

**FILE COPY**

# COVER SHEET

**A S O 9 2 - 0 0 7 0 5 9**  
SEC Registration Number

**V A N T A G E E Q U I T I E S , I N C .**

(Company's Full Name)

**1 5 T H F L O O R , P H I L I P P I N E S T O C K**  
**E X C H A N G E , 5 T H A V E N U E C O R N E R**  
**2 8 T H S T R E E T , B O N I F A C I O G L O B A L**  
**C I T Y , T A G U I G C I T Y**

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

**ANN MARGARET K. LORENZO**

**632-0905**  
Company Telephone Number

**1 2**   **3 1**  
Month   Day  
Fiscal Year

Month   Day  
Annual Meeting

**Definitive Information Statement (SEC Form 20-IS)**

Secondary License Type, if applicable

Department Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings  
Domestic   Foreign

To be Accomplished by SEC Personnel Concerned

File Number

LCU

Document I.D.

Cashier

**STAMPS**

Remarks = pls. use black ink for scanning purposes

# VANTAGE EQUITIES, INC.

## NOTICE OF ANNUAL STOCKHOLDERS' MEETING

**TO: ALL STOCKHOLDERS**

NOTICE is hereby given that the annual meeting of the stockholders of **VANTAGE EQUITIES, INC.** will be on **1 September 2018 (Saturday)** at **8:30 a.m.** at the **Meralco Theatre, Ortigas Avenue, Pasig City** to consider the following:

### AGENDA

1. Call to Order
2. Proof of Notice of Meeting
3. Certification of Quorum
4. Approval of the Minutes of the Previous Meeting of Stockholders
5. Approval of 2017 Operations and Results
6. Ratification of all Acts of the Board of Directors and Officers
7. Election of Directors
8. Appointment of External Auditors
9. Delegation to the Board of Directors of the Power to Amend or Repeal By-Laws or to Adopt New By-Laws
10. Other Matters
11. Adjournment

Attached are the rationale for the above agenda items for reference.

In accordance with the rules of the Philippine Stock Exchange, the close of business on **31 July 2018** has been fixed as the record date for the determination of the stockholders entitled to notice of and vote at said meeting and any adjournment thereof.

Registration for those who are personally attending the meeting will start at 7:30 a.m. and end promptly at 8:15 a.m. All stockholders who will not, are unable, or do not expect to attend the meeting in person are encouraged to date, sign and send a proxy to the Corporation at 2004 East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City, Metro Manila, Philippines. All proxies should be received by the Corporation **at least ten (10) days** before the meeting, or on or before **22 August 2018 (Wednesday)**. Proxies submitted shall be validated by a Committee of Inspectors on 23 August 2018 at 1:00 p.m. at 2004 East Tower, Philippine Stock Exchange Center, Exchange Road, Ortigas Center, Pasig City. For corporate stockholders, the proxies should be accompanied by a Secretary's Certification on the appointment of the corporation's authorized signatory.

To avoid inconvenience in registering your attendance at the meeting, you or your proxy is requested to bring identification paper(s) containing a photograph and signature (e.g. passport, driver's license, etc.).

City of Pasig, Metro Manila, 2 August 2018.

  
**Ann Margaret K. Lorenzo**  
Assistant Corporate Secretary

## **RATIONALE FOR AGENDA ITEMS**

### **Agenda Item No. 4. Approval of the Minutes of the Previous Meeting of Stockholders held on 19 August 2017**

Copies of the Minutes of the 19 August 2017 Annual Stockholders' Meeting will be made available during the ASM. Stockholders will be asked to approve the Minutes of the 2017 Annual Stockholders' Meeting as recommended by the Board of Directors.

### **Agenda Item No. 5. Approval of 2017 Operations and Results**

A report on the highlights of the performance of the Corporation for the year ended 31 December 2017 will be presented to the Stockholders. The same was reviewed by the Audit Committee and the Board of Directors and have been audited by the external auditors who declared an unqualified opinion on the Audited Financial Statements (AFS). A summary of the 2017 AFS shall also be presented to the Stockholders. Stockholders, after identifying themselves, will be given an opportunity to raise questions regarding the operations and report of the Corporation.

### **Agenda Item No. 6. Ratification of all Acts of the Board of Directors and Management from the date of the last Annual Stockholders' Meeting to the date of this meeting.**

All actions, proceedings and contracts entered into, as well as resolutions made and adopted by the Board of Directors and of Management from the date of the last Stockholders Meeting held on 19 August 2017 to the date of this meeting shall be presented for confirmation, approval, and ratification.

### **Agenda Item No. 7. Election of Directors for 2018 to 2019**

The incumbent members of the Board of Directors, as reviewed, qualified and recommended by the Corporate Governance Committee, have been nominated for election. The nominees' proven expertise and qualifications, based on current regulatory standards and the Corporation's own norms, will help sustain the Company's solid performance that will result to its stockholders' benefit. The profiles of the Directors are further detailed in the Corporation's Information Statement. If elected, they shall serve as such from 1 September 2018 until their successors shall have been duly elected and qualified.

### **Agenda Item No.8. Appointment of External Auditors**

The Audit Committee has pre-screened and recommended, and the Board has endorsed for consideration of the stockholders, the reappointment of SyCip Gorres Velayo & Company as the Corporation's External Auditor for 2018. SyCip Gorres Velayo & Company is one of the leading auditing firms in the country and is duly accredited by the Securities and Exchange Commission. The Stockholders will also be requested to delegate to the Board the authority to approve the appropriate external audit fee for 2018.

### **Agenda Item No. 9. Delegation to the Board of Directors of the Power to Amend or Repeal By-Laws or to Adopt new By-Laws**

The shareholders will be requested to delegate to the Board of Directors the power to amend or repeal the Corporation's By-Laws, including the power to adopt a new set of By-Laws, as allowed under Section 48 of the Corporation Code. The delegation of this authority will simplify the process of amending the Company's By-Laws and facilitate the adoption of amendments that are, from time to time, expected of public companies to comply with emerging corporate governance standards.

## PROXY FORM

The undersigned stockholder of Vantage Equities, Inc. (the "Company") hereby appoints \_\_\_\_\_ or in his absence, the Chairman of the meeting, as attorney and proxy, with power of substitution, to represent and vote all shares registered in his/her/its name as proxy of the undersigned stockholder, at the Annual Meeting of Stockholders of the Company on 1 September 2018 and at any of the adjournments thereof for the purpose of acting on the following matters:

1. Election of Directors.

\_\_\_\_ 1.1. Vote for all nominees listed below:

- 1.1.1. Edmundo Marco P. Bunyi, Jr.
- 1.1.2. Ignacio B. Gimenez
- 1.1.3. Wilson L. Sy
- 1.1.4. Roberto Z. Lorayes
- 1.1.5. Willy N. Ocier
- 1.1.6. Joseph L. Ong
- 1.1.7. Valentino C. Sy
- 1.1.8. Timothy Bryce A. Sy
- 1.1.9. Kevin Neil A. Sy
- 1.1.10. Darlene Mae A. Sy
- 1.1.11. Antonio R. Samson (Independent Director)
- 1.1.12. Gregorio T. Yu (Independent Director)
- 1.1.13. Bert Hontiveros (Independent Director)

\_\_\_\_ 1.2. Withhold authority for all nominees listed above

\_\_\_\_ 1.3 Withhold authority to vote for the nominees listed below:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

2. Approval of minutes of previous Annual Stockholders' Meeting.

\_\_\_ Yes \_\_\_ No \_\_\_ Abstain

3. Approval of 2017 Operations and Results (Annual Report).

\_\_\_ Yes \_\_\_ No \_\_\_ Abstain

4. Ratification of all acts and resolutions of the Board of Directors and Management from date of last Stockholders' Meeting to 1 September 2018.

\_\_\_ Yes \_\_\_ No \_\_\_ Abstain

5. Election of SyCip, Gorres, Velayo & Company as external auditor.

\_\_\_ Yes \_\_\_ No \_\_\_ Abstain

6. Delegation to the Board of Directors of the Power to Amend or Repeal By-Laws or to Adopt New By-Laws

\_\_\_ Yes \_\_\_ No \_\_\_ Abstain

7. At their discretion, the proxies named above are authorized to vote upon such other matters as may be properly come before the meeting.

\_\_\_ Yes \_\_\_ No \_\_\_ Abstain

\_\_\_\_\_  
Signature over Printed Name of Stockholder/  
Authorized Signatory

\_\_\_\_\_  
Date

THIS PROXY FORM SHOULD BE RECEIVED BY THE CORPORATE SECRETARY AT LEAST TEN (10) DAYS BEFORE THE DATE SET FOR THE ANNUAL MEETING.

**SECRETARY'S CERTIFICATE**

I, \_\_\_\_\_, Filipino, of legal age and with office address at \_\_\_\_\_, do hereby certify that:

1. I am the duly appointed Corporate Secretary of \_\_\_\_\_ (the "Corporation"), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with office address at \_\_\_\_\_;

2. Based on the records, during the lawfully convened meeting of the Board of Directors of the Corporation held on \_\_\_\_\_, the following resolution was passed and approved:

"RESOLVED, That \_\_\_\_\_ be authorized and appointed, as he is hereby authorized and appointed, as the Corporation's Proxy (the "Proxy") to attend all meetings of the stockholders of **Vantage Equities, Inc.** (Vantage) whether the meeting is regular or special, or at any meeting postponed or adjourned therefrom, with full authority to vote the shares of stock of the Corporation held in Vantage and to act upon all matters and resolution that may come before or presented during meetings, or any adjournments thereof, in the name, place and stead of the Corporation.

"RESOLVED, FURTHER, That Vantage be furnished with a certified copy of this resolution and Vantage may rely on the continuing validity of this resolution until receipt of written notice of its revocation."

3. The foregoing resolution has not been modified, amended or revoked in accordance with the records of the Corporation presently in my custody.

IN WITNESS WHEREOF, I have signed this instrument in \_\_\_\_\_ on \_\_\_\_\_.

\_\_\_\_\_  
Printed Name and Signature of the  
Corporate Secretary

SUBSCRIBED AND SWORN TO BEFORE ME on \_\_\_\_\_ in \_\_\_\_\_. Affiant exhibited to me his/her competent evidence of identity by way of \_\_\_\_\_ issued on \_\_\_\_\_ at \_\_\_\_\_.

Doc. No. \_\_\_\_\_;  
Page No. \_\_\_\_\_;  
Book No. \_\_\_\_\_;  
Series of \_\_\_\_\_.

**SECURITIES AND EXCHANGE COMMISSION**  
**SEC FORM 20-IS**

**INFORMATION STATEMENT PURSUANT TO SECTION 20  
 OF THE SECURITIES REGULATION CODE**

MARKET REGULATION DEPT.  
 AUG 02 2018  
 TIME 4:10 PM

1. Check the appropriate box:  
 Preliminary Information Statement  
 Definitive Information Statement
2. Name of Registrant as specified in its charter **VANTAGE EQUITIES, INC.**
3. Province, country or other jurisdiction of incorporation or organization:  
**Metro Manila, Philippines**
4. SEC Identification Number: **AS092-07059**
5. BIR Tax Identification Number: **002-010-620**
6. Address of Principal Office: **15TH FLOOR, PHILIPPINE STOCK EXCHANGE, 5TH AVE.  
 CORNER 28TH STREET, BONIFACIO GLOBAL CITY, TAGUIG CITY, METRO MANILA**
7. Registrant's telephone number, including area code: **(02) 689-8090 to 689-8093**
8. Date, time, and place of the meeting of security holders:  
 Date : **1 September 2018**  
 Time : **8:30 a.m.**  
 Venue : **Meralco Theatre, Ortigas Avenue, Pasig City**
9. Approximate date on which the Information Statement is first to be sent or given to security holders: **3 August 2018**
10. Securities registered pursuant to Sections 8 and 12 of the Code (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding (net of Treasury Shares) as of 31 July 2018
Common Stock ₱1.00 par value	4,199,582,266 Excluding Treasury Shares of 135,599,500

11. Are any or all of Registrant's securities listed on a Stock Exchange?  
 Yes  No

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:  
**The Philippine Stock Exchange, Inc.**  
**Common Stocks**

**WE ARE NOT ASKING OR REQUIRING YOU TO SEND US A PROXY**

## **GENERAL INFORMATION**

### **Item 1. Date, Time and Place of the Meeting of the Security Holders**

**Date:** 1 September 2018  
**Time:** 8:30 a.m.  
**Place:** Meralco Theatre, Ortigas Avenue, Pasig City

**Complete address of the principal office of the Registrant:**

**15<sup>th</sup> Floor, Philippine Stock Exchange, 5<sup>th</sup> Avenue cor. 28<sup>th</sup> St., Bonifacio Global City, Taguig City, Metro Manila**

The approximate date on which the Information Statement will be sent or given to security holders is on 3 August 2018.

### **Item 2. Dissenters' Right of Appraisal**

The matters to be voted upon in the Annual Stockholders' Meeting of Vantage Equities, Inc. (hereinafter, the 'Company') are not among the instances enumerated in Sections 42 and 81 of the Corporation Code whereby the right of appraisal, defined to be the right of any stockholder to dissent and demand payment of the fair value of his shares, may be exercised. The instances where the right of appraisal may be exercised are as follows:

1. In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those outstanding shares of any class, or of extending or shortening the term of corporate existence;
2. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets;
3. In case the Company decides to invest its funds in another corporation or business outside of its primary purpose; and
4. In case of merger or consolidation.

Under Section 82 of the Corporation Code, the appraisal right may be exercised by any stockholder who shall have voted against the proposed corporate action, by making a written demand on the Company within thirty (30) days after the date on which the vote was taken for payment of the fair value of his shares. However, failure to make the demand within such period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented or effected, the Company shall pay to such stockholder, upon surrender of the certificate or certificates of stock representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

If within a period of sixty (60) days from the date the corporate action was approved by the stockholders, the withdrawing stockholder and the Company cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the Company, and the third by the two thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the Company within thirty (30) days after such award is made, provided that no payment shall be made to any dissenting stockholder unless the Company has unrestricted retained earnings in its books to cover such payment, and that upon payment by the Company of the agreed or awarded price, the stockholder shall forthwith transfer his shares to the Company.

### **Item 3. Interest of Certain Person in or Opposition to Matters to be Acted Upon**

No person who has been a director, officer or nominee for election as Director of the Company, or an associate of such persons, have a substantial interest, direct or indirect, in any matter to be acted upon other than the election of Directors for the year 2018-2019.

No Director of the Company has informed the latter in writing that he intends to oppose any action to be taken by the Company at the meeting.

## **CONTROL AND COMPENSATION INFORMATION**

### **Item 4. Voting Securities and Principal Holders Thereof**

- (a) As of 30 June 2018, the Company has **4,199,582,266** outstanding common shares. Out of the **4,199,582,266** outstanding common shares, 7,119,379 common shares amounting to 0.17% are owned by foreigners. Each common share shall be entitled to one vote with respect to all matters to be taken up during the Annual Stockholders' Meeting.
- (b) The record date for purposes of determining stockholders entitled to vote in the Annual Stockholders' Meeting to be held on **1 September 2018** is set on **31 July 2018**.
- (c) In the forthcoming Annual Stockholders' Meeting, stockholders shall be entitled to elect thirteen (13) members of the Board of Directors. Each stockholder may vote such number of shares for as many as thirteen (13) persons he may choose to be elected from the list of nominees, or he may cumulate said shares and give one candidate as many votes as the number of his shares multiplied by thirteen (13) shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit, provided that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by thirteen (13).
- d) Security Ownership of Certain Beneficial Owners and Management

#### **(1) Security Ownership of Certain Record and Beneficial Owners**

##### 1. Security Ownership of Certain Record and Beneficial Owners

As of 30 June 2018, the Company knows no person who beneficially owns in excess of 5% of the Company's common stock, except as set forth in the following table:

Title of Class	Name and Address of Record/Beneficial Owner	Relationship with the Company	Record (r) Beneficial (b) Owner	Citizenship	Number of Shares	Percent of Class
Common	PCD Nominee Corp. (*) G/F MSE Building Ayala Avenue, Makati	Stockholder	R	Filipino	4,223,035,411	97.14%

*(\*)PCD Nominee Corporation (PCDNC) is a wholly-owned subsidiary of Philippine Central Depository, Inc. (PCD). The beneficial owners of the shares under the name of PCDNC are PCD's participants who hold the shares in their own behalf or in behalf of their respective clients. No single PCD participant currently owns more than 5% of the Corporation's shares forming part of the PCDNC account except Wealth Securities, Inc., the beneficial owner of 3,639,543,824 common shares of the Corporation, equivalent to about 86.66% of the Corporation's outstanding capital stock.*

No single beneficial owner of the shares registered in the name of Wealth Securities owns more than 5% of the outstanding capital stock of the Corporation except Creative Wisdom, Inc. which beneficially owns 1,768,701,436 common shares of Vantage, or the equivalent of about 42.12% of the Corporation's outstanding capital stock.

Wealth Securities, Inc. is a broker and dealer in securities. It holds the shares of the Corporation in behalf of its clients. The beneficial owners of the Corporation's securities held by Wealth Securities shall have the power to vote, dispose or direct the



voting or disposition of the shares beneficially-owned by them. However, the beneficial owners normally designate and authorize Wealth Securities to vote or dispose or direct the voting or disposition of the Corporation's shares beneficially-owned by them. Wealth Securities, on the other hand, has designated the following as its representative in the annual meeting of the Corporation's shareholders Mr. Valentino Co Sy.

**(2) Security Ownership of Management**

The following table shows the shares owned on record by the directors and executive officers of the Company as of June 30, 2018:

Title of Class	Name	No. of Shares	Citizenship	Percentage
Common	Valentino C. Sy	350,000	Filipino	0.0083%
Common	Edmundo P. Bunyi, Jr.	12,525,000	Filipino	0.2982%
Common	Joseph L. Ong	25,000	Filipino	0.0006%
Common	Ignacio B. Gimenez	25,000	Filipino	0.0006%
Common	Roberto Z. Lorayes	50,000	Filipino	0.0012%
Common	Willy N. Ocier	20,569,480	Filipino	0.4898%
Common	Wilson L. Sy	368,300,000	Filipino	8.7699%
Common	Timothy Bryce A. Sy	204,025,500	Filipino	4.8582%
Common	Kevin Neil A. Sy	203,520,876	Filipino	4.8462%
Common	Darlene Mae A. Sy	201,712,000	Filipino	4.8031%
Common	Antonio R. Samson	125,000	Filipino	0.0030%
Common	Gregorio T. Yu	5,200,000	Filipino	0.1238%
Common	Bert C. Hontiveros	1,946,000	Filipino	0.4633%
Common	A. Bayani K. Tan	2,874	Filipino	0.0001%
Common	Ann Margaret K. Lorenzo	-	Filipino	-
Common	Ma. Angelica D. Cabanit	-	Filipino	-
All Directors and Officers as a group		1,018,376,730		9.6955%

**(3) Voting Trust Holders of Five Percent (5%) or More**

The Company is not aware of any party which holds any voting trust or any similar agreement for five percent (5%) or more of the Company's voting securities.

**(4) Changes in Control**

The Company is not aware of any arrangement that may result in a change in control of the Company. There were also no changes in control of the Company since the beginning of the last fiscal year.

**Item 5. Directors and Executive Officers**

**Material Pending Legal Proceedings**

The Company is not aware of any pending legal proceedings involving the members of its Board of Directors and its Executive Officers material to an evaluation of their ability and integrity, except as provided in the subsequent portion on Involvement in Certain Legal Proceedings.

**Directors, Executive Officers, Promoters, and Control Persons**

Office	Period Served	Name	Citizenship	Age
Director	2003 to present	Ignacio B. Gimenez	Filipino	73
Director	2002 to present	Valentino C. Sy	Filipino	62
Chairman CEO	2005 to present 2005 to 2017			
Director / President CEO	2006 to present 2017 to present	Edmundo P. Bunyi, Jr.	Filipino	53
Director Treasurer	2003 to present 2005 to present	Joseph L. Ong	Filipino	65
Director	1999 to present	Willy N. Ocier	Filipino	61
Director	2003 to present	Roberto Z. Lorayes	Filipino	75
Director	1993 to 2000 & 2005 to present	Wilson L. Sy	Filipino	65
Director	2017 to present	Timothy Bryce A. Sy	Filipino	37
Director	2017 to present	Kevin Neil A. Sy	Filipino	33
Director	2017 to present	Darlene Mae A. Sy	Filipino	31
Independent Director	2005 to present	Antonio R. Samson	Filipino	72
Independent Director	2013 to present	Gregorio T. Yu	Filipino	59
Independent Director	2017 to present	Bert C. Hontiveros	Filipino	65
Corporate Secretary	1993 to present	A. Bayani K. Tan	Filipino	62
Assistant Corporate Secretary	2017 to present	Ann Margaret K. Lorenzo	Filipino	29

In accordance with the Corporation's By-Laws, the members of the Board of Directors are elected annually and therefore serve for a year after election.

All present members of the Board of Directors were elected during the annual stockholders' meeting last year. The current members of the Board shall hold office until the next stockholders' meeting, or on 1 September 2018.

The following are brief write-ups for each of the members of the Board of Directors and Executive Officers.

**Valentino C. Sy**

Mr. Sy is the Chairman and Chief Executive Officer of Vantage Equities, Inc. Concurrently, he is a Director of Wealth Securities (1998 to 2011) and Vantage Financial Corporation, Philequity Management, Inc. and the President of Equinox International Corp (1996 to present) and Wealth Securities (2011 to present). He holds a degree in Industrial Management Engineering from the De La Salle University (1977).

**Edmundo Marco P. Bunyi, Jr,**

Mr. Bunyi is the President and Chief Executive Officer of Vantage Equities, Inc. and Vantage Financial Corporation. He is also the President of Philequity Management, Inc. He is the former Senior Vice President and Treasurer of International Exchange Bank (1995 to 2004), Assistant Vice President and Head of FCDU & FX Sales of United Coconut Planters Bank, Assistant Manager for Corporate Banking Group of Far East Bank and Trust Company, and Assistant Manager for the Corporate Banking Department of Union Bank of the Philippines. He holds a degree in Management Engineering from the Ateneo de Manila University (1985).

**Ignacio B. Gimenez**

Mr. Gimenez became a Director of Vantage Equities, Inc. in 2003. Mr. Gimenez is the Chairman of Philequity Management, Inc. He is also the Chairman and President of the following mutual fund companies: Philequity Fund, Inc., (1994 to present), Philequity Dollar Income Fund, Inc., and Philequity Peso Bond Fund, Inc., (1999 to present), Philequity Dividend Yield Fund, Inc. (2012 to present), Philequity Balanced Fund, Inc., Philequity Foreign Currency Fixed Income Fund, Inc., Philequity Resources Fund, Inc., and Philequity Strategic Growth Fund, Inc. (2008 to present). Concurrently, he is a director of Vantage Financial Corp. (2007 to present). At the same time, he also holds positions as Director of PIFA-Philippine Investment Funds Association, and as the Corporate Secretary of I.B. Gimenez Securities, Inc. (a stock brokerage firm). He is also the Treasurer of I. B. Gimenez Securities, Inc. (1976 - present). He is also the Sales and Marketing Manager of Society Publishing, Inc. (1991 - present). He holds a graduate degree in Business Administration from the Asian Institute of Management (1970) and a college degree from the University of the Philippines (1967).

**Joseph L. Ong**

Mr. Ong is the Treasurer and a Director of the Company. Mr. Ong is also the Treasurer and a Director of Philequity Management, Inc. Previously, he was connected with Exxon Chemicals serving various functions in sales, marketing, audit, and logistics operation both here and abroad. Currently, he is engaged in the import and distribution of industrial chemicals. Mr. Ong holds a degree in Chemical Engineering, magna cum laude, from De La Salle University.

**Willy N. Ocier**

Mr. Ocier has been a Director of the Company since 1999. He is also a Director of Vantage Financial Corporation and Philequity Management, Inc. At the same time, he is also the Chairman and President of Pacific Online Systems Corporation (1999 to present) and serves as Vice Chairman of Belle Corporation and Co-Vice Chairman of Highlands Prime, Inc. (1999 to present). Concurrently, he is the Chairman of the Boards of the following corporations: APC Group, Inc. (2005 to present), Sinophil Corporation (2005 to present), Premium Leisure and Amusement, Inc, (1999 to present), Tagaytay Midlands Golf Club, Inc. (1999 to present), and Aragorn Power and Energy Corporation (1999 to present). He earned his Economics degree from the Ateneo de Manila University (1977).

**Roberto Z. Lorayes**

Mr. Lorayes is a director of Vantage Equities, Inc. and Vantage Financial Corporation, Inc. (1994 to present). He is also the Chairman of Philequity Management, Inc. In the past, he served as Chairman of the Philippine Stock Exchange (1993 to 1994) and Investment Companies Association of the Philippines (2005-2008). He also served as

President of Manila Stock Exchange (1991-1992), UBP Securities (1989-1993), Citicorp (1987-1989), CT Corp, Scringeour, Vickers (1987-1989), and as a director of Philippine Central Depository (1995-1996). He received his Bachelor of Science in Commerce degree and Bachelor of Liberal Arts degree in De La Salle University (1966). He holds a Masters degree in Business Management from Ateneo de Manila University (1969).

**Wilson L. Sy**

Mr. Sy is a director of the Company. He is the Chairman of Wealth Securities, Inc. (2016-present), Vice Chairman of Asian Alliance Holdings, Corp. and serves as Director of Philequity Management, Inc., Vantage Financial Corporation, Xcell Property Ventures, Inc. (2005 to present), Monte Oro Resources & Energy, Inc. (2005 to present), the Philippine Stock Exchange (2016 – present) and Eastwest Banking Corporation (2016 – present). He was a former Chairman of the Philippine Stock Exchange, Inc. (1994 to 1995). He holds a degree in Management Engineering from the Ateneo de Manila University (1975).

**Timothy Bryce A. Sy**

Mr. Sy, Filipino, served as Treasury Head for Vantage Equities, Inc. since 2010. He was appointed as President of Vantage Financial Corp. in 2018. He is also a director of Asian Alliance Holdings Corp. (2015 to present). He holds an MBA from Kellogg School of Management (2010) and an undergraduate degree from Northwestern University (2003) in Evanston, Illinois USA.

**Kevin Neil A. Sy**

Mr. Sy, Filipino, is concurrently the Vice President and Associated Person of Wealth Securities Inc (2012-Present). He became a director of Vantage Financial Corp. in 2018. He was also the Assistant Manager for the Treasury Group of Rizal Commercial Banking Corporation's Foreign Interest Rate Risk Division (2010-2012). He was Junior Trader and Sales Associate for the Treasury Group of East West Banking Corporation's Global Debt Trading Desk (2008-2009). He holds a Bachelor's Degree in Corporate Finance and Accounting from Bentley University (2007).

**Darlene Mae A. Sy**

Ms. Sy, Filipino, is the Head of Sales and Marketing of Philequity Management, Inc. She also serves as a Director of Wealth Securities, Inc. She is licensed as a Fixed Income Salesman and as a Certified Investment Solicitor with the Securities and Exchange Commission. She holds a Bachelor's Degree from the University of British Columbia.

**Antonio R. Samson**

Mr. Samson is an Independent Director of the Company. He is also an Independent Director of Philequity Management, Inc. and a Director of Vantage Financial Corporation. Concurrently (2005 to present), he is the President of the Manila Chamber Orchestra Foundation and the Metropolitan Museum and the Chairman of the Advertising Foundation (2001 to present). He is also a columnist of Business World and Business Day Magazine. He holds a Bachelor's degree in Economics from the Ateneo de Manila University (1966) and Masters of Business Administration from Asian Institute of Management (1971).

### **Bert C. Hontiveros**

Mr. Hontiveros, Filipino, is an Independent Director of Vantage Equities, Inc. He is also the Independent Director of the following mutual funds from 2013 to present, namely: Philequity Dollar Income Fund, Inc, Philequity PSE Index Fund, Inc. and Philequity Peso Bond Fund, Inc. Concurrently, he is a director of Vantage Financial Corp. starting 2018 and the General Manager of HB Design Power Systems (2000 to present). He obtained his Bachelor of Science in Industrial Engineering from University of the Philippines in 1975.

### **Gregorio T. Yu**

Mr. Yu is an Independent Director of the Company (1994 to present). He is also an Independent Director of Philequity Management Inc. At the same time, he is a director of the following companies: Vantage Financial Corporation, Philippine Airlines Inc., Philippine National Reinsurance Corporation, I-Remit, Inc. (2007 to present), Unistar Credit and Finance Corporation, Glyph Studios, Inc., Prople BPO Inc, Jupiter Systems Inc., Nexus Technologies, Inc. (2001 to present), Wordtext Systems Inc., CMB Partners Inc., Ballet Philippines, Manila Symphony Orchestra Concurrently, he is also the chairman of the following companies: CATS Motors Inc., CATS Asian Cars Inc. and CATS Automobile Corp. Also (2000 to present). He is currently a Trustee of Xavier School, Inc. and Xavier School Educational and Trust Fund, Inc (1993 to present). He has been a Director and a Member of Executive Committee and Audit Committee of the International Exchange Bank (1995-2006). He graduated from De la Salle University with a Bachelor of Arts in Economics (Honors Program 1978), summa cum laude. Mr. Yu holds a graduate degree in Business Administration from Wharton School, University of Pennsylvania (1983) where he was in the Director's Honor List.

### **A. Bayani K. Tan**

Mr. A. Bayani K. Tan, Filipino, is the Corporate Secretary of the Corporation (since January 1993). He is also a Director, Corporate Secretary or both of the following reporting and/or listed companies: Belle Corporation (since May 1994, Publicly Listed), Coal Asia Holdings, Inc. (since July 2012, Publicly-Listed), Discovery World Corporation (since March 2013, Publicly-Listed), I-Remit, Inc. (since May 2007, Publicly-Listed), Pacific Online Systems Corporation (since May 2007, Publicly-Listed), Philequity Dividend Yield Fund, Inc. (since January 2013), Philequity Dollar Income Fund, Inc. (since March 1999), Philequity Fund, Inc. (since June 1997), Philequity Peso Bond Fund, Inc. (since June 2000), Philequity PSE Index Fund, Inc. (since February 1999), Premium Leisure Corporation (since December 1993, Publicly-Listed), Sterling Bank of Asia Inc (A Savings Bank) (since December 2006), TKC Metals Corporation (since February 2007, Publicly-Listed), Tagaytay Highlands International Golf Club, Inc. (since November 1993), Tagaytay Midlands Golf Club, Inc. (since June 1997), The Country Club at Tagaytay Highlands, Inc. (since August 1995), and The Spa and Lodge at Tagaytay Highlands, Inc. (since December 1999). He is the Managing Partner of the law offices of Tan Venturanza Valdez (since it was established in 1988), Managing Director/President of Shamrock Development Corporation (since May 1988), Director of Destiny LendFund, Inc. (since December 2005), Pascual Laboratories, Inc. (since March 2014), and Pure Energy Holdings Corporation (since October 2016), President of Catarman Chamber Elementary School Foundation, Inc. (since August 2012), Managing Trustee of SCTan Foundation, Inc. (since 1986), Trustee and Treasurer of Rebisco Foundation, Inc. (since April 2013) and Trustee and Corporate Secretary of St. Scholastica's Hospital, Inc. (since February 2011).

Mr. Tan holds a Master of Laws degree from New York University (Class of 1988) and earned his Bachelor of Laws degree from the University of the Philippines (Class of 1980) where he was a member of the Order of the Purple Feather (U.P. College of Law Honor Society) and ranked ninth in his class. Mr. Tan passed the bar examinations in 1981 where he placed sixth. He has a Bachelor of Arts major in Political Science degree from the San Beda College (Class of 1976) from where he graduated Class Valedictorian and was awarded the medal for Academic Excellence.

**Ann Margaret K. Lorenzo**

Ann Margaret K. Lorenzo, Filipino, is the Assistant Corporate Secretary of the Company. She concurrently serves as Assistant Corporate Secretary of the following publicly-listed companies: I-Remit, Inc., TKC Metals Corporation, Crown Asia Chemicals Corporation and Coal Asia Holdings, Inc. She also serves as Assistant Corporate Secretary of the following reporting companies: Philequity PSE Index Fund, Inc., Philequity Fund, Inc., Philequity Peso Bond Fund, Inc., Philequity Dollar Income Fund, Inc., and Philequity Dividend Yield Fund, Inc. She is also the Assistant Corporate Secretary of the following private companies: Philequity Strategic Growth Fund, Inc., Philequity Balanced Fund, Inc., Philequity Resources Fund, Inc., Philequity Foreign Currency Fixed Income Fund, Inc., Aldex Realty Corporation, Oakridge Properties, Inc., Palm Concepcion Power Corporation, Peakpower Energy, Inc., Peakpower Soccsargen, Inc., Peakpower San Francisco, Inc., Etruscan Resources Philippines, Inc., and Tao Mohin Resources Corporation. She is also the Corporate Secretary of Athena Ventures, Inc., TGTI Services, Inc., Galileo Software Services, Inc. and GGO Realty Holdings, Inc. Ms. Lorenzo is currently an Associate at Tan Venturanza Valdez. She holds a Juris Doctor and a Bachelor of Arts Degree in English Studies, cum laude, both from the University of the Philippines, obtained in 2010 and 2014, respectively. She was admitted to the Philippine Bar in April 2015.

**Ma. Angelica D. Cabanit**

Ms. Cabanit is the Compliance Officer of Vantage Equities, Inc.. Presently, she manages the Treasury Operations of Vantage Equities, Inc. as well as the settlement and transaction control of Business Services, Inc (2010 to present). Ms. Cabanit is a graduate of Bachelor of Science in Commerce major in Accounting from St. Scholastica's College (1989).

**Independent Directors**

The nomination, pre-screening and election of independent directors were made in compliance with the requirements of the Code of Corporate Governance for Listed Companies and the Securities and Exchange Commission's Guidelines on the Nomination and Election of Independent Directors which have been adopted and made part of the Corporation's By-Laws. The Corporate Governance Committee constituted by the Company's Board of Directors, indorsed the respective nominations given in favor of Messrs. Yu (by Mr. Valentino C. Sy), Samson (by Ms. Darlene A. Sy), and Hontiveros (by Mr. A. Bayani K. Tan) as Independent Directors.

The Corporate Governance Committee, composed of Messrs. Yu, Samson, Hontiveros, Sy and Bunyi, has determined that these nominees for independent directors possess all the qualifications and have none of the disqualifications for independent directors as set forth in the Company's Amended Manual on Corporate Governance and Rule 38 of the Implementing Rules of the Securities Regulation Code (SRC).

The nominees, whose required information are discussed above, are in no way related to the stockholders who nominated them and have signified their acceptance of the nominations. These

nominees are expected to attend the scheduled Annual Stockholders' Meeting.

#### **Significant Employees**

The Company has no significant employees.

#### **Family Relationships Among Directors**

Messrs. Valentino Sy and Wilson Sy are brothers.

Messrs. Timothy Bryce A. Sy, Kevin Neil A. Sy, and Darlene Mae A. Sy are siblings.

Mr. Valentino Sy is the uncle of Messrs. Timothy Bryce A. Sy, Kevin Neil A. Sy, and Darlene Mae A. Sy

Mr. Wilson Sy is the father of Timothy Bryce A. Sy, Kevin Neil A. Sy, and Darlene Mae A. Sy

#### **Involvement in Certain Legal Proceedings**

The Company and its major subsidiaries and associates are not involved in, nor are any of their properties subject to, any material legal proceedings that could potentially affect their operations and financial capabilities.

Except as provided below, the Company is not aware of any of the following events wherein any of its directors, nominees for election as director, executive officers, underwriter or control person were involved during the past five (5) years up to the latest date:

- (a) Any bankruptcy petition filed by or against any business of which any of the above persons was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
- (b) Any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting the involvement of any of the above persons in any type of business, securities, commodities or banking activities; and
- (c) Any finding by a domestic or foreign court of competent jurisdiction (in civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization, that any of the above persons has violated a securities or commodities law, and the judgment has not been reversed, suspended, or vacated.

As a result of the delay in the delivery of the facilities of the Universal Leisure Club, Inc., some of its members initiated a Complaint for Estafa (I.S. No. 08K-19713) against ULC, the Universal Rightfield Property Holdings, Inc. and the Universal Leisure Corp., as well as their respective officers and directors, including their former Corporate Secretary, Atty. A. Bayani K. Tan, the incumbent Corporate Secretary of the Corporation. The Complaint was submitted for resolution in 2009 and was acted upon and dismissed by the City Prosecutor of Manila (OCP) only on March 18, 2013. Complainants belatedly filed motion for reconsideration for which reason, among others, the OCP denied motion on June 16, 2014. A Petition for Review dated March 31, 2014 was filed by the Complainant before the Department of Justice (DOJ). On August 7, 2014, Atty. Tan filed his Comment to the said Petition. In a Resolution dated April 17, 2015, the Petition for Review was denied and the DOJ dismissed the complaint for Estafa.

#### **Certain Relationships and Related Transactions**

The Company has not been a party during the last two (2) years to any other transaction or proposed transaction, in which any director or executive officer of the Company, or any security

holder owning 10% or more of the securities of the Company or any member of the immediate family of such persons, had a direct or indirect material interest.

Vantage Equities, Inc. is not under the control of any parent company.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decision. This includes: (a) individuals owning, directly or indirectly through one or more intermediaries, control, or are controlled by, or under common control with, the Group; (b) associates; and, (c) individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the Group and close members of the family of any such individual.

The following are the transactions presented in the Notes to Audited Financial as Related Party Transactions:

12.1 The Company extended advances to Fifth Agency Unified Services, Inc. for working capital purposes.

		2017		
Related Party	Category	Amount/ Volume	Outstanding Balance	Nature, terms and conditions
FAUSI (Associate)	Reimbursable expenses (Other receivables)	₱515,513	₱61,246	On demand, noninterest bearing and unsecured

		2016		
Related Party	Category	Amount/ Volume	Outstanding Balance	Nature, terms and conditions
FAUSI (Associate)	Reimbursable expenses (Other receivables)	₱515,513	₱61,246	On demand, noninterest bearing and unsecured

12.2 The enumeration of the Group's key management personnel follows:

The remuneration of the Group's key management personnel follows:

	2017	2016	2015
Salaries and wages	₱26,342,234	₱19,817,717	₱17,845,410
Retirement benefits	2,828,213	1,002,777	695,824
	<u>₱29,170,447</u>	<u>₱20,820,494</u>	<u>₱18,541,234</u>

**Disagreement with Director**

None of the Directors has resigned or has declined to stand for re-election to the Board of Directors since the date of the last annual meeting of security holders because of a disagreement with the Company on any matter relating to the Company's operations, policies, or practices.

**Item 6. Compensation of Directors and Executive Officers**

**Summary Compensation Table (Annual Compensation)**

Except for Mr. Edmundo P. Bunyi, Jr., all of the Company's directors and officers have not received any form of compensation from its inception up to the present other than *per diem* of ₱6,000.00 (net of withholding tax) for each meeting attended and *per diem* during stockholders' meetings. There is no employment contract between the Company and the above-named executive officer or other current executive officers. In addition, except as provided below, there are no compensatory plans or arrangements with respect to the named



executive officers that resulted in, or will result from, the resignation, retirement, or termination of such executive officer or from a change-in-control in the Company.

**Summary Compensation Table (Annual Compensation)**

Name and Principal Position	Year	Annual Compensation
<b>Valentino C. Sy</b> Chairman		
<b>Edmundo P. Bunyi, Jr.</b> President & CEO		
<b>Joseph L. Ong</b> Treasurer		
<b>All officers and directors as a group</b>	2018 (estimate)	6,153,142
	2017	6,305,882
	2016	6,000,403

\*Valentino C. Sy (Chairman), Edmundo P. Bunyi (President), and Joseph L. Ong (Treasurer)

**Item 7. Independent Public Accountants**

The Company's Board of Directors reviews and approves the engagement of services of the Company's external auditors, who are appointed upon the recommendation of the Audit Committee, and which appointment shall be ratified by the stockholders during the annual stockholders' meeting. The Chairman of the Company's Audit and Risk Committee is Mr. Gregorio T. Yu, an independent director. The other members of the Committee are Messrs. Samson, Hontiveros, Sy and Bunyi.

The principal accountants and external auditors of the Company is the accounting firm of SyCip, Gorres, Velayo & Company ("SGV & Co.") with address at SGV Building, 6760 Ayala Avenue, Makati City. The Corporation has retained the services of SGV & Co. for several years now. There have been no changes in, and any disagreements with, said accountants in the last five (5) years on any accounting and financial disclosures.

In compliance with SRC Rule 68(3)(b)(iv), as amended, the assignment of SGV's engagement partner for the Company shall not exceed five (5) consecutive years. Mr. Michael C. Sabado was assigned as SGV's engagement partner from 2013 to 2017. A new engagement partner will be designated for 2018.

SGV is recommended for re-appointment as the Company's external auditors for 2018.

The aggregate fees billed for each of the last two years for professional services rendered by the Company's external auditors in connection with annual audit of the Consolidated and Parent Company Financial Statements for statutory and regulatory filings are summarized below:

	2017	2016
Audit fee	<b>₱1,837,015</b>	<b>₱1,640,509</b>
Tax Services	-	-
Other Fees	-	-

TOTAL	P1,837,015	P1,640,509
-------	------------	------------

The Independent Auditor does not render tax accounting compliance, advice, planning and other forms of tax services for the Corporation. The Independent Accountant also does not render other services for the Corporation.

It is the policy of the Company that any draft audit report must first be reviewed by the Audit and Risk Committee, prior to said report being endorsed to the Board of Directors for approval.

Representatives of SGV are expected to be present at the Annual Stockholders' Meeting, with the opportunity to make a statement if they so desire and to answer appropriate questions from the stockholders.

## **OTHER MATTERS**

### **Item 15. Action with Respect to Reports**

The Company will seek the approval by the stockholders of the Minutes of the previous Stockholders' Meeting during which the following were taken up: (1) Call to Order, (2) Certification of Notice and Quorum, (3) Approval of the Minutes of the Previous Meeting of Stockholders, (4) Approval of 2017 Operations and Results, (5) Ratification of All Acts of the Board of Directors and Officers, (6) Election of Directors, (7) Appointment of External Auditor, (8) Amendment of Articles of Incorporation and By-Laws, and (9) Adjournment.

### **Item 16. Matters Not Required to be Submitted**

No action is to be taken with respect to any matter which is not required to be submitted to a vote of security holders.

### **Item 17. Amendments to Articles of Incorporation and By-Laws**

The shareholders will be requested to delegate to the Board of Directors the power to amend or repeal the Corporation's By-Laws, including the power to adopt a new set of By-Laws, as allowed under Section 48 of the Corporation Code. The delegation of this authority will simplify the process of amending the Company's By-Laws and facilitate the adoption of amendments that are, from time to time, expected of public companies to comply with emerging corporate governance standards. Unless the delegated authority will later on be revoked by the shareholders, all future amendments to the Corporation's By-Laws will only be requiring action by the Board of Directors.

### **Item 18. Other Proposed Actions**

The following are to be proposed for approval during the Annual Stockholders' Meeting:

1. Approval of the Minutes of the Previous Meeting of Stockholders
2. Approval of 2017 Operations and Results
3. Ratification of all Acts of the Board of Directors and Officers
4. Election of Directors
5. Appointment of External Auditor
6. Delegation to the Board of Directors of the Power to Amend or Repeal By-Laws or to Adopt New By-Laws
7. Other Matters

The items covered with respect to the ratification of the acts of the Board of Directors and officers for the past year up to the date of the meeting are those items entered into in the ordinary course

of business, such as renewal of credit/loan facilities with banks, opening of bank accounts, designation of authorized bank signatories, subscriptions to shares of stock of publicly listed corporations, transfer of motor vehicles, financing activities of the company and other requirements in connection with the Company's operation.

Management reports which summarize the acts of management for the year 2017 are included in the Company's Annual Report to be sent to the stockholders together with this Information Statement and shall be submitted for approval by the stockholders at the meeting. Accordingly, approval of the Annual Report will constitute approval and ratification of the acts of Management stated in the Annual Report during the period covered thereby.

The Company will be seeking the approval by the stockholders of the proposal that the power to amend the Company's By-Laws be delegated by the stockholders to the Board of Directors as allowed under Section 48 of the Corporation Code. The delegation of this authority will simplify the process of amending the Company's By-Laws and facilitate the adoption of amendments that are, from time to time, expected of public companies to comply with emerging corporate governance standards.

#### **Item 19. Voting Procedures**

- A. Actions to be taken at the Annual Stockholders' Meeting shall require the vote of the stockholders representing at least a majority of the Company's outstanding capital stock, except for the item on Delegation to the Board of Directors of the Power to Amend or Repeal By-Laws or to Adopt New By-Laws which shall require the approval of two-thirds of the outstanding capital stock of the Corporation.
- B. Three inspectors shall be appointed by the Board of Directors before or at each meeting of the stockholders, at which an election of directors shall take place. If no such appointment shall have been made or if the inspectors appointed by the Board of Directors refused to act or fail to attend, then the appointment shall be made by the presiding officer of the meeting.
- C. Stockholders may vote at all meetings either in person or by proxy duly given in writing in favor of any person of their confidence and each stockholder shall be entitled to one vote for each share of stock standing in his name in the books of the corporation; provided, however, that in the election of Directors, each stockholder shall be entitled to cumulate his votes in the manner provided for by law.
- D. The By-Laws of the Company is silent as to the method by which votes are to be counted. In practice, however, the same is done by the raising of hands or viva voce.
- E. Upon confirmation by the inspectors that there is a mathematical impossibility for certain nominees to be elected into office based on proxies held and votes present/represented in the meeting, the actual casting and counting of votes for the election of Directors may be dispensed with. If actual counting of votes cannot be dispensed with, the appointed inspectors mentioned in item (b), or in their absence, the auditors of the Company present during the meeting, are authorized to count the votes cast.

*Items 8, 9, 10, 11, 12, 13, and 14 are not responded to in this report, the Company having no intention to take any action with respect to the information required therein.*


**SIGNATURE**

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 hereunto duly authorized. This report is signed in the City of Pasig


AUG 02 2018

**VANTAGE EQUITIES, INC.**

By:



**VALENTINO C. SISON**  
Chairman and CEO

  
**JOSEPH L. ONG**  
Treasurer

## **VANTAGE EQUITIES, INC.**

### **BUSINESS AND GENERAL INFORMATION**

Vantage Equities, Inc. (the "Corporation"), formerly iVantage Corporation, was incorporated in 20 October 1992 and is organized as an investment and financial holding company. It has authorized capital stock of One Billion Nine Hundred Million Pesos (P1,900,000,000), all of which are in common shares with a par value of P1.00 per share. Of the authorized capital stock, 1,788,312,570 are outstanding and 111,687,430 remain unsubscribed. On 12 January 2009, Securities & Exchange Commission (SEC) approved the increase of authorized capital stock of the Corporation to Two Billion Two Hundred Fifty Million Pesos (P2,250,000,000.00). Furthermore, the SEC has authorized the Corporation to issue 447,078,142 common shares out of its authorized but unissued capital stock to cover the twenty five percent (25%) stock dividend declared by the Corporation's Board of Directors on 4 June 2008 and ratified by its shareholders on 27 June 2008. As of 31 March 2012, the Corporation has an authorized capital stock of Two Billion Two Hundred Fifty Million Pesos (P2,250,000,000.00) divided into 2,250,000,000 common shares with par value of P1.00 per share. Out of the authorized capital stock, 2,235,390,633 shares are issued, of which 135,599,500 shares are in treasury.

On August 1, 2015, the BOD and two-thirds (2/3) of the outstanding capital of the Company approved the increase in the authorized capital stock from 2,250,000,000 shares with par value of P1.00 per share in 2014 to 5,000,000,000 shares with par value of P1.00 per share in 2015. The SEC approved the increase in the authorized capital stock on October 27, 2015.

On May 19, 2015, the BOD approved the declaration of stock dividends equivalent to a total of P2.10 Billion representing 2,099,791,133 shares at P1.00 par value per share, payable to all stockholders of record as of January 8, 2016. The said dividends will be paid on February 3, 2016. The two-thirds (2/3) of the outstanding capital of the Company approved the dividend declaration on August 1, 2015.

The Corporation reverted to its original name by majority vote of the Board of Directors in November 2007, which the Securities and Exchange Commission subsequently approved in April 2008. The change in corporate name is consistent with the Company's re-alignment of its investment focus towards the broad financial sector vis-a-vis its information technology focus during the early 2000's.

On June 20, 2017, the Board of Directors (BOD) approved Article 3 of Articles of Incorporation to change its principal address from 2005 East Tower PSE Centre, Ortigas Center, Pasig City, Metro Manila, Philippines to 15th Floor Phil. Stock Exchange, 5th Avenue corner 28th Street, Bonifacio Global City, Taguig City, Metro Manila, Philippines. The Amended Articles of Incorporation was approved by the Securities and Exchange Commission on October 26, 2017.

#### **Purpose**

The Company was originally organized with the primary purpose of oil and gas exploration, and investments and developments as among its secondary purposes. On 3 October 2000, the Securities and Exchange Commission (SEC) approved the change in the Corporation's primary purpose to financial holdings and investments, including but not limited to information technology companies and related ventures. Since the Registrant is an investment holding company, it is not competing in terms of sales and is not dependent upon a single customer or a few customers. Also, it needs no government approval of principal products or services and no cost and effect of compliance with environmental laws.

#### **Investments**

In June 2006, the Corporation divested its shareholdings in International Exchange Bank ("iBank"), its largest single investment at that time. The iBank sale generated P2.9 Billion in cash and a P1.6 Billion gain, capping an 11-year investment period that yielded a 16% compound annual return. The PSE Index,

by comparison, only broke even during the same period. The divestment was timely in light of the substantial decline in financial markets in the following years.

The Corporation decided to invest its P2.9 Billion "war chest" in portfolio of equity and fixed-income securities. The mandate is to attain above market returns while adhering to prudent risk parameters, i.e. credit, liquidity and market risk. For this purpose, the Company hired its current President in October 2006 along with a team of finance professionals. The current team is also tasked to further professionalize management of the Vantage Group of Companies.

The operating subsidiaries that comprise the Vantage Group are the following:

**Vantage Financial Corporation (formerly e-Business Services, Inc.) - 100% ownership**

eBiz traces its beginnings as the first Asia-Pacific direct agent of Western Union, an International money transfer service provider. Aside from money transfer services, eBiz also offers Philequity Mutual Funds, eLoad, Bayad Center bills payment center and Cebu Pacific, PAL, Air Asia and FETA ticketing services. Starting from just 3 service centers in 1999, eBiz today operates 145 branches located in major cities and hubs throughout the country.

The company-owned branches are complemented by a network of sub-agents that effectively enables eBiz to extend its geographic reach to over 1,500 locations nationwide. eBiz agent-partners include some of the biggest commercial banks, supermarket chains and pawnshops in the country. Because of its reach and service excellence, eBiz achieved money transfer volume of over 5.9 Million transactions worth in excess of USD 1.2 Billion in 2017

**eBiz Financial – 100% ownership**

eBiz Financial is wholly owned by e-Business. eBiz Financial was incorporated on 11 April 2005 and started commercial operations on 9 May 2005. eBiz Financial is engaged in financing business.

On April 7, 2015, the Board of Directors (BOD) decided to shorten the Company's term of existence until October 31, 2015. This was approved by the Stockholders on August 1, 2015.

**iCurrencies – 100% ownership**

iCurrencies, Inc. was incorporated on 3 February 2000 and started commercial operations on 31 May 2000. iCurrencies is organized primarily to engage in the business of buying and selling of foreign currencies.

In May 2001, Currencies effectively stopped its business of buying and selling currencies as a result of Bangko Sentral ng Pilipinas Circular No. 264, issued on 26 October 2000. Among others, the new circular required additional documentation for sale of foreign currencies and required Foreign Exchange Corporations (FxCorps) to have a minimum paid-up capital of ₱50.0 Million.

The Circular effectively aligned the regulations under which FxCorps are to operate to that of banks. To avoid duplication and direct competition with its previous major stockholder, iCurrencies, decided to stop its business of buying and selling foreign currencies. The stockholders likewise decided not to increase its paid-up capital.

In the meantime, iCurrencies is sustained by income on its investments and interest income on its funds while awaiting for regulatory changes.

#### **Philequity Balanced Fund, Inc. – 100% ownership**

The Fund is engaged in selling its capital to the public and investing the proceeds in diversified portfolio of peso-denominated fixed-income and equity securities. As of 31 December 2017, the Fund has not yet launched its capital shares to the public.

#### **Philequity Foreign Currency Fixed Income, Inc. – 100% ownership**

The Fund is engaged in selling its capital to the public and investing the proceeds in diversified portfolio of foreign currency denominated fixed-income securities. As of 31 December 2017, the Fund has not yet launched its capital shares to the public.

#### **Philequity MSCI Philippines Index Fund, Inc. (PMIF) – 100% ownership**

PMIF was incorporated in the Philippines and was registered with the SEC on December 15, 2017 under the Philippine ICA as an open-end mutual fund company. PMIF is engaged to subscribe for, invest and re-invest in, sell, transfer or otherwise dispose of securities of all kinds, including all types of stocks, bonds, debentures, notes, mortgages, or other obligations, commercial papers, acceptances, scrip, investment contracts, voting trust, certificates, certificates of interest, and any receipts, warrants, certificates, or other instruments representing any other rights or interests therein, or in any property or assets created or issued by any all persons, firms, associations, corporations, organizations, government agencies or instrumentalities thereof; to acquire, hold, invest and reinvest in, sell, transfer or otherwise dispose of, real properties of all kinds; and generally to carry on the business of an Open-End Investment Company in all the elements and details thereof as prescribed by law. As of December 31, 2017, PMIF has not yet launched its capital shares to the public. The initial investment amounted to P25.00 Million.

#### **Philequity Management, Inc. (“PEMI”) – 51% ownership**

Philequity Management, Inc. (PEMI) is an investment management company established in 1993. PEMI is proud to be the investment manager and principal distributor of Philequity Fund, Inc. (PEFI), the Philippines’ best performing equity mutual fund. PEFI has been awarded by the Philippine Investment Funds Association (PIFA) as the best performing equity fund in the 10-year category, 2nd place in the 3 and 5-year categories. Philequity Peso Bond Fund, Inc. (PPBF) was also recognized by PIFA garnering 2nd place in the 5-year return category. Likewise, Philequity Dollar Income Fund, Inc. (PDIF) earned 1st place in the 5-year return category.

#### **Government Regulation and Environmental Compliance**

The Corporation does not need any government approval for its principal products or services and is not required to comply with specific environmental laws.

#### **Distribution Methods of Products and Services**

The Corporation, being a financial holding and investment company, has no distribution methods of products and services.

#### **Competition**

Vantage Equities Inc. is a publicly-listed holding company whose main focus is to make strategic investments in companies that are in the financial services industry. Under the Philippine Stock Exchange (PSE) there are about fifteen companies that are classified as holding firms with about P1.4 Trillion in float-adjusted market capitalization. Most of the holding companies are owned by well-known families in the Philippines which have diversified investments ranging from properties, banking, food, power and retail. Most of the firms in this industry can be labeled as mature and have a long track record of existence, as such, there are not many changes in terms of additions in this industry.

Although the Corporation is not listed in this sector of the PSE, there are similar companies that we would consider its competitors and we think would be appropriate to do a comparison. Two main aspects where firms in this industry compete on are pricing and services. Firms offering more competitive pricing coupled with excellent customer service normally increase the popularity of their brand and thus their appeal to retail and institutional clients. In addition, companies with complementary businesses often win clients by packaging themselves as a one-stop shop service provider.

The closest competitor of Vantage equities that have financial services business under their company is Aboitiz Equity Ventures (AEV) which has UnionBank and CitiSavings under its financial segment. It has also recently purchased PetNet, an agent of Western Union. AEV has a market capitalization of about P361-Billion as of March 31, 2016 and has three business segments namely power, financial services and food. In terms of size and market capitalization, Vantage Equities pales in comparison but the main advantage of Vantage Equities is its combination of two financial services business namely Philequity Management, Inc. and e-Business Services, Inc. Philequity Management Inc has one of the best performing mutual funds in the Philippines since 1994, Philequity Fund Inc. e-Business Services Inc, meanwhile has 145 branches nationwide and is one of the top players in a growing money remittance business.

### **Competition of Subsidiaries**

#### **eBusiness Services, Inc. ("eBiz") - 100% ownership**

eBiz has a relatively strong competition among Western Union's direct agents and sub-agents. Agents primarily compete through location and customer service. It appears that the competition with other money transfer companies like Moneygram, Xoom, iRemit does not substantially affect the business of the Corporation. Competition however with local money transfer companies like Cebuana Pera Padala and Palawan Padala has increasingly been affecting the business of the Company in domestic money transfer.

#### **Philequity Management, Inc. ("PEMI") – 51% ownership**

The Philippine mutual fund industry continues to grow with 54 funds as of December 2015 according to data tracked by the Philippine Investment Funds Association. The industry continues to benefit from decreasing interest rates and investors looking for higher yield apart from regular savings and time deposit accounts. As of December 2015, mutual funds manage over P235 Billion in net assets versus P228 Billion a year ago.

The industry is divided into 4 categories – stock, bond, balanced and money market funds. Majority of total assets under management (AUM) is invested in bond (41%) and stock (39%) funds which make up 80% of total market share. Philequity Management, Inc. (PEMI) only offers five funds to the public – Philequity Fund, Inc. (PEFI), Philequity PSE Index Fund, Inc. (PPSE), Philequity Dividend Yield Fund, Inc. (PDYF), Philequity Peso Bond Fund, Inc. (PPBF), and Philequity Dollar Income Fund, Inc. (PDIF) which only compete in stock and bond funds. In December 2017, PEMI also became the fund manager of Philequity MSCI Philippines Index Fund (PMPFI).

Investors often use a funds' performance as a gauge for comparison when choosing a mutual fund. In terms of performance, investors look at funds that have the highest return in their respective category as the basis for choosing a fund-- the higher the return, the more attractive the fund. Investors also look to a funds' outperformance over the respective benchmark as a second form of comparison. The greater the outperformance over the benchmark, the more attractive the fund. It is important to note that not all benchmarks in a fund category are aligned. For instance, a stock fund uses 100% the Philippine Stock Exchange Index (PSEi) as its benchmark while another stock fund might use a 90-10 approach where 90% is composed of the PSEi and 10% is composed of a 91-day T-bill. As a result, investors tend to use consistency as



the basis, where a fund (1) continuously outperforms its peers and (2) continuously outperforms its respective benchmark.

The industry does not have an aligned fee structure charged to their clients and as a result, investors look for the lowest sales load, management fee and exit fees and other fees involved that are charged by a mutual fund. Mutual funds that charge the lowest fees and have a lower minimum holding period are considered the main competitors of PEMI in terms of fees. PEMI has since received board approval to lower the sales load and holding period of the funds under management.

In terms of distribution, PEMI's main competitors in the industry are Ayala Life Fund Management, First Metro Asset Management, ATR Kim Eng Asset Management, Philam Life Asset Management and Sun Life Asset Management. The former three are large banking institutions while the latter two are renowned insurance companies—all five companies have vast distribution channels through their network of branches or through their network of agents/financial advisors. PEMI on the other hand has agreed to partner with banks and other channels to distribute the funds.

### **Financial Risk Management**

The main risks arising from the Group's financial instruments are liquidity risk, credit risk and market risk. The BOD reviews and approves the policies for managing each risk and these are summarized below:

Credit Risk is the risk that the Group will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Group manages and controls credit risk by trading only with recognized, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Since the Group trades only with recognized third parties, there is no requirement for collateral.

The Company's maximum exposure to credit risk is equal to the carrying values of its financial assets since it does not hold any collateral or other credit enhancements that will mitigate credit risk exposure.

The fair values of financial assets at FVPL and AFS investments represents the credit risk exposure as of the reporting date but not the maximum risk exposure that could arise in the future as a result of change in fair value of the said instruments.

There are no significant concentrations of credit risk within the Group.

Liquidity Risk is the risk that the Group will be unable to meet its obligations when they fall due under normal and stress circumstances. To limit the risk, the Group closely monitors its cash flows and ensures that credit facilities are available to meet its obligations as and when they fall due. The Group also has a committed line of credit that it can access to meet liquidity needs. Any excess cash is invested in short-term investments. These placements are maintained to meet maturing obligations.

Market Risk is the risk of change in fair value of financial instruments from fluctuation in market prices (price risk), foreign exchange rates (currency risk) and market interest rates (interest rate risk), whether such change in price is caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

The Group is exposed to the risk that the value of the Group's financial assets will be adversely affected by the fluctuations in the price level or volatility of one or more of the said assets. The two main components of the risks recognized by the Group are systematic risk and unsystematic risk.

Systematic risk is the variability in price caused by factors that affect all securities across all markets (e.g. significant economic or political events). Unsystematic risk, on the other hand, is the variability in price caused by factors which are specific to the particular issuer (corporation) of the debt or equity security. Through proper portfolio diversification, this risk can be minimized as losses on one particular debt or equity security may be offset by gains in another.

To further mitigate these risks, the Group ensures that the investment portfolio is adequately diversified taking into consideration the size of the portfolio.

### **Financial Performance**

The Company derived its revenues from various activities:

	2017	2016	2015
Gain /(Loss) on sale of AFS investments	366,347,322	(73,325,465)	-57,932,803
Commission income	316,876,435	317,938,573	311,528,380
Interest income from:			
AFS investments	17,200,634	27,697,597	53,314,138
Cash and cash equivalents	77,408,450	37,061,898	11,070,460
Financial assets at FVPL	10,143,316	5,380,463	331,670
Unquoted debt securities	-	-	-
Others	706	30,649	401,870
Management fee and service income	259,844,354	273,490,480	285,559,385
Share in foreign exchange differential	132,585,944	115,683,759	105,804,407
Money changing gain	41,752,968	80,004,129	104,341,596
Dividend income	17,757,656	21,607,713	43,149,613
Income from business partners	23,071,620	21,821,659	19,705,482
Others			
<b>TOTAL</b>	<b>1,262,989,405</b>	<b>827,391,455</b>	<b>877,274,198</b>
Discontinued operations	0	0	3,971,949

As of December 31, 2017, the Company has a total of 483 employees as broken down below and are not subject to Collective Bargaining Agreements (CBA).

Position	No. Of Employees	Anticipated No. of Additional Employees
Executive/Senior Officer	10	-
Managers	11	-
Supervisors	19	-
Staff	443	-
<b>TOTAL</b>	<b>483</b>	<b>-</b>

The Corporation believes that it has maintained amicable relationships with the rank and file and does not anticipate any labor-management issues to arise in the near term. The Corporation believes that its relationship with its employees have been consistently good and productive.

### **Properties**

#### **Vantage Equities, Inc. - Parent**

*Office Condominium* - The condominium unit is located at Unit 2005 East Tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City. This is depreciated over an estimated useful life of 20 years and accounted for on a straight-line basis.

*Office Improvements* - These are improvements made to the Company's office space and being depreciated over an estimated useful life of 10 years accounted for on a straight line basis.

*Furniture, Fixtures and Equipment* - These equipment are used by the Company in conducting its daily operations and located at Unit 2005 East Tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City. These assets are being depreciated over an estimated useful life of 3-5 years and accounted for on a straight line basis.

*Transportation Equipment* - These equipment are used by the Company in conducting its daily operations and depreciated over 4-5 years and accounted for on a straight line basis.

#### **eBusiness Services, Inc. ("eBiz") - 100% ownership**

*Transportation Equipment* - These equipment are used by the Company in conducting its daily operations and being depreciated over an estimated useful life of 4-5 years.

*Leasehold Improvements* - The Company leases the spaces occupied by its branches with varying period of up to fifteen (15) years and renewable on such terms and conditions as shall be mutually accepted by the Company and the lessors. These leases are accounted for on a straight-line basis over 2 to 5 years or over the lease term, whichever period is shorter.

*Office Furniture and Equipment* - This furniture and equipment are used by the Company in conducting its daily operations and being depreciated over an estimated useful life of 3 years. These assets are located at the Company's Head Office in 20/F East Tower, PSE Centre, Ortigas Center, Pasig City and various branches all over the Philippines.

*Software License and Software Development* – These pertains to the accounting software used by the company and amortized over a period 3 years accounted for on a straight line basis.

#### **eBiz Financial Services, Inc. – 100% ownership**

The Company does not own any properties and has already shortened its term of existence.

**iCurrencies, Inc. – 100% ownership**

The Company does not own any properties and already effectively stopped its business of buying and selling of currencies in May 2001 as a result of Bangko Sentral ng Pilipinas Circular No, 264, issued on October 26, 2000.

**Philequity Balanced Fund, Inc. – 100% ownership**

The Fund is not yet offered to the public and does not own any properties.

**Philequity Foreign Currency Fixed Income Fund, Inc. – 100% ownership**

The Fund is not yet offered to the public and does not own any properties.

**Philequity Dividend Yield Fund, Inc. – 100% ownership**

The Fund is not yet offered to the public and does not own any properties.

**Philequity Management, Inc. – 51% ownership**

*IT Equipment* - These equipment are used by the Company in conducting its daily operations.

*Leasehold Improvement* - The Company is leasing its office space from ASIA PACIFIC BUILDWARE CORP. located at Unit E-2104A 21/F, East Tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City at monthly rate of 93,900 exclusive of VAT and gross of 5% withholding tax. The term of the contract is for a period of four (4) years from May 16, 2013 to May 31, 2017 with 5% increase in the monthly rental starting on the 3rd year beginning May 16.

*Office Equipment* - These equipment are depreciated over the estimated useful life of 3 years. These office equipment are located at 2004A East Tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City

*Office Furniture* - This furniture is used by the Company in conducting its daily operations and being depreciated over an estimated useful life of 3 years. Said office furniture are located in 2004A East Tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City

*Transportation equipment* - This is used by the Company in conducting its daily operations and being depreciated over an estimated useful life of 5 years.

These properties are free from mortgage or lien. The Company has no plan of acquiring a property in the next twelve months.

**Legal Proceedings**

**3.1. G.R. No. 190477**

captioned "*Sure Express World Wide Corp. vs Hon. Court of Appeals and e-Business Services Inc. et. al*"; Supreme Court, Manila

**Civil Case No. MC-05-2840**

captioned "*eBusiness Services Inc. vs. Sure Express World Wide Corp.*"; RTC Branch 214, Mandaluyong City

E-Business filed a civil action against Sure Express to comply with its obligations under the Money Transfer Service Agreement and to pay the sum of P 508,003.75 and US\$ 22,710.16 plus attorney's fees and damages. On September 27, 2007, the lower Court rendered a decision against Sure Express. Sure Express appealed before the Court of Appeals and

thereafter the Supreme Court. The Supreme Court rendered a decision on February 03, 2010 dismissing the petition which became final and executory on April 12, 2010. Valerio & Associates law firm filed its Entry of Appearance before the RTC Branch 214 on February 1, 2012 and thereafter on March 14, 2012 a Motion for Execution of Judgment which was granted on July 17, 2012. Considering that the whereabouts of Sure Express is unknown, the writ of execution remained unimplemented.

**3.2. Criminal Case No. MC-09-12289**

captioned "*People of the Philippines vs. Noriel G. Requiso*"; for: Qualified Theft  
RTC 214, Mandaluyong City

This is a criminal case filed by e-Business as private complainant against accused Noriel Requiso on December 9, 2008 after the latter unlawfully took the sum of P 1,150,000.00 from the vault of E-Business' Edsa Market Place. On June 5, 2009, E-Business filed a Motion to Cancel Passport of the accused who was then known to be abroad. However, the Court denied aforesaid motion. Considering that the warrant of arrest cannot be implemented since accused whereabouts is unknown, the instant case is archived.

**3.3. XV-06-INV-14G-00749,**

captioned "*e-Business Services, Inc. vs. Kristine Pusing*"; for: Qualified Theft  
Office of the City Prosecutor, Mandaluyong City

A complaint for Qualified Theft was filed against Kristine Pusing, a former teller of e-Business after the latter illegally took the money in the total amount of P249,868.54 on September 07, 2013. Respondent failed to appear during the preliminary investigation; hence, the case was submitted for resolution of the investigating fiscal on August 20, 2014.

**3.4. XV-01-INV-14G-01377,**

captioned "*e-Business Services, Inc. vs. Vanessa Alhambra*"; for: Qualified Theft  
Office of the City Prosecutor, Antipolo City

A complaint for Qualified Theft was filed against Vanessa Alhambra, a former employee of e-Business after the branch where Alhambra was detailed was allegedly held up on August 14, 2013 and money in the total amount of P 383,675.35 and USD 720.00 was taken by the identified suspect. e-Business doubts the narration of Alhambra because based on the investigation conducted by e-Business, the branch's entrance door has an auto-lock which can only be accessed remotely by her and that Alhambra did not activate the panic button located underneath her desk during the alleged robbery incident. The case was dismissed by the investigating prosecutor for lack of probable cause and e-Business decided not to appeal the dismissal.

**3.5. NLRC NCR Case No. Sub-RAB 1-7-05-0343-15,**

captioned "*Emma Concepcion Antipuesto vs. e-Business Services, Inc., and/or Edmundo Bunyi, Jr.; NLRC, Dagupan City*"

Complainant Antipuesto filed this case against e-Business for alleged non-payment/underpayment of salaries and other benefits in the total amount of P216,494.68. On the December 10, 2015, Labor Arbiter awarded the benefits being claimed by complainant prompting E-Business to file a partial appeal. NLRC granted the appeal and deleted the award of performance bonus for 2014 amounting to P 106,800.00

**3.6. NLRC NCR Case No. RAB IV-03000345-15L,**

captioned "*Nancy Zaran, et. al vs. e-Business Services, Inc., Atty. Vida Bocar, Jesus Maagma and Edmundo Bunyi Jr.; NLRC Calamba City*"

Complainant Zaran filed this case against e-Business for alleged illegal suspension and illegal dismissal.

**3.7. NLRC NCR Case No. RAB IV-03-003545-15L,**  
captioned, "*Vantage Equities and e-Business Services, Inc. vs. Atty. Vida Bocar, Commission on Bar Discipline, Pasig City*"

On August 3, 2015 e-Business together with Vantage Equities filed an administrative case against Atty. Vida Bocar, their former legal counsel for violation of the lawyer's Code of Professional Responsibility for appearing as lawyer/counsel for the opposing party in a labor case. E-Business and Vantage filed their Position Paper on March 30, 2016 while respondent Bocar filed her Position paper on April 29, 2016.

**OPERATIONAL AND FINANCIAL PERFORMANCE**

**Market for Registrant's Common Equity and Related Stockholder Matters**

**Stock Prices (as adjusted)**

	2017		2016		2015	
	High	Low	High	Low	High	Low
1st Quarter	1.31	1.22	3.30	1.42	3.13	2.85
2nd Quarter	1.16	1.36	1.80	1.49	3.25	3.02
3rd Quarter	1.4	1.31	1.74	1.46	3.40	2.88
4th Quarter	1.36	1.24	1.49	1.3	3.16	3.00

As of 30 June 2018, there were 617 shareholders of the 4,199,582,266 common shares issued and outstanding. As of the latest practicable trading date, 1 August 2018, the Registrant's shares were traded at the price of P1.20 per share in the Philippine Stock Exchange.

On May 19, 2015, the BOD approved the declaration of stock dividends equivalent to a total of P2.10 Billion representing 2,099,791,133 shares at P1.00 par value per share, payable to all stockholders of record as of January 8, 2016. The said dividends were distributed on February 3, 2016.

On August 1, 2015, the BOD approved the increase in the authorized capital stock from 2,250,000,000 shares with par value of P1.00 per share in 2014 to 5,000,000,000 shares with par value of P1.00 per share in 2015. The proposal was approved by and two-thirds (2/3) of the outstanding capital of the Company on August 1, 2015. The SEC approved the increase in the authorized capital stock on October 27, 2015.

On November 10 2009, the BOD approved the proposal to buy back from the market up to Three Hundred Million Pesos (P300,000,000.00) worth of shares of the Corporation. As of May 31, 2016, the total number of shares repurchased from the market is 135,599,500 worth P190.46 Million.

On June 4, 2008, the BOD increased the Company's authorized capital stock from P1.9 Billion to P2.25 Billion, as well as the issuance of 25% stock dividend to all stockholders. This increase in capital stock was approved by the SEC on 12 January 2009, while the stock dividends were distributed to stockholders as of record date of 10 February 2009 on 06 March 2009.

In 2007, the Parent Company declared a five percent (5%) property dividend in favor of its shareholders-of-record as of 18 May 2007, payable in the form of common shares of Yehey! worth P89,415,629. In February 2008, the Parent Company distributed the property dividends declared.

There is no sale of unregistered securities within the past five (5) years.

**Top 20 shareholders as of 30 June 2018:**

<b>RECORD OWNER</b>	<b>No. of Shares</b>	<b>% of Total Issued Shares</b>
1 PCD NOMINEE CORP.	4,217,364,278	97.28%
2 EAST PACIFIC INVESTORS CORPORATION	9,040,000	0.21%
3 A. BROWN COMPANY, INC.	6,882,500	0.16%
4 LUCIO W. YAN &/OR CLARA YAN	6,812,500	0.16%
5 PCD NOMINEE CORPORATION (NON-FILIP	5,671,133	0.13%
6 WILLY NG OCIER	4,616,000	0.11%
7 RICARDO L. NG	3,248,750	0.07%
8 MICHAEL SYIACO	3,000,000	0.07%
9 AGAPITO C. BALAGTAS, JR.	2,875,000	0.07%
10 APRICINIA B. FERNANDEZ	2,875,000	0.07%
11 SUZANNE LIM	2,875,000	0.07%
12 CYGNET DEVELOPMENT CORPORATION	2,812,500	0.06%
13 JERRY TIU	2,731,250	0.06%
14 WILSON L. SY	2,300,000	0.05%
15 BON S SYIACO	2,000,000	0.05%
16 TRANS- ASIA SECURITIES, INC.	1,830,000	0.04%
17 AVESCO MARKETING CORPORATION	1,437,500	0.03%
18 MARY TAN DE JESUS	1,412,500	0.03%
19 SEC ACCOUNT FAO: VARIOUS CUSTOMERS	1,265,000	0.03%
20 ELLEN LAY	1,207,500	0.03%

**Dividends**

The Company has declared 100% stock dividends with a record date and payment date of 8 January 2016 and 3 February 2016, respectively. There were no cash dividends declared for the past 3 years. The by-laws of the company prohibits the distribution of dividends that would impair the capital of the Company.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS**

**RESULTS OF OPERATIONS FOR THE SECOND QUARTER OF 2018 COMPARED TO 31 DECEMBER 2017 AND 2016**

<b>In Millions</b>	<b>Unaudited</b>	<b>Audited</b>	
	<b>June 30, 2018</b>	<b>December 31, 2017</b>	<b>December 31, 2016</b>
<b>Balance Sheet</b>			
Assets	9,431	12,692	9,119
Liabilities	405	3,464	989
Stockholders' Equity	9,026	9,228	8,130
Book Value per Share	2,1492	2,1973	1.9361
<b>Income Statement</b>			

Revenues	48	1,263	912
Expenses	268	558	560
Other Income / (Charges)	18	1	(98)
Net Income	-202	706	254
Earnings per Share	(0.0562)	0.1558	0.0473

### Results of Operations for the Quarter Ended June 30, 2018

The Company posted a consolidated net loss of P202 Million as of the second quarter of 2018 lower by 143% compared to same period last year of net income of P472 Million. On a per share basis, the company incurred P 0.05 centavos loss compared to an earning of P0.10 centavos for the 2Q of 2017.

Volatility in markets take center stage as President Trump ignites a trade war between the US and China, with the global economy as collateral damage. Trump also pushes through on his threats to put tariffs on Canada and the EU on aluminum and steel. While a trade war is brewing, North Korea and South Korea are meeting to finally end their decades old war. Here in the Philippines, markets are also worried about runaway inflation after we started to see the full effects of the TRAIN law. It didn't help that BSP stubbornly refused to act while inflation pressures continued to boil up and maintained that they see the inflation rise as temporary. The BSP also surprises the market by going the opposite way and cutting the reserve requirement by 1bp, pushing more liquidity into the market. The S&P though raises PH outlook to positive, citing improving country fundamentals. Thus, due to the looming trade war, equities in the 2Q were volatile and we saw continuous foreign fund outflow from emerging markets, with the Philippines particularly hit hard. We saw the effects of these outflows and inflation expectations manifest in the P as well, with USDP hitting a high of 53.50 where BSP started protecting aggressively. For the 2Q, EM was hardest hit, with US markets being fairly resilient. The S&P and MSCI World Index recorded returns of 5.29% and 2.49% respectively. Meanwhile the PCOMP registered -10.52% in the same time period. Finally, the Vantage equity portfolio returned -10.06%, slightly outperforming the benchmark.

In fixed income, emerging market bonds roughly followed the risk off sentiment worldwide. Fed minutes showed that the US is willing to let inflation run above 2% to ensure their economic recovery is alive and well. 10y UST hits above 3% before the markets got a shock that elections in Italy may lead to the nation leaving the EU. 10y USTs fall to 2.77 because of this fear but after the risk was resolved, yields normalized until Trump doubled down on trade war fears. Ultimately the 10y UST leveled off at around 2.90. Oil though has reached \$70/bbl which again hurts the Philippines and heightens inflation pressures. With inflation expectations in the PH becoming unhinged, we saw GS yields rise. The benchmark 5yr bond rose 40bp to 5.60%. BSP finally raises rates by 25bp in April and again in May but inflation continues to rise with no signs of peaking yet. For the 2Q, the 10y UST rose 13bp while our own closest jumbo bond 10-60 (7 years) rose 65bp. The Vantage fixed income portfolio gained 0.67% for the 2Q.

The following summarizes the operating results of the Company's subsidiaries:

#### eBusiness Services, Inc. ("eBiz")

In 2Q 2018, eBiz achieved Money Transfer volume of over 2.9 Million transactions worth in excess of USD 640 Million, or an increase of 5.43% versus USD 607 Million in 2Q 2017. Revenue from Money Transfer also increased by 7.37% Y/Y to P 257.8 Million attributed to the growth in Remittance Principal and fx share differential. Other sources of revenue are the operations from Foreign Exchange and Ancillary Products. Revenue for this grew by 21.02% Y/Y to P 61.9 Million in 2Q 2018 from P 51.1 Million in 2Q 2017. Meanwhile, the Company's operating expenses increased by 3.05% Y/Y to P 167.08 Million from P 162.14 Million in 2Q 2017. With this, operating income still went up by 23.68% to P88.9 Million Y/Y. After provisions and taxes, eBiz posted a net income of P 60.64 Million in 2Q 2018, up by 17.5% from P 51.6 Million in 2Q 2017.



## Philequity Management, Inc. ("PEMI")

For the second quarter of 2018, PEMI registered net sales amounting to P393 Million. Subscriptions amounted to P1.24 Billion, a 28% increase quarter on quarter and a turn to positive from -P467 Million for the same period a year ago. Redemptions meanwhile amounted to P848 Million from P785 Million last quarter and P1.24 Billion a year ago. Redemptions were generally market driven as the Philippine Stock Exchange Index continued to fall from the all-time high of 9,058.62 on January 29 to 7,193.68 on June 29. The 9 year bull market took a dip to bear territory after falling as much as 23% from the peak. Assets under management decreased by 1% to P18.98 Billion from a year ago as marked to market valuations decreased. We expect slower subscriptions next quarter as volatility in capital markets ensues.

### Key Performance Indicators

The Company sets certain performance measures to gauge its operating performance periodically to assess its overall state of corporate health. Listed below are the major performance measures, which the Company has identified as reliable performance indicators.

	30-Jun-18	31-Dec-17
Current Ratio <sup>1</sup>	2366.84%	260.55%
Assets to Equity <sup>2</sup>	104.49%	137.54%
Liabilities to Equity <sup>3</sup>	4.49%	37.54%
Return on Average Assets	-1.82%	6.47%
Return on Average Equity <sup>5</sup>	-2.21%	8.13%

The manner by which the Company calculates the above performance indicators for is as follows:

<i>Formula</i>	
<sup>1</sup>	Current Assets / Current Liabilities
<sup>2</sup>	Total Assets / Total Equity
<sup>3</sup>	Total Liabilities / Total Equity
<sup>4</sup>	Net Income / Average Total Assets
<sup>5</sup>	Net Income / Average Total Equity

There is no unusual nature or amount of item that affect the financials. There are no changes in the estimates of amount reported in the prior periods. No material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period. No significant elements of income or loss that did not arise from the issuers continuing operations.

There is no known trend or demands, commitments, events or uncertainties that will result in or that are likely to result in the Company's liquidity increasing or decreasing in any material way or have a material favorable or unfavorable impact on revenues or income from continuing operations. There is no significant element of income or loss that did not arise from continuing operations.

There is no seasonal aspect that had a material effect on the financial condition or results of operations. There are no known events that will trigger direct or contingent financial obligation that is material to the company including any default or acceleration of an obligation. Likewise, there are no off-balance sheet transactions, arrangements, obligations and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.

### Causes for any material changes (+/- 5% or more) in the financial statements

Income Statement items -- three-month period ending 30-June -2018 versus 30-June-2017

*23.76% increase in money changing and foreign exchange*  
Brought by gains earned from foreign exchange transactions

*64.43% increase in interest income*  
Effect of higher investment in money market placements and higher investment in debt securities

*213.69% decrease in trading gain*  
Due to continued decrease of market value of investment holdings

*31.3 % increase in other revenues*  
Earned lesser dividends as a result of decrease in equity investments on companies which declared dividends during the quarter

*23.84% increase in cost of services and sales*  
From increase in commission of distributors

*20.67 % decrease in depreciation and amortization*  
Most fixed assets are fully depreciated

*263.06% increase in interest and bank charges*  
Higher loans during the quarter

*46.9% increase in other charges*  
Largely from revaluation gain on forward transactions of the Parent.

Balance Sheet items – June 2018 versus end 2017

*8.46% decrease in cash and cash equivalents*  
Primarily from lower MMP as of reporting date versus last year

*97.52% increase in loans and receivables*  
Primarily due to higher receivable from Western Union and outstanding receivable from redemption of mutual fund shares. These were collected the following month

*7.96% increase in financial assets at FVPL*  
Chiefly from reclassification in 2018 of previously AFS investments to FVPL

*113.92% increase in prepaid expenses and other current assets*  
Largely from prepaid taxes and creditable withholding taxes.

*100% decrease in available-for-sale investments*  
Chiefly from reclassification in 2018 of previously AFS investments to FVPL

*37.66% decrease in accounts payable and other current liabilities*  
Mostly from lesser payable to sub-agents and settlement of 2017 liabilities

*8.91% decrease in income tax payable*  
Higher 2017 income tax due

*100% decrease in notes payable*  
From loans in 2017 settled in 2018

In Millions	2017	2016	2015
<b>Balance Sheet</b>			
Assets	₱12,691.69	₱9,119.45	₱8,665.77
Liabilities	3,464.07	988.52	700.02
Stockholder's Equity	9,227.62	8,130.93	7,965.74
<b>Income Statement</b>			
Revenues	1,262.98	826.70	877.27
Expenses	697.01	581.33	562.51
Other Income/(Charges)	139.87	85.79	3.49
Net Income	705.84	254.02	339.83
Earnings per Share	0.15	0.05	0.04
<b>Key Performance Indicators</b>			
Current Ratio (Current Assets/Current Liabilities)	3.66	5.09	4.46
Leverage Ratio (Total Debt/Total Equity)	0.38	0.12	0.09
Comprehensive Return on Equity (Comprehensive Income/Total Equity)	0.08	(0.01)	(0.10)
Book Value Per Share	2.20	1.94	3.79

#### **Results of Operations for the Year Ended 2017 (Y2017 vs Y2016)**

The Company posted a consolidated net income of P705.11 Million as of December 31, 2017, increased by 1,775.81% compared to P254.02 Million in 2016. On a per share basis, the Company earned P0.15 as of December 31, 2017 compared to P0.05 centavos as of December 31, 2016

It was a rather subdued 2017 for fixed income markets. Optimism in new leaders Trump and Duterte sent bond yields higher in the beginning of the year as both presidents showed pro-growth and a bias towards easing regulations. Yellen also made statements throughout the year stating that the US may be back on its feet and will be raising rates gradually to accommodate growth. However, rising commodity prices and creeping inflation pushed the BSP to revise its internal target higher. Most traders maintained their defensive stance throughout the year and the BSP auctioned more bonds towards the long end of the curve despite Socioeconomic Planning Secretary Ernesto Pernia's reiterations that GDP would be around 7%. Markets also welcomed the new BSP governor Nestor Espenilla as investors took the appointment as a sign that the central bank would be "business as usual".

Some hiccups along the way but an overall good year for Philippine stocks. It was a strong start to the year with the PSEi moving 4% in January alone, consolidating in February with congress debating the reimposition of the death penalty, moving slightly higher again in March with the S&P raising its growth forecast and Fitch affirming the country's BBB- rating and a positive outlook. In April, the Duterte economic team took to the road and endorsed the Build, Build, Build program and it was all uphill until August when North Korea launched a new missile. The "ber" months were again all uphill as investors took positively the passage of the long awaited tax reform package.

#### **eBusiness Services, Inc. ("eBiz")**

eBiz achieved a total income of P 590.51 Million for the year as compared to last year's P 580.92 Million,

2% growth. This was attributable to an increase in sources of foreign exchange differential and the interest income earned during the year. Revenue from Money Transfer and business partners finished the year with a slight movement.

The Company's operating expenses maintain its level at P 430M versus last year. This resulted to an increase of 6% in operating income before taxes.

eBiz posted a total comprehensive income of P 111.5 Million in 2017, compared to last year's P 115.31 or a decreased of 3%.

#### **Philequity Management, Inc.**

Service income for the year amounted to P 259.84 Million, with a 5% net decrease as compared to last year's P 273.49 Million as a result of lowered management fees and sales commission. Total cost of services for the year amounted to P 59.52 Million previously at P 68.59 Million with a total decrease of 13% due to decline in sales load and trail commissions paid to distributors and agents of the company. Also, services fees paid to third party providers were reduced to nil at year end.

As a result, total comprehensive income for the year decreased by 6% with aggregate amount of P105.24 Million previously at P 112.43 Million.

#### **Causes for any material changes (+/-5% or more) in the financial statements**

Income Statement items - Y2017 versus Y2016

600% increase in trading and investment securities gains  
Mainly due to gain on sale of financial assets at FVPL

49% increase in total interest income on AFS investments  
Attributable to higher interest rates and higher money market placement activities and due to greater debt security holdings

15% increase in foreign exchange differential  
Due to higher international money transfer transactions

18% decrease in dividend income  
Attributable to decline in held equity security investments.

6% increase in income from business partners  
Largely due to growth in revenue of ticketing products

48% decrease in money changing gain  
Due to lower money changing transactions

400% increase in other income  
Attributable to gain on sale of a property and equipment.

7% increase in cost of services  
Attributable to increase in service and commission fees paid to distributors and agents of the group. Also, higher personnel costs consisting of salaries and other employee benefits

23% decrease in general and administrative expenses  
Attributable to decrease in legal and professional fees paid for the year.

40% increase in interest expense and bank charges  
Due to various short term loans availed from different counterparty banks.

Balance Sheet items – Y2017 versus Y2016

54% increase in cash and cash equivalents

From higher outstanding investments in short-term placements at the end of the year

15% decrease in loans and receivables

Lower receivable from management and commission income earned from the funds managed by the group and advertising and web development services.

514% increase in Financial Assets at Fair Value Through Profit and Loss (FVPL)

Primarily due to higher Unit Investment Trust Fund and Government bonds as of reporting period.

31% increase in prepayments and other current assets

Attributable to increase in Input value added tax.

14% decrease in Available for Sale investments (AFS)

Due to lower portfolio of equity securities

823% increase in property, plant and equipment

Pertains to office condominium office units acquired by the Company which were turned-over in December 2017.

47% decrease in retirement assets

Due to decrease in value of plan asset

100% decrease in deferred tax assets

No deferred tax asset had been recognized in the consolidated statements of financial position as management believes that there will be no sufficient future taxable income against which these can be applied.

54% increase in accounts payable and other current liabilities

Chiefly due to higher payables to sub-agents and brokers normally settled on a two to four days term. Also, increased in accrued expenses consisting of profit sharing costs, vacation leave and sick leave conversion, insurance, security services, cash delivery services, utilities, media buys and others.

387% increase in notes payable

Due to various short term loans availed from different counterparty banks.

33% increase deferred tax liabilities

Attributable to future taxable liabilities on unrealized foreign exchange gain and retirement assets

49 % increase in cumulative unrealized gain on change in fair value of available-for -sale investments

Arising from increase in fair value changes taken in equity for AFS investments

In Millions	2016	2015	2014
<b>Balance Sheet</b>			
Assets	<b>₱9,119.45</b>	<b>₱8,665.77</b>	<b>₱9,349.99</b>
Liabilities	<b>988.52</b>	<b>700.02</b>	<b>812.83</b>
Stockholder's Equity	<b>8,130.93</b>	<b>7,965.74</b>	<b>8,537.16</b>
<b>Income Statement</b>			
Revenues	<b>826.70</b>	<b>877.27</b>	<b>1,201.05</b>

Expenses	<b>581.33</b>	562.51	552.65
Other Income/(Charges)	<b>85.79</b>	3.49	23.3
Net Income	<b>254.02</b>	339.83	608.21
Earnings per Share	<b>0.05</b>	0.07	0.12
<b>Key Performance Indicators</b>			
Current Ratio			
(Current Assets/Current Liabilities)	<b>5.09</b>	4.46	2.67
Leverage Ratio			
(Total Debt/Total Equity)	<b>0.12</b>	0.09	0.10
Comprehensive Return on Equity			
(Comprehensive Income/Total Equity)	<b>(0.01)</b>	(0.10)	(0.13)
Book Value Per Share	<b>1.94</b>	3.79	4.07

### **Results of Operations for the Year Ended 2016 (Y2016 vs Y2015)**

The Company posted a consolidated net income of P254.02 Million as of December 31, 2016, lower by 25.25% compared to P339.83 Million in 2015. On a per share basis, the Company earned P0.05 as of December 31, 2016 compared to P0.07 centavos as of December 31, 2015.

2016 was pretty much the worst year ever, if you were to ask traders. We saw the worst start to the year in history for markets across the board. Most of the uncertainty came out of China which devalued its currency and was dealing with a stock market collapse. All the while, we saw tensions rise in the middle east, North Korea detonating an H bomb, and oil plunging to new lows to around \$20/bbl. At the height of the uncertainty we saw UST 10y down to 1.65% vs starting the year at 2.3. Then the biggest of all surprises (at the time) was that the UK voted to leave the EU in Brexit. Markets around the globe go into freefall again, with the DOW futures falling 550 points. The USDJPY hits lows of 99. GBP falls 10% immediately. The 10y UST falls back down to 1.40 in the fear trade. All the while people are still guessing when the next FED hike will be. With all the bad hits during the 1H of the year, markets were expecting that the soonest the FED could hike would be September. When they finally decided not to move, that meant that it was probably December, after the US elections. Then finally the biggest surprise of 2016, Trump wins the US election. Markets didn't know how to take the results and went for a wild ride, with US futures limit down at 800 points down. The Mexican peso froze at limit down 10%. Treasuries fell to 1.7%. But then once the dust cleared, market started rallying, imputing that Trump would be growth positive and inflationary for the US. Stocks ended that first day up 1.25%, 10y UST moved up all the way to 2.05%, its strongest move since 2011.

Meanwhile here in the Philippines we had our elections in May, which saw Duterte win by a landslide. Saying all the right things on the economic front, and his perception of being a man of action, markets here in the Philippines rallied strongly, recovering from the market swoon in the first months of 2016 and all the way to August. It was at this point that the President started his anti US rhetoric and we saw foreign funds dump the Philippines.

For Philippine equities, we largely followed global markets up until our elections. The PCOMP hit its low of 6080 in February, in line with equities around the world during the China crisis. But then when China found its footing, we recovered and then the election euphoria took over all the way to August, where we hit our 2016 high at 8100. But at these levels, valuations were very stretched and it didn't help that the President started cursing Obama and spewing his anti US rhetoric around this time. Though global equities kept rallying into the end of 2016, the Philippines kept going from low to low as foreigners kept pulling funds out of the country unabated. We actually hit 6500 but saw some window dressing during the last 2 days of the year to end at 6840, down for the year. For 2016, the Phisix and the company's equity portfolio was down -1.60% and -3.65% respectively and compared to -4.5% and -15.3% respectively in 2015.

Similarly for fixed income, the move in yields followed global events closely. After peaking in February at the height of uncertainty, we saw a very strong rally downwards up until August, when the election euphoria started wearing off. Added to this was the risk that the Fed was going to start its hiking cycle and bonds were not a very good place to be in during the 2H16. The 10y UST actually hit its highest level in December at 2.60%, while our 10y hit 5% in a panic before settling at 4.6%. The company's fixed income portfolio was up 3.36%, outperforming the benchmark Odyssey Fixed Income Fund which gained 0.09% during the same period. In 2015 the company's fixed income portfolio and the Odyssey Fixed Income Fund gained 2.6% and -0.7% respectively.

#### **eBusiness Services, Inc. ("eBiz")**

eBiz achieved money transfer volume of over 5.4 Million transactions worth in excess of USD 1.1 Billion in 2016. Revenue from Money Transfer increased to P360 Million in 2016 from P353 Million in 2015. Revenue from other sources like foreign exchange operations and ancillary products also increased. Revenue from Foreign Exchange grew by 13% to P111.1 Million in 2016 from P98.3 Million in 2015. Revenue from Ancillary Products grew by 10% to P21.7 Million in 2016 from P19.7 Million in 2015.

The Company's operating expenses increased to 410.4 Million in 2016 from P 405.2 Million in 2015. This resulted to an increase of 19% in operating income to P 150.6 Million. After provisions and taxes, eBiz posted a net income of P 112.6 Million in 2016, up by 26% from P 89.2 Million in 2015.

#### **Philequity Management, Inc.**

Gross income decreased by 13% to P204 Million, due to decrease in assets under management. Expenses for the year likewise increased by due increase in commission and amortization of newly implemented software. Net income for 2016 amounted to P112.60 Million, lower by 5% year on year. Net sales for the year amounted to P 273 Million, lower by 4% compared to the previous year. Total assets under management decreased by 5% to reach P18.2 Billion as a result of lower marked-to-market gains.

#### **Other Matters**

The Parent Company and its wholly-owned subsidiary, e-Business Services, Inc., continuously enter into currency forward transactions with bank counterparties to hedge their foreign exchange risk. The nominal amounts of these contracts are off-balance sheet while revaluation gains or losses are recognized as Miscellaneous Asset or Miscellaneous Liability, respectively.

#### **Causes for any material changes (+/-5% or more) in the financial statements**

##### **Income Statement items - Y2016 versus Y2015**

27.76% decrease in trading and investment securities gains  
Mainly due to loss on sale of AFS investments

48.05% decrease in interest income on AFS investments  
Mainly due to fewer AFS investment during the year

1522.37% increase in interest income on financial assets at FVPL  
Primarily due to greater debt security holdings

234.78% increase in interest income on cash and equivalents  
Attributable to higher interest rates and higher money market placement activities

9.34% increase in foreign exchange differential  
Due to higher international money transfer transactions

49.92% decrease in dividend income  
Attributable to decline in held equity security investments.

10.74% increase in income from business partners  
Largely due to growth in revenue of ticketing products

95.57% decrease in other revenues  
Represents gain from assignment of net liability of a deconsolidated subsidiary to the parent.

72% decrease in cost of services  
Attributable to termination of contract with third party related to fund services

15.01% increase in general and administrative expenses  
Due to higher director's fees

32.76% decrease in other income  
Pertaining to income from discontinued operations of Yehey! Corporation resulting from deconsolidation of this subsidiary.

89.76% increase in interest expense and bank charges  
Due to greater loans availed from banks throughout the year

#### **Balance Sheet items – Y2016 versus Y2015**

110.47% increase in cash and cash equivalents  
From higher outstanding investments in short-term placements at the end of the year

28.15% increase in loans and receivables  
Higher receivable due to late settlement of Western Union as a result of non-working holidays at yearend.

43.63% decrease in Financial Assets at Fair Value Through Profit and Loss(FVPL)  
Primarily due to redemption of Unit Investment Trust Fund as of reporting period

58.05% decrease in prepayments and other current assets  
Attributable to decrease in construction and renovation deposits for e-Business branches

27.34% decrease in Available for Sale investments (AFS)  
Due to lower portfolio of debt securities

18.54% increase in property, plant and equipment  
Due to decrease of disposals

100% decrease in retirement assets  
Due to higher value of plan asset

51.97% increase in other non-current assets  
Primarily due to acquisition of software for PEMI

41.33% increase in current liabilities  
Chiefly due to higher payables to sub-agents since last days of the year fell on weekends

19.94% decrease in non-current liabilities  
Due to lower retirement liability

10.29% decrease in cumulative unrealized gain on change in fair value of available-for-sale investments



Arising from decrease in market value of equity securities and investment in mutual funds due to weak market.

In Millions	2015	2014	2013
<b>Balance Sheet</b>			
Assets	₱8,666	₱9,350	₱7,451
Liabilities	700	813	578
Stockholder's Equity	7,966	8,537	6,873
<b>Income Statement</b>			
Revenues	882	1,231	1,188
Expenses	563	553	616
Other Income/(Charges)	127	26	59
Net Income	341	638	630
Earnings per Share attributable to equity holders of the Parent Company	0.07	0.13	0.28
<b>Key Performance Indicators</b>			
Current Ratio (Current Assets/Current Liabilities)	4.46	2.67	4.68
Leverage Ratio (Total Debt/Total Equity)	0.09	0.10	0.08
Comprehensive Return on Equity (Comprehensive Income/Total Equity)	(0.10)	0.13	0.03
Book Value Per Share	3.79	4.07	3.27

#### **Results of Operations for the Year Ended 2014 (Y2015 vs Y2014)**

The Company posted a consolidated net income of P341.14 Million as of December 31, 2015, lower by 46.50% compared to P637.65 Million in 2014. On a per share basis, the Company earned P0.07 as of December 31, 2015 compared to P0.13 centavos as of December 31, 2014.

2015 started off with a continuation of the bullish sentiment in 2014. With oil still continuing to plummet and emerging markets being the prime beneficiary, foreign flows could not get into the Philippines fast enough. Add to this rosy economic growth with 4Q GDP at 6.9% vs 5.9% estimates. Meanwhile, in the EU, Mario Draghi goes ahead with QE, buying Eur60bn/month. China and India were also cutting rates in order to spur more growth. Because of all this, the PHISIX hit an all time high of 8100 in just a few months. However, after the 1Q it was a complete reversal. The first crack came with 1Q GDP came in at 5.2% vs 6.6% expectations due to slower government spending. Also making some noise was uncertainty about Greece exiting the Eurozone and the ramifications of this. Then China's equity market implodes, with prices falling 30% in a matter of days. Oil continues its slide, falling to around \$40/bbl. But this time, instead of interpreting this as a good thing, people are now viewing freefalling oil as a bad thing, signaling that there is something fundamentally wrong with global growth. China makes shockwaves again by devaluing the RMB, causing Asian currencies to fall and risking another currency crisis. All the foreign inflows to start the year now reversed out of EM but DM was not spared too. Calling it a black Monday, US equities fell 6% in one day at the open in a sign of panic. Bonds meanwhile were bought up in a flight to quality with the 10y UST down to 2%. We also had bombings in Paris which caused some nervousness in markets. Then finally after all the guessing games on what the Fed would do, the Fed finally hikes for the first time in December.

In the Philippine equity markets, we pretty much focused on global events. Market participants forgot all about the country's fundamentals with the global market meltdown. After all the overexuberance in the first

quarter, where the PHISIX reached 8100, it was all downhill from there. Then we got another leg down when the China situation occurred. We hit a low of 6600 for the year right after china imploded. But that was the low for the year, with the market trying to recover after that but hitting resistance at around 7300, where we gapped down after the china events. For 2015, the PHISIX and the Company's equity portfolio was down -4.5% and -15.3% respectively, compared to 22.8% and 43.2% respectively, in 2014.

On the fixed income side, it was pretty much the same story with bonds being bought up for the 1Q and yields hitting lows for the year in March. BTR actually was successful in floating a new ROP40 dollar bond at a yield of 3.95% and a P bond swap with a new 25y benchmark bond. Aside from the market noise, we also had the guessing game on what the Fed would do. First the bet was that they would finally hike in March, which got pushed back to June, then September until they finally moved in December. BSP meanwhile held steady for the year, watching events unfold and content to stay on the sidelines since it did a good job the previous year of being ahead of the curve. All in all, it was a very volatile year for fixed income, in line with equity markets. The 10y benchmark ended 120bp higher after hitting a low of 3% in March. Meanwhile the benchmark 2017 16y bond was up 100bp from a low of 3.5% in March to a low of 4.6% in December. The company's fixed income portfolio was up 2.6%, outperforming the benchmark Odyssey Fixed Income Fund which lost -0.7% during the same period. In 2014, the Company's fixed income portfolio and the Odyssey Fixed Income Fund gained 4.0% and 4.7% respectively

The following summarizes the operating results of the Company's subsidiaries:

#### **eBusiness Services, Inc. ("eBiz")**

eBiz achieved money transfer volume of over 5.5 Million transactions worth in excess of USD 1.1 Billion in 2015. Revenue from Money Transfer declined to P311 Million in 2015 from P 331 Million in 2014. Revenue from other sources like foreign exchange operations and ancillary products also increased. Revenue from Foreign Exchange grew by 26% to P 92.1 Million in 2015 from P 73.2 Million in 2014. Revenue from Ancillary Products grew by 52% to P 21.4 Million in 2015 from P 14.1 Million in 2014.

The Company's operating expenses decreased to 422.8 Million in 2015 from P 439.2 Million in 2014. This resulted to an increase of 38% in operating income to P 126.3 Million. After provisions and taxes, eBiz posted a net income of P 89.2 Million in 2015, up by 37% from P 65.3 Million in 2014.

#### **Yehey! Corporation**

The Company experienced a 17% drop in revenues from P19.4 Million in 2014 to P16.0 Million this year while cost and expenses were lower by 9%. The decrease is due to winding down of the Digital Marketing operations of the Company on October 30, 2015.

The Company managed to exceed its net income last year by 136% despite cessation of its operations. This is due to accrued interest income earned from advances to shareholders and miscellaneous income as a result of assignment of the non-cash assets and liabilities of the Company to Vantage Equities, Inc.

#### **Philequity Management, Inc.**

Gross income increased by 20% to P195 Million, largely from the increase in assets under management. Expenses for the year likewise increased by due to the production of books, increased representation expenses, taxes and licenses. Net income for 2015 amounted to P119.41 Million, higher by 48% year on year. Net sales for the year amounted to P 2.40 Billion, lower by 62% compared to the previous year but total assets under management grew by 7% to reach P19.1 Billion as a result of larger marked-to-market gains.

## Other Matters

The Parent Company and its wholly-owned subsidiary, e-Business Services, Inc., continuously enter into currency forward transactions with bank counterparties to hedge their foreign exchange risk. The nominal amounts of these contracts are off-balance sheet while revaluation gains or losses are recognized as Miscellaneous Asset or Miscellaneous Liability, respectively.

## Causes for any material changes (+/-5% or more) in the financial statements

### **Income Statement items - Y2015 versus Y2014**

#### *5.96% decrease in commission income*

Mainly due to lower domestic money transfer transactions.

#### *115.30% decrease in trading and investment securities gains*

Drop in stock prices due to weak market resulted to lower gains from sale and impairment of equity securities treated as available-for-sale.

#### *18.61% decrease in interest income*

Lesser interest income received due to lower volume of held bonds.

#### *7.19% increase in foreign exchange differential*

Due to stronger Peso.

#### *49.49% increase in management fee and service income*

Resulted from both increase in assets under management and charging of management fee to four additional funds full year for 2015.

#### *24.85% increase in money changing gain*

Due to stronger and more stable Peso

#### *31.34% decrease in dividend income*

Attributable to decline in held equity security investments.

#### *46.14% increase in income from business partners*

Largely due to growth in revenue of ticketing products.

#### *297,948,100% increase in other revenues*

Represents gain from assignment of net liability of a deconsolidated subsidiary to the parent.

#### *229.46% increase in cost of services*

Attributable to reclassification of director's commissions from general and administrative expenses and higher salaries and wages expense due to hiring of senior officer.

#### *11.01% decrease in general and administrative expenses*

Effect of lower commission expense due to discontinued sub-agent and reclassification of director's fees to cost of services.

#### *399.53% increase in other income*

Pertaining to income from discontinued operations of Yehey! Corporation resulting from deconsolidation of this subsidiary.

#### *10.47% decrease in interest expense and bank charges*

Due to lower interest rates.

#### **Balance Sheet items – Y2015 versus Y2014**

*25.01% increase in cash and cash equivalents*

From higher outstanding investments in short-term placements at the end of the year.

*20.85% decrease in loans and receivables*

Lower receivable from Western Union because last days of 2015 are weekdays.

*11,466.43% increase in Financial Assets at Fair Value Through Profit and Loss(FVPL)*

Mainly from investment in Unit Investment Trust Fund and outstanding forward contracts at the end of year.

*119.41% increase in prepayments and other current assets*

Attributable to increase in construction and renovation deposits for e-Business branches, downpayment for software application and reclass of tax refundable from other non-current assets.

*22.32% decrease in Available for Sale investments (AFS)*

Due to lower portfolio of equity securities and lower market value

*28.18% decrease in property, plant and equipment*

Due to depreciation during the year

*58.67% decrease in retirement assets*

Due to lower value of plan asset.

*7.99% decrease in other non-current assets*

Primarily resulted from reclassification of tax refundable to other current asset

*14.44% decrease in current liabilities*

Chiefly due to lower outstanding notes payable as of December 31, 2015 and lower payables to sub-agents since last days of the year fell on a weekday.

*71.87% increase in non-current liabilities*

Due to higher deferred tax liability arising from unrealized foreign exchange gain.

*46.28% decrease in cumulative unrealized gain on change in fair value of available-for-sale investments*

Arising from decrease in market value of equity securities and investment in mutual funds due to weak market.

*9.53% increase trading and investment securities gains*

Mainly due to gain on sale of financial assets at FVPL

*35.20% decrease in interest income*

Mainly from lower interest income due to maturity of corporate and government bonds

*39.02% increase in management fee and service income*

Resulted from both increase in assets under management and charging of management fee to four additional funds starting August 2014

*11.93% increase in money changing gain*

Due to stronger and more stable Peso

*86.24% increase in dividend income*

Attributable to increase in equity security investments

*29.96% decrease in cost of services*

Attributable to reclassification of director's fees to general and administrative expenses

*13.92% increase in general and administrative expenses*  
Due to higher director's fees and reclassification from cost of services

*60.37% decrease in other income*  
Net effect of gain on deconsolidation of subsidiary in 2014 and gain from sale of property and equipment and gain on forward currency contracts in 2013

*58.42% decrease in interest expense and bank charges*  
Due to lesser loans availed from banks throughout the year

#### **Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

There have been no changes in or disagreements with accountants on accounting and financial disclosure.

#### **DIRECTORS AND EXECUTIVE DIRECTORS**

Please refer to the discussion on "Directors and Executive Officers" in the main body of the Information Statement.

#### **CORPORATE GOVERNANCE**

The Company has been monitoring compliance with SEC Memorandum Circular No. 6, Series of 2009, as well as other relevant SEC circulars and rules on good corporate governance. All directors, officers, and employees complied with all the leading practices and principles on good corporate governance as embodied in the Corporation's Manual. The Company complied with the appropriate performance self-rating assessment and performance evaluation system to determine and measure compliance with the Manual of Corporate Governance.

The Company is unaware of any non-compliance with or deviation from its Amended Manual of Corporate Governance during the previous year. The Company will continue to monitor compliance with the Revised Rules on Corporate Governance, and shall remain committed in ensuring the adoption of other systems and practices of good corporate governance to enhance its value to its shareholders.

\* \* \*

**UPON WRITTEN REQUEST OF ANY SHAREHOLDER OF RECORD ENTITLED TO NOTICE OF AND VOTE AT THE MEETING, THE COMPANY SHALL FURNISH SUCH SHAREHOLDER WITH A COPY OF THE COMPANY'S INFORMATION STATEMENT (ON SEC FORM 20-IS) AND ANNUAL REPORT (ON SEC FORM 17-A) WITHOUT CHARGE. ANY SUCH WRITTEN REQUEST SHALL BE ADDRESSED TO:**

**A. BAYANI K. TAN  
THE CORPORATE SECRETARY  
VANTAGE EQUITIES, INC.  
2704 EAST TOWER,  
PHILIPPINE STOCK EXCHANGE CENTRE,  
EXCHANGE ROAD, ORTIGASCENTER  
PASIG CITY, METRO MANILA, PHILIPPINES**