



May 15, 2019

**THE PHILIPPINE STOCK EXCHANGE, INC.**

6th Floor, PSE Tower  
5th Avenue corner 28th Street  
Bonifacio Global City, Taguig City, Metro Manila

**Attention : MR. JOSE VALERIANO B. ZUÑO III**  
OIC - Head, Disclosure Department

Gentlemen:

In accordance with the Securities Regulation Code, we are submitting herewith a copy of SEC Form 17-Q (Quarterly Report) of **I-Remit, Inc.** as at **March 31, 2019**.

Thank you.

Very truly yours,

A handwritten signature in blue ink, appearing to read 'Harris D. Jacildo', written over a circular stamp or seal.

**HARRIS D. JACILDO**  
President

**I-Remit, Inc.**

26/F Discovery Centre 25 ADB Avenue, Ortigas Center, Pasig City 1605 Philippines

Telephone: (632) 706 9999

Website: [www.iremitglobal.com](http://www.iremitglobal.com)

Facebook: [www.facebook.com/iremitinc](https://www.facebook.com/iremitinc)

Twitter: [www.twitter.com/iremitinc](https://www.twitter.com/iremitinc)

COVER SHEET

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SEC Registration Number

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(Company's Full Name)

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(Business Address: No. Street City/Town/Province)

Mr. HARRIS D. JACILDO
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(Contact Person)

(632) 706-9999 Local 100/105/109
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(Company Telephone Number)

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Month Day  
(Fiscal Year)

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Month Day  
(Annual Meeting)

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(Secondary License Type, If Applicable)

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Dept. Requiring this Doc.

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Amended Articles Number/Section

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Total No. of Stockholders

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Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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SEC Number	<u>A200101631</u>
PSE Code	<u></u>
File Number	<u></u>

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**I-REMIT, INC.  
AND SUBSIDIARIES**

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(Company's Full Name)

**26/F Discovery Centre, 25 ADB Avenue,  
Ortigas Center, Pasig City, 1605 Metro Manila**

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(Company's Address)

**(632) 706 – 9999 Local 100 / 105 / 109**

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(Telephone Number)

**December 31**

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(Fiscal Year Ending)

(Month and Day)

**SEC FORM 17-Q**

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Form Type

Amendment Designation (if applicable)

**March 31, 2019**

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Period Ended Date

(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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



1. For the quarterly period ended March 31, 2019
2. Commission Identification No. A200101631 3. BIR Tax Identification No. 210-407-466-000
4. Exact name of registrant as specified in its charter I-REMIT, INC.
5. Metro Manila, PHILIPPINES 6.                      (SEC Use Only)  
Province, Country or other jurisdiction of Industry Classification Code  
incorporation or organization
7. 26/F Discovery Centre, 25 ADB Avenue, Ortigas Center, Pasig City 1605  
Address of principal office Postal code
8. (632) 706 – 9999 Local 100 / 105 / 109  
Issuer's telephone number, including area code
9. Not applicable  
Former name, former address, and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA
 

Title	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
<u>Common Stock</u>	<u>611,639,122 shares</u>
11. Are any or all of these securities listed on a Stock Exchange?  
 Yes ☒ No ☐  
 If yes, state the name of such stock exchange and the classes of securities listed therein:  
**The Philippine Stock Exchange, Inc.**
12. Check whether the issuer:
  - (a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports)  
 Yes ☒ No ☐
  - (b) has been subject to such filing requirements for the past 90 days  
 Yes ☒ No ☐

**I-REMIT, INC. AND SUBSIDIARIES**  
**Consolidated Balance Sheets**  
**(In Philippine Peso)**

	Unaudited March 31, 2019	Audited Dec. 31, 2018
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	1,507,492,954	1,999,030,255
Trade and other receivables - net	991,632,693	956,408,650
Financial assets at fair value through profit or loss	148,154,930	155,215,132
Financial assets at fair value through other comprehensive income	264,813,534	237,469,893
Prepayments and other current assets	80,205,032	75,859,306
	<b>2,992,299,143</b>	<b>3,423,983,236</b>
<b>Non-current Assets</b>		
Investment in an associate	11,963,585	11,309,343
Property and equipment - net	25,290,065	26,698,824
Intangible assets - net	133,935,393	132,198,901
Retirement asset	13,040,041	13,325,024
Deferred tax assets	15,606,747	15,582,197
Other non-current assets	96,037,070	91,271,315
	<b>295,872,901</b>	<b>290,385,604</b>
<b>TOTAL ASSETS</b>	<b>3,288,172,044</b>	<b>3,714,368,840</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Financial liability at fair value through profit or loss	6,267,299	14,353,667
Beneficiaries and other payables	674,252,205	797,623,371
Income tax payable	2,491,272	1,430,968
Loans payable	1,225,000,000	1,511,000,000
	<b>1,908,010,776</b>	<b>2,324,408,006</b>
<b>Non-current Liabilities</b>		
Deferred tax liabilities	7,316,800	7,314,584
<b>TOTAL LIABILITIES</b>	<b>1,915,327,576</b>	<b>2,331,722,590</b>
<b>STOCKHOLDERS' EQUITY</b>		
Capital Stock	617,725,800	617,725,800
Additional Paid-in Capital	391,232,478	391,232,478
Unappropriated Retained Earnings	288,470,775	304,215,730
Appropriated Retained Earnings	16,136,993	16,136,993
Cumulative Translation Adjustment	70,398,976	73,243,311
Unrealized fair value loss on financial asset measured at FVOCI	-9,424,561	-18,212,069
Remeasurements - net	14,441,000	14,441,000
Treasury Stock	-16,136,993	-16,136,993
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>1,372,844,468</b>	<b>1,382,646,250</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>3,288,172,044</b>	<b>3,714,368,840</b>

**I-REMIT, INC. AND SUBSIDIARIES**  
**Consolidated Statements of Income**  
**(In Philippine Peso)**

	Unaudited Jan. 1 to March 31, 2019	Unaudited Jan. 1 to March 31, 2018
<b>REVENUES</b>	<b>194,144,951</b>	<b>234,510,660</b>
<b>COST OF SERVICES</b>	<b>91,912,723</b>	<b>85,373,928</b>
<b>GROSS PROFIT</b>	<b>102,232,228</b>	<b>149,136,732</b>
<b>NET TRADING GAINS (LOSSES)</b>	<b>8,114,504</b>	<b>-113,939</b>
<b>OTHER INCOME</b>	<b>5,869,899</b>	<b>25,067,674</b>
	<b>116,216,631</b>	<b>174,090,467</b>
<b>OPERATING EXPENSES</b>		
Salaries, wages and employee benefits	60,350,259	62,568,517
Rental	17,926,375	20,658,286
Marketing	7,512,084	5,227,567
Professional fees	17,368,671	13,698,773
Transportation and travel	2,537,263	4,362,704
Communication, light and water	7,420,328	7,008,245
Photocopying and supplies	2,150,365	2,763,664
Depreciation and amortization	3,062,096	3,035,662
Entertainment, amusement and recreation	1,599,047	1,178,978
Other operating expenses	11,446,048	11,234,766
	<b>131,372,536</b>	<b>131,737,162</b>
<b>EQUITY IN NET EARNINGS</b>	<b>654,242</b>	<b>858,198</b>
<b>PROFIT BEFORE TAX</b>	<b>-14,501,663</b>	<b>43,211,503</b>
<b>INCOME TAXES</b>	<b>1,243,292</b>	<b>12,397,465</b>
<b>PROFIT</b>	<b>-15,744,955</b>	<b>30,814,038</b>
<b>BASIC EARNINGS PER SHARE</b>	<b>(0.0257)</b>	<b>0.0504</b>

**I-REMIT, INC. AND SUBSIDIARIES**  
**Consolidated Statements of Comprehensive Income**  
**(In Philippine Peso)**

	Unaudited Jan. 1 to March 31, 2019	Unaudited Jan. 1 to March 31, 2018
<b>PROFIT</b>	<b>-15,744,955</b>	<b>30,814,038</b>
<b>OTHER COMPREHENSIVE INCOME THAT WILL BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS</b>		
Translation adjustment	-2,844,338	24,368,467
Unrealized fair value loss on financial asset measured at FVTOCI	8,787,508	1,233,211
<b>OTHER COMPREHENSIVE INCOME THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS</b>		
Remeasurements	0	0
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>-9,801,785</b>	<b>56,415,716</b>
<b>ATTRIBUTABLE TO:</b>		
Equity holders of the parent	-9,801,785	56,415,716
Non-controlling interest	0	0
	<b>-9,801,785</b>	<b>56,415,716</b>

**I-REMIT, INC. AND SUBSIDIARIES**  
**Consolidated Statements of Changes in Equity**  
**(In Philippine Peso)**

	Unaudited Jan. 1 to March 31, 2019	Unaudited Jan. 1 to March 31, 2018
<b>CAPITAL FUNDS, BEGINNING</b>	<b>1,382,646,250</b>	<b>1,342,006,983</b>
Profit	-15,744,955	30,814,038
Cumulative Translation Adjustment	-2,844,338	24,368,467
Unrealized fair value loss on financial asset measured at FVTOCI	8,787,508	1,233,211
Total Comprehensive Income for the Period	-9,801,785	56,415,716
Cash Dividends	0	0
Purchase of Own Stock	0	0
Other Equity Adjustment	0	0
<b>CAPITAL FUNDS, ENDING</b>	<b>1,372,844,465</b>	<b>1,398,422,699</b>



**I-REMIT, INC. AND SUBSIDIARIES**  
**Consolidated Statements of Cash Flows**  
(In Philippine Peso)

	Unaudited Jan. 1 to March 31, 2019	Unaudited Jan. 1 to March 31, 2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	-14,501,663.00	43,211,503.44
Adjustments for:		
Finance cost	20,047,322	13,889,458
Unrealized foreign exchange (gain) loss - net	-1,110,079	-25,344,005
Depreciation	2,734,290	2,732,636
Provision for bad debts	103,601	143,941
Retirement benefits	284,983	344,020
Amortization	327,807	303,027
(Gain) on sale of property and equipment	0	0
Loss on sale of property and equipment	0	0
Dividend income	-478,836	-240,060
Equity in net earnings of associates	-654,242	-858,198
(Gain) loss on disposal of financial assets at FVTPL	-834,928	186,314
(Gain) loss on disposal of financial assets at FVOCI	-65,523	-72,376
Fair value (gain) loss on financial assets at FVTPL	-6,493,330	-1,203,425
Finance income	-3,146,759	-4,033,190
Loss on write-off of assets	0	0
Operating cash flows before changes in working capital	-3,787,357	29,059,646
Decrease (increase) in operating assets:		
Financial assets at FVTPL	12,265,720	-34,094,464
Financial assets (debt securities) at FVOCI	-5,576,517	31,024,909
Trade and other receivables	-32,374,807	-366,261,660
Prepayments and other current assets	-4,168,803	10,541,215
Other non-current assets	-5,006,901	-5,213,506
Increase (decrease) in operating liabilities:	0	0
Beneficiaries and other payables	-117,923,803	120,960,462
Financial liability at FVTPL	-14,353,667	-7,041,853
Cash generated from (used in) operations	-170,926,135	-221,025,254
Income taxes paid	-263,072	-1,037,381
Finance cost paid	-20,321,468	-13,622,598
<b>Net cash from (used in) operating activities</b>	<b>-191,510,674</b>	<b>-235,685,233</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposals of financial assets at FVTPL	21,221,593	5,949,376
Proceeds from disposal of financial assets at FVOCI	10,108,592	32,623,221
Finance income received	3,710,559	4,182,371
Dividend income received	478,836	240,060
Proceeds from disposals of property and equipment	27,325	1,367
Proceeds from (Payment of) advances from stockholders	-2,064,299	0
Additions to property and equipment	-1,352,858	-1,136,218
Additions to financial assets at FVTPL	-19,578,010	-49,274,004
Additions to financial assets at FVOCI	-23,946,610	-52,176,956
Contributions to retirement fund	0	0
<b>Net cash from (used in) investing activities</b>	<b>-11,394,872</b>	<b>-59,590,783</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from loans	1,225,000,000	1,640,000,000
Payment of own stock	0	0
Payment of cash dividends	0	0
Payment of loans	-1,511,000,000	-1,510,000,000
<b>Net cash from (used in) financing activities</b>	<b>-286,000,000</b>	<b>130,000,000</b>
<b>EFFECTS OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<b>-2,631,754</b>	<b>33,510,762</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT</b>	<b>-491,537,301</b>	<b>-131,765,254</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>1,999,030,255</b>	<b>1,921,191,665</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>1,507,492,954</b>	<b>1,789,426,411</b>

**I-REMIT, INC. AND SUBSIDIARIES**  
**Aging of Consolidated Receivables**  
**Unaudited**  
**March 31, 2019**  
**(In Philippine Peso)**

	<b>Total</b>	<b>0-60 Days</b>	<b>61-180 Days</b>	<b>181-360 Days</b>	<b>Over 360 Days</b>
<b>Receivable and others A/R related to remittance obligation</b>					
Agents (note)	886,711,534	886,711,534	-	-	-
Service Providers (Note)	51,838,977	51,838,977	-	-	-
<b>Total</b>	<b>938,550,511</b>	<b>938,550,511</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Other Receivable</b>					
Advances to trading clients	13,672,501	13,133,663	504,405	34,433	-
Related Parties	14,523,533	3,081,633	5,696	7,490,183	3,946,021
Officers & Employees	10,332,555	1,730,901	1,565,962	5,024,574	2,011,118
Finance Income	3,679,023	-	3,679,023	-	-
Others	10,874,570	1,196,392	291,196	9,356,983	29,999
<b>Total</b>	<b>53,082,182</b>	<b>19,142,589</b>	<b>6,046,282</b>	<b>21,906,173</b>	<b>5,987,138</b>
<b>GRAND TOTAL</b>	<b>991,632,693</b>	<b>957,693,100</b>	<b>6,046,282</b>	<b>21,906,173</b>	<b>5,987,138</b>

*Note: Average age of Receivable from Agents ( 3 to 5 days), Service Providers (within 1 week)  
& Trading clients (within 5 days)*

## **PART I – FINANCIAL INFORMATION**

### **Item 1. Financial Statements**

The following financial statements are submitted as part of this report:

- a. Consolidated Balance Sheets as of March 31, 2019 (unaudited) and December 31, 2018 (audited);
- b. Unaudited Comparative Consolidated Statements of Income for the three (3) months ended March 31, 2019 and March 31, 2018;
- c. Unaudited Comparative Consolidated Statements of Comprehensive Income for the three (3) months ended March 31, 2019 and March 31, 2018;
- d. Unaudited Comparative Consolidated Statements of Changes in Equity for the three (3) months ended March 31, 2019 and March 31, 2018;
- e. Unaudited Comparative Consolidated Statements of Cash Flows for the three (3) months ended March 31, 2019 and March 31, 2018;
- f. Unaudited Aging of Consolidated Receivables as of March 31, 2019.

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

#### **March 31, 2019 vs. December 31, 2018**

The total assets of the Company decreased by PHP 426.2 million or -11.5% from PHP 3,714.4 million as of December 31, 2018 to PHP 3,288.2 million as of March 31, 2019.

Total current assets decreased by PHP 431.7 million or -12.6% from PHP 3,424.0 million as of December 31, 2018 to PHP 2,992.3 million as of March 31, 2019. Total current assets as of March 31, 2019 and December 31, 2018 were 91.0% and 92.2% of the total assets as of March 31, 2019 and December 31, 2018, respectively.

Cash and cash equivalents decreased by PHP 491.5 million or -24.6% from PHP 1,999.0 million as of December 31, 2018 to PHP 1,507.5 million as of March 31, 2019. Cash and cash equivalents as of March 31, 2019 and December 31, 2018 were 45.9% and 53.8% of the total assets as of March 31, 2019 and December 31, 2018, respectively.

Trade and other receivables-net increased by PHP 35.2 million or 3.7% from PHP 956.4 million as of December 31, 2018 to PHP 991.6 million as of March 31, 2019. Trade and other receivables-net consists of trade receivables from agents, advances to fulfillment agents, advances to trading agents, advances to related parties and other receivables. Trade and other receivables as of March 31, 2019 and December 31, 2018 were 30.2% and 25.8% of the total assets as of March 31, 2019 and December 31, 2018, respectively.

Financial assets at fair value through profit or loss amounted to PHP 155.2 million at year-end 2018, PHP 7.1 million or -4.6% lower than the PHP 148.2 million recognized at 1<sup>st</sup> quarter-end 2019. These assets consist of forward and swap contracts marked-to-market value at year-end 2018 and 1<sup>st</sup> quarter-end together with investments in equity securities held for trading by Power Star Asia Group Limited (PSAGL). The value of forward and swap contracts decreased by PHP 12.4 million or -38.6% from PHP 32.1 million in 2018 to PHP 19.7 million in 2019. Equity securities improved by PHP 5.3 million or 80.9% from PHP 123.2 million as of December 31, 2018 to PHP 128.5 million as of March 31, 2019. Debt securities are now classified under Financial Assets at fair value through other comprehensive income (FVOCI). Financial assets at fair value through profit or loss (FVTPL) as of March 31, 2019 and December 31, 2018 were 4.5% and 4.2% of the total assets as of March 31, 2019 and December 31, 2018, respectively.

Debt instruments previously classified as financial assets at FVTPL are now classified and measured as financial assets at FVOCI with recycling. The Group expects not only to hold the assets to collect contractual cash flows, but also to sell a significant amount on a relatively frequent basis.

Financial assets at fair value through other comprehensive income amounted to PHP 264.8 million as of March 31, 2019 compared to 237.5 million as of December 31, 2018. FVOCI as of March 31, 2019 and December 31, 2018 were 8.1% and 6.4% of the total assets as of March 31, 2019 and December 31, 2018, respectively.

Prepayments and other current assets increased by PHP 4.3 million or 5.7% from PHP 75.8 million as of December 31, 2018 to PHP 80.2 million as of March 31, 2019. Prepayments and other current assets consist of prepaid expenses, receivable from the Bureau of Internal Revenue, advances to suppliers and contractors, supplies inventory, creditable withholding taxes and other current assets. The increase is mainly due to additional Guaranteed Investment Certificate (GIC) for International Remittance (Canada) Ltd. Prepayments and other current assets as of March 31, 2019 and December 31, 2018 were 2.4% and 2.0% of the total assets as of March 31, 2019 and December 31, 2018, respectively.

Total non-current assets increased by PHP 5.5 million or 1.9% from PHP 290.4 million as of December 31, 2018 to PHP 295.9 million as of March 31, 2019. Total non-current assets as of March 31, 2019 and December 31, 2018 were 9.0% and 7.8% of the total assets as of March 31, 2019 and December 31, 2018, respectively.

Investment in an associate increased slightly by PHP 0.7 million or 5.8% from PHP 11.3 million as of December 31, 2018 to PHP 12.0 million as of March 31, 2019. The increase represents equity earnings from Hwa Kung Hong & Co., Ltd. (foreign subsidiary office in Taiwan). Investment in an associate as of March 31, 2019 and December 31, 2018 were 0.4% and 0.3% of the total assets as of March 31, 2019 and December 31, 2018, respectively.

Property and equipment-net decreased by PHP 1.4 million or -5.3% from PHP 26.7 million as of December 31, 2018 to PHP 25.3 million as of March 31, 2019. Property and equipment-net as of March 31, 2019 and December 31, 2018 were 0.8% and 0.7% of the total assets as of March 31, 2019 and December 31, 2018, respectively.

Intangible assets-net increased by PHP 1.7 million or 1.3% from PHP 132.2 million as of December 31, 2018 to PHP 133.9 million as of March 31, 2019. Intangible assets of the Group consist of goodwill, software and copyright. Goodwill remained constant at PHP 116.3

million while software increased in value by PHP 1.7 million partially offset by the regular amortization of copyright cost for the anthem song launch in 2017. The increase in software is related to the development of mobile and web based applications (IREMITX) as part of internally-developed intangible assets. IREMITX (I-Remit customer centric online platform) targets the more computer-savvy netizen market who are more comfortable transacting through the web. I-Remit's customers may access the facility through any internet-enabled device providing them with the capability to remit money from anywhere, anytime. Intangible assets as of March 31, 2019 and December 31, 2018 were 4.1% and 3.6% of the total assets as of March 31, 2019 and December 31, 2018, respectively

Retirement asset was at PHP 13.0 million as of March 31, 2019, lower by PHP 0.3 million or -2.1% from PHP 13.3 as of December 31, 2018. Retirement asset as of March 31, 2019 and December 31, 2018 were 0.4% and 0.4% of the total assets as of March 31, 2019 and December 31, 2018, respectively

Deferred tax assets increased by PHP 0.02 million or 0.2% from PHP 15.58 million as of December 31, 2018 to PHP 15.60 million as of March 31, 2019. Deferred tax assets as of March 31, 2019 and December 31, 2018 were 0.5% and 0.4% of the total assets as of March 31, 2019 and December 31, 2018, respectively.

Other non-current assets increased by PHP 4.7 million or 5.2% from PHP 91.3 million as of December 31, 2018 to PHP 96.0 million as of March 31, 2019. Other non-current assets consist of refundable deposits which increased by PHP 0.1 million or 0.3% and refundable input value added tax which increased by PHP 4.9 million or 16.4% from PHP 30.2 million as of December 31, 2018 to PHP 35.1 million as of March 31, 2019. Other non-current assets as of March 31, 2019 and December 31, 2018 were 3.0% and 2.5% of the total assets as of March 31, 2019 and December 31, 2018, respectively.

Total liabilities decreased by PHP 416.4 million or -17.9% from PHP 2,331.7 million as of December 31, 2018 to PHP 1,915.3 million as of March 31, 2019. Total liabilities as of March 31, 2019 and December 31, 2018 were 58.2% and 62.8% of the total liabilities and stockholders' equity as of March 31, 2019 and December 31, 2018, respectively.

Total current liabilities decreased by PHP 416.4 million or 17.9% from PHP 2,324.4 million as of December 31, 2018 to PHP 1,908.0 million as of March 31, 2019. Total current liabilities as of March 31, 2019 and December 31, 2018 were 58.0% and 62.6% of the total liabilities and stockholders' equity as of March 31, 2019 and December 31, 2018, respectively.

Financial liabilities at fair value through profit or loss (FVTPL) decreased by PHP 8.1 million or -56.3% from PHP 14.4 million as of December 31, 2018 to PHP 6.3 million as of March 31, 2019 due to lower mark-to-market value of forward contracts in First Quarter 2019. Financial liabilities at FVTPL as of March 31, 2019 and December 31, 2018 were 0.2% and 0.4% of the total liabilities and stockholders' equity as of March 31, 2019 and December 31, 2018, respectively.

Beneficiaries and other payables decreased by PHP 123.4 million or -15.5% from PHP 797.6 million as of December 31, 2018 to PHP 674.2 million as of March 31, 2019. Beneficiaries and other payables comprised mainly of payables to beneficiaries, payables to agents, couriers and trading clients, accrued expenses, payables to related parties, payables to government agencies and suppliers. Payables to beneficiaries decreased significantly in the first quarter of 2019 due to year-end holiday transactions. Beneficiaries and other payables as of March 31, 2019 and December 31, 2018 were 20.5% and 21.5% of the total liabilities and stockholders' equity as of March 31, 2019 and December 31, 2018, respectively.

Income tax payable increased by PHP1.1 million or 74.1% from PHP 1.4 million as of December 31, 2018 to PHP 2.5 million as of March 31, 2019. Income tax payable as of March 31, 2019 and December 31, 2018 were 0.08% and 0.04% of the total liabilities and stockholders' equity as of March 31, 2019 and December 31, 2018, respectively.

Interest-bearing loans decreased by PHP 286.0 million or -18.9% from PHP 1,511.0 million as of December 31, 2018 to PHP 1,225.0 million as of March 31, 2019. Interest-bearing loans as of March 31, 2019 and December 31, 2018 were 37.3% and 40.7% of the total liabilities and stockholders' equity as of March 31, 2019 and December 31, 2018, respectively.

Total non-current liabilities increased by PHP 0.0002 or 0.03% from PHP 7.314 million as of December 31, 2018 to PHP 7.316 million as of March 31, 2019. Non-current liabilities consist of deferred tax liabilities and retirement benefit obligation. The Group does not recognize retirement benefit obligation to its employee this quarter ending March 31, 2019 same as to none in the previous year based on the recommendation of its actuarial consultant. Total non-current liabilities as of March 31, 2019 and December 31, 2018 were 0.2% and 0.2% of the total liabilities and stockholders' equity as of March 31, 2019 and December 31, 2018, respectively.

The Company's stockholders' equity as of March 31, 2019 stood lower by PHP 9.8 million or - 0.7% from PHP 1,382.6 million as of December 31, 2018 to PHP 1,372.8 million as of March 31, 2019 mainly due to loss generated in First Quarter 2019 at PHP 9.8 million. Total stockholders' equity as of March 31, 2019 and December 31, 2018 were 41.7% and 37.2% of the total liabilities and stockholders' equity as of March 31, 2019 and December 31, 2018, respectively.

Reports under SEC Form 17-C (Current Report) that were filed during the First Quarter 2019 covered by this report:

Date	Report
January 16, 2019	Amendment of the Company's Articles of Incorporation  "Please be advised that during the Special Meeting of the Board of Directors of I-Remit, Inc. held on 15 January 2019, the Board approved the amendment of I-Remit, Inc.'s Articles of Incorporation to 1) include in its primary purpose the establishment and operation of a virtual currency exchange as well as to engage in the e-money business and 2) include in its secondary purposes the business of providing e-money network systems and data services. Said amendment to the Amended Articles of Incorporation will be submitted for approval to the stockholders by way of written assent to the stockholders of record of the Corporation as of 31 January 2019."
March 24, 2019	Stockholders' Approval of the Amendment of the Corporation's Articles of Incorporation

“Further to the Corporation's Current Report dated 16 January 2019, on the amendment of the Corporation's Articles of Incorporation approved by the Board of Directors on 15 January 2019, please be advised that at least 2/3 of the Company's outstanding capital stock as of 31 January 2019 has approved, through written assent, the following amendments to the Articles of Incorporation to 1) include in its primary purpose the establishment and operation of a virtual currency exchange as well as to engage in the e-money business and 2) include in its secondary purposes the business of providing e-money e-money network systems and data services. Please see attached disclosure to the Philippine Stock Exchange.”

Per the media release of the BSP dated April 15, 2019: “Personal remittances from overseas Filipinos (OFs) amounted to US\$2.56 billion in February 2019, higher by 1.2 percent from US\$2.53 billion in February 2018. This brought the cumulative remittances for the first two months of the year to US\$5.30 billion, representing a 2.3 percent year-on-year growth. Personal remittances from sea-based and land-based workers with work contracts of less than one year rose by 8.5 percent to US\$0.57 billion in February 2019 from US\$0.53 billion in February 2018. This compensated for the 0.43 percent decline in the personal remittances from land-based workers with work contracts of one year or more, to US\$1.93 billion from US\$1.94 billion.”

The bulk of cash remittances came from the US, Saudi Arabia, Singapore, United Kingdom, United Arab Emirates (UAE), Japan, Canada, Qatar, Germany, and Hong Kong. The combined remittances from these countries accounted for almost 77.3% of total cash remittances.

The BSP expects remittances to grow by another this year to above USD 29 billion. This faster growth is seen amid improving growth led by the United States as well as upward trend in the prices of oil which will benefit the Middle East where most of our OFWs are based.

Remittances fuel domestic consumption, which in turn drives much of overall economic growth. With the current weakness of the Peso against the USD providing an incentive for workers to send more cash home, consumer spending which accounts for 70% of the Philippine economy will increase.

In a related development, the Philippines Statistics Authority (PSA) released the latest Survey on Overseas Filipinos covering the period April to September 2018. It showed that the number of Overseas Filipino Workers (OFWs) who worked abroad during the period was estimated at 2.3 million. Overseas Contract Workers (OCWs), those with existing work contract comprised 97% of the total OFWs.

Saudi Arabia was the most preferred country among OFWs (25.4%). Other choices were United Arab Emirates (15.3%), Kuwait (6.7%) and Hong Kong (6.5%).

The total remittance sent by OFWs for the period was estimated at PHP 205.2 billion. These were broken down as follows: cash sent home (PHP 146.8 billion), cash brought home (PHP 48.3 billion) and remittances in kind (PHP 10.1 billion). Most of the OFWs sent their remittance through banks (62.8%). The rest sent through agencies or local offices (3.1%), door-to-door delivery (0.8%), friends or co-workers (0.1%) or through other means (33.1%).

Below are the comparative key performance and financial soundness indicators of the Company and its subsidiaries:

Performance Indicator	Definition	Mar. 31, 2019 (Three Months)	Dec. 31, 2018 (Full Year)
Return on Equity (ROE)	Net income* over average stockholders' equity during the period	-1.1%	2.5%
Return on Assets (ROA)	Net income* over average total assets during the period	-0.5%	1.0%
Earnings per Share (EPS)	Net income* over average number of outstanding shares	-0.026	0.06
Sales Growth	Total transaction value in USD in present period over the previous year	0.89%	11%
Gross Income	Revenue less total cost of services (PHP millions)	102.2	531.4
Current ratio	Total current assets over total current liabilities	1.57	1.47
Solvency ratio	Net income plus depreciation over total liabilities	-0.007	0.02
Solvency ratio	Total assets over total liabilities	1.72	1.59
Solvency ratio	Total stockholders' equity over total liabilities	0.72	0.59
Debt-to equity ratio	Total liabilities over total stockholders' equity	1.39	1.69
Asset-to-equity ratio	Total assets over total stockholders' equity	2.39	2.69
Interest rate coverage ratio	Earnings before interest and taxes over interest expense	0.28	1.69

\* Net Income attributable to equity holders of the Parent Company and Minority Interest. EPS computed using Net Income attributable to equity holders of the Parent Company for the period ended March 31, 2019 and for the year ended December 31, 2018 were PHP -0.0257 and PHP 0.0560 respectively.



Below are the comparative key performance indicators of the Company's subsidiaries:

International Remittance (Canada) Ltd.

Performance Indicator	Definition	Mar. 31, 2019 (Three Months)	Dec. 31, 2018 (Full Year)
Return on Equity (ROE)	Net income over average stockholders' equity during the period	50%	-694%
Return on Assets (ROA)	Net income over average total assets during the period	2.23%	11.23%
Earnings per Share (EPS)	Net income over average number of outstanding shares	9.17	39.95
Sales Growth	Total transaction value in USD in present period over the previous year	2.2%	4.1%
Gross Income	Revenue less total cost of services (PHP millions)	19.8	89.7

Lucky Star Management Limited

Performance Indicator	Definition	Mar. 31, 2019 (Three Months)	Dec. 31, 2018 (Full Year)
Return on Equity (ROE)	Net income over average stockholders' equity during the period	-2%	53%
Return on Assets (ROA)	Net income over average total assets during the period	0.5%	-19%
Earnings per Share (EPS)	Net income over average number of outstanding shares	1.36	-32.09
Sales Growth	Total transaction value in USD in present period over the previous year	-79.4%	22%
Gross Income	Revenue less total cost of services (PHP millions)	3.9	15.7

IRemit Global Remittance Limited

Performance Indicator	Definition	Mar. 31, 2019 (Three Months)	Dec. 31, 2018 (Full Year)
Return on Equity (ROE)	Net income over average stockholders' equity during the period	162%	255%
Return on Assets (ROA)	Net income over average total assets during the period	-1%	-6%
Earnings per Share (EPS)	Net income over average number of outstanding shares	-1.95	-8.55
Sales Growth	Total transaction value in USD in present period over the previous year	-1%	7%
Gross Income	Revenue less total cost of services (PHP millions)	18.9	71.3

I-Remit Australia Pty Ltd

Performance Indicator	Definition	Mar. 31, 2019 (Three Months)	Dec. 31, 2018 (Full Year)
Return on Equity (ROE)	Net income over average stockholders' equity during the period	9%	57%
Return on Assets (ROA)	Net income over average total assets during the period	-9%	-24%
Earnings per Share (EPS)	Net income over average number of outstanding shares	-27.42	-131.01
Sales Growth	Total transaction value in USD in present period over the previous year	-38%	-20%
Gross Income	Revenue less total cost of services (PHP millions)	3.25	18.9

Worldwide Exchange Pty Ltd

Performance Indicator	Definition	Mar. 31, 2019 (Three Months)	Dec. 31, 2018 (Full Year)
Return on Equity (ROE)	Net income over average stockholders' equity during the period	0.03%	0.15%
Return on Assets (ROA)	Net income over average total assets during the period	0.02%	0.1%
Earnings per Share (EPS)	Net income over average number of outstanding shares	598.01	2,883.89
Sales Growth	Total transaction value in USD in present period over the previous year	-	-
Gross Income	Revenue less total cost of services (PHP millions)	0.04	0.1

I-Remit New Zealand Limited

Performance Indicator	Definition	Mar. 31, 2019 (Three Months)	Dec. 31, 2018 (Full Year)
Return on Equity (ROE)	Net income over average stockholders' equity during the period	-1%	-18%
Return on Assets (ROA)	Net income over average total assets during the period	3%	43%
Earnings per Share (EPS)	Net income over average number of outstanding shares	204.61	3,659.26
Sales Growth	Total transaction value in USD in present period over the previous year	-	-
Gross Income	Revenue less total cost of services (PHP millions)	-	-

IREMIT Remittance Consulting GmbH

Performance Indicator	Definition	Mar. 31, 2019 (Three Months)	Dec. 31, 2018 (Full Year)
Return on Equity (ROE)	Net income over average stockholders' equity during the period	2%	2%
Return on Assets (ROA)	Net income over average total assets during the period	-191%	-148%
Earnings per Share (EPS)	Net income over average number of outstanding shares	-6.8	-4.61
Sales Growth	Total transaction value in USD in present period over the previous year	-	-
Gross Income	Revenue less total cost of services (PHP millions)	-0.01	-0.05

Power Star Asia Group Limited

Performance Indicator	Definition	Mar. 31, 2019 (Three Months)	Dec. 31, 2018 (Full Year)
Return on Equity (ROE)	Net income over average stockholders' equity during the period	1%	1%
Return on Assets (ROA)	Net income over average total assets during the period	1%	1%
Earnings per Share (EPS)	Net income over average number of outstanding shares	9.21	6.67
Sales Growth	Total transaction value in USD in present period over the previous year	-	-
Gross Income	Revenue less total cost of services (PHP millions)	0.63	10.5

K. K. I-Remit Japan

Performance Indicator	Definition	Mar. 31, 2019 (Three Months)	Dec. 31, 2018 (Full Year)
Return on Equity (ROE)	Net income over average stockholders' equity during the period	3%	-7%
Return on Assets (ROA)	Net income over average total assets during the period	1%	-3%
Earnings per Share (EPS)	Net income over average number of outstanding shares	297.38	-649.83
Sales Growth	Total transaction value in USD in present period over the previous year	53%	22%
Gross Income	Revenue less total cost of services (PHP millions)	9.07	36.1

I-Remittance Singapore Pte. Ltd.

Performance Indicator	Definition	Mar. 31, 2019 (Three Months)	Dec. 31, 2018 (Full Year)
Return on Equity (ROE)	Net income over average stockholders' equity during the period	6%	-12%
Return on Assets (ROA)	Net income over average total assets during the period	-0.4%	1%
Earnings per Share (EPS)	Net income over average number of outstanding shares	-4.04	7.60
Sales Growth	Total transaction value in USD in present period over the previous year	6%	24%
Gross Income	Revenue less total cost of services (PHP millions)	7.7	31.5

IRemit Consulting Società Per Azioni

Performance Indicator	Definition	Mar. 31, 2019 (Three Months)	Dec. 31, 2018 (Full Year)
Return on Equity (ROE)	Net income over average stockholders' equity during the period	-17%	-35%
Return on Assets (ROA)	Net income over average total assets during the period	-13%	-30%
Earnings per Share (EPS)	Net income over average number of outstanding shares	-15.51	-18.09
Sales Growth	Total transaction value in USD in present period over the previous year	-	-
Gross Income	Revenue less total cost of services (PHP millions)	-	-

**March 31, 2019 vs. March 31, 2018**

I-Remit realized a consolidated net loss of PHP 15.7 million in First Quarter 2019, lower by PHP 46.5 million or 151.1% than the consolidated net income of PHP 30.8 million in First Quarter 2018. The consolidated net income in First Quarter 2019 and First Quarter 2018 were -8.1% and 13.1% of the First Quarter 2019 and First Quarter 2018 revenues, respectively.

Revenues decreased by PHP 40.4 million or 17.2% from PHP 234.5 million in First Quarter 2018 to PHP 194.1 million in First Quarter 2019, significantly due to lower service fees recorded in First Quarter 2019 by PHP 1.3 million or -0.7% from PHP 175.0 million in First Quarter 2018 to PHP 173.7 million in First Quarter 2019. Realized foreign currency gains was lower by PHP 28.9 million or -72.6% from PHP 39.8 million in First Quarter 2018 to PHP 10.9 million in First Quarter 2019. Commission was lower by PHP 6.6 million or -43.4% from PHP 15.2 million in First Quarter 2018 to PHP 8.6 million in First Quarter 2019. Management fees went down by PHP 3.6 million or -82.7% from PHP 4.3 million in First Quarter 2018 to PHP 0.7 million in First Quarter 2019.

Cost of services increased by PHP 6.5 million or 7.7% from PHP 85.4 million in First Quarter 2018 to PHP 91.9 million in First Quarter 2019, mainly due to higher finance cost. Service, delivery and bank service charges decreased by PHP 0.2 million or 0.3% from PHP 65.2 million in First Quarter 2018 to PHP 65.0 million in First Quarter 2019. Finance cost was higher by PHP 6.1 million or 44.3% from PHP 13.9 million in First Quarter 2018 to PHP 20.0 million in First Quarter 2019 due to additional loans availed with higher interest rate in First Quarter 2019. Other direct cost slightly increased by PHP 0.6 million in March 31, 2019. Total cost of services in First Quarter 2019 and First Quarter 2018 were 47.3% and 36.4% of the First Quarter 2019 and First Quarter 2018 revenues, respectively.

The Company's gross profit consequently decreased by PHP 46.9 million or -31.5% from PHP 149.14 million in First Quarter 2018 to PHP 102.23 million in First Quarter 2019. The gross profit in First Quarter 2019 and First Quarter 2018 were 52.7% and 63.6% of the First Quarter 2019 and First Quarter 2018 revenues, respectively.

Transaction count increased by 2.8% from 1.01 million in First Quarter 2018 to 1.04 million in First Quarter 2019. USD remittance volume increased by 0.9% from USD 442.03 million in First Quarter 2018 to USD 445.96 million in First Quarter 2019. Of the total transaction count in First Quarter 2019, the percentage contributions per region were as follows: Asia-Pacific, 34%; Middle East, 46%; North America, 12%; and Europe, 8%. In terms of USD remittance volume, the regional contributions were as follows: Asia-Pacific, 35%; Middle East, 43%; North America, 13%; and Europe, 10%.

Net trading gains increased by PHP 8.2 million or 7221.8% from PHP -0.1 million in First Quarter 2018 to PHP 8.1 million in First Quarter 2019, due to gain realized from sale of equity securities by Power Star Asia Group Limited (PSAGL) in First Quarter 2019 from loss in First Quarter 2018 and lower gain recognized from sale of debt securities in First Quarter 2019. Unrealized gain resulting from mark to market value of equity securities are up by PHP 7.2 million. Net trading gains in First Quarter 2019 and First Quarter 2018 were 4.2% and -0.1% of the First Quarter 2019 and First Quarter 2018 revenues, respectively.

Other income decreased by PHP 19.2 million or -76.6% from PHP 25.1 million in First Quarter 2018 to PHP 5.9 million in First Quarter 2019, significantly due to lower unrealized foreign currency gain recognized after the revaluation of foreign currency denominated accounts and mark to market valuation of financial derivative contracts in First Quarter 2019.

Operating expenses were lower by PHP 0.4 million or -0.3% from PHP 131.7 million in First Quarter 2018 to PHP 131.4 million in First Quarter 2019 significantly lower short-term benefits due to lower number of personnel in International Remittance (Canada) Ltd. (IRCL) Professional fees, representation, and marketing expenses increased by PHP 3.7 million, PHP 0.4 million, and PHP 3.2 million, respectively. These increases however were offset partly by the decreases in rental by PHP 2.7 million, transportation expenses by PHP 1.8 million, and net of other expenses by PHP 0.2 million. Total operating expenses in First Quarter 2019 and First Quarter 2018 were 67.7% and 56.2% of the total revenues in First Quarter 2019 and First Quarter 2018, respectively.

Equity in net earnings of an associate decreased by PHP 0.2 million or -23.8% from PHP 0.9 million in First Quarter 2018 and PHP 0.7 million in First Quarter 2019. Equity in net earnings of an associate in First Quarter 2019 and First Quarter 2018 were at 0.3 and 0.4% of the total revenues in First Quarter 2019 and First Quarter 2018, respectively.

The total assets of the Company decreased by PHP 289.1 million or -8.1% from PHP 3,577.3 million as of March 31, 2018 to PHP 3,288.2 million as of March 31, 2019.

Total current assets decreased by PHP 289.0 million or -8.8% from PHP 3,281.3 million as of March 31, 2018 to PHP 2,992.3 million as of March 31, 2019. Total current assets as of March 31, 2019 and March 31, 2018 were 91.0% and 91.7% of the total assets as of March 31, 2019 and March 31, 2018, respectively.

Cash and cash equivalents decreased by PHP 281.9 million or -15.8% from PHP 1,789.4 million as of March 31, 2018 to PHP 1,507.5 million as of March 31, 2019. Cash and cash equivalents as of March 31, 2019 and March 31, 2018 were 45.9% and 50.0% of the total assets as of March 31, 2019 and March 31, 2018, respectively.

Trade and other receivables-net decreased by PHP 31.7 million or -3.1% from PHP 1,023.4 million as of March 31, 2018 to PHP 991.6 million as of March 31, 2019. Trade and other receivables-net consist of trade receivables from agents, advances to fulfillment agents, advances to trading agents, advances to related parties and other receivables. Trade and other receivables as of March 31, 2019 and March 31, 2018 were 30.2% and 28.6% of the total assets as of March 31, 2019 and March 31, 2018, respectively.

Financial assets at fair value through profit or loss amounted to PHP 148.2 million as of March 31, 2019, PHP 24.5 million or 19.8% higher than the PHP 123.7 million recognized as of March 31, 2018. These assets consist of forward and swap contracts marked-to-market value at year-end 2018 and investments in equity securities held for trading by Power Star Asia Group Limited (PSAGL). The value of forward and swap contracts increased by PHP 11.1 million or 128.0% to PHP 19.7 million as of March 31, 2019 from PHP 8.6 million as of March 31, 2018. Equity securities improved significantly by PHP 13.4 million or 11.7% from PHP 115.0 million as of March 31, 2018 to PHP 128.4 million as of March 31, 2019. Debt securities are now classified under Financial Assets at fair value through other comprehensive income (FVOCI). Financial assets at FVTPL as of March 31, 2019 and March 31, 2018 were 4.5% and 3.4% of the total assets as of March 31, 2019 and March 31, 2018, respectively.

Debt instruments previously classified as financial assets at FVTPL are now classified and measured at FVOCI with recycling. The Group expects not only to hold the assets to collect contractual cash flows, but also to sell a significant amount on a relatively frequent basis. Financial assets at FVOCI amounted to PHP 264.8 million as of March 31, 2019 compared to PHP 294.3 million as of March 31, 2018. FVOCI as of March 31, 2019 and March 31, 2018 were 8.1% and 8.2% of the total assets of each period, respectively.

Prepayments and other current assets increased by PHP 29.6 million or 58.6% from PHP 50.6 million as of March 31, 2018 to PHP 80.2 million as of March 31, 2019. Increase as of March 31, 2019 was mainly due to reclassification of 2017 & 2018 VAT Refund Claims from non-current to current. The most recent approval for Cash Refund was obtained this May 2019 for PHP 16.9 million due for collection this 2<sup>nd</sup> quarter of 2019. Prepayments and other current assets as of March 31, 2019 and March 31, 2018 were 2.4% and 1.4% of the total assets as of March 31, 2019 and March 31, 2018, respectively.

Total non-current assets decreased by PHP 0.08 million or -0.03% from PHP 295.95 million as of March 31, 2018 to PHP 295.87 million as of March 31, 2019. Total non-current assets as of March 31, 2019 and March 31, 2018 were 9.0% and 8.3% of the total assets as of March 31, 2019 and March 31, 2018, respectively.

Investment in an associate decreased by PHP 0.5 million or -3.9% from PHP 12.5 million as of March 31, 2018 to PHP 12.0 million as of March 31, 2019. The decrease represents equity earnings from Hwa Kung Hong & Co., Ltd. (foreign associate office in Taiwan). Investment in an associate as of March 31, 2019 and March 31, 2018 were at 0.4% and 0.4% of the total assets as of March 31, 2019 and March 31, 2018, respectively.

Property and equipment-net decreased by PHP 0.8 million or -2.9% from PHP 26.1 million as of March 31, 2018 to PHP 25.3 million as of March 31, 2019. Property and equipment as of March 31, 2019 and March 31, 2018 were at 0.8% and 0.7% of the total assets as of March 31, 2019 and March 31, 2018, respectively.

Intangible assets-net increased by PHP 13.1 million or 10.8% from PHP 120.9 million as of March 31, 2018 to PHP 133.9 million as of March 31, 2019. Intangible assets of the Group consist of goodwill, software and copyright. Goodwill remained constant at PHP 116.3 million while software increased in value by PHP 13.1 million partially offset by the regular amortization of copyright cost for the anthem song launch in 2017. The increase in software is related to the on-going development of mobile and web based applications (IREMITX) as part of internally-developed intangible assets. IREMITX (I-Remit customer centric online platform) targets the more computer-savvy netizen market who are more comfortable transacting through the web. I-Remit's customers may access the facility through any internet-enabled device providing them with the capability to remit money from anywhere, anytime. Total intangible assets as of March 31, 2019 and March 31, 2018 were at 4.1% and 3.4% of the total assets as of March 31, 2019 and March 31, 2018, respectively.

Retirement asset decreased by PHP 2.8 million or -17.6% from PHP 15.8 million as of March 31, 2018 to PHP 13.0 million as of March 31, 2019. Retirement asset as of March 31, 2019 and March 31, 2018 were 0.4% and 0.4% of the total assets as of March 31, 2019 and March 31, 2018, respectively.

Deferred tax assets increased by PHP3.5 million or 29.0% from PHP 12.1 million as of March 31, 2018 to PHP 15.6 million as of March 31, 2019. Deferred tax assets recognized by the Group were measured at the tax rates enacted or subsequently enacted at year-end and represent those amounts that are probable of realization taking into account the Group's estimates of future taxable profit. In determining estimates of future taxable profit against which the deductible amounts can be utilized, the Group has considered the existence of taxable temporary differences that will reverse in the same period, and has also considered appropriate tax planning opportunities that the Group is more likely than not to take advantage of in order to generate future taxable profit. The Group has reviewed the carrying amount of deferred tax assets arising from accrued expenses, allowance for bad debts and retirement expense as to recoverability on the basis of experience in past years and future expectations. Deferred tax assets as of March 31, 2019 and March 31, 2018 were 0.5% and 0.3% of the total assets as of March 31, 2019 and March 31, 2018, respectively.

Other non-current assets decreased by PHP 12.6 million or -11.6% from PHP 108.7 million as of March 31, 2018 to PHP 96.0 million as of March 31, 2019. Other non-current assets consist of refundable deposits, Input VAT receivable and other non-current assets. Refundable deposits partly increased by PHP 3.5 million as of March 31, 2019 due to new location of Iremit Global Remittance Limited in Kensington and for the new BCP office at JTKC Building. Input VAT receivable decreased by PHP 26.2 million or -42.8% from PHP 61.4 million as of March 31, 2018 to PHP 35.1 million as of March 31, 2019 due to partial refund granted by BIR in 2018 for its 2016 input vat refund claims, write off of denied portion, and proper reclassification of current input vat claims to current asset. Other non-current assets as of March 31, 2019 and March 31, 2018 were 3.0% and 3.0% of the total assets as of March 31, 2019 and March 31, 2018, respectively.

Total liabilities decreased by PHP 263.5 million or -12.1% from PHP 2,178.8 billion as of March 31, 2018 to PHP 1,915.3 million as of March 31, 2019. Total liabilities as of March 31, 2019 and March 31, 2018 were 58.3% and 60.9% of the total liabilities and equity as of March 31, 2019 and March 31, 2018, respectively.

Total current liabilities decreased by PHP 262.5 million or -12.1% from PHP 2,170.5 billion as of March 31, 2018 to PHP 1,908.0 million as of March 31, 2019. Total current liabilities as of March 31, 2019 and March 31, 2018 were 58.0% and 60.7% of the total liabilities and equity as of March 31, 2019 and March 31, 2018, respectively.

Financial liability at fair value through profit or loss (FVTPL) increased by PHP 1.0 million or -18.7% from PHP 5.3 million as of March 31, 2018 to PHP 6.3 million as of March 31, 2019. BSP closing rate for the mark to mark valuation of forward and swap contracts dealt at an average rate of 52.11 as of March 31, 2019 compared with BSP closing rate at 52.50 dealt at an average rate of 51.85 as of March 31, 2018. Financial liability at FVTPL as of March 31, 2019 and March 31, 2018 were 0.2% and 0.2% of the total liabilities and equity as of March 31, 2019 and March 31, 2018, respectively.

Beneficiaries and other payables increased by PHP 169.8 million or 33.7% from PHP 504.4 million as of March 31, 2018 to PHP 674.3 million as of March 31, 2019. Beneficiaries and other payables comprised mainly of payables to beneficiaries, payables to agents, service providers and trading clients, accrued expenses, payables to related parties, payable to government agencies and suppliers. Beneficiaries and other payables as of March 31, 2019 and March 31, 2018 were 20.5% and 14.1% of the total liabilities and equity as of March 31, 2019 and March 31, 2018, respectively.

Income tax payable was lower by PHP 18.3 million or -88.02% from PHP 20.8 million as of March 31, 2018 to PHP 2.5 million as of March 31, 2019 mainly due to lower taxable income recognized in First Quarter 2019. Income tax payable as of March 31, 2019 and March 31, 2018 was at 0.1% and at 0.6% of the total liabilities and stockholders' equity as of March 31, 2019 and March 31, 2018, respectively.

Interest-bearing loans payable decreased by PHP 415.0 million or 25.3% from PHP 1,640.0 million as of March 31, 2018 to PHP 1,225.0 million as of March 31, 2019 due to lower utilization of bank credit lines in First Quarter 2019. Interest-bearing loans consist of unsecured, short-term peso-denominated loans from various local financial institutions with interest rates ranging from 3.6% to 5.75% per annum in First Quarter 2018 and from 6.0% to 7.25% in First Quarter 2019. Loans payable as of March 31, 2019 and March 31, 2018 were 37.3% and 45.9% of the total liabilities and equity as of March 31, 2019 and March 31, 2018, respectively.

Total non-current liabilities decreased by PHP 1.0 million or -12.2% from PHP 8.3 million as of March 31, 2018 to PHP 7.3 million as of March 31, 2019 due to the decrease in retirement liability at PHP 2.1 million, partly offset by the increase in deferred tax liabilities at PHP 1.1 million. No retirement liability recognized as of March 31, 2019. Total non-current liabilities as of March 31, 2019 and March 31, 2018 were 0.2% and 0.2% of the total liabilities and stockholder's equity as of March 31, 2019 and March 31, 2018, respectively.

The total stockholders' equity of the group stood at PHP 1,372.8 million as of March 31, 2019, lower by PHP 25.6 million or -1.8% against the March 31, 2018 level of PHP 1,398.4 million. This decrease in stockholder's equity was due to loss generated for the period, negative cumulative translation adjustment, re-measurement adjustments on retirement fund, and Unrealized fair value on financial asset measured at FVOCI. Total stockholders' equity as of March 31, 2019 and March 31, 2018 were 41.8% and 39.1% of the total liabilities and equity as of March 31, 2019 and March 31, 2018, respectively.



Below are the comparative key performance and financial soundness indicators of the Company and its subsidiaries:

Performance Indicator	Definition	Mar. 31, 2019 (Three Months)	Mar. 31, 2018 (Three Months)
Return on Equity (ROE)	Net income* over average stockholders' equity during the period	-1.1%	2.3%
Return on Assets (ROA)	Net income* over average total assets during the period	-0.5%	0.9%
Earnings per Share (EPS)	Net income* over average number of outstanding shares	-0.026	0.0524
Sales Growth	Total transaction value in USD in present period over the same period in the previous year	0.89%	8.3%
Gross Income	Revenue less total cost of services (PHP millions)	102.2	149.1
Current ratio	Total current assets over total current liabilities	1.5683	1.5118
Solvency ratio	Net income plus depreciation over total liabilities	-0.0072	0.0160
Solvency ratio	Total assets over total liabilities	1.7168	1.6418
Solvency ratio	Total stockholders' equity over total liabilities	0.7168	0.6418
Debt-to equity ratio	Total liabilities over total stockholders' equity	1.3952	1.5581
Asset-to-equity ratio	Total assets over total stockholders' equity	2.3952	2.5581
Interest rate coverage ratio	Earnings before interest and taxes over interest expense	0.2766	4.2001

\* Net Income attributable to equity holders of the Parent Company and Minority Interest. EPS computed using Net Income attributable to equity holders of the Parent Company for the periods ended March 31, 2019 and March 31, 2019 were P -0.0257 and P 0.0524, respectively.

Below are the comparative key performance indicators of the Company's subsidiaries:

International Remittance (Canada) Ltd.

Performance Indicator	Definition	Mar. 31, 2019 (Three Months)	Mar. 31, 2018 (Three Months)
Return on Equity (ROE)	Net income over average stockholders' equity during the period	50%	-2%
Return on Assets (ROA)	Net income over average total assets during the period	2.23%	0.17%
Earnings per Share (EPS)	Net income over average number of outstanding shares	9.17	0.62
Sales Growth	Total transaction value in USD in present period over the previous year	2.2%	15.1%
Gross Income	Revenue less total cost of services (PHP millions)	19.77	21.7

Lucky Star Management Limited

Performance Indicator	Definition	Mar. 31, 2019 (Three Months)	Mar. 31, 2018 (Three Months)
Return on Equity (ROE)	Net income over average stockholders' equity during the period	-2%	17%
Return on Assets (ROA)	Net income over average total assets during the period	-0.5%	-8%
Earnings per Share (EPS)	Net income over average number of outstanding shares	1.36	-8.05
Sales Growth	Total transaction value in USD in present period over the previous year	-79%	40%
Gross Income	Revenue less total cost of services (PHP millions)	3.9	3.8

IRemit Global Remittance Limited

Performance Indicator	Definition	Mar. 31, 2019 (Three Months)	Mar. 31, 2018 (Three Months)
Return on Equity (ROE)	Net income over average stockholders' equity during the period	162%	113%
Return on Assets (ROA)	Net income over average total assets during the period	-1%	2%
Earnings per Share (EPS)	Net income over average number of outstanding shares	-1.95	2.61
Sales Growth	Total transaction value in USD in present period over the previous year	-1%	31%
Gross Income	Revenue less total cost of services (PHP millions)	18.9	18.4

I-Remit Australia Pty Ltd

Performance Indicator	Definition	Mar. 31, 2019 (Three Months)	Mar. 31, 2018 (Three Months)
Return on Equity (ROE)	Net income over average stockholders' equity during the period	9%	15%
Return on Assets (ROA)	Net income over average total assets during the period	-9%	-5%
Earnings per Share (EPS)	Net income over average number of outstanding shares	-27.42	-28.41
Sales Growth	Total transaction value in USD in present period over the previous year	-38%	-5%
Gross Income	Revenue less total cost of services (PHP millions)	3.25	5.6

## Worldwide Exchange Pty Ltd

Performance Indicator	Definition	Mar. 31, 2019 (Three Months)	Mar. 31, 2018 (Three Months)
Return on Equity (ROE)	Net income over average stockholders' equity during the period	0.03%	0.02%
Return on Assets (ROA)	Net income over average total assets during the period	0.02%	0.02%
Earnings per Share (EPS)	Net income over average number of outstanding shares	598.01	438.83
Sales Growth	Total transaction value in USD in present period over the previous year	-	-
Gross Income	Revenue less total cost of services (PHP millions)	0.04	0.03

## I-Remit New Zealand Limited

Performance Indicator	Definition	Mar. 31, 2019 (Three Months)	Mar. 31, 2018 (Three Months)
Return on Equity (ROE)	Net income over average stockholders' equity during the period	-1%	-7%
Return on Assets (ROA)	Net income over average total assets during the period	3%	18%
Earnings per Share (EPS)	Net income over average number of outstanding shares	204.61	1,608.04
Sales Growth	Total transaction value in USD in present period over the previous year	-	-
Gross Income	Revenue less total cost of services (PHP millions)	-	-

## IREMIT Remittance Consulting GmbH

Performance Indicator	Definition	Mar. 31, 2019 (Three Months)	Mar. 31, 2018 (Three Months)
Return on Equity (ROE)	Net income over average stockholders' equity during the period	2%	-6%
Return on Assets (ROA)	Net income over average total assets during the period	-191%	874%
Earnings per Share (EPS)	Net income over average number of outstanding shares	-6.80	17.36
Sales Growth	Total transaction value in USD in present period over the previous year	-	-
Gross Income	Revenue less total cost of services (PHP millions)	-0.01	-0.01

Power Star Asia Group Limited

Performance Indicator	Definition	Mar. 31, 2019 (Three Months)	Mar. 31, 2018 (Three Months)
Return on Equity (ROE)	Net income over average stockholders' equity during the period	1%	1%
Return on Assets (ROA)	Net income over average total assets during the period	1%	1%
Earnings per Share (EPS)	Net income over average number of outstanding shares	9.21	9.67
Sales Growth	Total transaction value in USD in present period over the previous year	-	-
Gross Income	Revenue less total cost of services (PHP millions)	0.6	4.3

K. K. I-Remit Japan

Performance Indicator	Definition	Mar. 31, 2019 (Three Months)	Mar. 31, 2018 (Three Months)
Return on Equity (ROE)	Net income over average stockholders' equity during the period	3%	6%
Return on Assets (ROA)	Net income over average total assets during the period	1%	2%
Earnings per Share (EPS)	Net income over average number of outstanding shares	297.38	603.74
Sales Growth	Total transaction value in USD in present period over the previous year	53%	-80%
Gross Income	Revenue less total cost of services (PHP millions)	9.07	9.8

I-Remittance Singapore Pte. Ltd.

Performance Indicator	Definition	Mar. 31, 2019 (Three Months)	Mar. 31, 2018 (Three Months)
Return on Equity (ROE)	Net income over average stockholders' equity during the period	6%	7%
Return on Assets (ROA)	Net income over average total assets during the period	-0.4%	-1%
Earnings per Share (EPS)	Net income over average number of outstanding shares	-4.04	-5.34
Sales Growth	Total transaction value in USD in present period over the previous year	6%	21%
Gross Income	Revenue less total cost of services (PHP millions)	7.7	9.1

IRemit Consulting Società Per Azioni

Performance Indicator	Definition	Mar. 31, 2019 (Three Months)	Mar. 31, 2018 (Three Months)
Return on Equity (ROE)	Net income over average stockholders' equity during the period	-17%	-
Return on Assets (ROA)	Net income over average total assets during the period	-13%	-
Earnings per Share (EPS)	Net income over average number of outstanding shares	-15.51	-
Sales Growth	Total transaction value in USD in present period over the previous year	-	-
Gross Income	Revenue less total cost of services (PHP millions)	-	-

The Company is not aware of any known trends, demands, commitments, events or uncertainties that will have a material impact on the Company's liquidity. The Company has not defaulted in paying its currently maturing obligations. In addition, obligations of the Company are guaranteed up to a certain extent by the Company's majority stockholders.

The Company is not aware of any events that will trigger a direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

There are 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 Company has no material commitments for capital expenditures.

Except as discussed above, the Company is not aware of any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on sales, revenues or income from continuing operations.

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

There are no seasonal aspects that had a material effect on the financial condition or results of operations.

The Company does not expect any purchase of significant equipment in the next twelve (12) months.

The Company does not expect any significant changes in the number of employees in the next twelve (12) months.

**I-REMIT, INC.**  
**COMPLIANCE WITH SEC LETTER**  
**DATED OCTOBER 29, 2008**

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The information required by SEC letter dated October 29, 2008 can be found in the following pages:

a. Financial risk exposures of I-Remit, Inc. ("Company")

Please refer to pages 33 to 35.

b. Disclosure on the financial instrument of the Company

(1) Description of the financial instruments of the Company and the classification and measurements applied for each.

Please refer to pages 27 to 33.

(2) Amount of Company's investments in foreign securities.

The Parent Company has no investments in foreign securities. At a consolidated level, the Group has consolidated investments in foreign equity securities of PHP 128,458,795.00 and foreign debt securities of PHP 264,813,534.00 as of March 31, 2019.

(3) Significant judgments made in classifying a particular financial instrument in the fair value hierarchy.

Please refer to page 27.

(4) Explanation of how risk is incorporated and considered in the valuation of assets or liabilities.

Please refer to pages 27 to 33.

(5) Comparison of the fair values as of date of the recent interim financial report and as of date of the preceding interim period, and the amount of gain/loss recognized for each of the said periods.

See page 27.

(6) Criteria used to determine whether the market for a financial instrument is active or inactive as defined under PAS 39-Financial Instruments.

Please refer to pages 27 to 33.

**The significant judgments made in classifying a particular financial instrument in the fair value hierarchy**, in both the Parent Company's and the Group's Consolidated interim financial statements are consistent with the most recent annual financial statements as of December 31, 2018.

**On the comparison of the fair values as of date of the recent interim financial report and as of date of the preceding interim period, and the amount of gain/loss recognized for each of the said periods:**

In accordance with PFRS 9, Financial Assets at Fair Value through Profit and Loss (FVTPL) are marked to market as profit and loss. As such, these form part of unrealized gains and losses.

Financial Assets at Fair Value through Other Comprehensive Income (FVOCI) are marked to market against capital funds and reflected as Accumulated Other Comprehensive Income (Loss). The movements of these accounts are recognized as Other Comprehensive Income (OCI)– Unrealized Fair Value Gain/Loss Reserve for the Consolidated books

	Financial Assets at FVTPL	Financial Assets at FVOCI (with recycling)	Financial Liability at FVTPL
March 31, 2019			
Level 1	148,154,930	264,813,534	6,267,299
December 31, 2018			
Level 1	155,215,132	237,469,893	14,353,667
Unrealized fair value gain / loss for the interim period	26,910,188.00	8,787,508.00	6,267,299.00

The table below summarizes the carrying amount and fair value of **Financial Assets at Amortized Cost**, at a consolidated level, net:

	Carrying Amount	Fair Value
March 31, 2019 (Unaudited)	2,643,672,085	2,643,672,085
December 31, 2018 (Audited )	3,122,569,526	3,122,569,526

## Summary of Significant Accounting Policies

PFRS 9 replaces PAS 39, Financial Instruments: Recognition and Measurement for annual periods beginning on or after January 1, 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group has applied PFRS 9 with the initial application date of January 1, 2018, and is consistently applied in the interim financial statements.

At initial recognition, financial assets are classified and measured at amortized cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are SPPI on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' (SPPI) on the principal amount outstanding.

The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets. The classification and measurement requirements of PFRS 9 did not result in changes in the carrying value of the Group's financial instruments.

**The Group continues measuring at fair value all financial assets previously held at fair value under PAS 39.**

In accordance with the financial asset classification principle, the financial assets are classified and measured as follows:

- Amortized cost for assets held within a business model whose objective is to hold financial assets in order to collect the contractual cash flows that represent solely payments of principal and interest (SPPI) on the principal outstanding.
- Fair value through other comprehensive income (FVOCI) which meets the SPPI criterion and is held in a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- FVTPL for all other financial assets.

The following are the classification of the Group's financial assets:

- Cash and cash equivalents, trade and other receivables, short-term investments, refundable deposits and advances to a supplier are hold-to-collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest, are classified and measured as financial assets at amortized cost.



- Quoted debt instruments are classified and measured as financial assets at FVOCI with recycling. The Group expects not only to hold the assets to collect contractual cash flows, but also to sell a significant amount on a relatively frequent basis.
- Listed Equity investments are classified and measured as FVTPL.

## **Subsequent Measurement**

Financial assets at amortized cost are subsequently measured using the effective interest rate (“EIR”) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the consolidated statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon de-recognition, the cumulative fair value change recognized in OCI is recycled to profit or loss. The Group’s debt instruments at FVOCI include investments in government securities and investments in corporate bonds.

As of March 31, 2019 and December 31, 2018, the Group’s financial assets and liabilities at FVTPL and FVOCI are disclosed on page 27.

## **Financial Liabilities and Equity Instruments**

### **Financial Liabilities**

#### *Initial Recognition and Measurement*

An entity shall recognize a financial liability in its statements of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument.

Except for trade payables that do not have a significant financing component, at initial recognition, an entity shall measure a financial liability at its fair value minus, in the case of financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the liability.

#### *Classification*

An entity shall classify all financial liabilities as subsequently measured at amortized, except for:

- financial liabilities at fair value through profit or loss;
- financial liabilities that arise when a transfer of a financial asset does not qualify for de-recognition or when the continuing involvement approach applies;
- financial guarantee contracts;
- commitments to provide a loan at a below-market interest rate;
- contingent consideration recognized by an acquirer in a business combination.

The Group’s financial liabilities include financial liabilities at FVTPL, beneficiaries and other payables (excluding payable to government agencies) and loans payable. The Group has financial liabilities measured at fair value through profit or loss in the recent year and in the current interim period.

### *Loans Payable*

The Group borrows funds from banks for the fulfilment of its remittance obligations. Borrowings are short term and are classified as current liabilities. PAS 23 defines borrowing costs as interest and other costs than an entity incurs in connection with the borrowing of funds.

The cost of borrowing funds which include interest, documentary stamp tax and other directly related charges are recognized as costs of servicing the fulfilment of remittance obligations of the Group. Whereas the cost of borrowing funds intended for the acquisition, construction or production of a qualifying asset form part of the cost of the acquired asset, if any. Qualifying asset is defined as an asset which necessarily takes a substantial period of time to get ready for its intended use or sale.

The Group follows the standard on PFRS 9 on the measurement and recognition of other financial liabilities including loans payable at amortized cost using the effective interest method.

### **Equity Instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new shares are shown in equity as a deduction from the proceeds, net of tax. The cost of acquiring the Group's own shares are shown as a deduction from equity until the shares are cancelled or reissued. When such shares are subsequently sold or reissued, any consideration received, net of directly attributable incremental transaction costs and the related income tax effects, is included in equity.

### De-recognition of Financial Assets and Liabilities

#### *Financial asset*

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third part under a 'pass through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

### *Financial liability*

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of income.

### Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

### Impairment of Financial Assets

The impairment policy applied in the interim financial statements is consistent with the PFRS 9 adopted by the Group in January 1, 2018 as disclosed in its recent audited financial statements for the year ended December 31, 2018. The Group's accounting for impairment losses for financial assets under PFRS 9 replaced PAS 39 incurred losses approach with a forward-looking expected credit loss ("ECL") approach. PFRS 9 requires the Group to recognize allowance for ECLs for all debt instruments not held at fair value through profit or loss. The adoption of PFRS 9 does not have a significant impact on Group's trade and other receivables and other financial assets.

The Group measures expected losses of a financial instrument in a way that reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable assumption that is available without undue cost or effort at the reporting date about past events, current conditions and forecast of future economic conditions.

The Group adopts a general approach in accounting for impairment.

- General Approach

At each reporting date, the Group shall measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. However, if the credit risk has not increased significantly, an entity shall measure the loss allowance equal to 12-month expected credit losses.

To assess whether the credit risk on a financial instrument has increased significantly or not, the Group shall compare the risk of default occurring as at the reporting date with the risk of a default occurring as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

The Group may assume that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

If the Group has measured the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date, that the credit quality improves (i.e. there is no longer a significant increase in credit risk since initial recognition), then the Company shall measure the loss allowance at an amount equal to 12-month expected credit losses at the current reporting date.

The Group shall recognize in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date. Lifetime expected credit losses are generally expected to be recognized before a financial instrument becomes past due. Typically, credit risk increases before a borrower becomes past due or other lagging borrower-specific factors (for example, a modification or restructuring) are observed. Consequently, when reasonable and supportable information that is more forward-looking than past due information is available without undue cost or effort; it must be used to assess changes in credit risk.

The Group applied the general approach to cash and cash equivalents, trade and other receivables, financial assets at FVOCI, guaranteed investment certificates and receivable from BIR and refundable deposits presented under 'other non-current assets'.

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## **Significant Accounting Judgments and Estimates**

The preparation of the financial statements in compliance with PFRS requires the Group to make judgments and estimates that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the financial statements as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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## **Fair Value Measurement**

The fair values of financial assets and financial liabilities are determined as follows:

- Due to short-term nature of cash and cash equivalents, trade and other receivables, GIC, beneficiaries and other payables (excluding payable to government agencies), and loans payable, their carrying amounts approximate their fair values.
- Refundable deposits are measured at amortized cost, which approximates its fair value.
- The financial assets at FVTPL are measured at quoted market price and quoted foreign currency exchange rates. The financial liabilities at FVTPL are measured using quoted foreign currency exchange rates.
- The financial assets at FVOCI (with recycling) are measured using quoted market rates.
- The fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

### Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

*Level 1:* quoted prices in active markets for identical assets or liabilities;

*Level 2:* inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

*Level 3:* inputs that are not based on observable market data or unobservable inputs.

As of March 31, 2019 and December 31, 2018 the financial instruments carried at fair value only pertains to the Group's financial assets at FVTPL and FVOCI, which consist of investments in equity securities and debt instruments, respectively. The fair values of these equity and debt securities are based on quoted prices (Level 1). There were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurement in 2019 and 2018.

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## **Financial Risk Management Objectives and Policies**

The Group's principal financial instruments mainly comprise of short-term loans from banks. The main purpose of these financial instruments is to raise funds for the Group's fulfillment or delivery of remittance transactions to beneficiaries. The Group also has various other financial assets and liabilities such as cash and cash equivalents, accounts receivables, and accounts payable to beneficiaries, which arise directly from its remittance operations.

The main risks arising from the Group's financial instruments are credit risk, foreign currency risk, cash flow interest rate risk, fair value interest rate risk and liquidity risk. The BOD reviews and approves policies for managing each of these risks and these are summarized below:

### Credit Risk

Credit risk is the risk of loss resulting from the failure of a borrower or counterparty to perform its obligations during the life of the transaction. This includes risk of non-payment by borrowers or issuers, failed settlement of transactions and default on contracts.

The nature of its business exposes the Group to potential risk from difficulties in recovering transaction money from foreign partners. Receivables from agents arise as a result of its remittance operations in various regions of the globe. In order to address this, the Group has maintained the following credit policies: (a) implement a contract that incorporates a bond and advance payment cover such that the full amount of the transaction will be credited to the Group prior to their delivery to the beneficiaries, which applies generally to all new agents of the Group and in certain cases to old agents; (b) all foreign offices and agents must settle their accounts within the agreed credit terms, otherwise, the fulfillment or delivery of their remittance transactions will be put on hold; (c) evaluation of individual potential partners and preferred associates' creditworthiness, as well as a close look into the other pertinent aspects of their partners' businesses which assures the Group of the financial soundness of their partner firms; and (d) receivable balances are monitored daily by the regional managers with the result that the Group's exposure to bad debts is not significant.

Of the total consolidated receivables of PHP 961.25 million, 94% or PHP 908.17 million refer to advances to agents and service providers on remittance obligations. These receivables are collectible from 1 to 7 days. Other receivables, which include advances to related parties – for operating expenses, are due in less than one year. Past due but not impaired receivables as of March 31, 2019 and December 31, 2018 amounts to P 61.9 million and P 55.0 million respectively.

The Group classifies its neither past due nor impaired receivables as high grade. High grade financial assets includes instruments with credit ratings of excellent, strong, good, or satisfactory, wherein the borrower has a low probability of default and could withstand the normal business cycle.

The rest of the Group's financial assets, which include cash and cash equivalents, investments in equity and debt securities (also classified as High Grade), refundable deposits, are all classified as high grade. The Group transacts only to banks with investment grade credit rating. This information is supplied by independent rating agencies. The Group uses other publicly available information to monitor the financial status of the banks. The Company assesses the current and forecast information of the banking industry and the macro-economic factors such as GDP, interest rate, unemployment rate, inflation and USD/PHP foreign exchange rates.

The Group invests only in quoted debt and equity securities with very low credit risk. The Group's investments comprised solely of quoted securities that are graded as prime to upper medium grade by credit rating agencies and therefore, are considered to be low credit risk investments. The Group's exposure, and credit ratings of counterparties are regularly monitored, with the aggregate value of investments spread based on defined authorized investments limits per geographic area, per industry sector, per currency, per duration, among others. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

#### Foreign Currency Risk

Foreign currency risk is the risk to earnings or capital arising from changes in foreign exchange rates. It is the Group's policy that all daily foreign currencies, which arise as a result of its remittance transactions, must be traded daily with bank partners only at prevailing foreign exchange rates in the market. The daily closing foreign exchange rates shall be the guiding rate in providing wholesale rates and retail rates to foreign offices and agents, respectively. The trading proceeds will be used to pay out bank loans and other obligations of the Group.

#### Cash Flow Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows of financial instruments.

As of March 31, 2019 and December 31, 2018, the Group's exposure to cash flow interest rate risk is minimal. The Group's policy is to manage its interest cost by entering only into fixed rate short-term loans from banks.

#### Fair Value Interest Rate Risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group accounts for its debt investments at fair value. Thus, changes in the benchmark interest rate will cause changes in the fair value of quoted debt instruments.

There is no impact on the Group's equity other than those already affecting the profit or loss.

#### Equity Price Risk

Equity price risk is the risk to earnings or capital arising from changes in stock exchange indices relating to its quoted equity securities. The Group's exposure to equity price risk relates primarily to its investments in equity securities.

The Group's policy is to maintain the risk to an acceptable level. Movement of share price is monitored regularly to determine impact on its consolidated balance sheet.

#### Liquidity Risk

Liquidity or funding risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of short-term debts. In addition, the Group maintains credit facilities with local banks.

## **PART II – OTHER INFORMATION**

### **Other Required Disclosures**

- A. Accounting Policies and Methods of Computation.  
The attached interim financial reports were prepared in accordance with the Philippine Financial Reporting Standards (PFRS) which includes applicable PFRS, PAS (Philippine Accounting Standards) and interpretations approved by the FRSC (Financial Reporting Standards Council). The accounting policies and methods of computation followed in these interim financial statements are the same compared with the audited financial statements for the period ended December 31, 2018.
- B. Unusual Items Affecting Assets, Liabilities, equity, net Income or Cash Flow.  
Except as reported in the Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A"), there were no unusual items affecting assets, liabilities, equity, net income or cash flows for the interim period.
- C. Changes in Estimates of Amounts Reported.  
There were no material changes in estimates of amounts reported in prior periods that have material effects in the current interim period.
- D. Issuances, Repurchases and Repayments of Debt and Equity Securities.  
Except as disclosed in the MD&A, there were no other issuances, repurchases and repayments of debt and equity securities.
- E. Material Events Subsequent to the End of the Interim Period Not Reflected in the Financial Statements.  
  
There were no material events that happened subsequent to March 31, 2019 up to the date of this report that needs disclosure herein.
- F. Changes in Composition of the Issuer During the Interim Period.  
There were no changes in the composition of the Company during the interim period such as business combination, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations except as disclosed in the MD&A.
- G. Changes in Contingent Liabilities or Contingent Assets.  
There were no changes in contingent liabilities or contingent assets since December 31, 2018.
- H. Material Contingencies and Any Other Events or Transactions.  
There exist no material contingencies and other material events or transactions affecting the current interim period except as disclosed in the MD&A.




## 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, in the City of Pasig on May 15, 2019.

By:



**HARRIS D. JACILDO**  
President



**BERNADETTE CINDY C. TIW**  
Senior Vice President & Chief Financial Officer

