

In 2015, the encompassing goal for all CS activities is to maximize significant opportunities for customer engagement with focus on strengthening direct to player relationships. The group plans to achieve this through expanded contact channels, a more regular and extended Customer Satisfaction survey, staff empowerment, new processes and support systems to better serve our customers, reduce service times and better tailoring of the customer experience.

Finance

The PhilWeb Finance Department demonstrates excellence in maintaining the integrity of our financial reports. It continuously develops and implements financial systems and internal control policies to safeguard the Company's assets and resources. Its role has also evolved from pencil pushers or number generators for the organization to a business partner of the other departments. Our Finance Department has become the catalyst for other areas to achieve their respective cost and revenue targets, thereby allowing the whole organization to achieve its objective for the Stakeholders.

One of the critical, if not the most critical, role of finance is to make sure that all cash from the nationwide network of e-Games are collected in a timely and accurate manner. Thru our Company-proprietary POS system and 24/7 operation of our Cash Centers, we are able to monitor cash exposure thereby making it possible for us to collect or replenish the cash needs of each site almost immediately. Coupled with the strict implementation of collection policies, we are able to manage our cash with very minimal risk to the Company. The Company also has partner banks that accept payments or fund transfers on behalf of the Company.

In 2014, we established another business location right in the heart of the business district of Pasig City. The new location includes Field, IT, Customer Service and Cash Center departments. This enabled us to provide faster and more efficient services to our clientele and partners.

Information Technology

PhilWeb's Information Technology group is composed of five functional departments. These departments were put in place to support the Company's 24/7 operations. The IT division consists of the following: Infrastructure, Software Development, Service Delivery, Service Support, and Security & Compliance. 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 homegrown applications are in production which will allow PhilWeb to provide a better gaming experience to its customers through the management of their membership credentials 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 Change Management. In line to its vision to

ensure quality, the team also has a Quality Assurance unit which conducts testing on homegrown 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 providing first level troubleshooting for e-Games sites. Tickets reported by site personnel and operators are first escalated to this team for validation and resolution.

The Security and Compliance Department is primarily concerned with ensuring that proper security measures are in place. These measures cover network, software, application, and the social engineering of PhilWeb's IT infrastructure.

Highlights in 2014

After strengthening network security in 2013, the objective for 2014 was focused on supporting Philweb's goals in providing a better gaming experience for its E-Games patrons. This year, the account-based play, for which IT has provided a new infrastructure, will be fully integrated with the existing e-Games Membership and Rewards platform, which will also include enhanced monitoring, management and support tools.

2015 Goals

While its goal of providing the right technology and technical services remains unchanged, PhilWeb's IT Department is also looking to enhance the Company's operations through the efficient delivery of IT services. The group will also focus on aligning its services to the industry's best practices and trends to improve both the external and internal customer experience.

RESULTS OF OPERATION

	For the Third Quarter Ended September 30, 2015	For the Third Quarter Ended September 30, 2014
Income Statement		
Revenues	1,224,350,728	1,218,376,715
Costs and Expenses	455,515,215	457,733,869
Other Income (Expense) - Net	(21,563,889)	(25,181,175)
Income Tax Expense	131,591,636	89,761,645
Net Income After Tax	615,679,988	645,700,026
Retained Earnings at Beginning of Period	2,521,083,685	2,085,982,906
Retained Earnings at End of Period	2,609,292,727	2,379,749,402
Balance Sheet		
Current Assets	988,534,112	1,166,059,747
Total Assets	1,919,355,869	2,130,543,638
Total Liabilities	834,649,097	1,283,723,511
Total Equity	1,084,706,772	846,820,127

Total revenues slightly increased by P6.0 million, or 0.5%, to P1,224.4 million as of the third quarter of 2015 from P1,218.4 million registered in the same period last year. The increase was contributed mainly by the PeGS business.

Cost and expenses decreased by P2.2 million, or 0.5%, to P455.5 million for the nine months ended September 30, 2015 from P457.7 million posted in the same period last year. The reduction is mainly due to savings in rental and connectivity cost.

Other expense – net decreased by P3.6 million, or 14.4%, to P21.6 million as of the third quarter of 2015 from P25.2 million recorded in the same period last year. This was mainly due to lower interest expense as a result of payment of loans.

Overall, the Company's EBITDA increased by 1.2%. Net income however, declined due to higher income tax expense in 2015.

The Company's key performance indicators for the nine months ended September 30, 2015 and 2014 are the following:

Financial Ratios	September 30, 2015	September 30, 2014
Net Income Margin (Net Income / Net Revenues)	50.3%	53.0%
Operating Income Margin (Operating Income / Net Revenue)	62.8%	62.4%
Current Ratio (Current Assets/Current Liabilities)	1.31:1.00	0.98:1.00
Asset to Equity Ratio (Total Assets / Total Equity)	1.77:1.00	2.52:1.00
Debt to Equity Ratio (Total Liabilities / Total Equity)	0.77:1.00	1.52:1.00
Return on Total Assets (Net Income / Total Assets)	32.1%	30.3%
Return on Total Equity (Net Income / Total Equity)	56.8%	76.3%
Interest Rate Coverage Ratio (EBIT / Interest Expense)	33.3:1.00	16.9:1.00

Performance for the Period January 1, 2015 to September 30, 2015

(Comparison of Balance Sheets as of September 30, 2015 and December 31, 2014)

Cash and Cash Equivalents

The cash and cash equivalents decreased by P188.8 million or 50.0% versus last year. The Company operations generated cash amounting to P748.7 million and used its cash mainly for CAPEX P16.8 million, payments of dividends P527.6 million and payment of loan P387.5 million.

Receivables

The receivables increased by P36.6 million or 12.2% versus last year mainly due to advances and deposits to suppliers.

Inventories

The decreased in inventories by P106.3 million was due to the sale of gaming terminal of e-Magine Gaming Corporation.

Notes Receivable

The decreased in notes receivable of P6.1 million or 1.7% versus last year, was mainly due to foreign exchange losses on notes receivable that are being charged to advances to non-affiliate.

Prepayments and Other Current Assets

Prepayments and other current assets increased by P19.2 million or 20.8% versus last year mainly due to input VAT claimed on purchases and prepaid rent.

Investment in Associates

Investment in associates of P15.1 million pertains to investment in Alphaforce Security Agency, Inc. of P9.3 million and Choice Insurance Brokerage, Inc. of P5.8 million.

Noncurrent Receivable

Noncurrent receivable of P583.2 million represents the noncurrent portion of the receivables arising from the sale of investment in Acentic.

Property and Equipment

The increased in property and equipment of 48.1 million or 22.0% represents the total acquisitions of P122.1 million less depreciation amounting to P74.0 million.

Deferred Tax Assets

Deferred tax assets decreased by P14.7 million due to application of deferred tax asset during the period.

Other Noncurrent Assets

Other noncurrent assets increased by P16.8 million or 33.8% mainly due to the increase in rental deposits and asset in progress as a result of BGI business expansions.

Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses increased by P140.5 million or 61.7% mainly due to increase in trade payable and accrual of expenses.

Income Tax Payable

Outstanding income tax payable pertains to provision for income tax for 2015.

Notes payable

Notes payable pertains to unpaid bank loans amounting to P312.5 million. P387.5 million was paid during the period.

Retirement Benefits Liability

The increase in retirement benefits liability of P5.1 million or 27.7% represents additional provision for employees' retirement benefits.

Operators' deposit

The increase of operators' deposit of P3.8 million or 7.3% represents the cash received from operators that serves as a bond/security in case the operators default on payments. This deposit is to be returned to the operators after termination of the contract.

Retained earnings

The increase in retained earnings of P88.2 million or 3.5% was attributable to the net income during the period of P615.8 million, net of cash dividends of P527.6 million.

Cumulative translation adjustment

The cumulative translation adjustment represents the foreign currency differences that are recognized in other comprehensive income.

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, 2015.

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, 2015.

BigGame, Inc. (BGI) is a wholly owned subsidiary that started commercial operations in July 2005. BGI's total revenue for the nine months ended September 30, 2015 was at P155.4 million, 2.5% lower as compared to 2014 total revenue of P159.4 million of the same period.

Premyo sa Resibo Program (PSR), a joint activity among Department of Finance, BIR and PhilWeb's fully owned subsidiary, Premyo sa Resibo, Inc., was launched in June 2006. The main objective of PSR was to encourage consumers to ask for their Official Receipts (OR) and find innovative solutions to our government's massive tax leakage problem. The program is currently providing vital information to BIR for its tax collection campaign.

On October 1, 2014, PSR ceased operation as agreed with BIR and PhilWeb.

Philweb Asia-Pacific, thru its subsidiaries, started commercial operations in Timor in November 2011, in Cambodia in March 2012, and in Guam in October 2011. Due to setbacks in Asia-Pacific operations as previously disclosed, the respective legal entities are now in the process of securing government clearance for the formal closure of these businesses.

The respective Board of Directors of the following subsidiaries, in their meeting held on May 31, 2007 had approved the amendment in the corporate existence of the companies from 50 years to a period ending September 30, 2007:

1. PhilWeb Software Corporation
2. PhilWeb Cyberworld Corporation

Clearances from the Bureau of Internal Revenue are presently being obtained in relation to the shortening of the corporate existence of the above mentioned subsidiaries.

There were no events that triggered 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 and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.

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

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.

Acquisition of computer and equipment and other facilities is not expected to be of material amounts.

No extraordinary purchase 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.

There are 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 seasonal aspects that had a material effect on the Company's financial condition or results of operations.

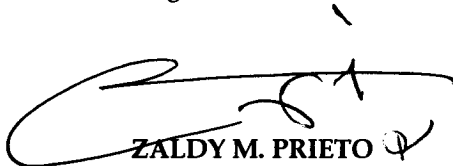
Part II - Other Information

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, 2015

Quarterly Report - January 1, 2015 - September 30, 2015

PHILWEB CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	September 30 2015 (Unaudited)	December 31 2014 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents	186,195,545	374,949,875
Accounts receivable - net	336,214,580	299,627,945
Inventories	-	106,252,113
Notes receivable	354,179,541	360,248,864
Prepaid expenses and other current assets	111,944,446	92,707,211
Total Current Assets	988,534,112	1,233,786,008
Noncurrent Assets		
Noncurrent receivable	583,200,000	583,200,000
Investment in associates	15,090,229	15,090,229
Property and equipment - net	266,234,577	218,178,406
Deferred tax assets	-	14,724,999
Other assets	66,296,951	49,536,262
Total Noncurrent Assets	930,821,757	880,729,896
	1,919,355,869	2,114,515,904
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses	368,222,700	227,705,155
Income tax payable	74,445,602	126,117,876
Notes payable	312,500,000	700,000,000
Total Current Liabilities	755,168,302	1,053,823,031
Noncurrent Liabilities		
Retirement benefits liability	23,625,795	18,497,425
Operators' deposits	55,855,000	52,055,000
Total Noncurrent Liabilities	79,480,795	70,552,425
	834,649,097	1,124,375,456
Equity		
Capital stock	1,389,631,897	1,388,916,731
Additional paid-in capital	1,087,814,614	1,081,882,866
Stock options reserve	4,604,050	4,604,050
Retained earnings	2,609,292,727	2,521,083,685
Cumulative translation adjustment	5,338,982	5,495,982
Actuarial loss on pension obligation	(1,148,147)	(1,148,147)
Treasury stock	(3,941,779,041)	(3,941,779,041)
	1,153,755,082	1,059,056,126
Non-controlling interest	(69,048,310)	(68,915,678)
Total Equity	1,084,706,772	990,140,448
	1,919,355,869	2,114,515,904

PHILWEB CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	July - Sept 2015 (Unaudited)	July - Sept 2014 (Unaudited)	January - Sept 2015 (Unaudited)	January - Sept 2014 (Unaudited)
NET SERVICE REVENUES				
Internet application service income	370,956,162	358,174,600	1,068,933,225	1,049,233,027
Commission income	56,241,430	53,428,565	155,417,503	159,374,788
Others (PSR and Scratch cards)	-	1,843,226	-	9,768,900
	427,197,592	413,446,391	1,224,350,728	1,218,376,715
OPERATING EXPENSES				
General and administrative expenses	121,847,466	124,192,159	381,487,499	379,172,566
Depreciation and amortization	29,914,672	27,094,277	74,027,716	78,561,303
	151,762,138	151,286,436	455,515,215	457,733,869
OPERATING INCOME	275,435,454	262,159,955	768,835,513	760,642,846
OTHER INCOME (CHARGES)				
Interest income	3,697,670	4,748,037	11,386,788	15,200,728
Interest expense	(4,993,459)	(11,405,208)	(18,710,556)	(39,748,750)
Miscellaneous - net	(13,767,685)	(558,716)	(14,240,121)	(633,153)
	(15,063,474)	(7,215,887)	(21,563,889)	(25,181,175)
INCOME BEFORE INCOME TAX	260,371,980	254,944,068	747,271,624	735,461,671
Income tax expense	54,351,990	40,745,566	131,591,636	89,761,645
NET INCOME	206,019,990	214,198,502	615,679,988	645,700,026
OTHER COMPREHENSIVE INCOME				
Foreign exchange translation adjustments	(37,753)	(615,426)	(157,000)	1,595,104
	(37,753)	(615,426)	(157,000)	1,595,104
TOTAL COMPREHENSIVE INCOME	205,982,237	213,583,076	615,522,988	647,295,130
NET INCOME (LOSS) ATTRIBUTABLE TO:				
Equity holders of the parent	206,056,983	214,091,071	615,812,620	645,433,348
Minority interest	(36,993)	107,431	(132,632)	266,678
	206,019,990	214,198,502	615,679,988	645,700,026
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Equity holders of the parent	206,019,608	213,481,799	615,657,190	647,012,501
Minority interest	(37,371)	101,277	(134,202)	282,629
	205,982,237	213,583,076	615,522,988	647,295,130
EARNINGS PER SHARE:				
Basic	0.1525	0.1826	0.4558	0.5506
Diluted	0.1524	0.1826	0.4555	0.5506
EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION & AMORTIZATION (EBITDA)				
	295,110,255	297,937,737	867,184,094	857,055,438

PHILWEB CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	September 30 2015 (Unaudited)	September 30 2014 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	747,271,624	735,461,671
Adjustments for:		
Depreciation and amortization	74,027,716	78,561,303
Impairment losses	25,690,825	18,484,442
Retirement benefits cost	5,128,370	7,230,752
Gain on disposals of property and equipment	-	(28,000)
Interest income	(11,386,788)	(15,200,728)
Interest expense	18,710,556	39,748,750
Operating income before working capital changes	859,442,303	864,258,190
Increase in:		
Receivables	(25,503,092)	(38,659,676)
Inventories	106,252,113	(61,039,158)
Prepaid expenses and other current assets	(44,928,060)	(27,821,201)
Increase (decrease) in accounts payable and accrued expenses	140,741,781	57,097,516
Cash generated from operations	1,036,005,045	793,835,671
Interest received	6,372,568	15,200,728
Interest paid	(18,934,792)	(39,748,750)
Income tax paid	(168,538,911)	(2,586,788)
Net cash provided by operating activities	854,903,910	766,700,861
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	(122,083,887)	(70,609,575)
Increase in other assets	(16,760,689)	(2,601,320)
Proceeds from disposals of property and equipment	-	28,000
Decrease (increase) in investment in associates	(157,000)	1,595,104
Decrease (increase) in notes receivable	-	14,833,709
Net cash used in investing activities	(139,001,576)	(56,754,082)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in notes payable	(387,500,000)	(350,000,000)
Proceeds from subscriptions to and issuances of common	6,646,914	49,000
Increase in operators' deposits	3,800,000	2,000,000
Cash dividends paid	(527,603,578)	(353,287,028)
Net cash used in financing activities	(904,656,664)	(701,238,028)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(188,754,330)	8,708,751
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	374,949,875	341,990,428
CASH AND CASH EQUIVALENTS AT END OF YEAR	186,195,545	350,699,179

PHILWEB CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	September 30			
	2015 (Unaudited)		2014 (Unaudited)	
	Number of Shares	Amount	Number of Shares	Amount
CAPITAL STOCK				
Authorized	2,600,000,000	-	2,600,000,000	-
Issued and outstanding				
Common shares at beginning of year	1,350,618,379	1,350,618,379	1,350,614,879	1,350,614,879
Issuances of common shares	715,166	715,166	3,500	3,500
Common shares	1,351,333,545	1,351,333,545	1,350,618,379	1,350,618,379
Subscribed shares	163,378,780	38,298,352	163,378,780	38,298,352
	1,514,712,325	1,389,631,897	1,513,997,159	1,388,916,731
ADDITIONAL PAID-IN CAPITAL				
Balance at beginning of year		1,081,882,866		1,081,837,366
Additions during the year		5,931,748		45,500
Balance at end of period		1,087,814,614		1,081,882,866
STOCK OPTIONS RESERVE				
Balance at end of year		4,604,050		4,042,818
RETAINED EARNINGS				
Balance at beginning of year		2,521,083,685		2,085,982,906
Cash dividends		(527,603,578)		(351,666,852)
Net income for the year		615,812,620		645,433,348
Balance at end of year		2,609,292,727		2,379,749,402
CUMULATIVE TRANSLATION ADJUSTMENT				
Balance at beginning of year		5,495,982		2,332,768
Additions during the year		(157,000)		1,595,104
Balance at end of year		5,338,982		3,927,872
ACTUARIAL LOSS ON PENSION OBLIGATION				
Balance at end of year		(1,148,147)		(1,385,865)
TREASURY STOCK, At cost				
Balance at end of year	(341,773,099)	(3,941,779,041)	(341,773,099)	(3,941,779,041)
NON-CONTROLLING INTEREST				
Balance at beginning of year		(68,915,678)		(68,801,334)
Net income (loss)		(132,632)		266,678
Balance at end of year		(69,048,310)		(68,534,656)
		1,084,706,772		846,820,127

PHILWEB CORPORATION AND SUBSIDIARIES
AGING OF RECEIVABLES SCHEDULE
AS OF SEPTEMBER 30, 2015

<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	332,888,385	62,110,356	50,100,552	220,677,477
Advances to Employees	3,326,195	318,521	296,030	2,711,644
Total	336,214,580	62,428,877	50,396,582	223,389,121
Notes Receivable	354,179,541	962,946	10,606,219	342,610,376

PHILWEB CORPORATION AND SUBSIDIARIES

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

	January - Sept 2015 (Unaudited)	January - Sept 2014 (Unaudited)
Current assets (ca)	988,534,112	1,166,059,747
Total assets (ta)	1,919,355,869	2,130,543,638
Current liabilities (cl)	755,168,302	1,195,770,975
Total liabilities (tl)	834,649,097	1,283,723,511
Total equity (te)	1,084,706,772	846,820,127
Net income (ni)	615,679,988	645,700,026
EBIT	623,003,756	670,248,048
Interest income	11,386,788	15,200,728
interest expense (ie)	(18,710,556)	(39,748,750)
Interest - net	(7,323,768)	(24,548,022)

Ratios	January - Sept 2015 (Unaudited)	January - Sept 2014 (Unaudited)
current ratio (ca/cl)	1.31	0.98
debt to equity (tl/te)	0.77	1.52
debt to asset (tl/ta)	0.43	0.60
asset to equity (ta/te)	1.77	2.52
ROA (NI/TA)	32.08%	30.31%
ROE (NI/TE)	56.76%	76.25%
%coverage ratio (EBIT/ie)	33.30	16.86
Book value (te/outstanding shares)	0.92	0.84
Net Income Margin (Net Income / Net Revenues)	50.3%	53.0%
Operating Income Margin (Operating Income / Net Revenue)	62.8%	62.4%