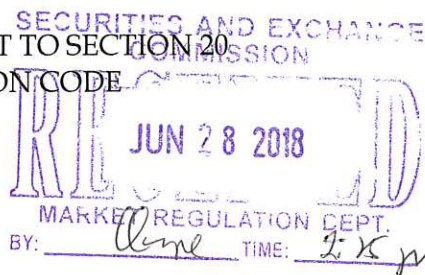


SECURITIES AND EXCHANGE COMMISSION

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) 2365577**

8. Date, time and place of the meeting of security holders: **July 30, 2018 at 10:00 a.m. at
Manila Golf & Country Club, Harvard Street, Forbes Park, Makati City.**

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **July 6, 2018**

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

Title of Each Class	Number of Shares of Common Stock Outstanding
Common Stock P1.00 par value	1,435,626,680 common shares (net of treasury shares of 81,380,938)

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 July 30, 2018 at 10:00 am at Manila Golf & Country Club, Harvard Street, Forbes Park, 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 July 6, 2018.

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 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 1,435,626,680 outstanding common shares (net of treasury shares of 81,380,938) as of May 31, 2018 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 June 29, 2018.

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

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As of May 31, 2018, Registrant 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	Gregorio Araneta, Incorporated 6/F Adamson Centre, 121 L.P. Leviste Street, Salcedo Village, Makati City Stockholder	Gregorio Ma. Araneta III Proxy/Representative	Filipino	784,695,474 (r&b - direct)	54.66%
Common	PhilWeb Casino Corporation 6/F Adamson Centre, 121 L.P. Leviste Street, Salcedo Village, Makati City Stockholder	Dennis O. Valdes Proxy/Representative	Filipino	252,678,437 (r&b - direct)	17.60%

(2) Security Ownership of Management

As of May 31, 2018, the following are the details of the security ownership of Management based on total outstanding shares of 1,435,626,680:

<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	Gregorio Ma. Araneta III Chairman/CEO	Filipino	100 (direct) 784,695,474 (indirect)	0.00% 54.66%
Common	Crisanto Roy B. Alcid Vice Chairman	Filipino	100 (direct)	0.00%
Common	Dennis O. Valdes Director/President	Filipino	2,533,200 (direct) 21,223,565 (indirect)	0.17% 1.48%

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Common	Edgar N. Ang Director	Filipino	50,000 (direct)	0.00%
Common	Luis M. Araneta Director	Filipino	100 (direct)	0.00%
Common	Mario A. Oreta Independent Director	Filipino	1 (direct)	0.00%
Common	Rafael B. Ortigas Independent Director	Filipino	1,200 (direct)	0.00%
Common	Philip S. Tuazon Independent Director	Filipino	371,500 (direct)	0.00%
Common	William M. Valtos, Jr. Independent Director	Filipino	100 (direct)	0.00%
Common	Prieto, Zaldy M. Treasurer/Chief Finance Officer	Filipino	778,400 (direct)	0.05%
Common	Edgar Brian K. Ng Vice President	Filipino	151,500 (direct)	0.01%
Common	Mona Liza I. Navarro Vice President	Filipino	11,500 (direct)	0.00%
Common	Raymund S. Aquino Corporate Secretary/Vice President	Filipino	114,866 (direct)	0.01%
Aggregate Ownership of Directors and Officers as a Group			809,931,606	56.42%

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 9 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:

Name	Age	Position/Citizenship/Period Served/Term of Office
Gregorio Ma. Araneta III	70	Director & Chairman/Filipino/4 years/1 year
Crisanto Roy B. Alcid	48	Director & Vice-Chairman/Filipino/3 years/1 year
Dennis O. Valdes	57	Director & President/Filipino/12 years/1 year
Edgar N. Ang	66	Director/Filipino/1 year/1 year
Luis M. Araneta	33	Director/Filipino/1 year/1 year
Mario A. Oreta	71	Director/Filipino/2 years/1 year
Rafael B. Ortigas	57	Director/Filipino/16 years/1 year

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Philip S. Tuazon	66	Director/Filipino/1 year/1 year
William M. Valtos, Jr.	57	Director/Filipino/1 year/1 year
Zaldy M. Prieto	44	CFO & Treasurer/Filipino/10 years/1 year
Edgar Brian K. Ng	48	Vice President/Filipino/7 years/1 year
Mona Liza I. Navarro	38	Vice President/Filipino/10 years/1 year
Raymund S. Aquino	49	Corporate Secretary & Vice President/Filipino/1 year/1 year

Gregorio Ma. Araneta III was elected Chairman of the Company in September 2016. He was elected 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.

Crisanto Roy B. Alcid was elected Vice-Chairman of the Company in September 2017. He was elected 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.

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.

Edgar N. Ang was elected Director of the Company in September 2017. He is the Chairman and President of both The Angcore Group of Companies and AB&T Resources, Inc., which are engaged in Automotive Distribution. He is also the President of Rubiken Trading Corporation, a fertilizer-chemical company. Previously, he was the founder and managing director of Davao Cable World Network and Filipino Cable Corporation prior to its sale. He is also currently serving as Honorary

Consul of the Republic of Korea to Davao City. He studied at the Ateneo de Manila University and Sophia University in Tokyo, graduating with Bachelor of Science degrees in Economics & Business Administration.

Luis M. Araneta was elected Director of the Company in September 2017. He is a Director and the Business Development Manager of Araneta Properties, Inc. He is the President of Estancias Holdings, Inc. and Cerros Corp, Vice-President and Treasurer of ARAZA Resources Corporation, Director and Corporate Secretary of Carmel Development, Inc., Director of PAGREL, Inc. He is a Director of Belisama Hydropower Corporation and Gregorio Araneta Energy Holdings, Inc. and Corporate Secretary of Gamma Properties, Inc. He studied at the Pace University in New York City where he earned his degree in Business Administration in Management.

Mario A. Oreta was elected Director of the Company in May 2016. He is also a former President and Vice-Chairman of Alphaland Development, Inc., Alphaland Balesin Island Resort Corporation, Alphaland Makati Place, Inc., The City Club at Alphaland Makati Place, Inc., Alphaland Balesin Island Club, Inc., and Alphaland Property Management Corporation. He is also a Director of Atok-Big Wedge Co., Inc. Mr. Oreta graduated with honors from the Ateneo De Manila University with a degree of Bachelor of Laws and immediately joined the law firm of Siguion Reyna, Montecillo and Ongsiako. He was also the founder and managing partner of Tanjuatco Oreta and Factoran Law Offices.

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.

Philip S. Tuazon was elected Director of the Company in September 2017. He is currently a Director of the Philippine Ports Authority as Private Sector Representative, which position he also held in 1993 to 1999. Concurrently he is also a Director of JYT Investment and Vice President/Director of Fairwind Harbor Services, Incorporated. He was formerly connected with New Filipino Maritime Agencies, Incorporated as Executive Vice President/Director and Director/President of Dolomite Mining Corporation. He was appointed as Administrator of Maritime Industry Authority (MARINA) where he served for almost seven years. He attended his collegiate years in Ateneo De Manila University, where he received his degree in Bachelor of Arts in Economics.

William M. Valtos, Jr. was elected Director of the Company in September 2017. He is Chief Executive Officer and Director of Investment & Capital Corporation of the Philippines. He concurrently serves as Senior Managing Director of ICCP SBI Venture Partners Hong Kong and Director of Fiducia Asset Management Pte Ltd Singapore. Mr. Valtos is Chairman of DirectWithHotels Ltd. Mr. Valtos received a Bachelor of Arts degree in Economics and Political Science from the University of Illinois and has an MBA from Kellogg School of Management, Northwestern University.

Zaldy M. Prieto 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.

Edgar Brian K. Ng is currently a Vice President 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.

Mona Liza I. Navarro is currently a Vice President of the Company. She has been an IT practitioner for over 17 years with experience in Software Development, Project Management and IT Operations. She has a degree of Bachelor of Science in Computer Science from the University of the Philippines. She is an ITIL certified professional and a Certified IT Manager.

Raymund Nonato S. Aquino was elected Corporate Secretary of the Company in September 2017. 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), the Board of Directors created a Corporate Governance 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. Mario A. Oreta
2. Rafael B. Ortigas
3. Philip S. Tuazon
4. William M. Valtos, Jr.

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

1. Rafael B. Ortigas (Chairman/Independent Director)
2. Philip S. Tuazon (Member/Independent Director)
3. William M. Valtos, Jr. (Member/Independent Director)

Procedures for the Nomination of the Independent Directors

The Corporate Governance 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 Corporate Governance 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 Corporate Governance 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

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election as Independent Directors. No further nominations shall be entertained or allowed on the floor during the actual annual stockholders' meeting.

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 Corporate Governance 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)
Mario A. Oreta	Dennis O. Valdes	None
Rafael B. Ortigas	Dennis O. Valdes	None
Philip S. Tuazon	Dennis O. Valdes	None
William M. Valtos, Jr.	Dennis O. Valdes	None

Family Relationship of Directors and Officers

Mr. Luis M. Araneta is the son of Mr. Gregorio Ma. Araneta III.

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

Certain Relationships and Related Transactions

Please refer to Note Number 12 on Related Party Transactions of the enclosed Consolidated Financial Statements for the year 2017.

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.

Mr. Gregorio Ma. Araneta III directly and indirectly owns at least 54.66% 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

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. Gacionco, 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. 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.

5. People of the Philippines vs. Mark Kevin N. Mardo, Catherine Joy Fajardo, Luke Villanueva and John Dela Fuente
R-MKT-1700661-CR, R-MKT-1700662-CR, R-MKT-1700663-CR R-MKT-1700664-CR and R-MKT-1700665-CR

PhilWeb discovered that Mark Kevin Mardo manipulated PhilWeb's system and uploaded his own program and was able to remotely load gaming credits to eGames membership cards. Catherine Joy Fajardo, Luke Villanueva and John Dela Fuente then attempted to redeem these gaming credits. PhilWeb filed this criminal case for violation of the Cybercrime Prevention Act of 2012. Five criminal information were filed and are now

pending before the Regional Trial Court of Makati City. Both the prosecution and defense had finished presenting their cases.

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 2016 and 2017 were P42,349,000.00 and P33,252,000.00, respectively. The estimated aggregate compensation for 2018 is P33,252,000.00.

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

(a) Name and Principal Position	(b) Year	(c) Salary	(d) Bonus	(e) Other Annual Comp.
1. Dennis O. Valdes President (elected in July 2006)				
2. Brian K Ng Vice President (effective January 2011)				
3. Zaldy M. Prieto Treasurer & CFO (elected November 2008)				
4. Mona Liza I. Navarro Vice President (effective March 2014)				
5. Raymund S. Aquino Corporate Secretary & Vice President (elected September 2017)				

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

2016	21,782,000	-	2,038,000
2017	20,388,000	-	1,699,000
2018 ¹	20,388,000	-	1,699,000

¹ Estimated figures

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All Officers and Directors as a Group
Unnamed

2016	42,349,000	-	3,529,083
2017	33,252,000	-	2,771,000
2018 ²	33,252,000	-	2,771,000

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.

The abovementioned 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 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.

² Estimated figures

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 election for the current year is Reyes Tacandong & Co.

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

Representatives of Reyes Tacandong & 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 2017 audit of the Company by Reyes Tacandong & 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.

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

Mario A. Oreta	-	Director/Chairman
Rafael B. Ortigas	-	Independent Director/Member
William M. Valtos, Jr.	-	Independent Director/Member

OTHER MATTERS

Action with Respect to Reports

The Management Report and 2017 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 September 27, 2017 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 May 31, 2016; (ii) Management Report and Audited Financial Statements for the Year Ended December 31, 2016; (iii) ratification and approval of corporate acts; (iv) election of directors; (v) appointment of external auditor (vi) amendment of the Third Article of the Articles of Incorporation to reflect the new address of the Principal Office of the Corporation as follows: "THIRD: That the place where the principal office of the corporation is to be established or located is 6/F Adamson Centre, 121 L.P. Leviste Street, Salcedo Village, Makati City, Philippines."; (vii) amendment of the Fourth Article of the Articles of Incorporation to extend the corporate life of the Corporation as follows: "FOURTH: That the term for which said corporation is to exist is for another fifty (50) years from and after expiration of its original term on 19 August 2019."; (viii) amendment of the Sixth Article of the Articles of Incorporation to reduce the number of directors as follows: "SIXTH: That the number of directors of said corporation shall be eleven (11) and that the names and residences of the directors of the corporation who are to serve until their successors are elected and qualified as provided by the By-Laws are as follows: "; (viii) amendment of Section Two, Article II-A of the By-laws of the Corporation by replacing the Nominations Committee with the Corporate Governance Committee, thus: "Stockholders shall submit their nominations for independent director to the Corporation's Corporate Governance Committee not later than 30 days before the date of the stockholders' meeting. The nomination form shall contain the name of the nominee for independent director and all information that may be required by the Securities and Exchange Commission under its rules and regulations. The nomination form should be signed by the nominating stockholder and have the signed conformity of the nominee."; (x) amendment of Section Three, Article II-A of the By-laws of the Corporation by replacing the Nominations Committee with the Corporate Governance Committee, thus: "The Corporate Governance Committee shall only review those nominations with complete requirements. After screening the qualifications of all nominees, the Corporate Governance Committee shall prepare the final list of candidates for independent director and the information required under the existing rules of the Commission."; (xi) amendment of Section

Nine, Article II-A of the By-laws of the Corporation by replacing the Nominations Committee with the Corporate Governance Committee, thus: "In case of resignation, disqualification or cessation of an independent director, the Commission shall be notified of such fact within five (5) days of the resignation, disqualification, or cessation. The vacancy shall thereafter be filled by the vote of at least a majority of the remaining directors, if still constituting a quorum, upon the nominations of the **Corporate Governance Committee**. Otherwise, the vacancy shall be filled by the stockholders in a regular or special meeting called for the purpose. An independent director so elected to fill a vacancy shall serve only for the unexpired term of his predecessor in office."; (xii) amendment of Section Ten, Article IV of the By-laws of the Corporation by replacing the Compensation Committee with the Corporate Governance Committee, thus: "**Corporate Governance Committee** - The Board shall create a **Corporate Governance Committee** made up of three (3) directors who shall determine the compensation of all officers of the corporation."

During the Organizational Meeting of the Board of Directors held on September 27, 2017, the following matters were discussed/approved: (i) minutes of the board meeting held on August 3, 2016, August 5, 2016, August 8, 2016, August 9, 2016, August 15, 2016, August 19, 2016, August 23, 2016, August 31, 2016, September 19, 2016, October 3, 2016, October 7, 2016, and December 6, 2016; (ii) minutes of the executive committee meeting held on August 1, 2016, September 27, 2016, October 10, 2016, December 19, 2016, December 31, 2016, January 12, 2017, March 8, 2017, March 28, 2017, April 7, 2017, June 13, 2017, July 26, 2017, August 16, 2017, and August 31, 2017 (iii) election of officers; (iv) election of members of the Executive Committee; and (v) election of members to the Audit, Nomination, Compensation and Stock Option committees.

During the Regular Meeting of the Board of Directors held on April 11, 2018, the following matters were discussed/approved: (i) minutes of the Organizational Meeting of the Board of Directors held on September 27, 2017; and (ii) 2017 Audited Financial Statements of the Company.

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.

During the meeting of the Executive Committee of the Board of Directors held on January 30, 2018, the following matter was approved: (i) approved the amendment of the Third Article of

the Articles of Incorporation to reflect the new address of the Principal Office of the Corporation as follows: "THIRD: That the place where the principal office of the corporation is to be established or located is 41st Floor, One San Miguel Avenue Condominium, San Miguel Avenue corner Shaw Boulevard, Ortigas Center, Pasig City, Philippines."

Item 17. Amendments to Articles of Incorporation

The amendment to the Articles of Incorporation was approved due to business considerations. The amendment does not affect the business, operations and capital structure of the Registrant. The amendment will be presented for stockholders' approval at the meeting.

Voting Procedures

For the election of directors, the eleven (11) nominees receiving the most number of votes will be elected to the Board of Directors. Cumulative voting will apply.

For the approval of the amendment to the Articles of Incorporation, the favorable vote by stockholders owning or representing at least two-thirds (2/3) of the outstanding capital stock is necessary. 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.

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
Treasurer/Chief Finance Officer

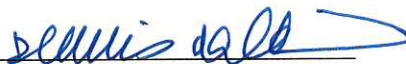
SIGNATURE

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 June 27, 2018.

Issuer: **PHILWEB CORPORATION**

Date: June 27, 2018

Signature and Title:


Dennis O. Valdes
President

PHILWEB CORPORATION

MANAGEMENT REPORT

for the
2018 Annual Meeting of Stockholders
Pursuant to SRC Rule 20 (4) (A)

A. *Audited Financial Statements for Fiscal Year Ended December 31, 2017*

Please see attached audited consolidated financial statements as of December 31, 2017.

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 2017	For the Year Ended December 31 2016	For the Year Ended December 31 2015	For the Year Ended December 31 2014
Income Statement				
Revenues	157,952,771	1,019,726,562	1,667,610,476	1,639,956,575
Costs and Expenses	495,900,766	676,313,684	650,347,733	607,850,800
Other Income (Loss) - Net	3,059,204	(635,154,886)	26,303,885	6,607,131
Net Income	(294,425,152)	(297,691,858)	869,626,033	903,875,688
Retained Earnings at Beginning of Period	1,856,644,010	2,617,356,756	2,450,743,551	2,015,642,772
Retained Earnings at End of Period	1,563,374,351	1,856,644,010	2,617,356,756	2,450,743,551

Balance Sheet				
Current Assets	161,202,593	317,921,025	737,544,824	1,233,786,008
Total Assets	438,257,162	648,366,801	1,580,166,741	2,114,515,904
Total Liabilities	364,034,542	402,467,732	682,740,875	1,124,375,456
Total Equity	74,222,620	245,899,069	897,425,866	990,140,448

Performance for the Period Ended December 31, 2017

Cash and Cash Equivalents

The cash and cash equivalents increased by P13.9 million or 14.2% versus last year. The Company collected P139.7 million from sale of investment and receivables and borrowed additional P90.0 million from a bank, and used P220.4 million cash to maintain operations and pay off aging liabilities.

Receivables (net)

The receivables decreased by P169.6 million or 88.2% versus last year, mainly due to collection of receivables.

Prepayments and Other Current Assets

Prepayments and other current assets slightly decreased by P1.1 million or 3.9% versus last year mainly due to decrease in input VAT, net of allowance for impairment.

Property and Equipment

The decreased in property and equipment of P53.1 million or 26.9% represents the total acquisitions of P55.6 million less depreciation and amortization amounting to P108.6 million and disposal of P0.1 million.

The acquisitions mainly pertain to the fair value of property and equipment acquired from existing operators.

Net Deferred Tax Assets

Net Deferred tax assets increased by P37.9 million or 143.3% mainly due to recognition of income taxes recoverable in future periods arising from Net Operating Losses.

Other Noncurrent Assets

Other noncurrent assets decreased by P38.3 million or 35.7% mainly due to disposal of investments in associates and decrease in noncurrent input VAT, net of allowance for impairment.

Accounts Payable and other current liabilities

The decreased in accounts payable and other current liabilities by P105.5 million or 34.1% was mainly due to payment of aging payables.

Notes Payable

Notes payable increased by P90 million or 180.0% due to availment of loans.

Retirement Benefits Liability

The decreased in retirement benefits liability of P6.3 million or 47.0% represents additional provision for employees' retirement benefits, net of actuarial gain.

Operators' deposit

Operator's deposit decreased by P16.6 million or 56.5% due to refund of operators' deposit.

Capital stock

The increased in capital stock of P15.2 million or 1.0% was due to issuance of shares and collection of unpaid subscribed capital.

Additional paid in capital

The decreased in additional paid in capital of P99.1 million or 8.9% was due to issuance of treasury shares at a price lower than cost.

Retained earnings

The decreased in retained earnings of 293.3 million, or 15.8% was attributable to the net loss during the period.

Treasury stock

The decreased in treasury stock of P203.8 million or 4.8% was due to reissuance of shares.

Income and Expenses

For the year ended December 31, 2017, the Company's EBITDA decreased by 126.3% or P732.9 million, from P580.4 million last year to (P152.5) million this year. Net loss decreased by 1.1% or P3.3 million, from P297.7 million last year to P294.4 million this year mainly due to expiration of IPLMA contract and loss on sale of assets in 2016 and PhilWeb was allowed to offer its Electronic Gaming System (EGS) in December 2017.

Revenues

Total revenues decreased by P861.8 million or 84.5%, to P157.9 million for the year ended December 31, 2017 from P1,019.7 million registered last year. The decreased was due to expiration of IPLMA in Aug 2016 and PhilWeb was allowed to offer its EGS in December 2017.

Costs and Expenses

Cost and expenses in 2017 decreased by P180.4 million or 26.7% compared last year mainly due to winding down of eGames operation.

Other Income (Charges)

Other income (charges) increased by P638.2 million or 100.5% mainly due to loss on disposal of assets in 2016.

Performance for the Period Ended December 31, 2016

Cash and Cash Equivalents

The cash and cash equivalents decreased by P112.2 million or 53.4% versus last year. The Company generated cash from operation amounting to P511.1 million and proceeds from subscription and issuance of shares of P111.7 million, and used its cash mainly for payment of dividends of P464.6 million, payment of loan of P150.0 million and payment of CAPEX of P100.7 million.

Receivables (net)

The receivables decreased by P10.8 million or 5.3% versus last year, mainly due to collection of receivables.

Notes Receivable

The decreased in notes receivable of P234.2 million or 100% versus last year, was mainly due to collection of receivables and recovery of investment as payment of the balance of debt. The investment was eventually disposed.

Prepayments and Other Current Assets

Prepayments and other current assets decreased by P62.4 million or 69.3% versus last year mainly due to the reclassification of input VAT to other non-current assets.

Investment in Associates

Investment in associates slightly decreased by P0.4 million or 2.8% due to equity in net losses from associates.

Noncurrent Receivables

Noncurrent receivables decreased by P510.3 million or 100% versus last year, due to recovery of investment as payment of the balance of debt. The investment was eventually disposed.

Property and Equipment

The decreased in property and equipment of P54.5 million or 21.7% represents the total acquisitions of P100.7 million less depreciation and amortization and impairment amounting to P154.3 million and disposal of P0.9 million.

The acquisitions mainly pertain to the upgrading network and data communication equipment for PeGS and leasehold improvements for BGI operations.

Deferred Tax Assets

Deferred tax assets recognized amounting to P26.5 million represent the amounts of income taxes recoverable in future periods arising from deductible temporary differences and Net Operating Losses.

Other Noncurrent Assets

Other noncurrent assets increased by P40.2 million or 76.5% mainly due to the reclassification of input VAT to other non-current assets.

Accounts Payable and Accrued Expenses

The increased in accounts payable and accrued expenses by P5.7 million or 1.9% was mainly due to increase in trade payable.

Income tax payable

The decreased of P106.9 million was due to payment of income tax payable.

Notes Payable

Notes payable decreased by P150 million or 75.0% due to payment of loans.

Retirement Benefits Liability

The decreased in retirement benefits liability of P1.4 million or 9.5% represents additional provision for employees' retirement benefits, net of actuarial gain.

Operators' deposit

Operator's deposit decreased by P27.7 million or 48.5% due to refund of operators' deposit.

Capital stock

The increased in capital stock of P93.3 million or 6.7% was due to issuance of shares and collection of unpaid subscribed capital during the year.

Additional paid in capital

The increased in additional paid in capital of P20.9 million or 1.9% was due to issuance of shares higher than par value during the year.

Retained earnings

The decreased in retained earnings of P760.7 million, or 29.1% was attributable to the net loss during the period and cash dividends.

Treasury stock

There is no movement in treasury stock during the year.

Income and Expenses

For the year ended December 31, 2016, the Company's EBITDA decreased by 51.7% or P620.3 million, from P1,200.8 million last year to P580.4 million this year. Net income decreased by 134.2% or P1,167.3 million, from P869.6 million last year to (P297.7 million) this year mainly due to expiration of IPLMA contract and loss on sale of assets.

Revenues

Total revenues decreased by P647.9 million or 38.9%, to P1,019.7 million for the year ended December 31, 2016 from P1,667.6 million registered last year. The decreased was due to expiration of IPLMA.

Salaries and Benefits

The decreased of P6.0 million or 5% was mainly due to the decreased in number of head counts.

Depreciation and Amortization

The increased of P10.3 million or 9.4% in depreciation and amortization was due to increase in acquisition of capital expenditure during the year.

Outsourced Services

The decreased in outsourced services of P11.3 million or 12.2% was due to shutdown of PeGS and BGI operations.

Rental

The increased of P2.1 million or 3.2% in rent was due to annual escalation of rental rate.

Utilities and Communications

The decreased in utilities and communications of P10.9 million or 15.9% was due to due to shutdown of PeGS and BGI operations.

Representation and Entertainment

Representation and entertainment decreased by P12.2 million or 26.4% was due to due to shutdown of PeGS and BGI operations.

Supplies

Supplies increased by P6.6 million or 30.3% due to higher supplies in BGI operation.

Impairment Losses

The increased in provision for impairment losses by P34.1 million or 44.7% was due to impairment of fixed assets and expired portion of excess input VAT.

Professional Fees

Professional fees decreased by P1.8 million or 19.6% mainly due lower consultancy fees.

Advertising and Promotion

Advertising and promotion slightly decreased by P0.1 million or 3.1%.

Taxes and Licenses

Taxes and licenses increased by P2.9 million or 14.1% due to payment of local business tax.

Miscellaneous

The increased of P12.4 million or 193.5% was mainly due to increase in other expenses of gaming operations.

Equity in Net Earnings of Associates

Equity in net losses of associates of P0.4 million mainly pertains to the share in net loss of investment in associates.

Loss on sale of assets

Loss on sale of assets amounting to P649.3 pertains to loss on disposal of investment in Acentic thru Host Union Limited of P547.0 million and loss of settlement of receivables of P102.3 million.

Interest Income

The decreased of P37.7 million or 72.8% was mainly due collection of notes receivables.

Interest Expense

The decreased of P16.5 million or 72.6% was due to payment of loans.

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.

The Company's Key Performance Indicators

For the year 2017, the Company's key performance indicators are the following:

- 1.) The Company's Earnings Before Interest, Taxes, and Depreciation and Amortization (EBITDA) was (P152,478,187) or 126.3% lower compared last year.
- 2.) Revenues decreased in 2017 by 84.5% from P1,019,726,562 to P157,952,771.
- 3.) Operating loss margin was 214.0%. Operating loss of (P337,947,995) divided by Net Revenues of P157,952,771.
- 4.) Current ratio was at 0.47:1.00. Current Assets of P161,202,593 divided by Current Liabilities of P344,137,096.
- 5.) Asset to equity ratio was at 5.90:1.00. Total Assets of P438,257,162 divided by Total Equity of P74,222,620.
- 6.) Debt to equity ratio was at 490:1.00. Total Liabilities of P364,034,542 divided by Total Equity of P74,222,620.

For the year 2016, the Company's key performance indicators are the following:

- 1.) The Company's Earnings Before Interest, Taxes, and Depreciation and Amortization (EBITDA) was P580,444,055 or 51.7% lower compared last year.
- 2.) Revenues decreased in 2016 by 38.9% from P1,667,610,476 to P1,019,726,562.
- 3.) Operating Income margin was 33.7%. Operating Income of P343,412,878 divided by Net Revenues of P1,019,726,562.
- 4.) Current ratio was at 0.88:1.00. Current Assets of P317,921,025 divided by Current Liabilities of P359,639,162.
- 5.) Asset to equity ratio was at 2.64:1.00. Total Assets of P648,366,801 divided by Total Equity of P245,899,069 .
- 6.) Debt to equity ratio was at 1.64:1.00. Total Liabilities of P402,467,732 divided by Total Equity of P245,899,069 .

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.

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.

	2017	2016	2015
Audit and Audit-Related Fees	P570,000	P847,450	P1,262,150
Tax Fees	None	None	none
Other Fees	none	none	none
Total	P570,000	P847,450	P1,262,150

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.

The Company 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 January 18, 2000, 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 SEC approved these changes on November 5, 2002.

At the annual stockholders' meeting on May 29, 2003, the stockholders approved the amendment of the Company's Articles of Incorporation by changing the primary purpose to that of application service provider for gaming and including the current internet business activities as an additional secondary purpose of the Company. The SEC approved these amendments on November 10, 2005.

At the annual stockholders' meeting on May 28, 2009, the stockholders approved the amendment to the Company's Articles of Incorporation changing the par value of the Company's common stock from P0.01 per share to P1.00 per share, with the authorized capital stock unchanged at P2.6 Billion but with a concurrent decrease in the number of shares from 260 Billion shares to 2.6 Billion shares. On September 22, 2009, the Securities and Exchange Commission approved the said amendment.