 2016. She has more than 20 years of communications, marketing,

project management, and operations experience in the management consulting and media fields. She has a bachelor's degree in Political Science from Wellesley College. She is also a Director of Alphaland Corporation and Atok-Big Wedge Co., Inc.

**Dennis O. Valdes** was elected Director of the Company in July 2006. He is the President of the Company, and serves as Director of Alphaland Corporation and Atok-Big Wedge Co., Inc. His previous work experience includes ten years with the Inquirer Group of Companies, as a Director of the newspaper, and also expanding their internet, printing and ink-making operations. Prior to that, he spent six years with The NutraSweet Company developing their business in Asia. He is a Certified Public Accountant, graduated magna cum laude in Business Administration and Accountancy from the University of the Philippines, and has an MBA from the Kellogg School of Management, Northwestern University.

**Tomas I. Alcantara** was elected Independent Director of the Company in May 2002. He holds a Bachelor of Science degree in Economics from Ateneo de Manila University, a Masters in Business Administration degree from Columbia University, USA and attended the Advance Management Program of the Harvard Business School. Mr. Alcantara was Undersecretary for the Industry and Investment Group of the Department of Trade and Industry and the Vice Chairman and Managing Head of the Board of Investments from July 1986 to March 1995. He was also Special Envoy of the Philippine President to APEC in 1996. He is presently the Chairman and President of Alsons Consolidated Resources, Inc., and of several power and property development companies in the Alcantara Group. He is Chairman of Holcim Philippines, Inc. and Eagle Ridge Golf & Country Club, Inc.

**Edgardo J. Angara** was elected Independent Director of the Company in May 2014. He was the longest serving senator in the post-EDSA Senate, authoring many laws including the Free High School Education Act, the Generics Act, Philhealth Act, the Senior Citizens Act, the Renewable Energy Act, and others. He graduated from the University of the Philippines in 1958, passed the bar in 1959, and joined the law firm of Ponce-Enrile Siguion-Reyna Montecillo & Belo Law Offices. He obtained his Masters of Laws majoring in International Relations & Corporate laws from the University of Michigan under the DeWitt Fellowship. Senator Angara is a founding member of the ACCRA Law Offices, one of the Philippines' top law firms. He also served as president of the Philippine Bar Association in 1975, president of the Integrated Bar of the Philippines in 1979 and founding president of the ASEAN Law Association.

**Gregorio Ma. Araneta III** was elected Independent Director of the Company in May 2014. He is the Chairman and Chief Executive Officer of Araneta Properties, Inc. since 2010. He is the Chairman and President of Gregorio Araneta, Inc., ARAZA Resources Corporation, H. E. Heacocks Resources Corp., Gregorio Araneta Management Corporation, Gamma Properties Inc. and Carmel Development Inc. He is also the Chairman of Energy and Gas Holdings Inc. Mr. Araneta attended the University of San Francisco and the Ateneo de Manila University, where he received his degree in Bachelor of Arts in Economics.

**Michael Angelo Patrick M. Asperin** was elected Director of the Company in August 2014. He graduated from the Philippine Military Academy in 1981. He served as Senior Vice President for Security for the Company from 2009 to 2012, and as Enterprise Risk and Security Management Officer of Petron Corporation from 2007 to 2009. He is also the CEO of Alphaland Balesin Island Club Inc., Executive Vice President for Operations of Alphaland Corporation, and President of Alphaland Aviation, Inc.

**Victor C. Macalincag** was elected as Independent Director in May 2014. He is also currently an Independent Director of Crown Equities, Inc., Semirara Mining and Power Corporation, Republic Glass Holdings Corp., SEM-Calaca Power Corporation, ISM Communications Corporation, Asian Alliance Investment Corporation, One Wealthy Nation Fund (OWN), Inc., Alphaland Corporation and Atok-Big Wedge Corporation. He was the President of Trade & Investment Development Corporation of the Philippines which is presently known as PHILEXIM (formerly PhilGuarantee) from 1991 until his resignation in 2001. He was the Deputy Minister of Finance from 1981 to 1986 and Undersecretary of Finance from 1986 to 1991. He also held the position of National Treasurer from 1981 to 1988. Mr. Macalincag is a Certified Public Accountant. He has a Bachelor of Arts in Business Administration from the University of the East. He also earned a Master of Arts in Economics from the same university. He finished a fellowship program conducted by the Economic Development Institute of the World Bank, Washington D.C.

**Edgar Brian K. Ng** was elected Director of the Company in May 2014. He is currently the Senior Vice President for Gaming of the Company. In the past, he served as Managing Director/Country Manager of Affinity Express Philippines, Inc., Vice President & Country Manager of RR Donnelley Global Outsourcing, Director for Operations of OfficeTiger Philippines Corporation, and Director of Special Projects (Global Operations Support) for SPi. He also spent six years with The Print Town Group starting as a Prepress Manager for FEP Printing Corp and ending as Senior Vice President of LexMedia Digital. Aside from the corporate world, Mr. Ng has been heavily involved in the academe, as an instructor at both the undergraduate and graduate levels of Ateneo Universities. He has a Bachelor of Arts degree from the Ateneo de Manila University and an MBA from the Ateneo Graduate School of Business.

**Cliburn Anthony A. Orbe** was elected Director of the Company in May 2014. He also serves as the Company's Assistant Corporate Secretary and Corporate Information Officer. He has a Bachelor of Laws degree from Mindanao State University where he graduated cum laude and class valedictorian. He was formerly an associate of the Rodrigo Berenguer Guno law firm. He is a member of the Integrated Bar of the Philippines.

**Crisanto Roy B. Alcid** was elected Independent Director of the Company in April 2015. He is the President and Chief Operating Officer of Araneta Properties, Inc. while concurrently serving as Director and Executive Vice President of Gregorio Araneta, Inc., Carmel Development Corp., Gregorio Araneta Management Corporation, and Araza Resources Corporation. He is also a Director of Philippine Coastal Storage & Pipeline Corp. Before

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joining the Araneta Group, he was formerly connected with Ayala Land, Inc., Asiatrust Development Bank, and Citibank N.A. Mr. Alcid holds a Bachelor of Science Degree in Management Engineering from the Ateneo de Manila University and has completed the General Management Program at the Harvard Business School.

**Rafael B. Ortigas** was elected Director of the Company in April 2002. He is the Chairman and President of Leafar Commercial Corporation, a Director of Sagitro, Inc. and ISM Communications Corporation. He was a director of Itogon-Suyoc Resources, Inc., and OCLP Holdings, Inc. and former General Partner of Ortigas and Company Ltd. Partnership. He is also a Trustee and President of Leafar Foundation, Inc. and a Trustee of the Ortigas Foundation, Inc. He has a Bachelor of Science degree in Computer Science from De La Salle University and an MBA from Ateneo de Manila Graduate School of Business.

**Rodolfo Ma. A. Ponferrada** was elected Director of the Company in April 2013 and Corporate Secretary of the Company in July 2012. He is also the Corporate Secretary of Alphaland Corporation and Atok-Big Wedge Co., Inc., and a member (representing the private sector) of the Board of Directors of the Social Housing Finance Corporation. He is a member of the Integrated Bar of the Philippines.

**Zaldy M. Prieto** was elected Director of the Company in May 2014. He was elected as the CFO and Treasurer of the Company in November 2008. Mr. Prieto is a certified public accountant and certified financial consultant. He has been practicing as a finance professional since 1995. His previous work experiences include being a senior tax consultant of SGV & Co., assistant vice president for finance in Ford Motor Company and plant controller and assistant finance director of James Hardie Philippines. He has also served as a director of Primus Finance and Leasing Co., and Ford Philippines Component Manufacturing Company. He is a member of the Philippine Institute of Certified Public Accountants and Institute of Financial Consultants.

**Raymund Nonato S. Aquino** was elected Assistant Corporate Secretary of the Company in May 2011. He was a director of SGV & Co. He has a Juris Doctor Degree from the Ateneo de Manila University College of Law and a Bachelor of Arts degree major in Legal Management from the Ateneo de Manila University. He is a member of the Integrated Bar of the Philippines.

As of the date of this information statement, the foregoing will be nominated for re-election to the Board of Directors at the meeting. None of the above mentioned directors have declined to stand for re-election to the Board of Directors since the date of the last annual stockholders' meeting because of a disagreement with the Company on any matter relating to the Company's operations, policies, or practices.

**Independent Directors / Nomination Committee**

Under its Manual on Corporate Governance submitted with the Securities and Exchange Commission (SEC) on August 29, 2002, the Board of Directors may create a Nomination Committee, which may have at least three voting members. It shall pre-screen and shortlist all candidates nominated to become a member of the Board of Directors including the Independent Directors in accordance with the guidelines provided in the Manual on Corporate Governance and conformably with SRC Rule 38.

The following are the Company's incumbent Independent Directors:

1. Tomas I. Alcantara
2. Crisanto Roy B. Alcid
3. Edgardo J. Angara
4. Gregorio Ma. Araneta III
5. Victor C. Macalincag

In compliance with SRC Rule 38 and the Company's Manual on Corporate Governance, the following are the incumbent members of the Nomination Committee:

1. Gregorio Ma. Araneta III - Independent Director / Chairman
2. Tomas I. Alcantara - Independent Director / Member
3. Anna Bettina Ongpin - Director / Member

**Procedures for the Nomination of the Independent Directors**

The Nomination Committee prior to a stockholders' meeting shall conduct the nomination of independent directors. The nominating stockholders together with the acceptance and conformity by the would-be nominees shall sign all the recommendations. The Nomination Committee shall pre-screen the qualification and prepare a final list of all candidates and put in place screening policies and parameters to enable it to effectively review the qualifications of the nominees for independent directors. After the nomination, the Nomination Committee shall prepare a Final List of Candidates which shall contain all the information about all the nominees for independent directors, as required under Part IV (A) and (C) of Annex "C" of SRC Rule 12, which list, shall be made available to the SEC and to all stockholders through the filing and distribution of the Information Statement, in accordance with SRC Rule 20, or in such other reports the Company is required to submit to the SEC. The name of the independent director shall be identified in such report including any relationship with the nominee.

Only nominees whose names appear on the Final List of Candidates shall be eligible for election as Independent Directors. No further nominations shall be entertained or allowed on the floor during the actual annual stockholders' meeting.

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The SEC approved the amendment of the Company's By-Laws, which include among others, the procedure for the nomination and election of independent directors on November 10, 2005.

As of the date of this Information Statement, the Nomination Committee has received and approved the following nominations for independent director:

Nominee for Independent Director (a)	Person/Group recommending nomination (b)	Relation of (a) and (b)
Tomas I. Alcantara	Rafael B. Ortigas	None
Crisanto Roy B. Alcid	Rafael B. Ortigas	None
Edgardo J. Angara	Rafael B. Ortigas	None
Gregorio Ma. Araneta III	Rafael B. Ortigas	None
Victor C. Macalincag	Rafael B. Ortigas	None

**Family Relationship of Directors and Officers**

Mr. Dennis O. Valdes is a nephew of Mr. Roberto V. Ongpin. Ms. Anna Bettina Ongpin is the daughter of Mr. Roberto V. Ongpin.

The Company does not know any other family relationship of directors and officers other than the ones provided.

**Certain Relationships and Related Transactions**

The Company's legal counsel is the law firm of Ponferrada Orbe & Altubar Law Offices where Atty. Rodolfo Ma. A. Ponferrada is a senior partner. Please also refer to Note Number 15 on Related Party Transactions of the enclosed Consolidated Financial Statements for the year 2015.

Other than the foregoing, there has been no transaction outside of the ordinary course of business during the last two years, nor is any transaction presently proposed, to which the Company was or is to be a party in which any Director or Executive Officer of the Company, or owner of more than 10% of the Company's voting securities or any member of the immediate family of any of the foregoing persons had or is to have a direct or indirect material interest. In the ordinary and regular course of business, the Company had or may have had transactions with other companies in which some of the foregoing persons may have an interest.

The Chairman, Mr. Roberto V. Ongpin directly and indirectly owns at least 53.44% of the Company's voting securities. No person, natural or juridical, owns more than 50% of the Company's voting securities.

### **Significant Employees**

There are no persons other than the executive officers that are expected by the Company to make a significant contribution to the business.

### **Involvement of Directors and Officers in Certain Legal Proceedings**

1. Atty. Zenaida Ongkiko-Acorda, as attorney in fact of Atty. Mario E. Ongkiko and in behalf of Philex Mining Corporation vs. Roberto V. Ongpin, et al., SEC Case No. 11-166, pending before the Regional Trial Court of Pasig City, Branch 159, which involves a purported derivative suit filed on behalf of Philex Mining Corporation (Philex) in order to recover the "short-swing profits" which were allegedly realized from supposed transactions involving Philex shares. This case is in the discovery stage. A related Petition for Review on Certiorari is also pending before the Supreme Court in G.R. No. 204166, entitled Roberto V. Ongpin, et al. vs. Acorda, et al.;
2. People vs. Reynaldo G. David, et al., S.B.-13-CRM-0105 and S.B.-13-CRIM-0106, pending before the Third Division of the Sandiganbayan in connection with two loans obtained by Deltaventure Resources, Inc. from the Development Bank of the Philippines. The Informations in both cases, respectively, for violations of Section 3 (e) of R.A. No. 3019 were filed on 10 January 2013. The Motion to Quash the Informations was granted by the Third Division of the Sandiganbayan. The Ombudsman elevated the matter to the Supreme Court.
3. Alphaland Holdings (Singapore) Pte. Ltd. vs. Masrickstar Corporation, et. al. (Civil Case No. M-7565, Makati City RTC Branch 66) is a complaint for Interim Measure of Protection in Aid of Arbitration. The petitioner's application for a temporary restraining order or a temporary order of protection was denied for lack of merit by the RTC in an Order dated 22 January 2014. On 14 February 2014, the RTC issued an Order denying the petitioner's Motion for the issuance of an Order Enforcing Award No. 19 issued by the Emergency Arbitrator. On 19 February 2014, the RTC likewise issued an Order declaring Petitioner's Motion to Refer to Arbitration to have been rendered moot. The petitioner brought the case to the Court of Appeals on Certiorari where it is presently pending resolution. In view of the amicable settlement among the parties, the parties have withdrawn their respective claims.
4. NBI-Technical Intelligence Division, Intelligence Service, and Eduveges O. Batalan vs. Roberto V. Ongpin, Cliburn Anthony A. Orbe, Michael Angelo Patrick M. Asperin, et al. NPS Docket No. XVI-INV-14E-00168, is a complaint for Serious Illegal Detention, Grave Coercion and Robbery filed by former employee, Eduveges O. Batalan. The Preliminary Investigation has terminated and the matter has been submitted for the resolution of the Department of Justice panel created to conduct the preliminary investigation.

5. In Re: Philex Mining Corporation, SEC-EIPD Case No. 14-3044, the Enforcement and Investment Protection Division of the Securities and Exchange Commission found Mr. Roberto V. Ongpin liable for 174 counts of insider trading when, in the morning of 2 December 2009, he acquired a total of 45,964,500 shares of stock of Philex Mining Corporation from the open market. Mr. Roberto Ongpin has appealed the decision to the SEC En Banc. The appeal has been submitted for resolution.

Other than the foregoing, the Company is not aware that any of its directors and officers is involved during the past five years and up to the date of the filing of this report in any bankruptcy proceedings. Neither have they been convicted by final judgment in any criminal proceeding or been subject to any order, judgment or decree by a court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting their involvement in any type of business, securities, commodities or banking activities, nor found in action by any court or administrative body to have violated a securities or commodities law.

### **Legal Proceedings**

1. Rodrigo R. Gadionco, Jr. vs. PhilWeb (CA G.R. CV-No. 01519) – Rescission of Lease Purchase Agreement.

The parties entered into a Lease Agreement with Option to Purchase on 22 November 2000. For alleged non-fulfillment of its obligation, Gandionco filed a case in the RTC to rescind the contract. PhilWeb stated that it never entered into such agreement for it was not signed by any of PhilWeb's authorized representatives. The Court Ruled in favor of Gandionco and declared the agreement between the parties as rescinded and ordered PhilWeb to pay Gadionco P 20,533.00 in litigation expenses, P20,000 in moral damages, P20,000 in exemplary damages and P50,000 in attorney's fees, in the total amount of P110,533.00. Gadionco was likewise ordered by the court to return to PhilWeb 10 IBM Computers, amounting to approximately P200,000.00 and 5000 pieces of ZOOM cards. PhilWeb appealed the case to the Court of Appeals. The appeal is submitted for decision by the Court of Appeals.

2. PhilWeb vs Sonia K. Pamatmat  
I.S. No. 07-J-8470  
Qualified Theft

The respondent is a former employee of PhilWeb. During her tenure as a former employee of PhilWeb, she took a company vehicle and did not return the same upon termination of her employment. PhilWeb demanded the return of its vehicle. Despite said demand, she failed to return the said property. PhilWeb then filed a complaint charging the respondent of Qualified Theft.

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PhilWeb filed a Petition for Certiorari to annul the Resolution of the Department of Justice dismissing the criminal case against Sonia K. Pamatmat. The case is pending resolution by the Court of Appeals.

3. PhilWeb Corporation vs. BOS (Antigua) Ltd.  
Civil Case No. 06 - 712  
For Damages with Attachment  
Makati RTC Branch 139

The parties entered into a Memorandum of Agreement on November 20, 2005 for the operation of sports betting facility. BOS allegedly violated provisions in the MOA prompting PhilWeb to file a case against BOS.

The case will be litigated upon service of summons to BOS.

4. Arvin Arcales vs. PhilWeb Corporation, et al.,  
NLRC RAB-VII-Case No. 09-1476-11/ CA Case No. CA - G.R. SP. No. 07281  
For Separation Pay, Backwages and damages

Arvin Arcales filed an illegal dismissal case with a claim for separation pay, backwages and damages. The National Labor Relations Commission (NLRC) decided on September 24, 2012 that Arcales was validly terminated from employment and that he is not entitled to the award of separation pay, backwages, moral and exemplary damages and attorney's fees. Arcales filed a Petition for Certiorari with the Court of Appeals to contest the NLRC Resolution upholding the validity of his termination from employment. On July 27, 2015, the Court of Appeals issued a Resolution denying Arcales' petition.

5. PhilWeb vs. Eduveges O. Batalan  
NPS No. XV-05-INV-14B-0359  
Qualified Theft

PhilWeb discovered that Eduveges O. Batalan, whose employment has been terminated for cause, stole money from the company amounting to Php534,273.00 through unliquidated cash advances and allowances. Accordingly, PhilWeb filed a case for qualified theft against Batalan. The preliminary investigation was concluded and this is pending resolution before the Office of the City Prosecutor of Makati City.

6. Brinia A. Flojemon vs. PhilWeb, et al.  
NLRC Case No. 00-04-03990

Brinia A. Flojemon filed an illegal dismissal case with the National Labor Relations Commission. On 30 October 2014, The Labor Arbiter issued a Decision in favor of

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Flojemon. On 29 December 2014, PhilWeb filed its Appeal Memorandum with the NLRC seeking to have the Decision of the NLRC reversed and set-aside. PhilWeb's Appeal Memorandum was denied by the NLRC on March 18, 2015. PhilWeb filed a Petition for Certiorari with the Court of Appeals on February 18, 2016 to overturn the decision of the NLRC.

7. PhilWeb vs. Brinia A. Flojemon  
NPS No. XV-05-INV-14B-0360  
Qualified Theft

PhilWeb discovered that Brinia A. Flojemon, whose employment has been terminated for cause, stole money from the company amounting to Php1,829,000.00 through unliquidated cash advances and allowances. Accordingly, PhilWeb filed a case for qualified theft against Flojemon. On August 18, 2014, the Office of the City Prosecutor of Makati issued a Resolution dismissing the complaint filed by PhilWeb. Accordingly, PhilWeb seasonably filed a Motion for Reconsideration which was denied. On August 24, 2015, PhilWeb filed a Petition for Review with the Department of Justice.

8. PhilWeb Corporation vs. Playtech Software Limited  
Civil Case No. 14-116  
Makati RTC Branch 142

The parties entered into a Software License Agreement (SLA) on October 30, 2012. After the lapse of fourteen (14) months from the execution of the SLA, Playtech had yet to comply with its contracted obligations. Thus, on December 12, 2013, PhilWeb decided to terminate the SLA with immediate effect.

PhilWeb filed a case against Playtech with the Regional Trial Court of Makati on January 30, 2014 for damages and loss of revenue it caused by violating the provisions of the SLA. On November 17, 2014, the trial court dismissed the case against Playtech. On December 19, 2014, PhilWeb filed a Motion for Reconsideration. On March 27, 2015, the trial court granted our motion for reconsideration. This case was dismissed by the trial court on August 10, 2015.

9. Eduveges O. Batalan vs. PhilWeb Corporation, et al.  
NLRC Case No. 06-07844

Eduveges O. Batalan filed an illegal dismissal case with the National Labor Relations Commission. The Labor Arbiter issued a Decision in favor of Batalan. On 11 December 2014, PhilWeb filed its Appeal Memorandum with the NLRC seeking to have the Decision of the Labor Arbiter reversed and set-aside. PhilWeb's Appeal Memorandum was denied by the NLRC on March 18, 2015. PhilWeb filed a Petition for Certiorari with the Court of Appeals on February 18, 2016 to overturn the decision of the NLRC.

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10. PhilWeb Corporation and e-Magine Gaming Corporation vs. Paolo Ambrosi (Civil Case No. 14-1115)  
Complaint for Breach of Contract and damages with application for Temporary Restraining Order (TRO) and Injunction

The respondent is a former employee of PhilWeb and was assigned to work for e-Magine. Upon leaving PhilWeb and e-Magine, it was discovered that he disclosed and utilized for himself confidential information of PhilWeb and e-Magine.

The TRO was granted by the trial court. This case has already been settled amicably by the parties.

11. PhilWeb Corporation and e-Magine Gaming Corporation vs. Paolo Ambrosi (NPS No. XV-05-INV-14J-3850)  
Criminal case for Qualified Theft and Unfair Competition

The respondent is a former employee of PhilWeb and was assigned to work for e-Magine. Upon leaving PhilWeb and e-Magine, it was discovered that he stole and then disclosed and utilized for himself confidential information of PhilWeb and e-Magine.

This case has already been settled amicably between the parties.

12. PhilWeb Corporation vs. Commission on Audit  
Decision No. 2015-097 (CGS-C Decision No. 2012-009) (ND No. 2011-001-(06/07))

On July 18, 2011, the Commission on Audit ("COA"), through its resident auditor, Atty. Resurreccion C. Quieta, issued a Notice of Disallowance ("ND") against PhilWeb regarding the payment of PAGCOR of 10% Software License Fee ("SLF") to PhilWeb effective on July 6, 2006.

PhilWeb challenged this ND and filed its Appeal Memorandum on 12 December 2011. On December 6, 2012, PhilWeb, received a copy of the Decision of the COA through Honorable Rufina S. Laquindanum dated 16 November 2012 denying its appeal and affirming the ND. Thereafter, PhilWeb filed its Petition for Review with the COA on 8 January 2013. On 8 May 2015, PhilWeb received a copy of the Decision of the COA dated 1 April 2015 dismissing its Petition for Review. On 19 May 2015, PhilWeb seasonably filed its Motion for Reconsideration. This Motion for Reconsideration is now pending resolution by the COA.

**Compensation of Directors and Executive Officers**

The aggregate amount of compensation paid by the Company to all of its directors and management as a group for fiscal years 2014 and 2015 were P46,084,346.00 and P45,336,000.00, respectively. The estimated aggregate compensation for 2016 is P47,602,800.00.

Annual Compensation of Five Most Highly-Paid Executives including the CEO

<u>(a)</u> Name and Principal Position	<u>(b)</u> Year	<u>(c)</u> Salary	<u>(d)</u> Bonus	<u>(e)</u> Other Annual <u>Comp.</u>
1. Roberto V. Ongpin Chairman (elected January 18, 2000)				
2. Dennis O. Valdes President (elected in July 2006)				
3. Brian K Ng Senior Vice President (effective January 2011)				
4. Rodolfo Ma. A. Ponferrada Senior Vice President (effective July 2012)				
5. Zaldy M. Prieto Senior Vice President & CFO (effective November 2008)				

**Aggregate Compensation of the CEO  
& Five Most Highly-Paid Executives**

2014	22,620,000	1,885,000	1,308,823
2015	25,080,000	2,090,000	1,454,500
2016 <sup>1</sup>	26,334,000	2,194,500	1,527,225

<sup>1</sup> Estimated figures

All Officers and Directors as a Group  
Unnamed

2014	46,084,346	3,835,222	1,970,588
2015	45,336,000	3,778,000	2,022,500
2016 <sup>2</sup>	47,602,800	3,966,900 <sup>2</sup>	2,123,625

There are no standard arrangements with regard to election, bonus, profit sharing, pension/retirement plan granting or extension of any option, warrant or right to purchase any securities. The Company has a stock option plan which is administered by a stock options committee.

**Employment Contracts and Termination of Employment and Change-in-Control Arrangements.**

Except for the Chairman, the rest of the above-mentioned executive officers have employment contracts with the Company.

There has been no change in control arrangements with the present management.

**Warrants and Options Outstanding**

On February 16, 2001, the SEC approved the exemption of 4,447,134,695 common shares (equivalent to 44,471,347 shares based on the new par value, effective September 14, 2009) under the Company's Stock Option Plan from the registration requirements under the Securities Regulation Code (SEC Resolution No. 005, Series of 2001).

On November 18, 2003, The Stock Option Committee approved the awarding to selected individuals who have helped develop the business of the Company over the past two years options to subscribe to a total of One Billion Three Hundred Million (1,300,000,000) common shares at a price of P0.01 per share (the then prevailing market price was P0.012 per share).

On October 14, 2004, the Stock Option Committee of the Company approved the awarding to selected individuals who have helped develop the business of the Company over the past two years options to subscribe to 500,000,000 common share, at a price of P0.01 per share (the then prevailing market price was P0.012 per share).

On March 2, 2005 the Board of Directors of PhilWeb Corporation approved the recommendation of the Stock Option Committee for additional option grants totaling

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<sup>2</sup> Estimated figures

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1,391,000,000 shares to its officers and employees at a price equivalent to a twenty percent (20%) discount over the average closing price of the Company during the past 30 trading days.

On January 20, 2006, the Stock Option Committee of the Company approved the award to selected officers and employees options to subscribe to total of 1,786,500,000 common shares, at a price of P0.013 per share (the then prevailing market price was P0.016 per share).

On November 29, 2006, the Stock Option Committee of the Company approved the award to selected officers options to subscribe to total of 1,156,000,000 common shares, at a price of P0.0248 (the then prevailing market price was P0.031 per share).

On April 9, 2008, the PSE approved the Company's application for the listing of additional 1,982,399,858 common shares with a par value of P0.01 per share, to cover the Stock Option Plan of PhilWeb Corporation.

On April 19, 2012, the Stock Option Committee of the Company approved the award to selected officers and employees of options to subscribe to a total of 8,900,000 common shares, at a price of P14.00 per share.

On 29 May 2014, the Stock Option Committee of the Company approved the award to selected officers and employees of options to subscribe to a total of 1,500,000 common shares, at a price of P4.15 per share.

**Independent Public Accountants**

The independent public accountant recommended for re-election for the current year is R.G. Manabat & Co.

The Company has not had any disagreements on accounting and financial disclosures with its current external auditors for the same periods or any subsequent interim period.

Representatives of R.G. Manabat & Co. shall be present at the meeting. They will have the opportunity to make a statement if they choose to do so, and will be available to respond to appropriate questions.

The 2015 audit of the Company by R.G. Manabat & Co. is in compliance with Securities Regulation Code Rule 68, paragraph 3(b)(iv) and SEC Memorandum Circular No. 8, Series of 2003 that provides that the external auditor should be rotated every five (5) years or earlier or the handling partner shall be changed.

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The following are the members of the Audit Committee of the Company:

Victor C. Macalincag	-	Independent Director/Chairman
Tomas I. Alcantara	-	Independent Director/Member
Edgardo J. Angara	-	Independent Director/Member

**OTHER MATTERS**

**Action with Respect to Reports**

The Management Report and 2015 Audited Financial Statements, as set forth in the accompanying Annual Report, will be submitted for stockholders' ratification.

Approval of the Annual Report constitutes a ratification of the Company's performance during the previous fiscal year.

Approval of the Minutes of the Stockholders' Meeting held on August 11, 2015 constitutes a ratification of the accuracy and faithfulness of the Minutes to the events, which transpired during the meeting.

During the said meeting, the following significant matters were approved: (i) minutes of the annual stockholder's meeting held on August 28, 2014; (ii) Management Report and Audited Financial Statements for the Year Ended December 31, 2014; (iii) ratification and approval of corporate acts; (iv) election of directors; and (v) appointment of external auditor.

During the Organizational Meeting of the Board of Directors held on August 11, 2015, the following matters were discussed/approved: (i) minutes of the board meeting held on July 30, 2015; (ii) election of officers; (iii) election of members of the Executive Committee; and (iv) election of members to the Audit, Nomination, Compensation and Stock Option committees.

During the Regular Meeting of the Board of Directors held on October 22, 2015, the following matters were discussed/approved: (i) minutes of the board meeting held on August 11, 2015; and (ii) approved Management's recommendation to declare a cash dividend of Php 0.15 per share with a record date of November 12, 2015, and payment date of November 26, 2015.

During the Regular Meeting of the Board of Directors held on February 4, 2016, the following matters were discussed/approved: (i) minutes of the board meeting held on October 22, 2015; (ii) Management Report on the unaudited financial statements of the Company for the year ended 31 December 2015 and reported that revenue is up by 2% at Php1.668 million. The Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) for 2015 was P1,197 million or 2% higher than the previous year; (iii) approved Management's recommendation to declare a cash dividend of Php 0.20 per share with a record date of February 19, 2016, and payment date of March 4, 2016; (iv) set the Annual Stockholders' Meeting of the Corporation

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on May 17, 2016 (Tuesday) at 5 p.m. at The City Club at Alphaland Makati Place, Ayala Avenue Extension corner Malugay Street, Makati City, Philippines. Thereafter, the Board of Directors elected Ms. Anna Bettina Ongpin as Vice Chairperson of the Board of Directors of the Company and member of the Executive and Stock Option committees. The Board of Directors also elected Gregorio Ma. Araneta III as Chairman of the Nominations Committee.

Copies of the minutes will be made available for review by the stockholders present in the annual meeting.

The affirmative vote of a majority of the votes cast on this matter is necessary for approval of the minutes.

**Other Proposed Actions**

The acts of Management from the last annual stockholders' meeting to the present will be presented for stockholders' ratification at the meeting.

**Voting Procedures**

For the election of directors, the fifteen (15) nominees receiving the most number of votes will be elected to the Board of Directors. Cumulative voting will apply.

For all other matters to be taken up, majority vote of the outstanding capital stock present and represented at the meeting where a quorum exists shall be sufficient.

Voting shall be done *viva voce* or by raising of hands and the votes for or against the matter submitted shall be tallied by the Corporate Secretary in case of a division of the house.

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**UPON THE WRITTEN REQUEST OF A STOCKHOLDER, THE COMPANY WILL PROVIDE, WITHOUT CHARGE, A COPY OF THE COMPANY'S SEC FORM 17-A (ANNUAL REPORT) DULY FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THE STOCKHOLDER MAY BE CHARGED A REASONABLE COST FOR PHOTOCOPYING THE EXHIBITS.**

**ALL REQUESTS MAY BE SENT TO THE FOLLOWING ADDRESS:**

**PhilWeb Corporation**  
The Penthouse Alphaland Southgate Tower  
2258 Chino Roces corner EDSA Makati City 1232  
Attention: Mr. Zaldy M. Prieto  
SVP/Chief Finance Officer

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SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati on April 27, 2016.

Issuer: PHILWEB CORPORATION

Date: April 27, 2016

Signature and Title:

  
Dennis O. Valdes  
President

**PHILWEB CORPORATION**

**MANAGEMENT REPORT**

for the  
 2016 Annual Meeting of Stockholders  
 Pursuant to SRC Rule 20 (4) (A)

**A. *Audited Financial Statements for Fiscal Year Ended December 31, 2015***

Please see attached audited consolidated financial statements as of December 31, 2015.

**B. *There were no disagreements with the accountants***

**C. *Management's Discussion and Analysis or Plan of Operations***

**Plan of Operations**

The current capitalization of the Company, and expected future revenues from its various Internet gaming activities are projected to sufficiently meet the Company's operating cash requirements. Acquisition of computers and other equipment, which are not expected to be of material amount, shall be funded from internally generated funds.

No extraordinary purchase or sale of plant and equipment are expected beyond those in the regular course of the Company's operations. All purchases will be financed through internally generated funds and existing capitalization.

Hiring of employees will continue in the regular course of business.

**Results of Operation**

	For the Period Ended December 31 2015	For the Year Ended December 31 2014	For the Year Ended December 31 2013	For the Year Ended December 31 2012
<b>Income Statement</b>				
Revenues	1,667,610,476	1,639,956,575	1,493,699,764	1,483,589,923
Costs and Expenses	650,347,733	607,850,800	838,984,041	632,331,262
Other Income (Loss) - Net	26,303,885	6,607,131	(464,734,911)	257,918,465
Net Income	869,626,033	903,875,688	202,894,555	1,096,287,578
Retained Earnings at Beginning of Period	2,450,743,551	2,015,642,772	2,073,440,678	1,509,777,252
Retained Earnings at End of Period	2,617,356,756	2,450,743,551	2,015,642,772	2,073,440,678

<b>Balance Sheet</b>				
Current Assets	737,544,824	1,233,786,008	1,063,149,112	1,930,202,913
Total Assets	1,580,166,741	2,114,515,904	2,042,159,181	3,817,197,716
Total Liabilities	682,740,875	1,124,375,456	1,491,016,332	328,597,004
Total Equity	897,425,866	990,140,448	551,142,849	3,488,600,712

Performance for the Period Ended December 31, 2015

*Cash and Cash Equivalents*

The cash and cash equivalents decreased by P164.6 million or 44% versus last year. The Company operations generated cash amounting to P1,077.9 million, and used its cash mainly for payment of dividends of P703.6 million, payment of loan of P500.0 million and payment of CAPEX of P48.6 million.

*Receivables (net)*

The receivables decreased by P96.6 million or 32% versus last year, mainly due to collection of receivables.

*Inventories*

The decreased in inventories amounting to P106.3 million or 100% due to sale of gaming terminals of e-Magine Gaming Corporation.

*Notes Receivable*

The decreased in notes receivable of P126.0 million or 35% versus last year, was mainly due to collection of current receivables from the sale of investment in Acentic.

*Prepayments and Other Current Assets*

Prepayments and other current assets slightly decreased by P2.7 million or 3% versus last year mainly due to the decrease in other prepayments.

*Investment in Associates*

Investment in associates slightly decreased by P0.3 million or 2% due to equity in net losses from associates.

*Noncurrent Receivables*

Noncurrent receivables decreased by P72.9 million or 13% versus last year, due to reclassification of noncurrent receivables to current receivables in accordance with the payment terms of receivables from the sale of investment in Acentic.

*Property and Equipment*

The increased in property and equipment of P33.2 million or 15% represents the total acquisitions of P150.7 million less depreciation and amortization amounting to P117.5 million.

The acquisitions mainly pertain to the acquisition of gaming terminals, network and data communication equipment for PeGS and leasehold improvements for BGI operations.

*Deferred Tax Assets*

Deferred tax assets recognized amounting to P13.6 million represent the amounts of income taxes recoverable in future periods arising from deductible temporary differences.

*Other Noncurrent Assets*

Other noncurrent assets increased by P3.0 million or 6% mainly due to the increase in rental deposits as a result of business expansions.

*Accounts Payable and Accrued Expenses*

The increased in accounts payable and accrued expenses by P76.2 million or 33% was mainly due to increase in trade payable.

*Income tax payable*

Income tax payable pertains to the outstanding balance of provision for income tax during the year.

*Notes Payable*

Notes payable decreased by P500 million or 71% due to payment of loans.

*Retirement Benefits Liability*

The decreased in retirement benefits liability of P3.6 million or 20% represents additional provision for employees' retirement benefits and actuarial loss of P9.9 million less contribution to retirement fund of P13.5 million.

*Operators' deposit*

The increased of operators' deposit of P5.0 million or 10% represents the cash received from operators upon opening of PeGS that serves as a bond/security in case the operators defaults from payments.

### *Capital stock*

The increased in capital stock of P1.0 million or 0.1% was due to issuance of shares during the year.

### *Additional paid in capital*

The increased in additional paid in capital of P10.1 million or 0.9% was due to issuance of shares higher than par value during the year.

### *Retained earnings*

The increased in retained earnings of P166.6 million, or 7% was attributable to the net income during the period, net of cash dividends.

### *Treasury stock*

The increased in treasury stock of P269.4 million or 7% was due to acquisition of own shares of 12.8 million shares.

### *Income and Expenses*

For the year ended December 31, 2015, the Company's EBITDA increased by 2.1% or P24.8 million, from P1,176.0 million last year to P1,200.8 million this year. Net income slightly decreased by 3.8% or P34.2 million, from P903.9 million last year to P869.6 million this year mainly due to increase in income tax expense by P39.1 million or 29%.

### *Revenues*

Total revenues increased by P27.7 million or 1.7%, to P1,667.6 million for the year ended December 31, 2015 from P1,640.0 million registered last year. The increased was mainly contributed by the PeGS business. PeGS improvement was contributed by the increase in number of sites and gaming terminals.

### *Salaries and Benefits*

The increased of P12.4 million or 11% was mainly due to the increased in number of head counts.

### *Depreciation and Amortization*

The increased of P6.2 million or 6% in depreciation and amortization was due to increase in acquisition of capital expenditure during the year.

#### *Outsourced Services*

The increased in outsourced services of P2.9 million or 3% was primarily due to an increase in number of contracted employees and security personnel in BGI operations.

#### *Rental*

The decreased of P2.1 million or 3% in rent was due to lesser rental rate of the new office location.

#### *Utilities and Communications*

The decreased in utilities and communications of P19.4 million or 22% was due to decreased in connectivity cost as a result of transitioning of servers.

#### *Representation and Entertainment*

Representation and entertainment increased by P4.3 million or 10% as a result of the higher representation and entertainment expense in BGI operation.

#### *Supplies*

Supplies increased by P2.2 million or 12% due to higher supplies and inventory cost in BGI operation.

#### *Operator Incentives and Commissions*

The decreased of P1.3 million or 100% was mainly due to closure of the Asia-Pacific business operation.

#### *Impairment Losses*

The increased in provision for impairment losses by P31.9 million or 72% was due to impairment of e-Magine and increased in impairment of expired portion of excess input VAT.

#### *Professional Fees*

Professional fees increased by P0.6 million or 6% mainly due increased in consultancy fees.

#### *Advertising and Promotion*

Advertising and promotion slightly decreased by P0.2 million or 4% as result of closure of Asia-Pacific operation.

*Taxes and Licenses*

Taxes and licenses increased by P9.1 million or 80% due to payment of local business tax.

*Miscellaneous*

The decreased of P4.1 million or 39% was mainly due to decrease in other expenses of gaming operations and closure of Asia-Pacific operation.

*Equity in Net Earnings of Associates*

Equity in net losses of associates of P0.3 million mainly pertains to the share in net loss of investment in associates.

*Interest Income*

The decreased of P8.0 million or 13% was mainly due lower interest rate from notes receivables.

*Interest Expense*

The decreased of P26.8 million or 54% was due to payment of loans.

Performance for the Period Ended December 31, 2014

*Cash and Cash Equivalents*

The cash and cash equivalents increased by P33.0 million or 10% versus last year. The Company operations generated cash amounting to P1,052.3 million, and used its cash mainly for CAPEX P75.2 million, payments of dividends P468.9 million and payment of loan P500.0 million.

*Receivables (net)*

The receivables increased by P45.8 million or 18% versus last year, mainly due to increase in interest receivables.

*Inventories*

The increased in inventories amounting to P50.2 million or 90% due to the gaming terminal cost of e-Magine Gaming Corporation.

*Notes Receivable*

The increase in notes receivable of P47.3 million or 15% versus last year, was mainly due to reclassification of receivables from the sale of investment in Acentic.

*Prepayments and Other Current Assets*

Prepayments and other current assets decreased by P5.7 million or 6% versus last year mainly due to the decrease in input VAT.

*Investment in Associates*

Investment in associates slightly increased by P0.3 million or 2% due to equity in net earnings from associates.

*Noncurrent Receivables*

Noncurrent receivables decreased by P72.9 million or 11% versus last year, due to reclassification of current receivables in accordance with the amendment of payment terms of receivables from the sale of investment in Acentic.

*Property and Equipment*

The decreased in property and equipment of P28.2 million or 11% represents the total acquisitions of P75.2 million less depreciation amounting to P103.4 million.

The acquisitions mainly pertain to the network and data communication equipments for PeCS and BGI operations.

*Deferred Tax Assets*

Deferred tax assets recognized amounting to P14.7 million represent the amounts of income taxes recoverable in future periods arising from deductible temporary differences.

*Other Noncurrent Assets*

Other noncurrent assets increased by P5.4 million or 12% mainly due to the increase in rental deposits as a result of business expansions.

*Accounts Payable and Accrued Expenses*

The increased in accounts payable and accrued expenses by P16.7 million or 8% was mainly due to increase in trade payable.

*Income tax payable*

The increased in income tax payable by P124.9 million was mainly due to provision for income tax expense during the year.

*Notes Payable*

Notes payable decreased by P500 million or 42% due to payment of loans.

*Retirement Benefits Liability*

The decreased in retirement benefits liability of P9.5 million or 34% represents additional provision for employees' retirement benefits and actuarial loss of P5.5 million less contribution to retirement fund of P15 million.

*Operators' deposit*

The increased of operators' deposit of P1.3 million or 3% represents the cash received from operators upon opening of PeGS that serves as a bond/security in case the operators defaults from payments. This deposit is to be returned to the operators after termination of the contract.

*Capital stock*

No significant movement for capital stock in 2014.

*Additional paid in capital*

No significant movement for additional paid in capital in 2014.

*Retained earnings*

The increase in retained earnings of P435.1 million or 21% was attributable to the net income during the period, net of cash dividends.

*Treasury stock*

No movement for treasury stock in 2014.

*Income and Expenses*

For the year ended December 31, 2014, the Company posted net income of P903.9 million, that is 345% growth from last year. EBITDA also increased by 19%. Net income increased mainly due to higher revenue in PeGS and reduction of operating expenses in 2014.

### *Revenues*

Total revenues increased by P146.3 million or 10%, to P1,640.0 million for year ended December 31, 2014 from P1,493.7 million registered last year. The increased was contributed by the PeGS business; however, it is slightly mitigated by the decreased in revenue from PhilWeb Asia-Pacific operation. PeGS improvement was contributed by the increase in number of sites, stations and higher amount of customer's deposits.

### *Salaries and Benefits*

The decreased of P10.7 million or 8% was mainly due to the decreased in number of head counts.

### *Depreciation and Amortization*

The decreased of P28.3 million or 21% in depreciation and amortization was due to lower capital expenditure and increased in fully depreciated asset this year.

### *Outsourced Services*

The decreased in outsourced services of P5.0 million or 5% was primarily due to an decrease in number of contracted employees and security personnel in Asia-Pacific and BGI operations.

### *Rental*

The decreased of P4.1 million or 6% in rent was due to lesser rental rate of the new office location.

### *Utilities and Communications*

The increased in utilities and communications of P17.3 million or 24% was due to additional connectivity requirements for additional servers.

### *Representation and Entertainment*

Representation and entertainment decreased by P14.8 million or 26% as a result of the lower travel and representation expense in Asia-Pacific operation.

### *Supplies*

Supplies decreased by P7.0 million or 26% due to lower supplies and inventory cost in Asia-Pacific operation.

*Operator Incentives and Commissions*

The decreased of P8.6 million or 87% was mainly due to lower commissions provided to the distributors of scratch cards in the Asia-Pacific business operation.

*Impairment Losses*

The provision for impairment losses pertains to expired portion of excess input VAT and expired scratch card inventory.

*Professional Fees*

Professional fees decreased by P3.3 million or 27% mainly due decreased in consultant fees in Asia-Pacific operation.

*Advertising and Promotion*

Advertising and promotion decreased by P11.3 million or 72% as result of slowdown of Asia-Pacific operation.

*Taxes and Licenses*

Taxes and licenses decreased by P2.9 million or 20% due to lower documentary stamp tax as a result of payment of loans.

*Miscellaneous*

The increased of P1.7 million or 20% was mainly due to increase in other expenses of gaming operations.

*Equity in Net Earnings of Associates*

Equity in net earnings of associates of P0.3 million mainly pertains to share in net income of investment in Alphaforce Security Agency Inc.

*Interest Income*

The increased of P37.3 million or 166% was mainly due interest income from notes receivables from the sale of investment in Acentic.

*Interest Expense*

Interest expense increased by P27.5 million or 125% was due to availment of loans in last quarter of 2013.

### Performance for the Year Ended December 31, 2013

#### *Cash and Cash Equivalents*

The Company ended the year with P342 million cash and cash equivalents. The Company's operations generated cash amounting to P801.6 million. It received P558.3 million proceeds from the sale of investment in ISM. Also, the Company availed loans of P1,200.0 million from local banks. The Company used its cash for CAPEX P98.7 million, dividends P267.7 million and payment for the acquisition of its own shares P2,881.3 million.

#### *Receivables (net)*

The receivables decreased by P13.0 million or 5% versus last year, mainly due to allowance provided for trade receivables of Asia-Pacific and other non-affiliated companies. It is partially offset of the increase in receivables from non-affiliates (Alphaland and Monfortino) and advances to suppliers of e-Magine.

#### *Inventories*

The increase in inventories amounting to P46.1 million or 463% mainly due to the gaming terminal cost of e-Magine Gaming Corporation.

#### *Notes Receivable*

The decrease in notes receivable of P184.3 million or 37% versus last year, was mainly due to amendment of payment terms of receivables that arose from the sale of investment in Acentic.

#### *Prepayments and Other Current Assets*

Prepayments and other current assets decreased by P5.7 million or 5% versus last year mainly due to the decrease/usage of various prepayments.

#### *Investment in Associates*

The decrease in investment in associates of P1,058.3 million or 99%, was due to the sale of investment in ISM.

#### *Noncurrent Receivables*

Noncurrent receivables increased by P170.1 million or 35% versus last year, due to reclassification of current receivables in accordance with the amendment of payment terms of receivables that arose from the sale of investment in Acentic.

*Property and Equipment*

The decrease in property and equipment of P34.2 million or 12% represents the total acquisitions of P97.7 million less depreciation amounting to P131.7 million.

The acquisitions mainly pertain to the expansions in Asia-Pacific (Timor e-Games) and BGI operations.

*Deferred Tax Assets*

Deferred tax assets recognized amounting to P17.6 million represent the amounts of income taxes recoverable in future periods arising from deductible temporary differences.

*Other Noncurrent Assets*

Other noncurrent assets increased by P1.7 million or 4% mainly due to the increase in rental deposits as a result of business expansions.

*Accounts Payable and Accrued Expenses*

The decrease in accounts payable and accrued expenses by P42.3 million or 17% was mainly due to payment of unpaid acquisition of treasury shares pursuant to buyback program as approved by BOD last year.

*Notes Payable*

Notes payable amounts to P1,200.0 million pertains to the availment of loans during the year.

*Retirement Benefits Liability*

The increase in retirement benefits liability of P2.2 million or 9% represents additional provision for employees' retirement benefits.

*Operators' deposit*

The increase of operators' deposit of P2.5 million or 5% represents the cash received from operators upon opening of PeGS that serves as a bond/security in case the operators defaults from payments. This deposit is to be returned to the operators upon termination of their operation.

*Capital stock*

No movement for capital stock in 2013.

*Additional paid in capital*

No movement for additional paid in capital in 2013.

*Retained earnings*

The increase in retained earnings of P12.5 million or 1% was attributable to the net income during the period, net of cash dividends.

*Treasury stock*

The increase in treasury shares of P2,881.3 million or 272% was due to the redemptions of e-PLDT held shares and shares bought from the market pursuant to the buyback program as approved by BOD.

*Income and Expenses*

For the year ended December 31, 2013, the Company posted net income of P202.9 million. Revenues increased by 1%. Overall, the Company decreased its net income by 82% versus last year. Note however that EBITDA still increased by 2% as the net income includes one-time losses from the sale of investment in ISM amounting to P552.0 million and provision for impairment losses of P198.5 million.

*Revenues*

Total revenues increased by P10.1 million or 1%, to P1,493.7 million for year ended December 31, 2013 from P1,483.6 million registered last year. The increased was contributed by the PeGS business; however, it is mitigated by the decreased in revenue from PhilWeb Asia-Pacific operation. PeGS improvement was contributed by the increase in number of sites, stations and higher amount of customer's deposits.

*Salaries and Benefits*

The decrease of P23.1 million or 15% was mainly due to the revision of personnel cost sharing agreement within affiliated companies.

*Depreciation and Amortization*

The increase of P35.0 million, or 36% in depreciation and amortization was due to increase in acquisition of additional servers, computer equipment and leasehold improvements related to Timor e-Games and BGI operations.

*Outsourced Services*

The increase in outsourced services of P8.9 million or 10% was primarily due to an increase in number of contracted employees and security personnel due to expansions of Asia-Pacific and BGI operations.

*Rental*

The increase of P10.7 million or 18% in rent was due to expansion of Asia-Pacific and BGI operations.

*Utilities and Communications*

The increase in utilities and communications of P12.6 million or 22% was due to additional power and utility requirements of expanded business operations.

*Representation and Entertainment*

Representation and entertainment increased by P6.9 million or 14% as a result of the expansion of BGI operations.

*Supplies*

Supplies slightly decreased by P2.3 million or 8%.

*Operator Incentives and Commissions*

The decrease of P14.7 million was mainly due to lower commissions provided to the distributors of scratch cards in the Asia-Pacific business operation.

*Impairment Losses*

The provision for impairment losses pertains to expired portion of excess input VAT and long outstanding receivables.

*Professional Fees*

Professional fee decreased by P4.6 million or 28% mainly due reduction of technical consultant.

*Advertising and Promotion*

Advertising and promotion slightly decreased by P0.1 million or 1%.

*Taxes and Licenses*

Taxes and licenses slightly decreased by P0.8 million or 5%.

*Miscellaneous*

The decrease of P1.0 million or 10% was mainly due to decrease in other expenses of gaming operations.

*Loss on Sale of Equity Investment*

The loss on sale of equity investment of P552.0 million pertains to the disposal of investment in ISM. While the sale resulted to a paper loss, based on acquisition cost the Company made a cash gain of P60.4 million.

*Equity in Net Earnings of Associates*

Equity in net earnings of associates of P86.1 million mainly pertains to share in net income of investment in ISM before the sale of the said investment.

*Interest Income*

The decrease of P14.1 million or 39% was mainly due to decreased in average cash deposits and short-term placements during the year.

*Interest Expense*

Interest expense of P22.1 million was due to availment of loans.

**The Company's Key Performance Indicators**

For the year 2015, the Company's key performance indicators are the following:

- 1.) The Company's Net Income margin for the aforementioned period was at 52%. Net Income of P869,626,033 divided by Net Revenues of P1,667,610,476.
- 2.) The Company's Earnings Before Interest, Taxes, and Depreciation and Amortization (EBITDA) was P1,200,758,970 or 2.1% higher compared last year.
- 3.) The increase in revenues in 2015 was 1.7%. It was computed by dividing the difference between 2015 and 2014 Revenue by 2014 Revenue.
- 4.) Operating Income margin was 61%. Operating Income of P1,017,262,743 divided by Net Revenues of P1,667,610,476.
- 5.) Current ratio was at 1.21:1.00. Current Assets of P737,544,824 divided by Current Liabilities of P610,798,305.

- 6.) Asset to equity ratio was at 1.76:1.00. Total Assets of P1,580,166,741 divided by Total Equity of P897,425,866.
- 7.) Debt to equity ratio was at 0.76:1.00. Total Liabilities of P682,740,875 divided by Total Equity of P897,425,866.
- 8.) The Return on Total Assets was 55%. Net Income of P869,626,033 divided by the Total Assets of P1,580,166,741.
- 9.) The Return on Equity was 97%. Net Income of P869,626,033 divided by the Total Equity of P897,425,866.

For the year 2014, the Company's key performance indicators are the following:

- 1.) The Company's Net Income margin for the aforementioned period was at 55%. Net Income of P903,875,688 divided by Net Revenues of P1,639,956,575.
- 2.) The Company's Earnings Before Interest, Taxes, and Depreciation and Amortization (EBITDA) was P1,176,003,787 or 19% higher compared last year.
- 3.) The increase in revenues in 2014 was 10%. It was computed by dividing the difference between 2014 and 2013 Revenue by 2013 Revenue.
- 4.) Operating Income margin was 63%. Operating Income of P1,032,105,775 divided by Net Revenues of P1,639,956,575.
- 5.) Current ratio was at 1.17:1.00. Current Assets of P1,233,786,008 divided by Current Liabilities of P1,053,823,031.
- 6.) Asset to equity ratio was at 2.14:1.00. Total Assets of P2,114,515,904 divided by Total Equity of P990,140,448.
- 7.) Debt to equity ratio was at 1.14:1.00. Total Liabilities of P1,124,375,456 divided by Total Equity of P990,140,448.
- 8.) The Return on Total Assets was 43%. Net Income of P903,875,688 divided by the Total Assets of P2,114,515,904.
- 9.) The Return on Equity was 91%. Net Income of P903,875,688 divided by the Total Equity of P990,140,448.

For the year 2013, the Company's key performance indicators are the following:

- 1.) The Company's Net Income margin for the aforementioned period was at 14%. Net Income of ₱202,894,555 divided by Net Revenues of P1,493,699,764.

- 2.) The Company's Earnings Before Interest, Taxes, and Depreciation and Amortization (EBITDA) was P985,634,920 or 2% higher compared last year.
- 3.) The increase in revenues in 2013 was 1%. It was computed by dividing the difference between 2013 and 2012 Revenue by 2012 Revenue.
- 4.) Operating Income margin was 44%. Operating Income of ₱654,715,723 divided by Net Revenues of ₱1,493,699,764.
- 5.) Current ratio was at 0.75:1.00. Current Assets of ₱1,063,149,112 divided by Current Liabilities of ₱1,412,294,548.
- 6.) Asset to equity ratio was at 3.71:1.00. Total Assets of P2,042,159,181 divided by Total Equity of P551,142,849.
- 7.) Debt to equity ratio was at 2.71:1.00. Total Liabilities of ₱1,491,016,332 divided by Total Equity of ₱ 551,142,849.
- 8.) The Return on Total Assets was 10%. Net Income of P202,894,555 divided by the Total Assets of P2,042,159,181.
- 9.) The Return on Equity was 37%. Net Income of P202,894,555 divided by the Total Equity of P551,142,849.

#### **Key Variable and Other Qualitative and Quantitative Factors**

There were no known trends, events or uncertainties that will have material impact on the Company's liquidity.

There were no events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

There were no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

The current capitalization of the Company, and expected future revenues from its various activities are projected to sufficiently meet the Company's operating cash requirements.

No extraordinary purchase of plant and equipment are expected beyond those in the regular course of the Company's operations.

There were no known trends, events or uncertainties that have had or that are reasonably expected to have a material impact on the Company's revenues or continuing operations.

There are no significant elements of income that did not arise from the Company's continuing operations.

There were no known causes for any material changes from period to period of financial statements, which shall include vertical and horizontal analyses of any material item.

There are no seasonal aspects that have material effect on the Company's financial condition or results of operation.

#### **Audit and Audit Related Fees**

Audit fees in relation with the services rendered for the examination and preparation of the Company's financial statements. The following table sets out the aggregate fees billed for each of the last three years for professional services rendered by the independent public accountant.

	2015	2014	2013
Audit and Audit-Related Fees	P1,262,150	P1,234,238	P1,161,045
Tax Fees	none	none	none
Other Fees	none	none	87,136
<b>Total</b>	<b>P1,262,150</b>	<b>P1,234,238</b>	<b>P1,248,181</b>

The auditor of the Company conducted its audit in accordance with the auditing standards generally accepted in the Philippines with the objective of expressing an opinion as to whether the presentation of the financial statements, taken as a whole conforms with the accounting principles generally accepted in the Philippines. They performed tests of the accounting records and such other procedures, as they considered necessary in the circumstances to provide a reasonable basis for an opinion on the financial statements. They also assessed the accounting principles used and significant estimates made by the management and evaluated overall financial statements presentation.

The auditor also considered the Company's internal control in order to determine the nature, timing and extent of the audit procedures for the purpose of expressing an opinion on the financial statements. There were no additional fees related to this.

There were no products and services provided by the external auditor other than the services reported under the above items.

The Audit Committee approved the policies and procedures in relation to the services of the external auditor.

#### **D. General Nature and Scope of Business**

PhilWeb Corporation, the Company, was originally a mining and exploration company incorporated in August 20, 1969 under the name "South Seas Oil and Mineral Exploration Co.

Inc." with an authorized capital stock of P50 million divided into five billion shares with a par value of P0.01 per share. On March 29, 1984, the stockholders authorized the change in the Company's name to "South Seas Natural Resources, Inc." which was approved by the SEC. The stockholders subsequently authorized on September 22, 1987 an increase in the Company's authorized capital stock to P200 million divided into 20 billion shares with a par value of P0.01 each share, 60% of which were classified as Class "A" shares which may be held only by Filipino citizens, and 40% of which were classified as Class "B" shares which may be held by non-Filipinos. The SEC approved the increase in capital and classification of shares of stock.

PhilWeb became an Internet company in January 18, 2000 upon the stockholders' approval of a restructuring plan which involved changes in the Company's name, primary purpose, increase in capital stock, declassification of shares, increase in the number of directors, and adoption of new by-laws, among other matters. At the same meeting, the stockholders likewise authorized the Board of Directors to sell all or substantially all of the assets of the Company, and approved the sale of the mining properties and tangible mining assets. On the same date, the Parent Company entered into a Deed of Assignment with All-Acacia Resources, Inc. whereby the Parent Company transferred all its rights over its mining claims located in the Provinces of Samar and Surigao and all of its mining assets, both tangible and intangible, used in the Parent Company's mining operations. In consideration therefore, All-Acacia agreed to assume all liabilities and obligations of the Parent Company, including those relating to the assignment of advances from stockholders and/or deposits on subscriptions in excess of P18 million which had been agreed to be converted to equity of the Parent Company, and arrange for the resignation, retirement or termination of all the Parent Company's personnel relating to the mining business and pay their corresponding separation or retirement pay, as well as hold the Parent Company free and harmless from any expense, liability or obligation arising from the operation of the Parent Company as of the date of the Agreement.

The change in the Company's corporate name to "PhilWeb.Com, Inc.", its primary purpose from a mining and oil exploration company to that of an Internet company, increase in the number of directors to 15, and adoption of new By-laws became effective upon their approval by the SEC on February 8, 2000. The SEC subsequently approved the increase in the Company's authorized capital stock to P2.6 Billion and the declassification of its common shares to one class on March 6, 2000.

At the annual stockholders' meeting on May 31, 2002, the stockholders approved the change in corporate name from "PhilWeb.com, Inc." to "PhilWeb Corporation". The stockholders also approved the inclusion of the gaming business as an additional secondary purpose of the Company. The SEC approved these changes on November 5, 2002.

On November 28, 2002, the Company signed a Memorandum of Agreement with Philippine Amusement and Gaming Corporation (PAGCOR) for the Company to provide PAGCOR with technical consultancy and marketing services related to Internet Sports Betting. PAGCOR has launched its Internet Sports Betting website called BasketballJackpot.Net, with the objective of getting a slice of the US\$10 billion worldwide Sports Betting market. In April 2004, the Company launched its Internet casino business (ecasinofilipino.com).

### **PAGCOR e-Games cafés**

e-Games was licensed by the Philippine Amusement and Gaming Corporation (PAGCOR) in 2003 to launch e-Games Stations, which are Internet cafés exclusively dedicated to casino games. With technology provided by PhilWeb, patrons can choose from more than 300 casino games, including baccarat, blackjack, various slot machine games, video poker and sports betting. Most e-Games cafés operate on a 24/7 basis.

There are now 268 operating e-Games cafés across the country, majority of which are owned and operated by independent operators. These e-Games Operators handle day-to-day operations and get a commission based on the casino winnings of the café.

### **Operator Partnerships**

The Platinum Partner Program for e-Games operators was launched in March 2015, with directions to strengthen the business and marketing support relationship to directly benefit site operations. By the end of 2015, 197 sites had signed up for the program. Benefits of the program include additional support for site-level customer acquisition and retention activities, e-Games brand-building as well as infrastructure support through access to an exclusive IPVPN service for robust data connectivity to the gaming servers. Platinum business partners also had access to a secondary casino server to ensure business continuity of gaming services.

### **Content and Services**

2015 saw significant enhancements made to gaming content and player user interface. The first enhancement was the addition of new and exciting progressive slot machine games to the e-Games platform. For the first time, e-Games members were exposed to multi-level progressive jackpots, providing an experience parallel to the large integrated resort-casinos. High-jackpot games provided the single biggest jackpot payout in e-Games history, with a player winning a pot worth nearly P2.6 Million. Most of these new games were launched in a new virtual casino called *Swinging Singapore*, and were made exclusively available only to sites in the Platinum Partner Program. Apart from providing a new user experience, PhilWeb also worked with PAGCOR to revise the progressive seed contribution system, which ensures a fair apportioning of the cost of the jackpot contribution between the different stakeholders.

The second key enhancement was the increased security protocols added to the customers' gaming accounts, highlighted by the activation of a PIN type security code at the member's log-in at the start of their gaming session. The PIN code provides basic level security to prevent unauthorized use of the player's account. Enabling and nominating a personal identification number code also allows the customer to leave game credits in their account, and minimizes the need to transport physical cash to and from the e-Games venues.

Connected to this is the rollout of e-Games' closed-loop electronic wallet called e-SAFE in 2015. e-SAFE allows players to place bets to games using the wallet balance, and to receive payouts through their wallets, which they can keep or withdraw any time they want. An average of P3.4 million is kept by players in e-SAFE daily. 90% of players keep a balance in e-SAFE, and 95% of these balances range from P20 to P21,000.

The third key enhancement was the inclusion of Sports Betting content into the e-Games user experience, allowing players to place bets on their favorite sports from any of the e-Games terminals at all e-Games locations. Bets are withdrawn from the players' account and automatically credited back should the outcomes be in the player's favor. Previously limited to a single stand-alone kiosk, available only in less than a hundred e-Games sites, the inclusion of the sports betting service in the e-Games platform in November 2015 is attracting new visitors to the venues. Total PhilWeb share from Sports Betting revenues doubled in November and December 2015 due to the wider access.

## **Marketing**

Continuing into 2015, the e-Games Club Platinum Program for SVIP customers continued to provide increasing value to the player experience. This concierge service allowed PhilWeb to strengthen its relationships with its key customers, despite increased competition from the larger Integrated Resort Casinos and various other competitors. Several non-gaming activities were conducted for this segment, highlights of which were an exclusive viewing of the Pacquiao-Mayweather fight in May 2015 and an advanced block screening of Star Wars: The Force Awakens in December 2015. Players were also provided with bespoke benefits for their continued patronage, including trips to the resort-island of Balesin.

A key program directly benefiting e-Games sites was Project Engage. Multiple teams worked in parallel to conduct player acquisition activities near e-Games venues weekly, for the whole year. At its conclusion, Project Engage reached more than 250 of the operating e-Games locations nationwide, resulting in more than 19,000 new member registrations. During Project Engage activities, brand ambassadors also took the opportunity to assist existing players to update their membership details in the player database.

Other notable marketing efforts in 2015 include the launch of the e-Games Membership App available for both iOS and Android mobile platforms. The app enables members to track their rewards points and convert these to the various available items. The app provides members with the locations of the nearest e-Games venue within a five kilometer radius of their current location. The app will also become the venue for enhanced communications between the PhilWeb Marketing and Customer Service teams and the Customer for any related news and concerns over the user experience. In addition to the membership app, marketing messages can now be pushed directly to the patron's gaming terminals when the player first logs into the system. This messaging feature was used to announce new content as well as updates to all ongoing promotions for the e-Games network.

## **Roll-Out and Expansion**

The e-Games nationwide network grew by 24 new locations in 2015, bringing the total operating e-Games to 268. Most of the e-Games are in the National Capitol Region and across Luzon, to include Quezon Province, Batangas and within the Balesin Island resort, where there were no e-Games previously. These new sites, as well as expansion activities from existing operators, brought the total number of installed e-Games gaming terminals to 8,839, a nearly 8% increase from the previous year.

### **BigGame, Inc.**

BigGame's network of cafés functions as the Company's "R&D laboratory" where new games, strategies and other innovative ideas are first tested. Results, whether positive or negative, are reported to e-Games operators during the quarterly General Assemblies. If a new game or idea delivers positive results and is approved unanimously by the operators, the BigGame café in question becomes the standard by which all other BigGame and e-Games cafés will follow. Because of this rigorous process, BigGame continues to bring in improved gaming configurations and upgrades for the Company's various services and amenities.

In 2015, BigGame added six locations to its network, bringing the total number of BigGame sites to 23. Total number of gaming terminals grew by 10.4% to 1,225 in 2015. BigGame continued in its pioneering efforts, by obtaining regulatory approvals to establish e-Games in greenfield locations, namely in Tanauan City, Batangas Province and Alphaland's Balesin Island resort located in Quezon Province. BigGame also acquired the existing e-Games operations of two locations in Paranaque, NCR, and one each in Cebu Province and Camarines Sur. Apart from these new additions, BigGame, Inc. management proceeded with various improvements to the existing gaming sites, with the objective of enhancing the player experience. These were conducted in its Mindanao Avenue (Quezon City), Sucat (Parañaque), and Crossroads (Cebu City) branches. These sites have shown increases in gaming revenue since they were relaunched to the public.

### **Best Gaming Experience**

BigGame continued in its objective to provide the Best Gaming Experience to its customers. A day-long food buffet was introduced at the BigGame locations during the 2015 Holiday Season and is seen to continue in selected locations in 2016. A Platinum Lounge was set-up within the premises of BigGame's Tomas Morato branch to provide further privacy to SVIP patrons and is supported by a day-long food service and enhanced beverage menu.

### **BigGame in 2016**

BigGame will continue its site expansion, renovation and refurbishment activities in 2016. Plans are already underway for the Tanauan site in March, the first of its kind in Batangas. The year ahead will also see more innovations and improvements in player experience. Player acquisition efforts will also be a focus through activation activities in various entertainment establishments. BigGame remains committed to increasing customer service levels, as well as adding site amenities and creating an ambiance that extends the best gaming experience for our target market.

## **e-Magine Gaming Corporation**

e-Magine Gaming Corporation is a subsidiary of PhilWeb Corporation. The Company's primary purpose is to develop and manufacture gaming terminals. Launched in 2012, e-Magine's goal is to strengthen PhilWeb's revenues and support its local business operations.

### **2015 Highlights**

e-Magine continued to build on the previous year's success by developing and deploying more advanced gaming terminals that allow users to play multiple types of games.

A total of 578 new Genesis 103 Terminals were deployed in 46 e-Games and BigGame outlets nationwide. These terminals are advanced, yet user-friendly consoles with touch screen terminals, bill validators, ticket printers, magnetic and RFID card readers.

The group continues to develop new designs that complement changing and varied preferences of players and operators. Dual screen units for instance, give players more information, can stream live content, and will eventually let them play games on two screens. The new terminals are also capable of deploying multiple types of games such as Casino, Bingo, Sports Betting, and Virtual Sports on the same terminal.

The small footprint of terminals will further enable operators to redesign outlets and maximize space by installing more terminals in the same floor area, giving their outlets a more modern look.

All of e-Magine's terminals are certified by Gaming Labs International, making them fully compliant with PAGCOR Gaming Standards. PAGCOR requires all local operators to comply with GLI certification or other equivalent testing laboratories. e-Magine's certification gives them a competitive advantage in the industry, as it further expands.

## **Corporate Services**

### **Finance**

The PhilWeb Finance Department continued to provide its unwavering support to the growth of the business in 2015 through the sound implementation of financial systems, processes and internal control policies that safeguard the Company assets and resources.

During the first quarter of the year, Finance developed the reporting process and reconciliations of progressive jackpot contributions and actual payouts for slot machine games. This paved the way for PAGCOR to approve the introduction of new games with large progressive payouts, such as Happy Golden Ox, Three Stooges and Rudolf's Revenge. The introduction and implementation of new games was successful not only in creating excitement for our players, but also in delivering additional revenue to all our stakeholders. In October, the highest single jackpot payout was 2.7 million pesos.

Another milestone for the year was the implementation of our closed-loop e-wallet which we branded "e-SAFE". The keys to the implementation of e-SAFE were the internal controls and security measures that we established to ensure that the client's money is safe and secure. Coupled with the introduction of new gaming platforms such as MSW, the e-SAFE will now allow players to place bets to these games using the wallet balance. This will also allow players to receive payouts through their wallets, which they can keep or withdraw any time they want.

Finance continues to ensure that all cash from the nationwide network of e-Games are collected on a timely and accurate manner. Through our company-proprietary POS system and 24/7 operation of our Cash Centers, we are able to monitor cash exposure and thereby enabling us to collect or replenish the cash needs of each site almost immediately. Our arrangements with banks, also allow us to replenish the operator and pay the player of the provincial sites on a real-time basis. The strict implementation of collection policies enables us to manage our cash with very minimal risk to the Company and to the operator.

Finance continuously provides financial reports, reconciliations in a timely manner to management and stakeholders to support key business decisions.

## **Legal**

The Legal Department ensures that the interests of the Company as well as its subsidiaries and affiliates are fully protected. Likewise, it makes certain that the Company observes all laws, rules and regulations relevant to the operation of its business and that it complies with all the reportorial requirements of various government offices and agencies such as, but not limited to, the Securities and Exchange Commission, the Philippine Stock Exchange, the Board of Investments and the Philippine Economic Zone Authority. In the same manner, the Legal Department manages and oversees the Company's dealings with concerned local government units with respect to the issuances of permits and licenses.

The Legal Department is also responsible for the registration of trademarks, patents and copyrights that are aimed to protect the intellectual property rights of the Company. Moreover, it is in-charge of reviewing all the contracts that the Company enters into thereby guaranteeing that the terms of every agreement are beneficial to the interests of the Company. Further, the Legal Department handles all cases brought by or against the Company whether these cases involve civil, criminal or administrative matters. In all, the Legal Department serves as the legal adviser and consultant of the Company, ever vigilant and protective of the Company's rights and interests.

## **Customer Support**

In our continued drive to provide fast and reliable support to all e-Games members, operators and site staff, as well as customers of MegaSportsWorld 365 days a year, 24 hours a day, several changes were introduced in the Customer Support department in 2015. New channels were opened from the traditional hotline and email, to include SMS and chat support through the

Viber app. A new Customer Relationship Management system was likewise implemented giving the team and other key customer facing groups a real time, single source of client engagements and interactions. With such improvements in place, over 250,000 transactions were handled last year across all PhilWeb products and the different channels. Customer Support has maintained a 92% average answer rate for all inbound calls and written customer correspondences (email, SMS and chat) were responded to within 30 minutes. On top of all inbound transactions from various stakeholders, the group has carried out continuous outbound support for other departments: Marketing – for promo related activities; Information Technology – for maintenance advisories; and Finance – for cash collection and replenishment.

In 2016, the group aims to enrich and further improve customer experience by providing more options for individuals to communicate and interact with us, streamline processes to shorten resolution times, and targeted staff training to reinforce the culture of service in every member of the Customer Support team.

### Information Technology

PhilWeb's Information Technology group is composed of four functional departments, namely: Infrastructure, Software Development, Service Delivery and Service Support. Each department's functions are aligned with PhilWeb's operational requirements as well as its corporate needs.

The Infrastructure Department's primary role is to provide all the components – hardware, software, network resources, facilities and services - needed to deliver IT services for PhilWeb's casino and corporate operations. The team is also responsible for the monitoring and maintenance of these components to ensure that operations are supported 24/7.

The Software Development Department is in charge of creating and implementing software vital to PhilWeb's casino operations. As of this writing, a number of home grown applications are in production which will allow PhilWeb to provide a better gaming experience to its customers through the management of their membership credentials, e-wallet and loyalty points. Internally, the group has also developed tools to provide the operational teams such as Customer Support, Finance Operations, and Casino Operations with the information they need for their day-to-day activities.

The Service Delivery Department is responsible for the implementation and management of quality IT services. Guided by industry best practices, the group manages delivery of services through the disciplines of Project Management and Service Management. In line to its vision to ensure quality, the team also has a Quality Assurance unit which conducts testing on home grown software prior to customer endorsement in order to ensure that business requirements are met.

The Service Support Department is charged with providing first level technical support and ensuring that IT services are available 24/7 to both internal and external customers of the Company. There are two groups under this department: a) the Technical Support team, which monitors and performs first level troubleshooting on services pertaining to PhilWeb's corporate

& casino infrastructure and B) Field Support, which is tasked to provide first level troubleshooting for e-Games sites. Tickets reported by site personnel and operators are first escalated to this team for validation and resolution.

### **Highlights in 2015**

Account-based play was further enhanced this year through the introduction of the e-wallet feature. Players can leave balances on their accounts and play in any e-Games site without having to carry their cash around. IT has provided improvements in the home grown systems to ensure full and seamless integration with these new features. In line with this update, IT has also deployed the new version of the casino game client to all e-games venues across the country.

### **2016 Goals**

For the past two years the group has been aligning its processes and methods with the rest of the PhilWeb operations team to provide a better gaming experience to its customers. While this effort is ongoing, the group is also looking at additional technological improvements that will further streamline IT operations.

### **Information Security**

In June 2015, PhilWeb transformed the Security and Compliance Group into the Information Security Group. The Group provides guidance on securing and protecting the privacy of information, and ensures that the institution maintains appropriate operational controls, standards, processes and Information security policies. The Information Security Group reports directly to the Office of the President.

After the establishment of the Information Security Group, IT network security was transferred from The Information Technology Group to Information Security in order to provide a better alignment and direction with regards to PhilWeb Security. The IT Network Security team focuses on PhilWeb's perimeter security, on the design and implementation of security appliances, and on ensuring a secured gaming environment.

Information Security Engineering was also established to provide application security, endpoint security and access control management for PhilWeb Corporation.

The Information Security Group is composed of two teams, namely the Information Security Engineering Team and IT Network Security.

### **Goals and Objectives**

PhilWeb Corporate, Employee, Customer, and Trading Partner information and the applications, systems, and networks that support this information, are protected from unauthorized access, modification, disclosure, and usage. This is achieved through a

combination of services, solutions, awareness training, and processes that enable the business to grow and thrive, while risks and exposures are managed.

Information Security plays a vital role in:

- Securing PhilWeb's Information to avoid potential data loss
- Providing immediate resolution, recommendation and mitigation of any Information Security incidents.
- Implementing Information Security policies, best practices and standards in alignment with the ISO 27001 & ISO27002 framework.
- Identifying and managing IT-related risks and increased requirements for control over information.

### **Information Security Teams**

#### *Network Security*

The Network Security Team is largely responsible for ensuring proper perimeter security such as firewall and intrusion prevention systems. The rise of these systems provides adequate control over the gaming environment and enforces security protection from intrusion, and other malicious activity.

The Network Security team provides services focused on the following areas:

- Maintenance and implementation of Perimeter Security defense such as firewall, IPS, IDS.
- Implementation and maintenance of PhilWeb's network security policies and ensuring security of traffic that passes through the network environment.
- Design and improvement of network security to ensure a secured gaming environment.

#### *Security Engineering*

The Security Engineering team is responsible for PhilWeb's Access Management provisioning and access review, application security, as well as Information Security policy and standards.

The Security Engineering team provides the following services to PhilWeb:

- Provide Continuous manual monitoring of incidents/events
- Security Incident Response Management
- Provisioning and De-provisioning of network and application accounts
- Recertification of Restricted and Privilege access of PhilWeb's IT systems and gaming environment
- Provides security update to Support groups
- Provides Internal DNS Management

### **Highlights in 2015**

Network security was reinforced in 2015 through the combined efforts of the Information Security Group as well as the InfoSec Engineering Team.

Access Review and recertification process for PhilWeb's critical systems was established to ensure that privilege accounts are reviewed and approved by the system and application owners.

The Group also established Information Security Policies for PhilWeb which are aligned and in accordance with the ISO27001 and ISO27002 version 2013 standards.

Furthermore, the implementation of network security policies for PhilWeb's version 15 casino environment, as well as the establishment of Security Standards for game terminals and POS were completed in 2015.

## **Human Resources and Administration**

### **Organization Structure**

PhilWeb's Human Resources and Administration Department was re-structured in June of 2015 to streamline the functions and provide more focus of its deliverables, hence, Human Resources and Administration, became two separate teams: Human Resources Team and Administration team. Despite the separation of functions, the two teams continued to work cooperatively and supported each other for the welfare of the company and its employees.

### **The Human Resources Team**

#### *Recruitment & Selection*

Recruitment and Selection in PhilWeb follows stringent procedures to ensure that we are hiring only qualified and competent workforce.

New hires Orientation covering the Company's Vision, Mission and Core Values, Culture and History of PhilWeb, the Organization Chart, Policies and Procedures and Code of Conduct as well as explanation on their Employment Contract - is given prior to turnover to the department. Technical orientation is handled by the respective department.

#### *Compensation and Benefits*

The Human Resources Team ensured that compensation and benefits were given at a timely manner, and professional and personal growth were charted through competency and performance - based Performance Evaluation/Appraisal. Corresponding rewards and compensation are fairly given. Benchmarking is done within the similar business models to ensure that our compensation policy and structure are within the market offering.

The Year 2015 marked the 15th year of PhilWeb in the business. During the Company's anniversary, employees were recognized for their dedicated service and loyalty rendered to the Company.

### *Workplace Learning & Development*

For continual professional and personal development as well as enhance their skills in their own fields to deliver the excellent service to the Company, 23 employees underwent workplace learning and development programs. Learning was shared and cascaded to their respective team members.

Aligned with the Company's core value of Customer Focus, 142 e-Games staff underwent the Customer Service Training to further accommodate the needs of the players, and improve player retention and acquisition.

### *Employee Engagement*

In addition to workplace learning and development interventions as tool for workforce retention and engagement, the Human Resources Team maintained its health and wellness programs. Regular general assemblies and other means of communication are undertaken to get the workforce pulse as regards their health and wellness needs to be able to develop programs that will be more responsive to their interest and needs.

### **Corporate Social Responsibility**

The Company recognizes that its primary responsibility is to its stakeholders. This responsibility extends beyond financial results and includes its social responsibility to the community.

PhilWeb reaffirms its commitment and responsibility to its stakeholders through sound and efficient fiscal management of its business from top to departmental level. While this is foremost in our minds, the responsibility to our constituents and Community and the environment we work in cannot be undermined.

Thus, as PhilWeb's contribution to mitigate the impact of climate change, the Management and employees participated in the Company's third Eco-Awareness Program, in partnership with Haribon Foundation. This partnership with Haribon Foundation started in 2014 and is sustained until now.

As we did in 2014, the employees were grouped into two, but this time, one group was composed of the PhilWeb executives. Each group contributed to Haribon's "Road to 2020 Movement" by participating in the Haribon's nursery activities, i.e., sifting soil, packing soil in plastic bags for seedlings, pruning and transferring seedlings, tree-planting activities and hiking.

All activities were led by Forest rangers of Haribon Foundation's "Bahay Punlaan", in Caliraya, Laguna.

Furthermore, as PhilWeb grows and delivers profit to its stakeholders, we continue to share our resources and propagate its advocacy to bring computer literacy and education to the less

privileged of our society even to the farthest and remote areas. Consistent with the government's endeavor of inclusive growth, the donation does only end in the delivery of the hardware but comes with related trainings and applications on the use of computers.

In 2015, PhilWeb donated desktop computers to 14 schools nationwide, namely:

- 1.) Childhope Asia Inc.
- 2.) Tanay Ville Elementary School
- 3.) Lorenzo A. Ramos Elementary School
- 4.) Manhain Elementary School
- 5.) Don Domingo Capistrano Memorial Elementary School
- 6.) Rawang Elementary School
- 7.) Doña Paz Tanjuatco Elementary School
- 8.) Mace Learning Center, Inc.
- 9.) ERDA Tech Foundation, Inc.
- 10.) Sioco Cariño Elementary School
- 11.) Mariano Sabarino Elementary School
- 12.) San Pascual Elementary School
- 13.) Toybongan Elementary School
- 14.) Poyopoy Elementary School

Logistics and planning were spearheaded by the Administration Team.

The Administration Team, on the other hand, which handles Purchasing and Logistics, Safety and Security and Office Facilities & Equipment Management - did their share in the timely delivery of their services, ensured that needs of the company were met and repairs and preventive maintenance on the equipment were planned and executed with the least downtime to the Company.

Moreover, the Administration Team undertook cost-savings measures, without sacrificing the quality of its deliverables.

The Human Resources Team and the Administration Team will continue to be strategic partners of the different business units of PhilWeb and will continue to contribute to innovation for excellence in all our endeavors.

### **Subsidiaries**

The following are the subsidiaries of the Company:

<u>Subsidiaries</u>	<u>Line of Business</u>
1. BigGame, Inc. ("BGI")	Operates internet casino station operations.
2. Premyo sa Resibo, Inc. ("PSR") (g)	Develops and markets computer systems,

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	applications, programs and operate gaming platforms in relation to Premyo Sa Resibo program of the BIR and Philippine Amusement and Gaming Corporation (PAGCOR).
3. PhilWeb Casino Corporation ("PCC") <sup>(a)</sup>	Develops, engages and maintains gaming systems and applications for all types of casino operations whether land-based, internet-based or virtual.
4. e-Magine Gaming Corporation <sup>(b)</sup>	Develops technology for the gaming industry.
5. PhilWeb Leisure & Tourism Corporation ("PLTC") <sup>(a)</sup>	Establishes, operates, and maintains leisure and tourism-oriented activities.
6. PhilWeb Tourism and Entertainment Corporation ("PTEC") <sup>(a)</sup>	Establishes, operates and maintains leisure-oriented activities, except in the travel agency business, and facilities such as but not limited to hotels, courts, stadiums and other facilities for the conduct of any and all kinds of sports and games.
7. PhilWeb International Gaming Corporation ("PIGC") <sup>(c)</sup>	Engages in international gaming ventures including all forms of gaming which are legal in the countries in which it will operate.
8. Easy e-Bingo, Inc. <sup>(e)</sup>	Engage in the business of setting up internet bingo stations and its operations.
9. PhilWeb Mobile Lottery Corp. ("PMLC") <sup>(a)</sup>	Operate, as may be permitted by law, either alone or in partnership with others, mobile-based lottery games and other related mobile game offerings.
10. PhilWeb Asia-Pacific Corporation	Engage in international gaming ventures including all forms of gaming which are legal in the countries in which it will operate.
11. PhilWeb (Cambodia) Ltd.	Incorporated under the laws of Kingdom of Cambodia, and shall engage in the business of operating internet-based and mobile-based games of chance including but not limited to lottery, internet casino café and other games of chance as they become legally available in the Kingdom of Cambodia.
12. PhilWeb Lorosae, Lda. <sup>(h)</sup>	The Company was incorporated under the laws of Timor Leste and is engaged in the business of operating instant Scratch n'

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	Win.
13. Guam Sweepstakes Corp.	Incorporated in the Territory of Guam and entered into a Memorandum of Agreement with a prominent local family.
14. Gold Scratch and Win Co., Ltd. <sup>(h)</sup>	Incorporated under the laws of the Kingdom of Cambodia and engaged in the business of operating instant Scratch n' Win.
15. Best Choice Holdings, Inc.	Engages to purchase, own, and hold stocks of other corporations and to do every act and thing covered generally by the denomination "holding corporation".
<b>30% owned with control:</b>	
16. Major Games and Amusement Corporation <sup>(d)</sup>	Establishes, operates and provides consultancy services with regards to amusement, recreational, gaming and gaming equipment facilities and enterprises of every kind and nature.
<b>Special Purpose Entity:</b>	
17. Pure Corporate Investments Ltd. <sup>(f)</sup>	Holds 50% ownership in Host Union International Limited

*(a) Not in commercial operations as at December 31, 2015.*

*(b) Formerly PhilWeb Gaming Solutions Corporation (PGSC), change in registered business activity and name were approved by the SEC on July 17, 2012 and December 17, 2012, respectively.*

*(c) Currently the parent company of PhilWeb Asia-Pacific Corporation.*

*(d) Became a subsidiary effective January 1, 2012.*

*(e) Formerly PhilWeb Homeplay Inc, change in name was approved by the SEC on April 7, 2014.*

*(f) Acquired in 2012, 100% owned in 2012.*

*(g) Ceased commercial operations effective October 1, 2014.*

*(h) Dissolution of PhilWeb Lorosae, Lda and Gold Ccratch and Win Co., Ltd. was approved by the Board of Directors on December 19, 2014 and January 16, 2015, respectively.*

## Directors and Executive Officers

PhilWeb's present Board of Directors is composed of 14 members elected by and from among the Company's stockholders. The Board is responsible for providing overall management and direction to the Company.

The directors and executive officers of the Company and a brief description of their business experience for the past five years are discussed below:

Name	Age	Position/Citizenship/Period Served/Term of Office
Roberto V. Ongpin	79	Director & Chairman/Filipino/16 yrs./1 yr.
Anna Bettina Ongpin	51	Director/American/2 yrs./1 yr.
Dennis O. Valdes	54	Director & President/Filipino/10 yrs./1yr.
Tomas I. Alcantara	69	Director/Filipino/14 yrs./1 yr.
Crisanto Roy B. Alcid	46	Director /Filipino/1 year/1 yr

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Edgardo J. Angara	81	Director / Filipino/2 yrs./1 yr.
Gregorio Ma. Araneta III	68	Director/Filipino/2 yrs./1yr.
Michael Angelo Patrick M. Asperin	57	Director/Filipino/2 yrs./1 yr.
Victor C. Macalincag	80	Director/Filipino/2 yrs./1 yr.
Edgar Brian K. Ng	46	Director/Filipino/2 yrs./1 yr.
Rafael B. Ortigas	44	Director/Filipino/11 yrs./1 yr.
Cliburn Anthony A. Orbe	42	Director/Filipino/2 yrs./1 yr.
Zaldy M. Prieto	41	Director & CFO/Filipino/2 yrs./1 yr.
Rodolfo Ma. A. Ponferrada	39	Director & Corporate Secretary/Filipino/3 yrs./1 yr.
Raymund S. Aquino	47	Assistant Corporate Secretary/Filipino/4 yrs./1 yr.

**Roberto V. Ongpin** was elected Chairman of the Company in January 2000, the year he founded the Company. He is also the Chairman of Alphaland Corporation and Atok-Big Wedge Co., Inc. Mr. Ongpin joined SGV & Co. in 1964 and was Chairman and Managing Partner of the firm from 1970 to 1979. He served as the Minister of Trade and Industry of the Republic of the Philippines from 1979 to 1986. Mr. Ongpin graduated cum laude in Business Administration from the Ateneo de Manila University, is a Certified Public Accountant and has an MBA from the Harvard Business School.

**Anna Bettina Ongpin** was elected Director of the Company in August 2013 and Vice Chairperson in February 2016. She has more than 20 years of communications, marketing, project management, and operations experience in the management consulting and media fields. She has a bachelor's degree in Political Science from Wellesley College. She is also a Director of Alphaland Corporation and Atok-Big Wedge Co., Inc.

**Dennis O. Valdes** was elected Director of the Company in July 2006. He is the President of the Company, and serves as Director of Alphaland Corporation and Atok-Big Wedge Co., Inc. His previous work experience includes ten years with the Inquirer Group of Companies, as a Director of the newspaper, and also expanding their internet, printing and ink-making operations. Prior to that, he spent six years with The NutraSweet Company developing their business in Asia. He is a Certified Public Accountant, graduated magna cum laude in Business Administration and Accountancy from the University of the Philippines, and has an MBA from the Kellogg School of Management, Northwestern University.

**Tomas I. Alcantara** was elected Independent Director of the Company in May 2002. He holds a Bachelor of Science degree in Economics from Ateneo de Manila University, a Masters in Business Administration degree from Columbia University, USA and attended the Advance Management Program of the Harvard Business School. Mr. Alcantara was Undersecretary for the Industry and Investment Group of the Department of Trade and Industry and the Vice Chairman and Managing Head of the Board of Investments from July 1986 to March 1995. He was also Special Envoy of the Philippine President to APEC in 1996. He is presently the Chairman and President of Alsons Consolidated Resources, Inc., and of several power and property development companies in the Alcantara Group. He is Chairman of Holcim Philippines, Inc. and Eagle Ridge Golf & Country Club, Inc.

**Edgardo J. Angara** was elected Independent Director of the Company in May 2014. He was the longest serving senator in the post-EDSA Senate, authoring many laws including the Free High School Education Act, the Generics Act, Philhealth Act, the Senior Citizens Act, the Renewable Energy Act, and others. He graduated from the University of the Philippines in 1958, passed the bar in 1959, and joined the law firm of Ponce-Enrile Siguion-Reyna Montecillo & Belo Law Offices. He obtained his Masters of Laws majoring in International Relations & Corporate laws from the University of Michigan under the DeWitt Fellowship. Senator Angara is a founding member of the ACCRA Law Offices, one of the Philippines' top law firms. He also served as president of the Philippine Bar Association in 1975, president of the Integrated Bar of the Philippines in 1979 and founding president of the ASEAN Law Association.

**Gregorio Ma. Araneta III** was elected Independent Director of the Company in May 2014. He is the Chairman and Chief Executive Officer of Araneta Properties, Inc. since 2010. He is the Chairman and President of Gregorio Araneta, Inc., ARAZA Resources Corporation, H. E. Heacocks Resources Corp., Gregorio Araneta Management Corporation, Gamma Properties Inc. and Carmel Development Inc. He is also the Chairman of Energy and Gas Holdings Inc. Mr. Araneta attended the University of San Francisco and the Ateneo de Manila University, where he received his degree in Bachelor of Arts in Economics.

**Michael Angelo Patrick M. Asperin** was elected Director of the Company in August 2014. He graduated from the Philippine Military Academy in 1981. He served as Senior Vice President for Security for the Company from 2009 to 2012, and as Enterprise Risk and Security Management Officer of Petron Corporation from 2007 to 2009. He is also the CEO of Alphaland Balesin Island Club Inc., Executive Vice President for Operations of Alphaland Corporation, and President of Alphaland Aviation, Inc.

**Victor C. Macalincag** was elected as Independent Director in May 2014. He is also currently an Independent Director of Crown Equities, Inc., Semirara Mining and Power Corporation, Republic Glass Holdings Corp., SEM-Calaca Power Corporation, ISM Communications Corporation, Asian Alliance Investment Corporation, One Wealthy Nation Fund (OWN), Inc., Alphaland Corporation and Atok-Big Wedge Corporation. He was the President of Trade & Investment Development Corporation of the Philippines which is presently known as PHILEXIM (formerly PhilGuarantee) from 1991 until his resignation in 2001. He was the Deputy Minister of Finance from 1981 to 1986 and Undersecretary of Finance from 1986 to 1991. He also held the position of National Treasurer from 1981 to 1988. Mr. Macalincag is a Certified Public Accountant. He has a Bachelor of Arts in Business Administration from the University of the East. He also earned a Master of Arts in Economics from the same university. He finished a fellowship program conducted by the Economic Development Institute of the World Bank, Washington D.C.

**Edgar Brian K. Ng** was elected Director of the Company in May 2014. He is currently the Senior Vice President for Gaming of the Company. In the past, he served as Managing Director/Country Manager of Affinity Express Philippines, Inc., Vice President & Country Manager of RR Donnelley Global Outsourcing, Director for Operations of OfficeTiger Philippines Corporation, and Director of Special Projects (Global Operations Support) for SPi. He also spent six years with The Print Town Group starting as a Prepress Manager for FEP

Printing Corp and ending as Senior Vice President of LexMedia Digital. Aside from the corporate world, Mr. Ng has been heavily involved in the academe, as an instructor at both the undergraduate and graduate levels of Ateneo Universities. He has a Bachelor of Arts degree from the Ateneo de Manila University and an MBA from the Ateneo Graduate School of Business.

**Cliburn Anthony A. Orbe** was elected Director of the Company in May 2014. He also serves as the Company's Assistant Corporate Secretary and Corporate Information Officer. He has a Bachelor of Laws degree from Mindanao State University where he graduated cum laude and class valedictorian. He was formerly an associate of the Rodrigo Berenguer Guno law firm. He is a member of the Integrated Bar of the Philippines.

**Crisanto Roy B. Alcid** was elected Independent Director of the Company in April 2015. He is the President and Chief Operating Officer of Araneta Properties, Inc. while concurrently serving as Director and Executive Vice President of Gregorio Araneta, Inc., Carmel Development Corp., Gregorio Araneta Management Corporation, and Araza Resources Corporation. He is also a Director of Philippine Coastal Storage & Pipeline Corp. Before joining the Araneta Group, he was formerly connected with Ayala Land, Inc., Asiatrust Development Bank, and Citibank N.A. Mr. Alcid holds a Bachelor of Science Degree in Management Engineering from the Ateneo de Manila University and has completed the General Management Program at the Harvard Business School.

**Rafael B. Ortigas** was elected Director of the Company in April 2002. He is the Chairman and President of Leafar Commercial Corporation, a Director of Sagitro, Inc. and ISM Communications Corporation. He was a director of Itogon-Suyoc Resources, Inc., and OCLP Holdings, Inc. and former General Partner of Ortigas and Company Ltd. Partnership. He is also a Trustee and President of Leafar Foundation, Inc. and a Trustee of the Ortigas Foundation, Inc. He has a Bachelor of Science degree in Computer Science from De La Salle University and an MBA from Ateneo de Manila Graduate School of Business.

**Rodolfo Ma. A. Pongerrada** was elected Director of the Company in April 2013 and Corporate Secretary of the Company in July 2012. He is also the Corporate Secretary of Alphaland Corporation and Atok-Big Wedge Co., Inc., and a member (representing the private sector) of the Board of Directors of the Social Housing Finance Corporation. He is a member of the Integrated Bar of the Philippines.

**Zaldy M. Prieto** was elected Director of the Company in May 2014. He was elected as the CFO and Treasurer of the Company in November 2008. Mr. Prieto is a certified public accountant and certified financial consultant. He has been practicing as a finance professional since 1995. His previous work experiences include being a senior tax consultant of SGV & Co., assistant vice president for finance in Ford Motor Company and plant controller and assistant finance director of James Hardie Philippines. He has also served as a director of Primus Finance and Leasing Co., and Ford Philippines Component Manufacturing Company. He is a member of the Philippine Institute of Certified Public Accountants and Institute of Financial Consultants.

**Raymund Nonato S. Aquino** was elected Assistant Corporate Secretary of the Company in May 2011. He was a director of SGV & Co. He has a Juris Doctor Degree from the Ateneo de

Manila University College of Law and a Bachelor of Arts degree major in Legal Management from the Ateneo de Manila University. He is a member of the Integrated Bar of the Philippines.

As of the date of this information statement, the foregoing will be nominated for re-election to the Board of Directors at the meeting. None of the above mentioned directors have declined to stand for re-election to the Board of Directors since the date of the last annual stockholders' meeting because of a disagreement with the Company on any matter relating to the Company's operations, policies, or practices.

**F. Market Price, Dividends and Related Stockholder Matters**

Market Information

PhilWeb Corporation's stocks are listed with the Philippine Stock Exchange.

The following table sets forth the high and low closing sales prices of the Common Shares listed on the PSE during the respective periods indicated according to published financial sources.

	Price per Share	
	High	Low
2012		
First Quarter (ending March 2012)	13.90	12.70
Second Quarter (ending June 2012)	17.62	12.70
Third Quarter (ending September 2012)	17.00	12.24
Fourth Quarter (ending December 2012)	17.04	12.26
2013		
First Quarter (ending March 2013)	14.68	12.70
Second Quarter (ending June 2013)	15.80	14.00
Third Quarter (ending September 2013)	15.10	10.84
Fourth Quarter (ending December 2013)	11.24	8.40
2014		
First Quarter (ending March 2014)	8.96	5.02
Second Quarter (ending June 2014)	5.61	4.89
Third Quarter (ending September 2014)	5.45	4.40
Fourth Quarter (ending December 2014)	9.75	5.09
2015		
First Quarter (ending March 2015)	13.88	10.82
Second Quarter (ending June 2015)	22.35	13.56
Third Quarter (ending September 2015)	19.00	18.00
Fourth Quarter (ending December 2015)	23.10	18.76

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2016		
First Quarter (ending March 2016)	28.00	20.00
April 27, 2016	23.75	23.20

Dividends

PhilWeb declared a cash dividend of P0.10 per share which was paid on September 15, 2014 to the holders of common stock as of September 1, 2014. PhilWeb declared a cash dividend of P0.10 per share which was paid on December 5, 2014 to the holders of common stock as of November 21, 2014. PhilWeb declared a cash dividend of P0.15 per share which was paid on 16 February 16, 2015 to the holders of common stock as of January 30, 2015. PhilWeb declared a cash dividend of P0.15 per share which will be paid on May 21, 2015 to the holders of common stock as of May 7, 2015. PhilWeb declared a cash dividend of P0.15 per share which will be paid on August 28, 2015 to the holders of common stock as of August 14, 2015. PhilWeb declared a cash dividend of P0.15 per share which will be paid on November 26, 2015 to the holders of common stock as of November 12, 2015. PhilWeb declared a cash dividend of P0.20 per share which will be paid on March 4, 2016 to the holders of common stock as of February 19, 2016.

The Company's future retained earnings corresponding to undistributed equity in net earnings are not available for dividend distribution until declared by the affiliates. There is no restriction that limits the payment of dividend on common shares.

Holders

There were 1,507 shareholders of record holding the Company's outstanding capital stock of 1,434,537,580 common shares as of March 31, 2016 net of treasury shares of 81,380,938. There is only one class of common shares.

Top 20 Stockholders

The top 20 stockholders of record of common shares as of March 31, 2016 (based on total outstanding capital stock of 1,434,537,580 common shares, net of treasury shares of 81,380,938) were:

Name of Stockholder	No. of Subscribed Common Shares	% to Total Outstanding
1. PhilWeb Casino Corporation	260,392,307	18.15%
2. PCD Nominee Corporation: Filipino - 109,834,539 Non-Filipino - 148,302,920	258,137,459	17.99%

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3. Azurestar Corporation	147,868,248	10.31%
4. Compact Holdings, Inc.	95,574,500	6.66%
5. Dominion Equities, Inc.	90,842,400	6.33%
6. Deltaventure Resources, Inc.	90,001,797	6.27%
7. Elkhound Resources, Inc.	59,401,200	4.14%
8. Ang, Ramon S.	53,854,536	3.75%
9. Tocmo Realty Corporation	36,001,200	2.51%
10. Evermore Trading Limited	24,558,303	1.71%
11. Sunrise Sunset Island Corporation	24,001,200	1.67%
12. Bluesirius Holdings, Inc.	24,000,000	1.67%
13. Ongpin, Roberto V.	21,840,000	1.52%
14. HKPirate Holdings, Inc.	21,223,565	1.48%
15. Stargate Securities Holdings, Inc.	19,916,834	1.39%
16. Labilab Corporation	19,200,600	1.34%
17. Armada Resources & Development Corporation	18,000,000	1.25%
18. Goldenmedia Corporation	17,260,800	1.20%
19. Giantnova Holdings, Inc.	16,577,776	1.16%
20. Aquadisk Corporation	14,369,508	1.00%

Recent Sales of Unregistered/Exempt Securities

There has been no sale in the past three years of any unregistered securities of the Company.

**G. Compliance with Corporate Governance Practices**

The Company through its previous Compliance Officer, Atty. Rodolfo Ma. A. Ponferrada, has monitored the Company's compliance with SEC Memorandum Circular No. 2 dated April 15, 2002 and the relevant SEC Circulars on Corporate Governance and noted that no substantive or major deviations occurred. The Company's directors and officers have complied with the practice and policies contained in the Company's Manual on Corporate Governance. The Company has submitted its self-rating performance assessment sheet in compliance with SEC requirements. All of the Company's directors and officers attended a seminar on corporate governance. The Company's new directors will be encouraged to attend seminars as well.

The Company's Board of Directors and officers have been properly briefed on their specific responsibilities as embodied on the Manual on Corporate Governance. The compliance officer monitors the Company's compliance with the provisions and requirements of the manual and determines violations if any.

There were no deviations made from the adopted Manual on Corporate Governance.

The Company's management considers its Manual on Corporate Governance sufficient and believes that there is no need to amend it. It ensures that the provisions of the manual are properly implemented.

- H. UPON THE WRITTEN REQUEST OF A STOCKHOLDER, THE COMPANY WILL PROVIDE, WITHOUT CHARGE, A COPY OF THE COMPANY'S SEC FORM 17-A (ANNUAL REPORT) DULY FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THE STOCKHOLDER MAY BE CHARGED A REASONABLE COST FOR PHOTOCOPYING THE EXHIBITS.**

**ALL REQUESTS MAY BE SENT TO THE FOLLOWING ADDRESS:**

PhilWeb Corporation  
The Penthouse Alphaland Southgate Tower  
2258 Chino Roces corner EDSA  
Makati City 1232

Attention: Mr. Zaldy M. Prieto  
SVP/Chief Finance Officer