

- 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.

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.

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.

Item 7. Financial Statements

See attached.

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

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.

Part III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Registrant

Name	Age	Position/Citizenship/Period Served/Term of Office
Gregorio Ma. Araneta III	69	Director & Chairman/Filipino/3 yrs./1 yr.
Crisanto Roy B. Alcid	48	Director & Vice-Chairman/Filipino/2 yrs./1 yr.
Dennis O. Valdes	56	Director & President/Filipino/11 yrs./1yr.
Edgar N. Ang	65	Director/Filipino/6 months/1 yr.
Luis M. Araneta	32	Director/Filipino/6 months/1 yr.
Mario A. Oreta	71	Director/Filipino/1 yr./1 yr.
Rafael B. Ortigas	56	Director/Filipino/15 yrs./1 yr.
Philip S. Tuazon	66	Director/Filipino/6 months/1 yr.
William M. Valtos, Jr.	56	Director/Filipino/6 months/1 yr.
Zaldy M. Prieto	43	CFO & Treasurer/Filipino/9 yrs./1 yr.
Raymund S. Aquino	49	Corporate Secretary/Filipino/ 6 months/1 yr.

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., Asiitrust 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 the CEO of ICCP and Group President - Financial Services for the ICCP Group. He is a Director of ICCP SBI Venture Partners, Rustans Supercenter Inc., and Fiducia Asset Management Pte. Ltd. and serves as Chairman of DirectWithHotels Ltd. Prior to joining the ICCP Group, Mr. Valtos was Managing Director of Strategic Asset Management, Inc., a Chicago-based private direct investment firm managing over US\$600 million in assets. Mr. Valtos holds an MBA from the Kellogg School of Management at Northwestern University. He earned a BA in Economics and Political Science from the University of Illinois, where he was a Rhodes Scholar Candidate. Mr. Valtos is an active member of the Philippines-Singapore Business Council.

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.

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.

The following are the Company's independent directors:

1. Mario A. Oreta
2. Rafael B. Ortigas
3. Philip S. Tuazon
4. William M. Valtos

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.

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.

Involvement of Directors and Officers in Certain Legal Proceedings

The Company is not aware that any of its directors and officers is involved in the past five years up to the date of the filing of this Statement in any bankruptcy proceeding. Neither have they been convicted by final judgment in any criminal proceeding, nor been subject to any order, judgment or decree of competent jurisdiction, permanently 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.

Item 10. Executive Compensation

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.
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1. Dennis O. Valdes
President
(elected in July 2006)

2. Brian K Ng
Senior Vice President
(effective January 2011)
3. Zaldy M. Prieto
Senior Vice President & CFO
(effective November 2008)
4. Mona Liza I. Navarro
Vice President
(effective March 2014)
5. Raymund S. Aquino
Vice President
(effective August 2015)

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

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 Securities and Exchange Commission ("SEC") approved the exemption of 4,447,134,695 common shares under the Company's Stock Option Plan from

¹ Estimated figures
² Estimated figures

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 option 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 award to selected officer options to subscribe to 500,000,000 common shares, at a subscription price of P0.01 per share (the then prevailing market price was P0.012 per share).

On March 2, 2005, the Stock Option Committee of the Company approved the award to selected officers, employees and third parties options to subscribe to 1,391,000,000 common shares, at a subscription price equivalent to a twenty percent (20%) discount over the average closing price during the past thirty (30) trading days (the then prevailing market price was P0.0169 per share).

On January 20, 2006, the Stock Option Committee of the Company approved the award to selected officers and employees options to subscribe to a total of 1,786,500 common shares, at a subscription 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.

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

Item 11. Security Ownership of Certain Record Beneficial Owners and Management

(1) Security Ownership of Certain Record and Beneficial Owners

As of March 31, 2018, PhilWeb Corporation knows of no one who beneficially owns more than 5% of its common stock except as set forth in the table below:

<i>Title of Class</i>	<i>Name and Address of Record Owner and Relationship with Issuer</i>	<i>Name of Beneficial Owner and Relationship with Record Owner</i>	<i>Citizenship</i>	<i>Amount and Nature of Record / Beneficial Ownership (indicate "r" or "b")</i>	<i>Percent Held</i>
Common	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 The Penthouse, Alphaland Southgate Tower, 2258 Chino Roces Avenue cor. EDSA, Makati City Stockholder	Dennis O. Valdes Proxy/Representative	Filipino	252,678,437 (r&b - direct)	17.60%

(2) Security Ownership of Management

As of March 31, 2018, the following are the details of the security ownership of Management based on total outstanding shares of 1,435,451,680:

<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	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 President	Filipino	2,533,200 (direct) 21,223,565 (indirect)	0.17% -1.48%
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. CFO	Filipino	778,400 (direct)	0.05%
Common	Raymund S. Aquino Corporate Secretary	Filipino	114,866 (direct)	0.01%
Aggregate Ownership of Directors and Officers as a Group			809,768,606	56.41%

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. On May

22, 2017, Mr. Roberto V. Ongpin sold to Gregorio Araneta, Incorporated 653,151,896 shares in Registrant. On June 2, 2017, Mr. Roberto V. Ongpin sold 118,500,000 shares of Registrant to Gregorio Araneta, Incorporated. The total 771,651,896 shares in Registrant now owned by Gregorio Araneta, Incorporated represented at that time 53.75% of the total issued and outstanding shares of the Registrant. These transactions mark the sale of Mr. Roberto V. Ongpin's full holdings in Registrant to Gregorio Araneta, Incorporated.

Item 12. 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.

Item 13. Corporate Governance

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

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

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

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

Part IV - EXHIBITS AND SCHEDULES

Item 14. Exhibit and Reports on SEC Form 17-C

a. Exhibit

Exhibit A - Material Contracts

b. Reports on SEC Form 17-C

May 15, 2017

Announcement that in connection with the Sale and Purchase Agreement between the RVO Group of Companies and Gregorio Araneta Inc. in which the former sold its 771,651,896 Company shares to Gregorio Araneta Inc. (GAI) and in compliance with the mandatory tender offer under the 2015 Securities Regulation Code, GAI shall commence the tender offer on 17 May 2017.

May 25, 2017

Announcement that the Board of Directors of the Philippine Stock Exchange (PSE), in its regular board meeting last 24 May 2017, approved the application for listing of the second tranche of 118,500,000 Company shares subject to the Company's compliance with the post approval requirements of the PSE.

May 30, 2017

Announcement that due to conflict in schedule of the members of the Board of Directors and key executive officers, the 2017 Annual Stockholders' Meeting of the Company scheduled on the Month of May 2017, in accordance with its Amended By-Laws, was postponed to August 16, 2017 at 10:00 a.m. at Manila Golf & Country Club, Harvard Street, Forbes Park, Makati City.

June 2, 2017

Press Statement on the culmination of the exit of Mr. Roberto V. Ongpin from PhilWeb Corporation.

August 4, 2017

Announcement that the annual meeting of the stockholders of the Company will be held on Wednesday, September 27, 2017 at 10:00 a.m. at Manila Golf & Country Club, Harvard Street, Forbes Park, Makati City. The record date for stockholders who will be eligible and entitled to vote at the said meeting is August 25, 2017.

Announcement that Board of Directors of the Company approved the following: amendment of the Third Article of the Articles of Incorporation to reflect the new address of the Principal Office of the Corporation to 6/F Adamson Centre, 121 L.P. Leviste Street Salcedo Village, Makati City, Philippines; amendment of the Fourth Article of the Articles of Incorporation to extend the corporate term of the Corporation for another 50 years; amendment of the Sixth Article of the Articles of Incorporation to reduce the number of members of the board of directors from fifteen to eleven; amendment of Sections Two, Three and Nine, Article II-A of the By-laws of the Corporation to replace the Nomination Committee with the Corporate Governance Committee; and amendment of Section Ten, Article IV of the By-laws of the Corporation to replace the Compensation Committee with the Corporate Governance Committee.

August 18, 2017

Press Release entitled: PhilWeb Receives Provisional Accreditation from PAGCOR

August 25, 2017

Announcement that Textron Software Solutions Inc. acquired 5,791,333 PhilWeb shares.

September 27, 2017

Announcement of the results of the annual stockholders' meeting whereby the Company's stockholders elected the Company's nine directors; election by the Board of Directors of the Company's officers, members of the Executive Committee, Compliance Officers, Information Officers and members of the nominations, compensation, audit and stock option committees.

Announcement that during the annual stockholders' meeting of the Company, the stockholders approved the following: amendment of the Third Article of the Articles of Incorporation to reflect the new address of the Principal Office of the Corporation to 6/F Adamson Centre, 121 L.P. Leviste Street Salcedo Village, Makati City, Philippines; amendment of the Fourth Article of the Articles of Incorporation to extend the corporate term of the Corporation for another 50 years; amendment of the Sixth Article of the Articles of Incorporation to reduce the number of members of the board of directors from fifteen to eleven; amendment of Sections Two, Three and Nine, Article II-A of the By-laws of the Corporation to replace the Nomination Committee with the Corporate Governance Committee; and amendment of Section Ten, Article IV of the By-laws

of the Corporation to replace the Compensation Committee with the Corporate Governance Committee.

Press Release entitled: New Logo and Business Address

October 30, 2017

Announcement that the Company received the Certificate of Accreditation from the Philippine Amusement and Gaming Corporation as an Electronic Gaming System Service Provider of PAGCOR-licensed Gaming Sites for Electronic Games.

November 29, 2017

Announcement that the Company received a letter from the Philippine Amusement and Gaming Corporation (PAGCOR) allowing it to offer its services as an Electronic Gaming System Service Provider to the first 16 PAGCOR-licensed gaming sites for electronic games, subject to inspection and testing by PAGCOR.

January 30, 2018

Announcement that the Board of Directors of the Company approved the amendment of the Third Article of the Articles of Incorporation to reflect the new address of the Principal Office of the Corporation to 41st Floor, One San Miguel Avenue Condominium, San Miguel Avenue corner Shaw Boulevard, Ortigas Center, Pasig City Philippines.

February 21, 2018

Announcement that the Company received a letter from the Philippine Amusement and Gaming Corporation (PAGCOR) dated 20 February 2018 approving its request to deploy its Electronic Gaming System (EGS) to an additional twenty-one (21) gaming sites nationwide which will require conversion from Instawin EGS to PhilWeb's EGS.

March 8, 2018

Announcement that BigGame, Inc., a wholly owned subsidiary of the Company, received a memorandum from the Philippine Amusement and Gaming Corporation (PAGCOR) dated 7 March 2018 approving the acceptance and processing of the following:

1. Applications of existing electronic games operators to convert from Instawin to PhilWeb's Electronic Gaming System (EGS)
2. Applications of existing electronic games operators to resume gaming site operations using PhilWeb's EGS
3. Applications of new applicant-corporation for an electronic games gaming license utilizing PhilWeb's EGS

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on 12 April 2018.

By:



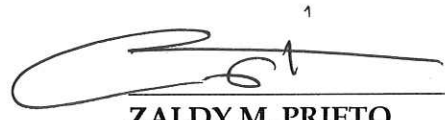
GREGORIO MA. ARANETA III
Chairman



DENNIS O. VALDES
President



RAYMUND S. AQUINO
Corporate Secretary



ZALDY M. PRIETO
SVP & Chief Finance Officer

SUBSCRIBED AND SWORN to before me this **13 APR 2018** day of April 2018 affiants exhibiting to me their Tax Identification Numbers, as follows:

Name	Tax Identification No.
Gregorio Ma. Araneta III	136-998-184
Dennis O. Valdes	141-808-056
Raymund S. Aquino	167-317-782
Zaldy M. Prieto	193-976-155

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Series of 2018.



ATTY. RAYMOND A. RAMOS
COMMISSION NO. M-277
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2018
NO. 15 J.P. RIZAL EXTN. COR. TANGUILE ST.
COMEMBO, MAKATI CITY
SC Roll No. 62179/04-26-2013
IBP NO. 022957/01-04-2018/Pasig City
PTR NO MKT-6614630, 01-02-2018/MAKATI CITY
MCLE Compliance No. V-0909314/10-31-2014

EXHIBIT "A"

(Please refer to the Registration Statement for copies
of other material contracts of PhilWeb Corporation)