CR05546-2014

# 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

   Jun 30, 2014

2. SEC Identification Number

   A200101631

3. BIR Tax Identification No.

   210-407-466-000

4. Exact name of issuer as specified in its charter

   I-REMIT, INC.

5. Province, country or other jurisdiction of incorporation or organization

   Metro Manila, Philippines

6. Industry Classification Code(SEC Use Only)

7. Address of principal office

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

8. Issuer's telephone number, including area code

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

9. Former name or former address, and former fiscal year, if changed since last report

   Not applicable

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

| Title of Each Class | Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding |
|---|---|
| Common Stock | 612,836,122 shares |

11. Are any or all of registrant's 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. Indicate by check mark whether the registrant:

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

- (•) Yes
- ( ) No

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

- (•) Yes
- ( ) No



# I-Remit, Inc.

I

**PSE Disclosure Form 17-2 - Quarterly Report**
***References: SRC Rule 17 and***
***Sections 17.2 and 17.8 of the Revised Disclosure Rules***

| | |
|---|---|
| **For the period ended** | Jun 30, 2014 |
| **Currency (indicate units, if applicable)** | PHILIPPINE PESO |

**Balance Sheet**

| | Period Ended | Fiscal Year Ended (Audited) |
|---|---|---|
| | Jun 30, 2014 | Dec 31, 2013 |
| **Current Assets** | 2,874,450,315 | 2,862,179,113 |
| **Total Assets** | 3,084,278,316 | 3,059,782,468 |
| **Current Liabilities** | 1,788,811,919 | 1,788,566,632 |
| **Total Liabilities** | 1,795,729,560 | 1,792,007,973 |
| **Retained Earnings/(Deficit)** | 302,685,067 | 273,403,647 |
| **Stockholders' Equity** | 1,288,548,756 | 1,267,774,495 |
| **Stockholders' Equity - Parent** | 0 | 0 |
| **Book Value per Share** | 2.1 | 2.12 |

**Income Statement**

| | Current Year (3 Months) | Previous Year (3 Months) | Current Year-To-Date | Previous Year-To-Date |
|---|---|---|---|---|
| Operating Revenue | 181,371,919 | 210,993,978 | 398,596,370 | 386,799,468 |
| Other Revenue | 5,294,800 | -3,351,432 | 13,961,448 | 10,676,298 |
| Gross Revenue | 186,666,719 | 207,642,546 | 412,557,818 | 397,475,766 |
| Operating Expense | 174,555,687 | 180,914,747 | 350,306,717 | 360,721,847 |
| Other Expense | 12,733,801 | 5,815,232 | 25,345,250 | 13,704,984 |
| Gross Expense | 187,289,488 | 186,729,979 | 375,651,967 | 374,426,831 |
| Net Income/(Loss) Before Tax | -622,769 | 20,912,567 | 36,905,851 | 23,048,935 |
| Income Tax Expense | 1,684,641 | 9,258,843 | 7,624,431 | 9,808,550 |
| Net Income/(Loss) After Tax | -2,307,410 | 11,653,724 | 29,281,420 | 13,240,384 |
| Net Income Attributable to Parent Equity Holder | -2,307,410 | 11,653,724 | 29,281,420 | 13,240,384 |
| Earnings/(Loss) Per Share (Basic) | 0 | 0.02 | 0.05 | 0.02 |
| Earnings/(Loss) Per Share (Diluted) | 0 | 0 | 0 | 0 |

| Other Relevant Information |
|---|
| - |

**Filed on behalf by:**

| | |
|---|---|
| Name | Harris Edsel Jacildo |
| Designation | President and Chief Operating Officer |

www.myiremit.com

August 14, 2014

THE PHILIPPINE STOCK EXCHANGE, INC.
3rd Floor, Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City, Metro Manila

**Attention : Ms. Janet A. Encarnacion**
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 **June 30, 2014**.

Thank you.

Very truly yours,

**HARRIS E. D. JACILDO**
President & Chief Operating Officer

**I-Remit, Inc.**
26/F Discovery Centre, 25 ADB Avenue, Ortigas Center, Pasig City 1605 Philippines
Telephone: (632) 706-9999 and (632) 706-2737
Facsimile: (632) 706-2767

# COVER SHEET

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SEC Registration Number

I - R E M I T , I N C . A N D S U B S I D I A R I E S

(Company's Full Name)

2 6 / F D i s c o v e r y C e n t r e , 2 5 A D B A v e n u e , O r t i g a s C e n t e r , P a s i g C i t y

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

**Mr. HARRIS EDSEL D. JACILDO**

(Contact Person)

**(632) 706–9999 Local 100/105/109**

(Company Telephone Number)

| 1 2 | 3 1 | 1 7 - Q | 0 7 | |
|---|---|---|---|---|
| *Month* | *Day* | (Form Type) | *Month* | *Day* |
| (Fiscal Year) | | | (Annual Meeting) | |

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

| | |
|---|---|
| SEC Number | **A200101631** |
| PSE Code | |
| File Number | |

# I-REMIT, INC.
# AND SUBSIDIARIES

(Company's Full Name)

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

(Company's Address)

**(02) 706 – 9999 Local 100 / 105 / 109**

(Telephone Number)

**December 31**

(Fiscal Year Ending)
(Month and Day)

**SEC FORM 17-Q**

Form Type

Amendment Designation (if applicable)

**June 30, 2014**

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 **June 30, 2014**

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**
Province, Country or other jurisdiction of incorporation or organization

6. (SEC Use Only)
Industry Classification Code

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 |
|---|---|
| **Common Stock** | **612,836,122 shares** |

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<br>**June 30, 2014** | Audited<br>**Dec. 31, 2013** |
|---|---|---|
| **ASSETS** | | |
| **Current Assets** | | |
| Cash and cash equivalents | 990,919,846 | 943,316,542 |
| Trade and other receivables | 1,605,642,013 | 1,649,265,626 |
| Financial assets at fair value through profit or loss | 235,131,135 | 247,300,331 |
| Prepayments and other current assets | 42,757,321 | 22,296,614 |
| | **2,874,450,315** | **2,862,179,113** |
| **Non-current Assets** | | |
| Investment in an associate | 6,816,226 | 6,185,346 |
| Property and equipment - net | 27,922,179 | 27,057,295 |
| Intangible assets - net | 112,648,262 | 112,091,619 |
| Retirement asset | 11,188,217 | 11,188,217 |
| Deferred tax assets | 10,783,506 | 10,998,664 |
| Other non-current assets | 40,469,611 | 30,082,214 |
| | **209,828,001** | **197,603,355** |
| **TOTAL ASSETS** | **3,084,278,316** | **3,059,782,468** |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| **LIABILITIES** | | |
| **Current Liabilities** | | |
| Beneficiaries and other payables | 841,698,852 | 784,325,185 |
| Advances from stockholders | 7,289,480 | 7,289,480 |
| Income tax payable | 4,823,587 | 8,951,967 |
| Loans payable | 935,000,000 | 988,000,000 |
| | **1,788,811,919** | **1,788,566,632** |
| **Non-current Liabilities** | | |
| Deferred tax liabilities | 3,470,024 | 3,441,341 |
| Retirement benefit obligation | 3,447,617 | 0 |
| | **6,917,641** | **3,441,341** |
| **TOTAL LIABILITIES** | **1,795,729,560** | **1,792,007,973** |
| **STOCKHOLDERS' EQUITY** | | |
| **Capital Stock** | 617,725,800 | 617,725,800 |
| **Additional Paid-in Capital** | 391,232,478 | 391,232,478 |
| **Unappropriated Retained Earnings** | 288,724,758 | 261,003,338 |
| **Appropriated Retained Earnings** | 13,960,309 | 12,400,309 |
| **Cumulative Translation Adjustment** | (16,348,504) | (9,401,345) |
| **Remeasurements** | 7,214,224 | 7,214,224 |
| **Treasury Stock** | (13,960,309) | (12,400,309) |
| **TOTAL STOCKHOLDERS' EQUITY** | **1,288,548,756** | **1,267,774,495** |
| **TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY** | **3,084,278,316** | **3,059,782,468** |

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

| | Unaudited<br>**Jan. 1 to June 30, 2014** | Unaudited<br>**Jan. 1 to June 30, 2013** | Unaudited<br>**April 1 to June 30, 2014** | Unaudited<br>**April 1 to June 30, 2013** |
|---|---|---|---|---|
| **REVENUES** | **398,596,370** | **386,799,468** | **181,371,919** | **210,993,978** |
| **COST OF SERVICES** | **97,160,782** | **115,777,690** | **46,847,016** | **56,355,529** |
| **GROSS PROFIT** | **301,435,588** | **271,021,777** | **134,524,903** | **154,638,448** |
| **NET TRADING GAINS (LOSSES)** | **1,756,554** | **(314,978)** | **1,625,966** | **(2,184,018)** |
| **OTHER INCOME** | **11,574,014** | **10,585,425** | **3,353,394** | **(718,899)** |
| | **314,766,156** | **281,292,224** | **139,504,263** | **151,735,532** |
| **OPERATING EXPENSES** | | | | |
| Salaries, wages and employee benefits | 131,686,448 | 127,536,342 | 65,651,974 | 64,245,651 |
| Rental | 32,867,884 | 30,237,894 | 16,046,613 | 15,461,957 |
| Marketing | 14,285,814 | 17,231,289 | 7,368,608 | 8,878,101 |
| Professional fees | 23,341,998 | 24,183,112 | 12,059,898 | 12,539,706 |
| Transportation and travel | 7,877,719 | 6,301,868 | 4,443,078 | 3,241,927 |
| Communication, light and water | 13,132,200 | 12,811,092 | 6,978,943 | 6,459,688 |
| Photocopying and supplies | 5,589,701 | 4,770,167 | 2,771,749 | 2,372,636 |
| Depreciation and amortization | 5,946,835 | 6,191,435 | 3,122,702 | 3,224,511 |
| Entertainment, amusement and recreation | 4,932,988 | 4,541,981 | 2,633,562 | 2,080,290 |
| Other operating expenses | 13,484,348 | 11,138,977 | 6,631,544 | 6,054,751 |
| | **253,145,935** | **244,944,157** | **127,708,671** | **124,559,218** |
| **FINANCE COSTS** | **25,345,250** | **13,704,984** | **12,733,801** | **5,815,232** |
| **EQUITY IN NET EARNINGS** | **630,880** | **405,851** | **315,440** | **(448,515)** |
| **PROFIT BEFORE TAX** | **36,905,851** | **23,048,935** | **(622,769)** | **20,912,567** |
| **INCOME TAXES** | **7,624,431** | **9,808,550** | **1,684,641** | **9,258,843** |
| **PROFIT** | **29,281,420** | **13,240,384** | **(2,307,410)** | **11,653,724** |
| **BASIC EARNINGS PER SHARE** | **0.048** | **0.022** | **(0.004)** | **0.020** |

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

| | Unaudited<br>**Jan. 1 to June 30, 2014** | Unaudited<br>**Jan. 1 to June 30, 2013** | Unaudited<br>**April 1 to June 30, 2014** | Unaudited<br>**April 1 to June 30, 2013** |
|---|---|---|---|---|
| **PROFIT** | **29,281,420** | **13,240,384** | **(2,307,410)** | **11,653,724** |
| **OTHER COMPREHENSIVE INCOME THAT WILL BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS** | | | | |
| Translation adjustment | (6,947,159) | 16,920,739 | (7,819,127) | 16,920,739 |
| **OTHER COMPREHENSIVE INCOME THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS** | | | | |
| Remeasurements | 0 | 0 | 0 | 0 |
| **TOTAL COMPREHENSIVE INCOME** | **22,334,261** | **30,161,123** | **(10,126,537)** | **28,574,463** |
| **ATTRIBUTABLE TO:** | | | | |
| Equity holders of the parent | 22,334,261 | 30,161,123 | (10,126,537) | 28,574,463 |
| Non-controlling interest | 0 | 0 | 0 | 0 |
| | **22,334,261** | **30,161,123** | **(10,126,537)** | **28,574,463** |

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

| | Unaudited<br>**Jan. 1 to**<br>**June 30, 2014** | Unaudited<br>**Jan. 1 to**<br>**June 30, 2013** |
|---|---|---|
| **CAPITAL FUNDS, BEGINNING** | **1,267,774,495** | **1,215,434,151** |
| Profit | 29,281,420 | 13,240,384 |
| Cumulative Translation Adjustment | (6,947,159) | 16,920,739 |
| Total Comprehensive Income for the Period | 22,334,261 | 30,161,123 |
| Purchase of Own Stock | (1,560,000) | (11,417,590) |
| **CAPITAL FUNDS, ENDING** | **1,288,548,756** | **1,234,177,684** |

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

| | Unaudited<br>**Jan. 1 to**<br>**June 30, 2014** | Unaudited<br>**Jan. 1 to**<br>**June 30, 2013** |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Profit before tax | 36,905,851 | 23,048,935 |
| Adjustments for: | | |
| Finance cost | 25,345,250 | 13,704,984 |
| Depreciation | 3,653,955 | 4,066,019 |
| Unrealized market valuation (gain) loss on financial assets at fair value through profit or loss (FVPL) | 1,756,554 | (314,978) |
| Retirement benefits | 3,447,617 | 3,447,617 |
| Amortization | 2,292,880 | 2,125,416 |
| Loss on write-off of assets | 611,451 | 618,723 |
| Dividends income | (341,815) | (134,431) |
| Equity in net earnings of associates | (630,880) | (405,851) |
| Unrealized foreign exchange (gain) loss - net | (1,478,830) | (510,586) |
| Finance income | (7,879,961) | (7,238,046) |
| Operating cash flows before changes in working capital | 63,682,072 | 38,407,800 |
| Decrease (increase) in operating assets: | | |
| Trade and other receivables | 44,511,223 | 130,368,886 |
| Prepayments and other current assets | (20,460,708) | (978,213) |
| Other non-current assets | (10,387,397) | 651,496 |
| Increase in beneficiaries and other payables | 58,273,086 | 208,883,858 |
| Cash generated from (used in) operations | 135,618,276 | 377,333,827 |
| Income taxes paid | (11,508,969) | (5,684,589) |
| Net cash from (used in) operating activities | **124,109,307** | **371,649,238** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Finance income received | 7,859,731 | 6,524,354 |
| Dividend income received | 341,815 | 134,431 |
| Proceeds from disposals of property and equipment | 0 | 88,617 |
| Additions to software | (945,000) | (13,083) |
| Additions to property and equipment | (6,543,361) | (8,065,016) |
| Additions to financial assets at FVPL | 10,412,642 | (45,808,078) |
| Net cash from (used in) investing activities | **11,125,826** | **(47,138,775)** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Proceeds from loans | 935,000,000 | 616,000,000 |
| Payment of own stock | (1,560,000) | (11,417,590) |
| Finance cost paid | (26,244,670) | (14,862,497) |
| Payment of cash dividends | 0 | 0 |
| Payment of loans | (988,000,000) | (925,000,000) |
| Net cash from (used in) financing activities | **(80,804,670)** | **(335,280,087)** |
| **EFFECTS OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS** | **(6,827,160)** | **16,991,214** |
| **NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT** | **47,603,304** | **6,221,591** |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR** | **943,316,542** | **1,062,120,047** |
| **CASH AND CASH EQUIVALENTS AT END OF PERIOD** | **990,919,846** | **1,068,341,638** |

**I-REMIT, INC. AND SUBSIDIARIES**
**Aging of Consolidated Receivables**
**(In Philippine Peso)**
**Unaudited**
**June 30, 2014**

| | Total | Current | 2-30 Days | 31-60 Days | Over 60 Days |
|---|---|---|---|---|---|
| Agents | 807,010,191 | 803,181,737 | - | - | 3,828,454 |
| Couriers | 5,605,749 | - | 5,605,749 | - | - |
| Related Parties | 9,771,088 | - | 9,771,088 | - | - |
| Others | 783,254,985 | 12,039,680 | 766,563,119 | - | 4,652,186 |
| | 1,605,642,013 | 815,221,417 | 781,939,956 | - | 8,480,640 |

# 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 June 30, 2014 (unaudited) and December 31, 2013 (audited);

b. Unaudited Comparative Consolidated Statements of Income for the six (6) months ended June 30, 2014 and June 30, 2013, and for three (3) months from April 1, 2014 to June 30, 2014 and from April 1, 2013 to June 30, 2013;

c. Unaudited Comparative Consolidated Statements of Comprehensive Income for the six (6) months ended June 30, 2014 and June 30, 2013, and for three (3) months from April 1, 2014 to June 30, 2014 and from April 1, 2013 to June 30, 2013;

d. Unaudited Comparative Consolidated Statements of Changes in Equity for the six (6) months ended June 30, 2014 and June 30, 2013;

e. Unaudited Comparative Consolidated Statements of Cash Flows for the six (6) months ended June 30, 2014 and June 30, 2013;

f. Unaudited Aging of Consolidated Receivables as of June 30, 2014.

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

### June 30, 2014 vs. December 31, 2013

The total assets of the Company increased by PHP 24.5 million or 0.8% to PHP 3,084.3 million as of June 30, 2014 against PHP 3,059.8 million as of December 31, 2013.

Cash and cash equivalents increased by PHP 47.6 million or 5.0% from PHP 943.3 million as of December 31, 2013 to PHP 990.9 million as of June 30, 2014. Cash and cash equivalents as of June 30, 2014 and December 31, 2013 are 32.1% and 30.8% of the total assets as of June 30, 2014 and December 31, 2013, respectively.

Trade and other receivables decreased by PHP 43.62 million or -2.6% from PHP 1,649.26 million as of December 31, 2013 to PHP 1,605.64 million as of June 30, 2014 due to continuous implementation of the Company policy on advance funding from remittance tie-ups. Trade and other receivables as of June 30, 2014 and December 31, 2013 are 52.1% and 53.9% of the total assets as of June 30, 2014 and December 31, 2013, respectively.

Other receivables consist of receivables from forward contracts, advances to fulfillment agents, advances to trading agents, due from related parties, advances to officers and employees and others.

Financial assets at fair value through profit or loss (FVPL), which consist of investments in private debt and equity securities (listed overseas) held for trading, decreased by PHP 12.2 million or -4.9% from PHP 247.3 million as of December 31, 2013 to PHP 235.1 million as of June 30, 2014 mainly due to lower inventory of debt and equity security investments held for trading by Power Star Asia Group Limited. Financial assets at FVPL as of June 30, 2014 and December 31, 2013 are 7.6% and 8.1% of the total assets as of June 30, 2014 and December 31, 2013, respectively.

Prepayments and other current assets increased by PHP 20.5 million or 91.8% from PHP 22.3 million as of December 31, 2013 to PHP 42.8 million as of June 30, 2014 significantly due to recorded deposits from remitters of International Global Remittance Ltd. with PNB Barclays in Europe at PHP 15.5 million and increase in prepaid expenses. Prepayments and other current assets as of June 30, 2014 and December 31, 2013 are 1.4% and 0.7% of the total assets as of June 30, 2014 and December 31, 2013, respectively.

Investment in an associate increased by PHP 0.6 million or 10.2% from PHP 6.2 million as of December 31, 2013 to PHP 6.8 million as of June 30, 2014 mainly due to the equity income on Hwa Kung Hong & Co., Ltd. (in Taiwan) at PHP 0.6 million in First Half 2014. Investment as of June 30, 2014 and June 30, 2013 is constant at 0.2% of the total assets as of June 30, 2014 and December 31, 2013, respectively.

Property and equipment-net increased by PHP 0.86 million or 3.2% from PHP 27.06 million as of December 31, 2013 to PHP 27.92 million as of June 30, 2014 mainly due to the renovation of foreign subsidiary offices of the Company. Property and equipment-net as of June 30, 2014 and December 31, 2013 is constant at 0.9% of the total assets as of June 30, 2014 and December 31, 2013, respectively.

Intangible assets-net increased by PHP 0.6 million or 0.5% from PHP 112.1 million as of December 31, 2013 to PHP 112.6 million as of June 30, 2014. Intangible assets consist of goodwill which stood at PHP 111.4 million as of June 30, 2014, same as the level as of December 31, 2013 and software acquisitions. Intangible assets-net as of June 30, 2014 and December 31, 2013 remained constant at 3.7% of the total assets as of June 30, 2014 and December 31, 2013, respectively.

Retirement asset at PHP 11.2 million as of June 30, 2014 and December 31, 2013 is 0.4% of the total assets as of June 30, 2014 and December 31, 2013, respectively.

Deferred tax assets decreased by PHP 0.2 million or -2.0% from PHP 11.0 million as of December 31, 2013 to PHP 10.8 million as of June 30, 2014. Deferred tax assets as of June 30, 2014 and December 31, 2013 are equivalent to 0.4% of the total assets as of June 30, 2014 and December 31, 2013, respectively.

Other non-current assets increased by PHP 10.4 million or 34.5% from PHP 30.1 million as of December 31, 2013 to PHP 40.5 million as of June 30, 2014 essentially due to the CAD 150,000 cash security deposit with Royal Bank of Canada by International Remittance Canada Ltd. and accumulated Input VAT credits receivable from the Bureau of Internal Revenue (BIR). Other non-current assets include refundable deposits, receivable from the BIR and investment in PLDT. Other non-current assets as of June 30, 2014 and December 31, 2013 are 1.3% and 1.0% of the total assets as of June 30, 2014 and December 31, 2013, respectively.

Total liabilities increased by PHP 3.7 million or 0.2% from PHP 1,792.0 million as of December 31, 2013 to PHP 1,795.7 million as of June 30, 2014. Total liabilities as of June 30, 2014 and December 31, 2013 are 58.2% and 58.6% of the total liabilities and stockholders' equity as of June 30, 2014 and December 31, 2013, respectively.

Current liabilities increased by PHP 0.2 million or 0.01% from PHP 1,788.6 million as of December 31, 2013 to PHP 1,788.8 million as of June 30, 2014 mainly due to the increase in beneficiaries and other payables and decreases in income tax payable and loans payable.

Beneficiaries and other payables increased by PHP 57.4 million or 7.3% from PHP 784.3 million as of December 31, 2013 to PHP 841.7 million as of June 30, 2014. Other payables consist of payables from forward contracts, advances from remittance agents, advances from fulfillment agents, advances from trading agents, accrued expenses, employee contributions payable to government agencies, payable to suppliers of goods and services, due to related parties and others. Beneficiaries and other payables as of June 30, 2014 and December 31, 2013 are 27.3% and 25.6% of the total liabilities and stockholders' equity as of June 30, 2014 and December 31, 2013, respectively.

Advances from stockholders remained constant at PHP 7.3 million as of June 30, 2014 and December 31, 2013, equivalent to 0.2% of the total liabilities and stockholder's equity as of June 30, 2014 and December 31, 2013, respectively.

Income tax payable decreased by PHP 4.13 million or -46.1% from PHP 8.95 million as of December 31, 2013 to PHP 4.82 million as of June 30, 2014. Income tax payable as of June 30, 2014 and December 31, 2013 is 0.2% and 0.3% of the total liabilities and stockholders' equity as of June 30, 2014 and December 31, 2013, respectively.

Interest-bearing loans payable decreased by PHP 53.0 million or -5.4% from PHP 988.0 million as of December 31, 2013 to PHP 935.0 million as of June 30, 2014. Interest-bearing loans consist of unsecured, short-term peso-denominated loans from various local financial institutions with interest rates ranging from 4.5% to 5.6% per annum in First Half 2014 and 5.0% to 7.125% in full year 2013. Loans payable as of June 30, 2014 and December 31, 2013 are 30.3% and 32.3% of the total liabilities and stockholders' equity as of June 30, 2014 and December 31, 2013, respectively.

Total current liabilities as of June 30, 2014 and December 31, 2013 are 58.0% and 58.5% of the total liabilities and stockholders' equity as of June 30, 2014 and December 31, 2013, respectively.

Non-current liabilities amounting to PHP 6.9 million as of June 30, 2014 is higher by PHP 3.5 million or 101.0% from PHP 3.4 million as of December 31, 2013. Non-current liabilities consist of deferred tax liabilities and retirement benefit obligation.

Deferred tax liabilities moved a little lower by PHP 0.03 million or 0.8% from PHP 3.44 million as of December 31, 2013 to PHP 3.47 million as of June 30, 2014.

From zero obligation as of December 31, 2013, retirement liability as of June 30, 2014 was at PHP 3.4 million mainly due to the accrual of employees' retirement benefits for the first half of 2014.

Total non-current liabilities as of June 30, 2014 and December 31, 2013 are 0.2% and 0.1% of the total liabilities and stockholders' equity as of June 30, 2014 and December 31, 2013, respectively.

The Company's stockholders' equity as of June 30, 2014 stood at PHP 1,288.5 million, higher by PHP 20.8 million or 1.6% against the year-end 2013 level of PHP 1,267.8 million mainly due to additional net income recorded in First Half of 2014 at PHP 29.3 million. This was partly offset by the increase in negative cumulative translation adjustment by PHP 6.9 million or 73.9% from PHP 9.4 million as of December 31, 2013 to PHP 16.3 million as of June 30, 2014 and additional buy-back of 600,000 shares at PHP 1.56 million from the stock market. Total stockholders' equity as of June 30, 2014 and December 31, 2013 are 41.8% and 41.4% of the total liabilities and stockholders' equity as of June 30, 2014 and December 31, 2013, respectively.

Reports under SEC Form 17-C (Current Report) that were filed during the First Half 2014 covered by this report:

| Date | Report |
|---|---|
| April 15, 2014 | I-Remit, Inc. partners with Lakhoo's Money Exchange in Oman<br><br>"I-Remit, the largest Filipino-owned non-bank remittance service provider, and Lakhoo's Money Exchange, one of the largest financial institutions in Oman, signed a partnership agreement for remittance services. OFWs in Oman can now avail of I-Remit's remittance products and services through any of Lakhoo's 12 branches.<br><br>Lakhoo is located in the following areas: Muscat City Centre, Muscat Grand Mall, Muttrah, Qurum City Centre, Ruwi, Safeer, Salalah, Salalah Garden Mall, Sohar, Sur, Surwaiq and Walja Honda Road." |
| June 13, 2014 | I-Remit, Inc. and Pinoy Health Plus Memorandum of Agreement Signing<br><br>"I-Remit, the largest Filipino-owned non-bank remittance service provider, and Pinoy Health Plus, a PhilHealth accredited HMO with access to over 800 hospitals and clinics primarily designed for OFW beneficiaries, inked a partnership to provide a payment collection facility for OFWs. Existing clients may now settle their monthly insurance premiums directly to Pinoy Health Plus through any of I-Remit's network of Foreign Offices globally." |
| June 13, 2014 | I-Remit, Inc. and Healthway Medical Corporation Memorandum of Agreement Signing<br><br>"I-Remit, the largest Filipino-owned non-bank remittance service provider, and Healthway Medical, the most trusted and preferred network of mall-based clinics in the Philippines, inked a partnership to provide a shopping facility for OFWs. Healthway Medical offers various healthscreening packages for OFW beneficiaries that can be availed and purchased through any of I-Remit's network of Foreign Offices globally." |
| June 13, 2014 | I-Remit, Inc. and Dragonpay Corporation Memorandum of Agreement Signing<br><br>"I-Remit, the largest Filipino-owned non-bank remittance service provider, and Dragonpay, a dynamic online solution provider focusing on alternative payment channels in the Philippines, inked a partnership to provide a payment facility for OFWs without a credit |

> card. OFWs can now visit their favorite Dragonpay merchant-partner e-commerce sites like CashCash Pinoy, Ensogo, SMAC Deals, MetroDeal, Lazada, etc. and directly settle their payments through any of I-Remit's network of Foreign Offices globally."

The *Bangko Sentral ng Pilipinas* (BSP) reported that as of May 2014, the personal remittances of overseas Filipinos reached US D10.404 billion for the first five months of the year, higher by 6.1% from the USD 9.809 billion posted in the same period in 2013. The BSP cited the steady deployment of overseas Filipino workers as the key driver in the growth of remittances. The Philippine Overseas Employment Administration (POEA) reported that for the period January to May 2014, the approved job orders reached 371,097 of which 38.5% were processed job orders intended for service, production, and professional, technical and related employment in Saudi Arabia, the United Arab Emirates (UAE), Kuwait, Taiwan, and Qatar.

In June 2014, the Manila Economic and Cultural Office (MECO) in Taiwan reported that the deployment of factory workers has slowed down following a directive issued by the Department of Labor and Employment (DOLE) limiting the number of recruiters to be engaged by Taiwanese brokers. The DOLE reduced to two from five the number of Filipino recruiters allowed for each Taiwanese broker. The MECO reported that the deployment of factory workers has slowed down by 1,000 a month from the 3,000 average monthly deployment. There are now 92,000 OFWs in Taiwan of which 85% are factory workers. The Philippines is Taiwan's third largest source of foreign workers.

On June 14, 2014, the Department of Health announced that Filipino doctors and other medical professionals can now work in Brunei Darussalam following the signing of the Philippines-Brunei Memorandum of Understanding (MOU) on Health Cooperation. The MOU seeks to identify and address gaps in each country's health sector.

On June 24, 2014, the POEA temporarily stopped the processing of Filipino household service workers' (HSW) contracts for the United Arab Emirates (UAE) following a new contract policy implemented by the latter suspending contract verification of HSWs.

In Dubai, the plan to build the "Mall of the World," a 48-million-square-foot tourist and economic district is expected to further boost the deployment of Filipino workers. The USD 6.8 billion project will feature the world's largest shopping mall and indoor theme park, 100 hotels and serviced apartment buildings and Dubai cultural district, among others. The mall will be constructed over 10 years.

On July 24, 2014, the POEA also temporarily suspended the deployment of newly-hired OFWs to the Palestinian-occupied West Bank and Israel, due to the growing security concerns in Israel and Palestine caused by the violent Israel-Hamas conflict. Earlier, the POEA Governing Board also declared a total deployment ban on all OFWs bound for the Gaza Strip, also a Palestinian territory, and a mandatory repatriation for all OFWs who are already there.

In June 2014, the Philippine embassy in Qatar reported that the demand for Filipino household workers is increasing after the issuance of visas for Indonesian and Ethiopian domestic helpers was stopped. Many Qatari families are willing to pay the minimum salary of USD 400 per month set by the Philippine government for domestic workers.

In May 2014, Canada has temporarily stopped hiring foreign workers, including Filipinos, in its fast food sector due to allegations of abuse on its Temporary Foreign Workers Program (TFWP). As a consequence of the moratorium on TFWP, several jobs in the Canadian fast food service industry are no longer qualified for Labor Market Opinion (LMO). The LMO is a basic document required of employers to certify a vacancy in employment position that a local worker has not filled up with an expression of intent to employ a named foreign worker. Based on the records of the Philippine Overseas Labor Office (POLO) in Toronto, 200 out of 660 employment contracts processed from May to December 2013 were for temporary overseas Filipino workers in the fast food industry.

In May 2014, Canada released a new list of eligible occupations under the Federal Skilled Worker Program (FSWP), Federal Skilled Trade Program (FSTP), and Canadian Experience Class (CEC) that will give Filipinos better chances of becoming permanent residents in the country. The Canadian government increased the number of eligible occupations under these three employment and permanent residency programs for this year, as well as, the number of applications they will accept.

Canada is getting ready to implement a new immigration programs that will provide job opportunities and permanent settlement for qualified applicants. The recruitment model for economic migration called “Express Entry (formerly Expression of Interest),” is expected to transform Canada's immigration system into a fast and flexible program focused on meeting the country’s economic and labor needs. Under the scheme, candidates who receive a valid job offer or nomination under Canada’s Provincial Nominee Program (PNP) will be quickly invited to apply for permanent residency—a key distinction between Express Entry and the Temporary Foreign Worker Program, which is only used to fill temporary labor and skills shortages. The program is expected to be in place by January 2015.

The European Commission’s Directorate General for Mobility and Transport had acted favorably on the Philippines’ request for more time to allow local maritime authorities to institute reforms and meet regulatory standards under the 1978 International Convention on Standards of Training, Certification, and Watchkeeping for Seafarers. The body has deferred its verdict on the Philippines’ compliance with international maritime standards, giving the country more time to upgrade seafarers’ education, training and certification systems in the face of a possible ban on Filipino seafarers serving on European ships.

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

| Performance Indicator | Definition | June 30, 2014 (Six Months) | Dec. 31, 2013 (Full Year) |
|---|---|---|---|
| Return on Equity (ROE) | Net income* over average stockholders' equity during the period | 2.3% | 4.4% |
| 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 | PHP 0.048 | PHP 0.090 |
| Sales Growth | Total transaction value in USD in present period over the previous year | 2% | -1% |
| Gross Income | Revenue less total cost of services (PHP millions) | 301.4 | 587.9 |
| Current ratio | Total current assets over total current liabilities | 1.61 | 1.60 |
| Solvency ratio | Net income plus depreciation over total liabilities | 0.020 | 0.037 |
| Solvency ratio | Total assets over total liabilities | 1.72 | 1.71 |
| Solvency ratio | Total stockholders' equity over total liabilities | 0.72 | 0.71 |
| Debt-to equity ratio | Total liabilities over total stockholders' equity | 1.39 | 1.41 |
| Asset-to-equity ratio | Total assets over total stockholders' equity | 2.39 | 2.41 |
| Interest rate coverage ratio | Earnings before interest and taxes over interest expense | 2.46 | 3.44 |

* 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 June 30, 2014 and for the year ended December 31, 2013 are PHP 0.048 and PHP 0.090, respectively.

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

International Remittance (Canada) Ltd.

| Performance Indicator | Definition | June 30, 2014 (Six Months) | Dec. 31, 2013 (Full Year) |
|---|---|---|---|
| Return on Equity (ROE) | Net income over average stockholders' equity during the period | 3.2% | -6% |
| Return on Assets (ROA) | Net income over average total assets during the period | 0.9% | -2% |
| Earnings per Share (EPS) | Net income over average number of outstanding shares | PHP 2.84 | (PHP 5.02) |
| Sales Growth | Total transaction value in USD in present period over the previous year | 3% | 12% |
| Gross Income | Revenue less total cost of services (PHP millions) | 46.9 | 103.2 |

Lucky Star Management Limited

| Performance Indicator | Definition | June 30, 2014 (Six Months) | Dec. 31, 2013 (Full Year) |
|---|---|---|---|
| Return on Equity (ROE) | Net income over average stockholders' equity during the period | -252% | -162% |
| Return on Assets (ROA) | Net income over average total assets during the period | -2% | -15% |
| Earnings per Share (EPS) | Net income over average number of outstanding shares | (PHP 1.67) | (PHP 12.37) |
| Sales Growth | Total transaction value in USD in present period over the previous year | -8% | 12% |
| Gross Income | Revenue less total cost of services (PHP millions) | 7.4 | 11.3 |

IRemit Global Remittance Limited

| Performance Indicator | Definition | June 30, 2014 (Six Months) | Dec. 31, 2013 (Full Year) |
|---|---|---|---|
| Return on Equity (ROE) | Net income over average stockholders' equity during the period | 966% | -3574% |
| Return on Assets (ROA) | Net income over average total assets during the period | -6% | -2% |
| Earnings per Share (EPS) | Net income over average number of outstanding shares | (PHP 44.60) | (PHP 16.13) |
| Sales Growth | Total transaction value in USD in present period over the previous year | 14% | -5% |
| Gross Income | Revenue less total cost of services (PHP millions) | 39.6 | 87.0 |

I-Remit Australia Pty Ltd

| Performance Indicator | Definition | June 30, 2014 (Six Months) | Dec. 31, 2013 (Full Year) |
|---|---|---|---|
| Return on Equity (ROE) | Net income over average stockholders' equity during the period | 0.18% | 3.1% |
| Return on Assets (ROA) | Net income over average total assets during the period | 0.07% | 1.4% |
| Earnings per Share (EPS) | Net income over average number of outstanding shares | PHP 3,590.75 | PHP 60,330.36 |
| Sales Growth | Total transaction value in USD in present period over the previous year | - | - |
| Gross Income | Revenue less total cost of services (PHP millions) | 0.2 | 0.5 |

Worldwide Exchange Pty Ltd

| Performance Indicator | Definition | June 30, 2014 (Six Months) | Dec. 31, 2013 (Full Year) |
|---|---|---|---|
| Return on Equity (ROE) | Net income over average stockholders' equity during the period | -14% | -36% |
| Return on Assets (ROA) | Net income over average total assets during the period | -1% | -4% |
| Earnings per Share (EPS) | Net income over average number of outstanding shares | (PHP 4.71) | (PHP 15.76) |
| Sales Growth | Total transaction value in USD in present period over the previous year | -9% | -9% |
| Gross Income | Revenue less total cost of services (PHP millions) | 16.9 | 35.5 |

I-Remit New Zealand Limited

| Performance Indicator | Definition | June 30, 2014 (Six Months) | Dec. 31, 2013 (Full Year) |
|---|---|---|---|
| Return on Equity (ROE) | Net income over average stockholders' equity during the period | 9% | 10% |
| Return on Assets (ROA) | Net income over average total assets during the period | -6% | -10% |
| Earnings per Share (EPS) | Net income over average number of outstanding shares | (PHP 1,365.06) | (PHP 1,306.69) |
| Sales Growth | Total transaction value in USD in present period over the previous year | 20% | 23% |
| Gross Income | Revenue less total cost of services (PHP millions) | 3.7 | 7.0 |

IREMIT Remittance Consulting GmbH

| Performance Indicator | Definition | June 30, 2014 (Six Months) | Dec. 31, 2013 (Full Year) |
|---|---|---|---|
| Return on Equity (ROE) | Net income over average stockholders' equity during the period | 8% | 27% |
| Return on Assets (ROA) | Net income over average total assets during the period | -10% | -24% |
| Earnings per Share (EPS) | Net income over average number of outstanding shares | (PHP 17.41) | (PHP 47.37) |
| Sales Growth | Total transaction value in USD in present period over the previous year | - | -79% |
| Gross Income | Revenue less total cost of services (PHP millions) | -0.02 | 0.3 |

Power Star Asia Group Limited

| Performance Indicator | Definition | June 30, 2014 (Six Months) | Dec. 31, 2013 (Full Year) |
|---|---|---|---|
| Return on Equity (ROE) | Net income over average stockholders' equity during the period | 8% | 14% |
| Return on Assets (ROA) | Net income over average total assets during the period | 8% | 14% |
| Earnings per Share (EPS) | Net income over average number of outstanding shares | PHP 32.02 | PHP 49.85 |
| Sales Growth | Total transaction value in USD in present period over the previous year | - | - |
| Gross Income | Revenue less total cost of services (PHP millions) | 28.3 | 54.5 |

K. K. I-Remit Japan

| Performance Indicator | Definition | June 30, 2014 (Six Months) | Dec. 31, 2013 (Full Year) |
|---|---|---|---|
| Return on Equity (ROE) | Net income over average stockholders' equity during the period | 10% | 71% |
| Return on Assets (ROA) | Net income over average total assets during the period | -7% | -57% |
| Earnings per Share (EPS) | Net income over average number of outstanding shares | (PHP 8,281.59) | (PHP 121,072.44) |
| Sales Growth | Total transaction value in USD in present period over the previous year | 97% | 552% |
| Gross Income | Revenue less total cost of services (PHP millions) | 11.7 | 5.1 |

**June 30, 2014 vs. June 30, 2013**

I-Remit realized a consolidated net income of PHP 29.3 million in First Half 2014, PHP 16.0 million higher or 121.2% than the consolidated net income of PHP 13.2 million in First Half 2013. The consolidated net income in First Half 2014 and First Half 2013 are 7.3% and 3.4% of the First Half 2014 and First Half 2013 revenues, respectively.

Revenues increased by PHP 11.8 million or 3.0% to PHP 398.6 million in First Half 2014 from PHP 386.8 million in First Half 2013 mainly due to higher delivery fees, offset partly by lower net realized foreign exchange gains and other fees.

Cost of services decreased by PHP 18.6 million or -16.1% from PHP 115.8 million in First Half 2013 to PHP 97.2 million in First Half 2014 due to lower delivery charges by PHP 1.4 million or -26.7% from PHP 5.4 million in First Half 2013 to PHP 4.0 million in First Half 2014 and lower bank charges by PHP 17.2 million or -15.6% from PHP 110.4 million in First Half 2013 to PHP 93.2 million in First Half 2014. Significantly on delivery charges, transacting agents for door-to-door fulfillment decreased by four from nine agents in First Half 2013 to five agents in First Half 2014. Decrease in bank charges was due to lower service fee applied by banks on bank-to-bank and notify-to-pay transactions. Total cost of services in First Half 2014 and First Half 2013 are 24.4% and 29.9% of the First Half 2014 and First Half 2013 revenues, respectively.

Accordingly, the Company's gross profit increased by PHP 30.4 million or 11.2% from PHP 271.0 million in First Half 2013 to PHP 301.4 million in First Half 2014. The gross profit in First Half 2014 and First Half 2013 are 75.6% and 70.1% of the First Half 2014 and First Half 2013 revenues, respectively.

Transaction count decreased by -1.6% from 1.588 million in First Half 2013 to 1.562 million in First Half 2014. USD remittance volume increased by 2.4% from USD 807.9 million in First Half 2013 to USD 827.6 million in First Half 2014. Of the total transaction count in First Half 2014, the percentage contributions per region are as follows: Asia-Pacific, 45%; Middle East, 30%; North America, 14%; and Europe, 11%. In terms of USD remittance volume, the regional contributions are as follows: Asia-Pacific, 55%; Middle East, 22%; North America, 14%; and Europe, 9%.

Net trading gains increased by PHP 2.1 million or -657.7% from a net loss of PHP 0.3 million in First Half 2013 to a net gain of PHP 1.8 million in First Half 2014 mainly due to realized gain recognized from sold securities this year as against the realized loss last year by Power Star Asia Group Limited.

Other income increased by PHP 1.0 million or 9.3% from PHP 10.6 million in First Half 2013 to PHP 11.6 million in First Half 2014 essentially due to higher level of deposits contributed by Power Star Asia Group Limited and unrealized foreign exchange gain recorded on forward trade transactions in First Half 2014. Other income consists of interest income, unrealized foreign exchange gain (loss), service fees, gain (loss) from disposal of fixed assets, dividend income and others.

Total operating expenses is higher by PHP 8.2 million or 3.3% from PHP 244.9 million in First Half 2013 to PHP 253.1 million in First Half 2014 mainly on account of higher salaries, wages and employee benefits, rental, transportation and travel and taxes and licenses, offset partly by lower marketing expenses and professional fees in First Half 2014.

Employee salaries, wages and employee benefits increased by PHP 4.2 million or 3.3% from PHP 127.5 million in First Half 2013 to PHP 131.7 million in First Half 2014 on account of the annual employee salary increase and adjustments.

Rental of office spaces increased by PHP 2.6 million or 8.7% from PHP 30.2 million in First Half 2013 to PHP 32.9 million in First Half 2014 mainly because of the yearly escalation provided for in the lease contract between the Company and its lessors.

Transportation and travel increased by PHP 1.6 million or 25.0% from PHP 6.3 million in First Half 2013 to PHP 7.9 million in First Half 2014 due to higher frequency of foreign trips by the marketing personnel of the Company for agent sourcing and account development.

Taxes and licenses increased by PHP 2.7 million or 82.3% from PHP 3.3 million in First Half 2013 to PHP 6.0 million in First Half 2014 mainly on account of higher revenues declared for local business tax in 2014 for 2013 against 2013 for 2012 and other tax payments.

Decrease in marketing expenses by PHP 2.9 million or -17.1% from PHP 17.2 million in First Half 2013 to PHP 14.3 million in First Half 2014 was the result of the Company's drive to streamline unnecessary expenses in marketing the products of the Company.

Professional fees decreased by PHP 0.8 million or -3.5% to PHP 23.3 million in First Half 2014 from PHP 24.2 million in First Half 2013 mainly on account of the termination of IT and other professional service contracts engaged with in First Half 2013.

Total operating expenses of the Company in First Half 2014 and First Half 2013 are 63.5% and 63.3% of the total revenues in First Half 2014 and First Half 2013, respectively.

Finance costs increased by PHP 11.6 million or 84.9% from PHP 13.7 million in First Half 2013 to PHP 25.3 million in First Half 2014 mainly due to interest bearing loan renewal and additional loans availed in First Half 2014 from PHP 210.0 million and PHP 173.0 million in First Half 2013 to PHP 275.0 million and PHP 660.0 million in First Half 2014. Interest rate on loans decreased this period from 5% to 7.125% in First Half 2013 to 4.5% to 5.6% in First Half 2014. Finance costs are 6.4% and 3.5% of the total revenue in First Half 2014 and First Half 2013, respectively.

Equity in net earnings of associates increased by PHP 0.2 million or 55.4% from PHP 0.4 million in First Half 2013 to PHP 0.6 million in First Half 2014 on account of no share in income recorded from IRemit Singapore Pte Ltd in First Half 2014 as compared to the PHP 1.086 million recorded in First Half 2013. As of December 31, 2013, the Company had de-recognized its investment in IRemit Singapore Pte Ltd. Equity in net earnings of an associate in First Half 2014 and First Half 2013 is 0.2% and 0.1% of the total revenues in First Half 2014 and First Half 2013, respectively.

The total assets of the Company increased by PHP 488.8 million or 18.8% from PHP 2,595.5 million as of June 30, 2013 to PHP 3,084.3 million as of June 30, 2014.

Cash and cash equivalents decreased by PHP 77.4 million or -7.2% from PHP 1,068.3 million as of June 30, 2013 to PHP 990.9 million as of June 30, 2014. Cash and cash equivalents as of June 30, 2014 and June 30, 2013 are 32.1% and 41.2% of the total assets as of June 30, 2014 and June 30, 2013, respectively.

Trade and other receivables increased by PHP 543.0 million or 51.1% from PHP 1,062.6 million as of June 30, 2013 to PHP 1,605.6 million as of June 30, 2014 mainly due to the increase in USD remittance amount by 2% and receivables from forward contracts. Trade and other receivables as of June 30, 2014 and June 30, 2013 are 52.1% and 40.9% of the total assets as of June 30, 2014 and June 30, 2013, respectively. Other receivables consist of receivables from forward contracts, advances to fulfillment agents, advances to trading agents, due from related parties, advances to officers and employees and others.

Financial assets at fair value through profit or loss (FVPL), which consist of investments in private debt and equity securities (listed overseas) held for trading, stood at PHP 235.1 million as of June 30, 2014, a decrease of PHP 21.2 million or -8.3% against PHP 256.3 million as of June 30, 2013 mainly due to lower inventory level of debts and equity security investments held for trading by Power Star Asia Group Limited. Financial assets at FVPL as of June 30, 2014 and June 30, 2013 are 7.6% and 9.9% of the total assets as of June 30, 2014 and June 30, 2013, respectively.

Prepayments and other current assets increased by PHP 17.9 million or 71.9% from PHP 24.9 million as of June 30, 2013 to PHP 42.8 million as of June 30, 2014 significantly due to recorded deposits from remitters of International Global Remittance Ltd. to PNB Barclays in Europe at PHP 15.5 million and increase in prepaid expenses. Prepayments and other current assets as of June 30, 2014 and June 30, 2013 are 1.4% and 1.0% of the total assets as of June 30, 2014 and June 30, 2013, respectively.

Investment in an associate increased by PHP 1.5 million or 27.9% from PHP 5.3 million as of June 30, 2013 to PHP 6.8 million as of June 30, 2014 mainly due to the increase in equity income on Hwa Kung Hong & Co., Ltd. at PHP 1.5 million. Investment as of June 30, 2014 and June 30, 2013 is constant 0.2% of the total assets as of June 30, 2014 and June 30, 2013, respectively.

Property and equipment-net increased by PHP 2.3 million or 8.9% from PHP 25.6 million as of June 30, 2013 to PHP 27.9 million as of June 30, 2014 significantly due to the renovation of foreign subsidiary offices of the Company. Property and equipment as of June 30, 2014 and June 30, 2013 are 0.9% and 1.0% of the total assets as of June 30, 2014 and June 30, 2013, respectively.

Intangible assets-net increased by PHP 0.17 million or 0.2% from PHP 112.48 million as of June 30, 2013 to PHP 112.65 million as of June 30, 2014. Intangible assets consist of goodwill and software acquisitions.

Goodwill was the same at PHP 111.4 million as of June 30, 2014 and June 30, 2013.

Software costs–net increased by PHP 0.2 million or 16.3% from PHP 1.0 million as of June 30, 2013 to PHP 1.2 million as of June 30, 2014 due to additional prepayments recorded in the present period.

Retirement asset increased by PHP 9.0 million or 405.1% from PHP 2.2 million as of June 30, 2013 to PHP 11.2 million as of June 30, 2014 on account of the re-measurement of employee retirement plan as required by PAS19R effective on the calendar year ending December 31, 2013. Retirement asset as of June 30, 2014 and June 30, 2013 is 0.36% and 0.09% of the total assets as of June 30, 2014 and June 30, 2013, respectively.

Deferred tax assets increased by PHP 3.84 million or 55.4% from PHP 6.94 million as of June 30, 2013 to PHP 10.78 million as of June 30, 2014 mainly due to additional deferred tax asset recognized by the Company and its subsidiaries.

Other non-current assets increased by PHP 9.7 million or 31.6% from PHP 30.8 million as of June 30, 2013 to PHP 40.5 million as of June 30, 2014 essentially due to the CAD150,000 cash security deposit with Royal Bank of Canada by International Remittance Canada Ltd. and rental deposits paid by International Global Remittance Ltd. for its new offices. Other non-current assets as of June 30, 2014 and June 30, 2013 are 1.3% and 1.2% of the total assets as of June 30, 2014 and June 30, 2013, respectively.

Total liabilities increased by PHP 434.4 million or 31.9% from PHP 1,361.3 million as of June 30, 2013 to PHP 1,795.7 million as of June 30, 2014. Total liabilities as of June 30, 2014 and June 30, 2013 are 58.2% and 52.4% of the total liabilities and equity as of June 30, 2014 and June 30, 2013, respectively.

Current liabilities increased by PHP 432.2 million or 31.9% from PHP 1,356.6 million as of June 30, 2013 to PHP 1,788.8 million as of June 30, 2014 mainly due to the increase in beneficiaries and other payables and in loans payable.

Beneficiaries and other payables increased by PHP 114.1 million or 15.7% from PHP 727.6 million as of June 30, 2013 to PHP 841.7 million as of June 30, 2014 mainly due to the increase in receivable from forward contracts offset partly by the decrease in payable to beneficiaries. Other payables consist of payables from forward contracts, advances from remittance agents, advances from fulfillment agents, advances from trading agents, accrued expenses, employee contributions payable to government agencies, payable to suppliers of goods and services, due to related parties and others. Beneficiaries and other payables as of June 30, 2014 and June 30, 2013 are 27.3% and 28.0% of the total liabilities and equity as of June 30, 2014 and June 30, 2013, respectively.

Advances from stockholders remained constant at PHP 7.3 million as of June 30, 2014 and June 30, 2013, equivalent to 0.2% of the total liabilities and stockholder's equity as of June 30, 2014 and June 30, 2013, respectively.

Income tax payable decreased by PHP 1.0 million or -16.7% from PHP 5.8 million as of June 30, 2013 to PHP 4.8 million as of June 30, 2014. Income tax payable as of June 30, 2014 and June 30, 2013 is 0.2% of the total liabilities and stockholders' equity as of June 30, 2014 and June 30, 2013, respectively.

Interest bearing loans increased by PHP 319.0 million or 51.8% from PHP 616.0 as of June 30, 2013 to PHP 935.0 million as of June 30, 2014 mainly due to lower collection level on trade receivables from agents in the present period. Interest-bearing loans consist of unsecured, short-term peso-denominated loans from various local financial institutions with interest rates ranging from 5% to 7.25% per annum in First Half 2013 and 4.5% to 5.6% in First Half 2014. Loans payable as of June 30, 2014 and June 30, 2013 are 30.3% and 23.7% of the total liabilities and equity as of June 30, 2014 and June 30, 2013, respectively.

Total current liabilities as of June 30, 2014 and June 30, 2013 are 58.0% and 52.3% of the total liabilities and equity as of June 30, 2014 and June 30, 2013, respectively.

Total non-current liabilities increased by PHP 2.2 million or 48.3% from PHP 4.7 million as of June 30, 2013 to PHP 6.9 million as of June 30, 2014.

Non-current liabilities consist of deferred tax liabilities and retirement benefit obligation.

Deferred tax liabilities increased by PHP 2.3 million or 185.2% from PHP 1.2 million as of June 30, 2013 to PHP 3.5 million as of June 30, 2014 mainly due to additional deferred tax liabilities recognized by the Company and its foreign subsidiary offices.

No movement in retirement benefit obligation as of June 30, 2014 and June 30, 2013 at PHP 3.4 million.

As of June 30, 2014 and June 30, 2013, non-current liabilities are 0.2% of the total liabilities and stockholder's equity as of June 30, 2014 and June 30, 2013, respectively.

The Company's stockholders' equity as of June 30, 2014 stood at PHP 1,288.5 million, higher by PHP 54.4 million or 4.4% against the June 30, 2013 level of PHP 1,234.2 million due to increase in re-measurement of retirement employee benefit plan based on PAS19R at PHP 8.0 million, cumulative translation adjustment at PHP 3.9 million and treasury shares at PHP 66.7 million, partly offset by the decrease in retained earnings at PHP 24.2 million. Total stockholders' equity as of June 30, 2014 and June 30, 2013 are 41.8% and 47.6% of the total liabilities and equity as of June 30, 2014 and June 30, 2013, respectively.

Reports under SEC Form 17-C (Current Report) that were filed during the First Half 2014 covered by this report:

| Date | Report |
|---|---|
| April 15, 2014 | I-Remit, Inc. partners with Lakhoo's Money Exchange in Oman<br><br>"I-Remit, the largest Filipino-owned non-bank remittance service provider, and Lakhoo's Money Exchange, one of the largest financial institutions in Oman, signed a partnership agreement for remittance services. OFWs in Oman can now avail of I-Remit's remittance products and services through any of Lakhoo's 12 branches.<br><br>Lakhoo is located in the following areas: Muscat City Centre, Muscat Grand Mall, Muttrah, Qurum City Centre, Ruwi, Safeer, Salalah, Salalah Garden Mall, Sohar, Sur, Surwaiq and Walja Honda Road." |
| June 13, 2014 | I-Remit, Inc. and Pinoy Health Plus Memorandum of Agreement Signing<br><br>"I-Remit, the largest Filipino-owned non-bank remittance service provider, and Pinoy Health Plus, a PhilHealth accredited HMO with access to over 800 hospitals and clinics primarily designed for OFW beneficiaries, inked a partnership to provide a payment collection facility for OFWs. Existing clients may now settle their monthly insurance premiums directly to Pinoy Health Plus through any of I-Remit's network of Foreign Offices globally." |
| June 13, 2014 | I-Remit, Inc. and Healthway Medical Corporation Memorandum of Agreement Signing<br><br>"I-Remit, the largest Filipino-owned non-bank remittance service provider, and Healthway Medical, the most trusted and preferred network of mall-based clinics in the Philippines, inked a partnership to provide a shopping facility for OFWs. Healthway Medical offers various healthscreening packages for OFW beneficiaries that can be availed and purchased through any of I-Remit's network of Foreign Offices globally." |
| June 13, 2014 | I-Remit, Inc. and Dragonpay Corporation Memorandum of Agreement Signing<br><br>"I-Remit, the largest Filipino-owned non-bank remittance service |

provider, and Dragonpay, a dynamic online solution provider focusing on alternative payment channels in the Philippines, inked a partnership to provide a payment facility for OFWs without a credit card. OFWs can now visit their favorite Dragonpay merchant-partner e-commerce sites like CashCash Pinoy, Ensogo, SMAC Deals, MetroDeal, Lazada, etc. and directly settle their payments through any of I-Remit's network of Foreign Offices globally."

The *Bangko Sentral ng Pilipinas* (BSP) reported that as of May 2014, the personal remittances of overseas Filipinos reached US D10.404 billion for the first five months of the year, higher by 6.1% from the USD 9.809 billion posted in the same period in 2013. The BSP cited the steady deployment of overseas Filipino workers as the key driver in the growth of remittances. The Philippine Overseas Employment Administration (POEA) reported that for the period January to May 2014, the approved job orders reached 371,097 of which 38.5% were processed job orders intended for service, production, and professional, technical and related employment in Saudi Arabia, the United Arab Emirates (UAE), Kuwait, Taiwan, and Qatar.

In June 2014, the Manila Economic and Cultural Office (MECO) in Taiwan reported that the deployment of factory workers has slowed down following a directive issued by the Department of Labor and Employment (DOLE) limiting the number of recruiters to be engaged by Taiwanese brokers. The DOLE reduced to two from five the number of Filipino recruiters allowed for each Taiwanese broker. The MECO reported that the deployment of factory workers has slowed down by 1,000 a month from the 3,000 average monthly deployment. There are now 92,000 OFWs in Taiwan of which 85% are factory workers. The Philippines is Taiwan's third largest source of foreign workers.

On June 14, 2014, the Department of Health announced that Filipino doctors and other medical professionals can now work in Brunei Darussalam following the signing of the Philippines-Brunei Memorandum of Understanding (MOU) on Health Cooperation. The MOU seeks to identify and address gaps in each country's health sector.

On June 24, 2014, the POEA temporarily stopped the processing of Filipino household service workers' (HSW) contracts for the United Arab Emirates (UAE) following a new contract policy implemented by the latter suspending contract verification of HSWs.

In Dubai, the plan to build the "Mall of the World," a 48-million-square-foot tourist and economic district is expected to further boost the deployment of Filipino workers. The USD 6.8 billion project will feature the world's largest shopping mall and indoor theme park, 100 hotels and serviced apartment buildings and Dubai cultural district, among others. The mall will be constructed over 10 years.

On July 24, 2014, the POEA also temporarily suspended the deployment of newly-hired OFWs to the Palestinian-occupied West Bank and Israel, due to the growing security concerns in Israel and Palestine caused by the violent Israel-Hamas conflict. Earlier, the POEA Governing Board also declared a total deployment ban on all OFWs bound for the Gaza Strip, also a Palestinian territory, and a mandatory repatriation for all OFWs who are already there.

In June 2014, the Philippine embassy in Qatar reported that the demand for Filipino household workers is increasing after the issuance of visas for Indonesian and Ethiopian domestic helpers was stopped. Many Qatari families are willing to pay the minimum salary of USD 400 per month set by the Philippine government for domestic workers.

In May 2014, Canada has temporarily stopped hiring foreign workers, including Filipinos, in its fast food sector due to allegations of abuse on its Temporary Foreign Workers Program (TFWP). As a consequence of the moratorium on TFWP, several jobs in the Canadian fast food service industry are no longer qualified for Labor Market Opinion (LMO). The LMO is a basic document required of employers to certify a vacancy in employment position that a local worker has not filled up with an expression of intent to employ a named foreign worker. Based on the records of the Philippine Overseas Labor Office (POLO) in Toronto, 200 out of 660 employment contracts processed from May to December 2013 were for temporary overseas Filipino workers in the fast food industry.

In May 2014, Canada released a new list of eligible occupations under the Federal Skilled Worker Program (FSWP), Federal Skilled Trade Program (FSTP), and Canadian Experience Class (CEC) that will give Filipinos better chances of becoming permanent residents in the country. The Canadian government increased the number of eligible occupations under these three employment and permanent residency programs for this year, as well as, the number of applications they will accept.

Canada is getting ready to implement a new immigration programs that will provide job opportunities and permanent settlement for qualified applicants. The recruitment model for economic migration called “Express Entry (formerly Expression of Interest),” is expected to transform Canada's immigration system into a fast and flexible program focused on meeting the country’s economic and labor needs. Under the scheme, candidates who receive a valid job offer or nomination under Canada’s Provincial Nominee Program (PNP) will be quickly invited to apply for permanent residency—a key distinction between Express Entry and the Temporary Foreign Worker Program, which is only used to fill temporary labor and skills shortages. The program is expected to be in place by January 2015.

The European Commission’s Directorate General for Mobility and Transport had acted favorably on the Philippines’ request for more time to allow local maritime authorities to institute reforms and meet regulatory standards under the 1978 International Convention on Standards of Training, Certification, and Watchkeeping for Seafarers. The body has deferred its verdict on the Philippines’ compliance with international maritime standards, giving the country more time to upgrade seafarers’ education, training and certification systems in the face of a possible ban on Filipino seafarers serving on European ships.

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

| Performance Indicator | Definition | June 30, 2014 (Six Months) | June 30, 2013 (Six Months) |
|---|---|---|---|
| Return on Equity (ROE) | Net income* over average stockholders' equity during the period | 2.3% | 1.2% |
| 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 | PHP 0.048 | PHP 0.024 |
| Sales Growth | Total transaction value in USD in present period over the same period in the previous year | 2% | 2% |
| Gross Income | Revenue less total cost of services (PHP millions) | 301.4 | 271.0 |
| Current ratio | Total current assets over total current liabilities | 1.61 | 1.79 |
| Solvency ratio | Net income plus depreciation over total liabilities | 0.020 | 0.015 |
| Solvency ratio | Total assets over total liabilities | 1.72 | 1.93 |
| Solvency ratio | Total stockholders' equity over total liabilities | 0.72 | 0.93 |
| Debt-to equity ratio | Total liabilities over total stockholders' equity | 1.39 | 1.08 |
| Asset-to-equity ratio | Total assets over total stockholders' equity | 2.39 | 2.08 |
| Interest rate coverage ratio | Earnings before interest and taxes over interest expense | 2.46 | 2.76 |

* 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 June 30, 2014 and June 30, 2013 are P 0.048 and P 0.024, respectively.

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

International Remittance (Canada) Ltd.

| Performance Indicator | Definition | June 30, 2014 (Six Months) | June 30, 2013 (Six Months) |
|---|---|---|---|
| Return on Equity (ROE) | Net income over average stockholders' equity during the period | 3.2% | -8% |
| Return on Assets (ROA) | Net income over average total assets during the period | 0.9% | -2% |
| Earnings per Share (EPS) | Net income over average number of outstanding shares | PHP 2.84 | (PHP 7.18) |
| Sales Growth | Total transaction value in USD in present period over the previous year | 3% | 14% |
| Gross Income | Revenue less total cost of services (PHP millions) | 46.9 | 48.9 |

Lucky Star Management Limited

| Performance Indicator | Definition | June 30, 2014 (Six Months) | June 30, 2013 (Six Months) |
|---|---|---|---|
| Return on Equity (ROE) | Net income over average stockholders' equity during the period | -252% | -135% |
| Return on Assets (ROA) | Net income over average total assets during the period | -2% | -13% |
| Earnings per Share (EPS) | Net income over average number of outstanding shares | (PHP 1.67) | (PHP 11.17) |
| Sales Growth | Total transaction value in USD in present period over the previous year | -8% | 18% |
| Gross Income | Revenue less total cost of services (PHP millions) | 7.4 | 4.7 |

IRemit Global Remittance Limited

| Performance Indicator | Definition | June 30, 2014 (Six Months) | June 30, 2013 (Six Months) |
|---|---|---|---|
| Return on Equity (ROE) | Net income over average stockholders' equity during the period | 966% | 596% |
| Return on Assets (ROA) | Net income over average total assets during the period | -6% | -5% |
| Earnings per Share (EPS) | Net income over average number of outstanding shares | (PHP 44.60) | (PHP 21.66) |
| Sales Growth | Total transaction value in USD in present period over the previous year | 14% | 104% |
| Gross Income | Revenue less total cost of services (PHP millions) | 39.6 | 37.8 |

I-Remit Australia Pty Ltd

| Performance Indicator | Definition | June 30, 2014 (Six Months) | June 30, 2013 (Six Months) |
|---|---|---|---|
| Return on Equity (ROE) | Net income over average stockholders' equity during the period | 0.18% | 0.2% |
| Return on Assets (ROA) | Net income over average total assets during the period | 0.07% | 0.1% |
| Earnings per Share (EPS) | Net income over average number of outstanding shares | PHP 3,590.75 | PHP 3,421.58 |
| Sales Growth | Total transaction value in USD in present period over the previous year | - | - |
| Gross Income | Revenue less total cost of services (PHP millions) | 0.2 | 0.2 |

Worldwide Exchange Pty Ltd

| Performance Indicator | Definition | June 30, 2014 (Six Months) | June 30, 2013 (Six Months) |
|---|---|---|---|
| Return on Equity (ROE) | Net income over average stockholders' equity during the period | -14% | -56% |
| Return on Assets (ROA) | Net income over average total assets during the period | -1% | -4.9% |
| Earnings per Share (EPS) | Net income over average number of outstanding shares | (PHP 4.71) | (PHP 22.63) |
| Sales Growth | Total transaction value in USD in present period over the previous year | -9% | -0.3% |
| Gross Income | Revenue less total cost of services (PHP millions) | 16.9 | 17.7 |

I-Remit New Zealand Limited

| Performance Indicator | Definition | June 30, 2014 (Six Months) | June 30, 2013 (Six 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 | -6% | -14% |
| Earnings per Share (EPS) | Net income over average number of outstanding shares | (PHP 1,365.06) | (PHP 1,888.23) |
| Sales Growth | Total transaction value in USD in present period over the previous year | 20% | 33% |
| Gross Income | Revenue less total cost of services (PHP millions) | 3.7 | 2.4 |

IREMIT Remittance Consulting GmbH

| Performance Indicator | Definition | June 30, 2014 (Six Months) | June 30, 2013 (Six Months) |
|---|---|---|---|
| Return on Equity (ROE) | Net income over average stockholders' equity during the period | 8% | 36% |
| Return on Assets (ROA) | Net income over average total assets during the period | -10% | -33% |
| Earnings per Share (EPS) | Net income over average number of outstanding shares | (PHP 17.41) | (PHP 62.66) |
| Sales Growth | Total transaction value in USD in present period over the previous year | - | -30% |
| Gross Income | Revenue less total cost of services (PHP millions) | -0.02 | 0.3 |

Power Star Asia Group Limited

| Performance Indicator | Definition | June 30, 2014 (Six Months) | June 30, 2013 (Six Months) |
|---|---|---|---|
| Return on Equity (ROE) | Net income over average stockholders' equity during the period | 8% | 6% |
| Return on Assets (ROA) | Net income over average total assets during the period | 8% | 6% |
| Earnings per Share (EPS) | Net income over average number of outstanding shares | PHP 32.02 | PHP 21.31 |
| Sales Growth | Total transaction value in USD in present period over the previous year | - | - |
| Gross Income | Revenue less total cost of services (PHP millions) | 28.3 | 18.5 |

K. K. I-Remit Japan

| Performance Indicator | Definition | June 30, 2014 (Six Months) | June 30, 2013 (Six Months) |
|---|---|---|---|
| Return on Equity (ROE) | Net income over average stockholders' equity during the period | 10% | 40% |
| Return on Assets (ROA) | Net income over average total assets during the period | -7% | -33% |
| Earnings per Share (EPS) | Net income over average number of outstanding shares | (PHP 8,281.59) | (PHP 56,475.11) |
| Sales Growth | Total transaction value in USD in present period over the previous year | 97% | 6,096% |
| Gross Income | Revenue less total cost of services (PHP millions) | 11.7 | 3.2 |

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 35 to 36.

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 30 to 34.

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

   Not applicable as the Company has no investments in foreign securities.

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

   Please refer to page 34.

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

   Please refer to pages 34 to 35.

   (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.

   Not applicable.

   (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 34 to 35.

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## Summary of Significant Accounting Policies

<u>Financial Instruments - Initial Recognition and Subsequent Measurement</u>

*Initial Recognition*

Financial instruments within the scope of PAS 39 are classified as financial assets at FVPL, loans and receivables, held-to-maturity (HTM) investments, available-for-sale (AFS) investments, financial liabilities at FVPL and other financial liabilities. The classification of financial instruments at initial recognition depends on the purpose for which the financial instruments were acquired and their characteristics. All financial assets and financial liabilities are recognized initially at fair value plus any directly attributable cost of acquisition or issue, except in the case of financial assets and financial liabilities at FVPL. Management determines the classification of its instruments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every balance sheet date.

Financial instruments are recognized in the consolidated balance sheet when the Group becomes a party to the contractual provisions of the instrument. In the case of regular way of purchase or sale of financial assets, recognition and derecognition, as applicable, are done using settlement date accounting. Settlement date accounting refers to (a) recognition of an asset on the day it is received by the Group, and (b) the derecognition of an asset and recognition of any gain or loss on disposal on the day that it is delivered by the Group.

The subsequent measurement bases for financial instruments depend on its classification.

As of June 30, 2014 and December 31, 2013, the Group has no AFS investments, HTM investments and financial liabilities at FVPL.

*Subsequent Measurement*

*Financial assets at FVPL*

Financial assets at FVPL includes financial assets held for trading (HFT) and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as HFT if they are acquired for the purpose of selling and repurchasing in the near term. Included in this classification are debt securities which have been acquired principally for trading purposes.

The Group evaluates its HFT investments to determine whether the intention to sell them in the near term is still appropriate. When in rare circumstances the Group is unable to trade these financial assets due to inactive markets and management's intention to sell them in the foreseeable future significantly changes, the Group may elect to reclassify these financial assets. The reclassification to loans and receivables, AFS or HTM depends on the nature of the asset. This evaluation does not affect any financial assets designated at FVPL using the fair value option at designation, these instruments cannot be reclassified after initial recognition.

HFT investments are recorded in the consolidated balance sheet at fair value. Changes in fair value are recognized as 'Net trading gains' in the consolidated statement of income. Interest earned is recognized as interest income included under 'Other income' in the consolidated statement of income. Quoted market prices, when available, are used to determine the fair value of these financial instruments. If quoted market prices are not available, their fair values are estimated based on inputs that are observable in the market.

Classified under this category are the Group's HFT investments in debt and equity securities.

*Loans and Receivables*
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, receivables are carried at amortized cost using the effective interest method less any allowance for credit losses. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the effective interest rate (EIR). Gains and losses are recognized in the consolidated statement of income when the receivables are derecognized or impaired, as well as through the amortization process. Receivables are classified as current assets when the Group expects to realize or collect the asset within twelve months from the balance sheet date. Otherwise, these are classified as non-current assets.

Classified under this category are the Group's 'Cash and cash equivalents', 'Accounts receivable', 'Other receivables' and refundable deposits included under 'Other noncurrent assets'.

*Other financial liabilities*
Issued financial instruments or their components, which are not designated as at FVPL, are classified as other financial liability, where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity shares. These include liabilities arising from operations or borrowings. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

After initial measurement, other financial liabilities are subsequently measured at amortized cost using the EIR method.

Other financial liabilities are classified as current liabilities when the Group expects to settle the liability within twelve months from the balance sheet date. Otherwise, these are classified as noncurrent liabilities.

Other financial liabilities include 'Beneficiaries and other payables' and 'Interest-bearing loans'.

*Determination of fair value*
The fair value for financial instruments traded in active markets at the balance sheet date is based on their quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. When current bid and ask prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.

For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation methodologies. Valuation methodologies include net present value techniques, comparison to similar instruments for which market observable prices exist, option pricing models, and other relevant valuation models.

*Day 1 difference*
Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from an observable market, the Group recognizes the difference between the transaction price and fair value (a Day 1 difference) in the consolidated statement of income unless it qualifies for recognition as some other type of asset. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized in the consolidated statement of income when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the Day 1 difference amount.

Derecognition 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 derecognition 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 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 asset and settle the liability simultaneously.

Impairment of Financial Assets

The Group assesses at each balance sheet date whether there is an objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is an objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where there are observable data that indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

*Financial assets carried at amortized cost*

For financial assets carried at amortized cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of loss is charged to the consolidated statement of income. Interest income continues to be recognized based on the original EIR of the asset. Receivables, together with the associated allowance accounts, are written off when there is no realistic prospect of future recovery and all collateral has been realized. If subsequently, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reduced by adjusting the allowance account. If a future write-off is later recovered, any amounts formerly charged are credited to profit or loss.

If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses for impairment. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment for impairment.

The present value of the estimated future cash flows is discounted at the financial asset's original EIR. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR, adjusted for the original credit risk premium.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of such credit risk characteristics as geographical classification. Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group.

Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

Estimates of changes in future cash flows reflect, and are directionally consistent with changes in related observable data from period to period (such as changes in payment status, or other factors that are indicative of incurred losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

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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 following methods and assumptions were used to estimate the fair value of the financial instruments:

*Cash and cash equivalents, Account receivables, Other receivables, Beneficiaries and other payables and Interest-bearing loans* - carrying amounts approximate fair values due to the relatively short-term maturities of these instruments.

*Financial assets at FVPL* - fair values are based on quoted market prices.
*Refundable deposits* - fair values are based on the present value of future cash flows discounted using prevailing interest rates.

<u>Fair Value Hierarchy</u>
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 June 30, 2014 and December 31, 2013, the financial instruments carried at fair value only pertains to the Group's financial assets at FVPL, which consist of investments in debt and equity securities. The fair values of these debt and equity 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 2014 and 2013.

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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:

<u>Credit Risk</u>
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.

Receivables from agents and couriers are highly collectible and have a turnover ranging from 1 to 5 days and 30 to 60 days, respectively. Other receivables, which include advances to related parties, are also highly collectible and are due in less than one year.

There are no past due receivables as of June 30, 2014 and December 31, 2013.
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. Financial assets at FVPL are also assessed as high grade since these are issued by reputable companies.

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 June 30, 2014 and December 31, 2013, 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.

**I-REMIT, INC.**
**COMPLIANCE WITH THE REVISED GUIDELINES ON THE IMPLEMENTATION OF PFRS 9 (FINANCIAL INSTRUMENTS: RECOGNITION AND MEASUREMENT) PER SEC MEMORANDUM CIRCULAR NUMBER 3, DATED MAY 28, 2012**

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The information that is required to be disclosed by SEC Memorandum Circular Number 3, dated May 28, 2012 follows:

A. After consideration of the result of its impact evaluation, the Company has decided not to early adopt PFRS 9 for its 2014 annual financial reporting and therefore, the interim financial statements do not reflect the impact of the said standard;

B. The Company has conducted every second quarter of the fiscal year up to June 30, 2014 impact evaluations using the outstanding balances of financial statements as of the most recently-completed fiscal year;

C. The following is a brief discussion of the accounts that are to be affected in case of early adoption:

   The Company classifies and measures its financial assets and liabilities on the basis of its business model for managing. Cash and cash equivalents, Accounts Receivables, Other Receivables, Beneficiaries and Other Payables and Interest-bearing Loans are less likely to be affected in case of early adoption of PFRS 9 as these assets and liabilities are currently being valued approximate to fair values.

## 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 Accounting Standards. 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, 2013.

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 June 30, 2014 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, 2013.

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 August 14, 2014.

By:

**HARRIS EDSEL D. JACILDO**
President & Chief Operating Officer

**BERNADETTE CINDY C. TIU**
First Vice President & Chief Financial Officer