

SEC Number 39121
File Number

PHILWEB CORPORATION

(Company's Full Name)

**The Penthouse, Alphaland Southgate Tower
2258 Chino Roces Avenue cor. EDSA, Makati City**

(Company's Address)

236-5577

(Telephone Number)

December 31

(Fiscal Year Ending)
(month & day)

**Quarterly Report Pursuant to Section 17
of the Securities Regulation Code and SRC Rule 17
(2) (b) Thereunder**

Form Type

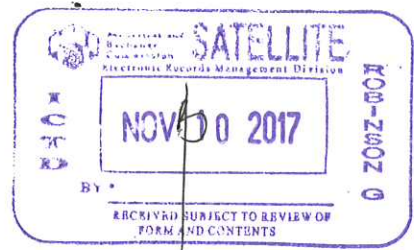
Amendment Designation (if applicable)

September 30, 2017

Period Ended Date

N/A

(Secondary License Type and File Number)



SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended September 30, 2017
2. Commission identification number 39121
3. BIR Tax Identification No 000-141-527-000
4. Exact name of issuer as specified in its charter PhilWeb Corporation
5. Province, country or other jurisdiction of incorporation or organization Philippines
6. Industry Classification Code: (SEC Use Only)
7. Address of issuer's principal office The Penthouse, Alphaland Southgate Tower, 2258 Chino
Roces Avenue corner EDSA, Makati City
Postal Code 1232
8. Issuer's telephone number, including area code (632)236-5577
9. Former name, former address and former fiscal year, if changed since last report NA

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding (net of treasury shares of 81,380,938)
Common P1 par value	1,435,626,680*

* Inclusive of 258,504,407 and 7,057,189 number of shares held by PCC and PCIL, respectively, wholly-owned subsidiaries of PhilWeb Corporation

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

Yes No

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

Philippine Stock Exchange / Common Stock

12. Indicate by check mark whether the registrant:

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

Yes No

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

Yes No

Part I – Financial Information

Item 1. Financial Statements See attached

The interim financial statements have been prepared in accordance with Philippine Financial Reporting Standard.

The same accounting policies and methods of computation are followed in the interim and annual financial statements.

There are no seasonal aspects that have an effect on the Company's results of operations.

There are no unusual items affecting Assets, Liabilities, Equity, Net income, or Cash Flows.

There are no changes in estimates of amounts reported in the prior financial periods.

There is no disclosure on segment information in the Company's annual financial statements.

There are no material events subsequent to the end of the interim period that have not been reflected in the financial statements.

There are no major changes in the Company, including business combination, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinued operations, other than the following:

1. On July 10, 2012, ePLDT Inc. and the Company signed the Share Purchase Agreement covering 397,892,307 shares or 26.28% of the total outstanding capital of the Company. The sale of shares priced at P10.70 will be executed in four tranches to be completed by the end of 2013. Acquisition of shares in the first tranche was consummated on July 13, 2012.

On October 19, 2012, PhilWeb Casino Corporation (PCC) a wholly owned subsidiary, on behalf of the Company, accelerated the acquisition of the second tranche of shares from ePLDT which also comprise of 93,457,944 shares of the Company at the same price of Php10.70 per share.

On October 22, 2012, the Company and PCC entered into a Placement Agreement with UBS AG and Religare Capital Markets (Hong Kong) Limited acting as placement agents for the sale of 137.5 million shares of the Company to qualified buyers at a price of P15.00 per share or a total aggregate price of P2,062.5 million.

On June 13, 2013, PCC and ePLDT transacted the third tranche of Philweb shares totaling 93,457,944 shares. The total price paid for third tranche is P1,015 million or P10.86 per share.

On December 13, 2013, PCC and ePLDT transacted the fourth and last tranche of Philweb shares totaling 117,518,475 shares. The total price paid for last tranche is P1,297 million or P11.04 per share.

2. The Company's Intellectual Property License and Management Agreement (IPLMA) with PAGCOR will expire on July 11, 2016. On July 8, 2016 PAGCOR extended the contract from July 11, 2016 until August 10, 2016.

3. The IPLMA expired on August 11, 2016. On December 22, 2016, the Company was notified by PAGCOR that it has to go thru the procurement process. The Company will apply to PAGCOR once the terms of reference (TOR) is published. While waiting for the TOR, the Company continues to grow its BigGame Inc. (BGI) operation.
4. On March 8, 2017, the Company's Board of Directors approved the plan, thru its subsidiary BGI, to acquire 15 PAGCOR Gaming Stations from existing independent operators using a total of up to 7,500,000 Company shares it is currently holding in treasury as payment. As of the preparation of this report, the Company acquired eight gaming sites for a total of 4,087,900 treasury shares. Currently, the Company thru its subsidiaries is operating 23 e-Games sites and one e-Bingo site.
5. On August 18, 2017, the Company received Provisional Certificate of Accreditation from the PAGCOR to be an accredited Electronic Gaming System (EGS) Service Provider. As an Accredited EGS Service Provider, the Company can offer its software and other services to the operators of PAGCOR-licensed gaming sites for electronic games. PAGCOR will soon conduct an inspection and testing of PhilWeb's servers and gaming facilities as required under the accreditation rules.

The testing and inspection was completed and on September 25, 2017 the Company received a letter from PAGCOR indicating that the Company passed the inspection and testing as required.

On October 30, 2017, the Company received Certificate of Accreditation from the PAGCOR. In compliance with the accreditation rules, the Company submitted the P25 million letter of credit as performance bond on November 2, 2017. As of the preparation of this report, the Company is waiting for a Notice to Proceed before commercial operation as an EGS can commence.

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

There are no material contingencies and any other events or transactions not mentioned that are material to an understanding of the current interim period.

Earnings Per Share

Earnings per share is determined by dividing net income for the period by the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed as aforementioned and assuming further that all outstanding options are exercised at the beginning of the period.

The weighted average number of common shares used in determining basic and diluted earnings per share is shown below:

	Basic*	Diluted*
September 30, 2017	1,169,993,534	1,171,988,901
September 30, 2016	1,161,769,164	1,162,237,864

** Net of treasury shares directly held by PhilWeb, PCC and PCIL. PCC and PCIL are wholly-owned subsidiaries.*

Financial Instruments: Recognition and Measurements and Disclosure: (PAS 39 and PFRS 7)

Non-derivative Financial Instruments

Non-derivative Financial instruments comprise of cash and cash equivalents, receivables, due to/from related parties and accounts payable and accrued expenses.

A financial instrument is recognized if the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control of substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Company commits itself to purchase or sell the asset. Financial liabilities are derecognized if the Company's obligations specified in the contract expire or are discharged or cancelled.

Financial assets are classified as either financial assets at fair value through profit or loss (FVPL), loans and receivables, held-to-maturity (HTM) investments, or available-for-sale (AFS) financial assets, as appropriate. When financial assets are initially recognized, they are measured at fair value. In the case of investments not at FVPL, fair value at initial recognition includes directly attributable transaction costs. The Company determines the classification of its financial assets and financial liabilities upon initial recognition and, where allowed and appropriate, re-evaluates this designation at each reporting date. The Company has no HTM investment, AFS financial asset and financial assets and liabilities at FVPL as of September 30, 2017.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as expenses or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realize the asset and settle the liability simultaneously.

Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Cash and cash equivalents

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

Receivables

Receivables are non-derivative financial assets with fixed or determinable payment dates that are not quoted in an active market. These are recognized initially at fair value and subsequently measured at amortized cost using effective interest method, less allowance for impairment loss. An allowance for impairment loss of receivables is established when there is an objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables.

Other financial liabilities

This category pertains to financial liabilities that are not designated as at FVPL at the inception of the liability. This includes liabilities arising from operations or borrowings. There are recognized initially at fair value and are subsequently carried at amortized cost,

taking into account the impact of applying the effective interest method of amortization (or accretion) for any related premium, discount and any directly attributable transaction costs.

New or Revised Standards, Amendments to Standards and Interpretations Not Yet Adopted

A number of new and revised standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2017, and have not been applied in preparing these interim consolidated financial statements. Except as otherwise indicated, none of these is expected to have a significant effect on the interim consolidated financial statements of the Group. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

Effective January 1, 2017

- *Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to PAS 12)*
- *Annual Improvements to PFRS 2014 - 2016 Cycle*

To be Adopted on January 1, 2018

- *PFRS 9 Financial Instruments (2014). PFRS 9 (2014) replaces PAS 39 Financial Instruments: Recognition and Measurement*

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

The Group is assessing the potential impact on its interim consolidated financial statements resulting from the application of PFRS 9.

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

The Company became an Internet Services 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 January 18, 2000, the Company entered into a Deed of Assignment with All-Acacia Resources, Inc. whereby the 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 Company's mining operations. In consideration therefore, All-Acacia agreed to assume all liabilities and obligations of the Company, including those relating to the assignment of advances from stockholders and/or deposits on subscriptions in excess of ₱18 million which had been agreed to be converted to equity of the Company, and arrange for the resignation, retirement or termination of all the Company's personnel relating to the mining business and pay their corresponding separation or retirement pay, as well as hold the Company free and harmless from any expense, liability or obligation arising from the operation of the 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 Service company, increase in the number of directors to 15, and adoption of new By-laws became effective upon the 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.

At the annual stockholders' meeting on May 29, 2003, the stockholders approved the change in the primary purpose of the Company to develop, design, build, install, own, possess, use, operate, manage, market and maintain gaming systems, applications, programs, and operating platforms and facilities of every description, including but not limited to integrated and on-line computer systems, terminals, software, servers and routers together with interconnecting and interlinking telecommunications systems for voice data and multimedia transmission and interexchange for the transport, storage and processing of messages and data; to do any and all acts, activities and undertakings in relation to, arising out of and incidental to the development, design, building, installment, ownership, possession, usage, operation, management, marketing and maintenance of such gaming systems, applications, programs, and operating platforms and facilities, including but not limited to the sale and the leasing of such gaming systems, applications, programs, and operating platforms and facilities, and the supply and provision of management, operation, technical and marketing expertise and other advisory and consultation services in relation thereto, including but not limited to services to Philippine Amusement and Gaming Corporation (PAGCOR) and, as permitted by law, other gaming operators.

On June 1, 2006, the Parent Company entered into an Intellectual Property License and Management Agreement for Internet Casinos with PAGCOR, wherein the Parent Company has agreed to license to PAGCOR the former's intellectual property rights to the software system and to provide the collateral hardware and other requirements necessary for the operations of PAGCOR's Internet casino game offering. This supersedes the Memorandum of Agreement dated November 28, 2002, Supplemental Agreement No. 1 dated March 18, 2003 and a Supplemental Agreement No. 2 dated June 30, 2003.

On December 17, 2010, Parent Company entered into an Omnibus Amended Intellectual Property License and Management Agreement (IPLMA) for PAGCOR E-Games with PAGCOR wherein the Parent Company grants an exclusive intellectual property license to PAGCOR for the use of its proprietary software system and collateral hardware necessary for PAGCOR to operate the Internet Casino or PAGCOR e-Games. This supersedes the June 1, 2006 IPLMA. The IPLMA will expire on July 11, 2016.

On July 8, 2016, PAGCOR extended the IPLMA from July 11, 2016 until August 10, 2016.

IPLMA contract expired on August 11, 2016 and has not been renewed.

On December 22, 2016, the Company was notified by PAGCOR that it has to go through the procurement process to get the service contract with PAGCOR. On August 18, 2017, the Company received Provisional Accreditation from PAGCOR as an EGS Service Provider of PAGCOR-licensed Gaming Sites for Electronic Games. PAGCOR conducted an inspection and testing of company's servers and gaming facilities as required under the accreditation rules. On September 25, 2017, the Company received a letter from PAGCOR indicating the

company's compliance in the inspection and testing requirements mentioned in the Provisional Accreditation. On October 30, 2017, the Company received Certificate of Accreditation from the PAGCOR as an EGS Service Provider of PAGCOR-licensed Gaming Sites for Electronic Games. The Company submitted the P25 million letter of credit bond as required. The Company is waiting for notice to proceed before commercial operation can commence.

While waiting for the notice to operate, the Company continues to grow its BGI operation. BGI uses the software of IEST Inc., a service provider authorized by PAGCOR. As of December 2016, the Company, thru its subsidiary BGI, opened 16 sites. To date, BGI is operating total of 23 sites and one e-Bingo site under Easy e-Bingo, Inc.

2.1 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 were 288 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.

On August 11, 2016, PAGCOR decided not to renew the Intellectual Property License and Management Agreement (IPLMA) with PhilWeb.

Following the expiration of the said IPLMA with PAGCOR for the e-Games service, PhilWeb has been unable to provide services to the e-Games operators. During this time, PhilWeb continues to comply with PAGCOR instructions on the release of operator funds as well as player credits in their gaming accounts.

On August 18, 2017, the Company received Provisional Certificate of Accreditation from the PAGCOR to be an accredited Electronic Gaming System (EGS) Service Provider. As an Accredited EGS Service Provider, the Company can offer its software and other services to the operators of PAGCOR-licensed gaming sites for electronic games. PAGCOR will soon conduct an inspection and testing of PhilWeb's servers and gaming facilities as required under the accreditation rules.

On September 25, 2017, the Company received a letter from PAGCOR indicating the company's compliance in the inspection and testing requirements mentioned in the Provisional Accreditation.

On October 30, 2017, the Company received Certificate of Accreditation from the PAGCOR as an EGS Service Provider of PAGCOR-licensed Gaming Sites for Electronic Games. The Company submitted the P25 million letter of credit bond as required. The Company is waiting for notice to operate before commercial operation of Company's EGS and games can proceed.

Note that all discussions relating to PhilWeb's operation of e-Games applies prior to the expiration of IPLMA with PAGCOR unless mentioned otherwise.

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. Recently, PhilWeb handled the largest sportsbetting payout to date, amounting to a little over P7.2 million.

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 it's 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 20 new locations up to August 11, 2016, bringing the total operating e-Games to 288. Most of the e-Games are in the National Capitol Region and across Luzon, to include Batangas. These new sites, as well as expansion activities from existing operators, brought the total number of installed e-Games gaming terminals to 9,189 as of third quarter 2016, 8.8% increase from the same period last year. Also included in this expansion are e-Games terminals that have been installed in 13 PAGCOR-licensed Electronic Bingo Arcades.

2.2 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 2016, BigGame added four locations to its network, bringing the total number of BigGame sites to 26. Total number of gaming terminals grew by 17.6% to 1,366 as of third quarter 2016. BigGame continued in its pioneering efforts, by obtaining regulatory approvals to establish e-Games in greenfield locations, namely in Tanauan City, Batangas Province and Alhambra'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 Norte. 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.

Following a brief period of non-operation due to the expiration of PhiWeb's IPLMA contract with PAGCOR, BigGame managed to re-open 10 of its key locations as of December 2016. It also took the opportunity to permanently close some locations that were affecting the company's profitability. As of the preparation of this report, 24 BGI sites are already in operation.

BGI's revenue as of the third quarter 2017 decreased to P106.6 million, 24.3% lower compared to 2016 of the same period.

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 continues 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 will continue its site expansion, renovation and refurbishment activities in 2016. In April 2016, Tanauan site was launched 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.

2.3 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 2016, 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.

2.4 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

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.

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.

Highlights

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.

2.5 Human Resources and Administration

Organization Structure

PhilWeb's Human Resources and Administration Departments were re-structured in January of 2016 and became one division, Human Resources and Administration. Merging the two departments was effective and cost efficient maximizing the combined competencies of the former 2 departments that gave more solid support for the Company.

The Human Resources Team

Recruitment & Selection

Recruitment and Selection in PhilWeb continued to follow 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, Product Training, Policies and Procedures and Code of Conduct as well as explanation on their Employment Contract - comprise the outline of the Induction Program and is given prior to turnover to the requesting department. Technical orientation is handled by the respective department.

As of September 30, 2017, the Company has 170 employees, including IT, CS and Operations ready for a potential re-start in case e-Games resumes operation.

Compensation and Benefits

The HR Team ensured timely delivery of compensation and benefits to the workforce and their professional and personal growth were charted through based Performance Evaluation/Appraisal. Corresponding rewards and compensation are fairly given, including those who have been separated from the company due to the non-renewal of the IPLMA with PAGCOR.

The Year 2016 marked the 16th year of PhilWeb in the business. During the Company's anniversary, employees were recognized for their dedicated service and loyalty rendered to PhilWeb. Twenty-one (21) employees celebrated their 5th year of service, two (2) employees for their 10th, and eight (8) for their 15th year in PhilWeb.

Workplace Learning & Development

2016 paved the way for PhilWeb to review and refocus its business goals and core values. In January 2016, top executives underwent strategic planning sessions to review PhilWeb's achievements and plan for business growth in the coming years. Employees also had the same opportunity to align their individual goals with the company's through a series of planning sessions in March 2016.

To support the company's core value of innovation, (15) employees underwent trainings to improve their skills and knowledge in their chosen fields. In-house trainings targeting different skills were also given to all employees.

Employee Engagement

In addition to workplace learning and development interventions as tool for workforce retention and engagement, regular general assemblies and other means of communication are undertaken to get the workforce pulse as regards the company's business developments.

Corporate Social Responsibility (CSR)

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 employees participated in the Company's fourth 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, a group of employees participated in the tree-planting activity. 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 at Mt. Banahaw, Nagcarlan, Laguna.

Furthermore, as PhilWeb grows and delivers profit to its stakeholders, we continue to share our resources and propagates 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 not only end in the delivery of the hardware but comes with related trainings and applications on the use of computers and applications.

In 2016, PhilWeb donated 66 desktop computers to 32 schools nationwide.

Logistics and planning were spearheaded by the Administration Team.

The Administration Team

The Administration Team placed great effort in cost-effective measures to support the company's goal to achieve economy and efficiency in its operations without sacrificing the quality of support they render to PhilWeb.

The Administration Team continued to do 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.

The Human Resources and Administration Division 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.

RESULTS OF OPERATION

	For the Third Quarter Ended September 30, 2017	For the Third Quarter Ended September 30, 2016
Income Statement		
Revenues	106,603,037	1,023,749,050
Costs and Expenses	350,919,289	757,628,617
Other Income (Expense) – Net	(38,386)	3,783,415
Income Tax Expense (Benefit)	(36,486,596)	40,823,023
Net Income (Loss) After Tax	(207,868,042)	229,080,825
Retained Earnings at Beginning of Period	1,856,644,010	2,617,356,756
Retained Earnings at End of Period	1,649,739,393	2,381,980,025
Balance Sheet		
Current Assets	189,396,723	510,040,590
Total Assets	477,234,442	1,185,300,997
Total Liabilities	386,291,342	503,144,917
Total Equity	90,943,100	682,156,080

Total revenues decreased by 89.6% due to the expiration of service contract with PAGCOR. The source of revenue as of third quarter of 2017 is mainly from BGI operation. Currently, BGI operates 23 gaming locations across the country.

Cost and expenses decreased by 53.7% mainly due to winding down of operations as a service provider to PAGCOR's e-Games network.

Overall, the Company's Net income and EBITDA decreased by 190.7% and 119.7%, respectively as of third quarter of 2017.

The Company's key performance indicators for the nine months ended September 30, 2017 and 2016 are the following:

Financial Ratios	September 30, 2017	September 30, 2016
Net Income Margin (Net Income / Net Revenues)	-195.0%	22.4%
Operating Income Margin (Operating Income / Net Revenue)	-229.2%	26.0%
Current Ratio (Current Assets/Current Liabilities)	0.54:1.00	1.21:1.00
Asset to Equity Ratio (Total Assets / Total Equity)	5.25:1.00	1.74:1.00
Debt to Equity Ratio (Total Liabilities / Total Equity)	4.25:1.00	0.74:1.00
Return on Total Assets (Net Income / Total Assets)	-43.6%	19.3%
Return on Total Equity (Net Income / Total Equity)	-228.6%	33.6%
Interest Rate Coverage Ratio (EBIT / Interest Expense)	-87.7:1.00	31.2:1.00

Performance for the Period January 1, 2017 to September 30, 2017
(Comparison of Balance Sheets as of September 30, 2017 and December 31, 2016)

Cash and Cash Equivalents

The cash and cash equivalents increased by P9.0 million or 9.1% versus last year. The Company collected receivables amounting to P139.7 million, availed loan of P45 million (net of payments), used P157.5 million for operation and refunded P10.0 million to operators.

Receivables (net)

The receivables decreased by P135.7 million or 70.6% versus last year mainly due to collection of receivables.

Prepayments and Other Current Assets

Prepayments and other current assets slightly decreased by P1.8 million or 6.5% versus last year mainly due to impairment of input VAT under current assets.

Investment in Associates

Investment in associates of P14.3 million pertains to investment in Alphaforce Security Agency, Inc. of P9.3 million and Choice Insurance Brokerage, Inc. of P5.0 million.

Property and Equipment

The decreased in property and equipment of P61.8 million or 31.4% represents the total acquisitions of P22.1 million less depreciation of P83.9 million.

Deferred Tax Assets

Deferred tax assets recognized amounting to P62.9 million represent the amounts of income taxes recoverable in future periods arising from deductible temporary differences.

Other Noncurrent Assets

Other noncurrent assets decreased by P17.3 million or 18.7% mainly due to impairment of input VAT under non-current assets.

Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses decreased by P56.2 million or 18.1% mainly due to payment of payables.

Notes payable

Notes payable increased by P45.0 million or 90.0% due to availment of loans.

Retirement Benefits Liability

The increased in retirement benefits liability of P5.0 million or 37.1% represents additional provision for employees' retirement benefits.

Operators' deposit

Operators' deposit decreased by P10.0 million or 34.1% due to refund of operators' deposit.

Capital stock

The increased in capital stock was due to issuance of share during the year.

Additional paid in capital

Additional paid in capital decreased by P88.7 million or 8.0% was due to issuance of treasury shares lower than its cost during the year.

Retained earnings

The decreased in retained earnings of P206.9 million or 11.1% was attributable to the net loss during the period.

Treasury stock

Treasury shares decreased by P141.5 million or 3.4% was due to issuance during the year.

Quantitative and Qualitative Disclosures on Financial Instruments

The Company's principal financial instruments consist of cash and cash equivalents, receivables, due from related parties and accounts payable and accrued expenses.

The main risks arising from the Company's financial instruments are liquidity risk, credit risk and market risk. The policies for managing each of these risks are provided below:

- a. Credit Risk is limited to the risk arising from inability of a debtor to make payments when receivables are due. The Company's internet gaming business is made on cash basis and internet gaming operators are covered by required security deposits. Other receivables arise from one of transactions and are due and demandable on a short-term basis. Due to this reasons, the Company has no significant exposures to credit risk as of September 30, 2017.

The carrying amount of receivables represents the Company's maximum exposure to credit risks in relation to financial assets.

- b. Liquidity risk is the risk that the Company will be unable to meet its obligations as they fall due. To effectively manage liquidity risk, the Company monitors its cash flows and ensures that credit facilities are available to meet its obligation when they fall due.
- c. Market risks is the risk that changes in market prices, such as foreign exchange rates, interest rates and other market prices will affect the Company's income or value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Fair values

The fair values of the Company's financial instrument approximate their carrying amounts as of balance sheet date either because of their relatively short-term nature or the interest rates they carry approximate interest rates for comparable instruments in the market.

Key Performance Indicators of Subsidiaries for the nine months ended September 30, 2017.

BGI is a wholly owned subsidiary that started commercial operations in July 2005. BGI's total revenue for the nine months ended September 30, 2017 was at P106.6 million, 24.3% lower as compared to 2016 total revenue of P140.7 million of the same period.

Part II - Other Information

There are no disclosures not reported under SEC Form 17-C.

SIGNATURES

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

PHILWEB CORPORATION

Registrant



ZALDY M. PRIETO
SVP and Chief Finance Officer



DENNIS O. VALDES
President

November 10, 2017

Quarterly Report - January 1, 2017 - September 30, 2017

PHILWEB CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	September 30 2017 (Unaudited)	December 31 2016 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents	107,053,477	98,088,993
Accounts receivable - net	56,534,118	192,228,971
Prepaid expenses and other current assets	25,809,128	27,603,061
Total Current Assets	189,396,723	317,921,025
Noncurrent Assets		
Investment in associates	14,352,836	14,352,836
Property and equipment - net	135,170,455	196,931,230
Deferred tax assets	62,944,274	26,457,678
Other assets	75,370,154	92,704,032
Total Noncurrent Assets	287,837,719	330,445,776
	477,234,442	648,366,801
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses	253,459,025	309,639,162
Notes payable	95,000,000	50,000,000
Total Current Liabilities	348,459,025	359,639,162
Noncurrent Liabilities		
Retirement benefits liability	18,477,317	13,473,570
Operators' deposits	19,355,000	29,355,000
Total Noncurrent Liabilities	37,832,317	42,828,570
	386,291,342	402,467,732
Equity		
Capital stock	1,483,348,441	1,483,173,441
Additional paid-in capital	1,024,173,462	1,112,897,280
Stock options reserve	4,273,021	4,273,021
Retained earnings	1,649,739,393	1,856,644,010
Actuarial loss on pension obligation	756,155	756,155
Treasury stock	(4,069,676,845)	(4,211,137,736)
	92,613,627	246,606,171
Non-controlling interest	(1,670,527)	(707,102)
Total Equity	90,943,100	245,899,069
	477,234,442	648,366,801

PHILWEB CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	July - September 2017 (Unaudited)	July - September 2016 (Unaudited)	January - September 2017 (Unaudited)	January - September 2016 (Unaudited)
NET SERVICE REVENUES				
Internet application service income	-	141,504,386	-	839,466,562
Commission income	41,555,931	32,273,064	106,603,037	184,282,488
	41,555,931	173,777,450	106,603,037	1,023,749,050
OPERATING EXPENSES				
General and administrative expenses	91,691,667	152,768,587	267,024,231	672,892,335
Depreciation and amortization	26,784,909	28,370,338	83,895,058	84,736,282
	118,476,576	181,138,925	350,919,289	757,628,617
OPERATING INCOME	(76,920,645)	(7,361,475)	(244,316,252)	266,120,433
OTHER INCOME (CHARGES)				
Interest income	200,590	3,178,994	1,086,057	10,579,651
Interest expense	(1,037,639)	(1,183,344)	(2,355,417)	(7,245,584)
Miscellaneous - net	608,412	624,372	1,230,974	449,348
	(228,637)	2,620,022	(38,386)	3,783,415
INCOME BEFORE INCOME TAX	(77,149,282)	(4,741,453)	(244,354,638)	269,903,848
Income tax expense (benefits)	(11,089,696)	1,201,483	(36,486,596)	40,823,023
NET INCOME	(66,059,586)	(5,942,936)	(207,868,042)	229,080,825
OTHER COMPREHENSIVE LOSS				
Foreign exchange translation adjustments	-	66,437	-	(44,636)
TOTAL COMPREHENSIVE INCOME	(66,059,586)	(5,876,499)	(207,868,042)	229,036,189
NET INCOME ATTRIBUTABLE TO:				
Equity holders of the parent	(65,653,975)	(5,397,520)	(206,904,617)	229,236,589
Minority interest	(405,611)	(545,416)	(963,425)	(155,764)
	(66,059,586)	(5,942,936)	(207,868,042)	229,080,825
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Equity holders of the parent	(65,653,975)	(5,331,682)	(206,904,617)	229,192,355
Minority interest	(405,611)	(544,817)	(963,425)	(156,166)
	(66,059,586)	(5,876,499)	(207,868,042)	229,036,189
EARNINGS PER SHARE:				
Basic	(0.0554)	(0.0046)	(0.1768)	0.1973
Diluted	(0.0553)	(0.0046)	(0.1765)	0.1968
EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION & AMORTIZATION (EBITDA)				
	(39,561,239)	117,551,678	(129,291,964)	655,679,981

PHILWEB CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	September 31 2017 (Unaudited)	September 31 2016 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	(244,354,638)	269,903,848
Adjustments for:		
Depreciation and amortization	83,895,058	84,736,282
Impairment losses	29,898,256	304,373,918
Retirement benefits cost	5,003,747	5,315,553
Gain on disposals of property and equipment	(560,000)	(173,600)
Interest income	(1,086,057)	(10,579,651)
Interest expense	2,355,417	7,245,584
Operating income (loss) before working capital changes	(124,848,217)	660,821,934
Decrease (increase) in:		
Receivables	(3,958,966)	50,818,822
Prepaid expenses and other current assets	(5,950,399)	(119,160,334)
Increase in accounts payable and accrued expenses	(21,432,141)	34,878,788
Cash generated from operations	(156,189,723)	627,359,210
Interest received	1,086,057	22,092,115
Interest paid	(2,355,417)	(7,191,816)
Income tax paid	-	(125,661,756)
Net cash provided by (used in) operating activities	(157,459,083)	516,597,753
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	(22,134,283)	(54,113,254)
Proceeds from disposals of assets	139,653,819	(1,497,655)
Decrease in other assets	(4,820,046)	173,600
Proceeds from disposals of property and equipment	560,000	-
Proceeds from disposals of equity investment	-	(44,636)
Net cash provided by (used in) investing activities	113,259,490	(55,481,945)
CASH FLOWS FROM FINANCING ACTIVITIES		
Availment (payment) of loans	45,000,000	(140,000,000)
Proceeds from subscriptions to and issuances of shares	726,250	20,307,345
Increase (decrease) in operators' deposits	(10,000,000)	3,400,000
Issuance of treasury shares	17,437,827	-
Cash dividends paid	-	(464,613,320)
Net cash used in financing activities	53,164,077	(580,905,975)
INCREASE IN CASH AND CASH EQUIVALENTS	8,964,484	(119,790,167)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	98,088,993	210,314,159
CASH AND CASH EQUIVALENTS AT END OF PERIOD	107,053,477	90,523,992

PHILWEB CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	September 30			
	2017 (Unaudited)		2016 (Unaudited)	
	Number of Shares	Amount	Number of Shares	Amount
CAPITAL STOCK				
Authorized				
Common shares - P1 par value	2,600,000,000	-	2,600,000,000	-
Issued and outstanding				
Common shares at beginning of year	1,353,453,745	1,353,453,745	1,351,576,645	1,351,576,645
Issuances of common shares	175,000	175,000	1,877,100	1,877,100
Common shares	1,353,628,745	1,353,628,745	1,353,453,745	1,353,453,745
Subscribed shares	163,930,030	129,719,696	163,378,780	38,298,352
	1,517,558,775	1,483,348,441	1,516,832,525	1,391,752,097
ADDITIONAL PAID-IN CAPITAL				
Balance at beginning of year		1,112,897,280		1,091,982,096
Additions (deduction) during the period		(88,723,818)		18,430,245
Balance at end of period		1,024,173,462		1,110,412,341
STOCK OPTIONS RESERVE				
Balance at end of period		4,273,021		6,757,960
RETAINED EARNINGS				
Balance at beginning of year		1,856,644,010		2,617,356,756
Cash dividends		-		(464,613,320)
Net income for the period		(206,904,617)		229,236,589
Balance at end of period		1,649,739,393		2,381,980,025
CUMULATIVE TRANSLATION ADJUSTMENT				
Balance at beginning of year		-		6,165,227
Additions during the period		-		(44,636)
Balance at end of period		-		6,120,591
ACTUARIAL LOSS ON PENSION OBLIGATION				
Balance at end of period		756,155		(4,458,764)
TREASURY STOCK, At cost				
Balance at beginning of year	(354,621,621)	(4,211,137,736)	(354,621,621)	(4,211,137,736)
Issuance during the year	7,679,233	141,460,891	-	-
Balance at end of period	(346,942,388)	(4,069,676,845)	(354,621,621)	(4,211,137,736)
NON-CONTROLLING INTEREST				
Balance at beginning of year		(707,102)		885,330
Net income		(963,425)		(155,764)
Balance at end of period		(1,670,527)		729,566
		90,943,100		682,156,080

PHILWEB CORPORATION AND SUBSIDIARIES

A Schedule Showing Financial Soundness Indicators in Two Comparative Period as Follows:

	January - September 2017 (Unaudited)	January - September 2016 (Unaudited)
Current assets (ca)	189,396,723	510,040,590
Total assets (ta)	477,234,442	1,185,300,997
Current liabilities (cl)	348,459,025	422,486,794
Total liabilities (tl)	386,291,342	503,144,917
Total equity (te)	90,943,100	682,156,080
Net income (ni)	(207,868,042)	229,080,825
EBIT	(206,598,682)	225,746,758
Interest income	1,086,057	10,579,651
interest expense (ie)	(2,355,417)	(7,245,584)
Interest - net	(1,269,360)	3,334,067

Ratios	January - September 2017 (Unaudited)	January - September 2016 (Unaudited)
current ratio (ca/cl)	0.54	1.21
debt to equity (tl/te)	4.25	0.74
debt to asset (tl/ta)	0.81	0.42
asset to equity (ta/te)	5.25	1.74
ROA (NI/TA)	-43.6%	19.3%
ROE (NI/TE)	-228.6%	33.6%
%coverage ratio (EBIT/ie)	(87.7)	31.16
Book value (te/outstanding shares)	0.08	0.50
Net Income Margin (Net Income / Net Revenues)	-195.0%	22.4%
Operating Income Margin (Operating Income / Net Revenue)	-229.2%	26.0%

PHILWEB CORPORATION AND SUBSIDIARIES
AGING OF RECEIVABLES SCHEDULE
AS OF SEPTEMBER 30, 2017

<u>Accounts</u>	<u>TOTAL</u>	<u>Past Due</u>		
		<u>1-30 Days</u>	<u>31-60 Days</u>	<u>More than 60 Days</u>
Various Trade and Non-Trade Receivables	55,590,185	11,419,753	6,028,867	38,141,565
Advances to Employees	943,933	124,632	121,351	697,950
Total	56,534,118	11,544,385	6,150,218	38,839,515