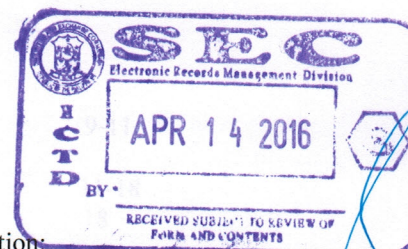


**SECURITIES AND EXCHANGE COMMISSION  
SEC FORM 17-A**

**ANNUAL REPORT PURSUANT TO SECTION 17 OF THE SECURITIES  
REGULATION CODE AND SECTION 141 OF THE CORPORATION  
CODE OF THE PHILIPPINES**

1. For the calendar year ended: **December 31, 2015**
2. SEC Identification Number: **ASO92-007059**
3. BIR Tax Identification No.: **002-010-620**
4. Exact name of registrant as specified in its charter:  
**VANTAGE EQUITIES, INC.**
5. Province, Country or other jurisdiction of Incorporation or organization:  
**Philippines**
6.  (SEC Use Only)  
Industry Classification Code
7. Address of Principal Office: **2005 East Tower, Philippine Stock Exchange Centre,  
Ortigas Center, PasigCity, Metro Manila 1605**
8. Registrant's telephone number, including area code: **(632) 689-8090**
9. Former name, former address, and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 4 and 8 of the RSA



Title of Each Class	Number of Shares of Common Stock Outstanding
<b>Common Stock, P1.00 par value</b>	<b>2,099,791,133 (Net of Treasury Shares of 135,599,500)</b>

11. Are any or all of these securities listed on the Philippine Stock Exchange  
Yes [ **X** ]                      No [    ]
12. Check whether the registrant:
- a) has filed all reports required to be filed by Section 17 of the Securities Regulation Code (SRC) and SRC Rule 17 (a)-1 thereunder and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports):  
Yes [ **X** ]                      No [    ]
- b) has been subject to such filing requirements for the past 90 days  
Yes [ **X** ]                      No [    ]
13. Aggregate market value of the voting stock held by non-affiliates as of 31 March 2015  
**P6,067,855,859**

## **PART I – BUSINESS AND GENERAL INFORMATION**

### **Item 1. Business**

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.

### **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 P 2.9 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:

**e-Business Services, Inc. (“eBiz”) - 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, 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 5.5 million transactions worth in excess of USD 1.1 billion in 2015

**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, the iCurrencies 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 2015, 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 2015, the Fund has not yet launched its capital shares to the public.

**Yehey! Corporation (“Yehey”) – 66.95% ownership**

From a pioneering web portal in the late 1990’s, Yehey has grown into a leading digital on-line marketing solutions provider in the country. The company currently counts several established corporation in its roster of customers.

To support its growth, Vantage infused ₱250 million capital in Yehey in 2007. The following year, Vantage also declared and distributed a 5% property dividend in the form of Yehey shares. This has reduced Vantage’s ownership in Yehey to 68% from 99% pre-dividend. The balance of 32% is now owned by Vantage shareholders by way of said property dividend.

The property dividend has transformed Yehey into a widely-held company that qualifies it to list by way of introduction in the Philippine Stock Exchange (PSE). On October 18, 2012, Yehey was listed in the PSE.

In 2012, Vantage disposed 3,891,000 shares of Yehey decreasing the ownership in Yehey from 68% to 67%.

On July 7, 2015, Vantage entered into a Sale and Purchase Agreement (SPA) with third party buyers for the sale of the entire shares owned by Vantage. Under the SPA, the closing of the transfer of the Sale Shares is subject to and conditioned upon the conduct and completion of a mandatory tender offer as well as the payment of the purchase price, which conditions have been complied with on October 15, 2015. Accordingly, on October 15, 2015, the Company ceased as a majority owned subsidiary of Vantage when Vantage sold its shares at ₱290.00 million to a group of individual shareholders.

**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 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 P 235 billion in net assets versus P 228 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.

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.

#### **Yehey! Corporation – 66.95% ownership**

Yehey! considers the following as competitors:

- Digital Agencies
- Advertising Agencies

The Company considers the digital agencies as their direct competitors while the advertising agencies and media agencies are considered indirect competitors.

Digital Agencies are agencies that deliver services for the creative and technical developments of internet based products. These services range from the more Common services such as web design, e-mail marketing and microsites etc. to the more specialist such as viral campaigns, banner advertising, search engine optimization, podcasting or widget development and more. Digital agencies in the country include the following:

#### *NUWORKS Interactive*

A digital agency which builds brand content environments and develop brand equity. This company executes campaigns across online, mobile and tablet-based platforms and provides an End-to-End digital solution to its clients. Its services include creative technologies, social app development, game design and development, mobile app development, website solutions, social media management, digital strategy and online media services.

#### *SNAPWORX Digital Interactive*

is a performance-based digital marketing agency with a mission to provide tools driving growth to difference types of business with the essence of digital marketing – engine marketing, mobile marketing and social media marketing solutions.

#### *iProspect Philippines*

iProspect is a search engine marketing company offering SEO, PPC and online marketing solutions.

#### *Hashtag Digital Inc.*

Founded in 2013 by a team with a collective experience of 20 years in the digital terrain, Hashtag Digital Inc aims to build lasting relationships with its clients while providing full-assault digital marketing strategies in display advertising, social media marketing, search engine marketing, email marketing, e-commerce implementation, retargeting, analytics, social activation events and blogger relations.

#### *Movent*

Movent offers an integrated marketing suite composed of strategy, creative, media and production services.

#### *Havoc*

Havoc is a premier digital marketing company in the country with over 10 years of experience in creating digital properties, it helps its clients strategize and develop campaigns that will maximize their brand in the online space. They specialize on advertising sales presentations, digital media planning and buying, web development, online communities, blog marketing and e-commerce.

Advertising Agencies (Association of Accredited Advertising Agency): These agencies are service businesses dedicated to create, plan and handle advertising for its clients. They also provide an outside point of view to the effort of selling the clients products or services. They also produce works for many types of media, creating integrated marketing communications. The top advertising agencies in the country are McCann-Erickson Philippines, Ogilvy & Mather, TBWA Santiago-Manganda-Puno, BBDO-Guerrero, Ace Saatchi & Saatchi, Jimenez Basic and J. Walter Thompson.

The very essence of Yehey's competitive advantage lies in its being the first to complete the end-to-end digital marketing solutions offering. Almost all companies that are in the

business of digital marketing concentrate on either website development, or online media buying, or search engine optimization, or on digital PR, or their digital marketing services remain as added service to their existing above the line advertising efforts.

Yehey!, with its complete suite of services can offer its customers a more comprehensive digital marketing solutions package at the best possible value and with best advertising mileage in the digital space.

## Financial Performance

The Company derived its revenues from various activities:

	2015	2014	2013
Gain on sale of AFS investments	<b>(P56,618,477)</b>	P370,060,529	P339,657,175
Commission income	<b>311,528,380</b>	331,285,257	P342,445,176
Interest income from:			
AFS investments	<b>53,314,138</b>	65,906,254	94,940,548
Cash and cash equivalents	<b>11,070,460</b>	12,298,635	18,923,340
Financial assets at FVPL	<b>331,670</b>	1,306,128	9,050,698
Unquoted debt securities	–	–	(3,707,385)
Others	<b>401,870</b>	14,138	(5,410)
Management fee and service income	<b>285,559,385</b>	191,021,420	137,408,816
Share in foreign exchange differential	<b>105,804,407</b>	98,710,624	99,817,586
Money changing gain	<b>104,341,596</b>	83,570,705	74,663,400
Dividend income	<b>43,149,613</b>	62,843,063	33,743,756
Income from business partners	<b>19,705,482</b>	13,484,147	14,689,538
	<b>2,979,481</b>	–	–
<b>TOTAL</b>	<b>P881,568,005</b>	P1,230,500,900	P1,161,102,238
Discontinued operations	<b>P3,971,949</b>	P2,679,244	P7,627,092

As of December 31, 2015, the Company has a total of 491 employees as broken down below and are not subject to Collective Bargaining Agreements (CBA).

Position	No. of Employees	Anticipated No. of Additional Employees
Executive	1	–
Senior Officer	12	–
Managers	20	–
Supervisors	23	–
Staff	435	–
<b>Total</b>	<b>491</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.

## **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 represent 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 changes 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.

## **Item 2. 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 equipments 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 to 5 years and accounted for on a straight line basis.

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

**eBusiness Services, Inc. (“eBiz”) - 100% ownership**

*Transportation Equipment* - These equipments 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.

**Yehey! Corporation – 66.95% ownership as of October**

The Company was deconsolidated on October 31, 2015.

On October 30, 2015 the Company, assigned its properties to Vantage Equities, Inc. in line with the SPA.

*Server and Network Equipment* - These equipments are used by the Company in conducting its daily operations and being depreciated over an estimated useful life of 3 years. These equipments are located at 1801-A East Tower PSE Center Brgy. San Antonio, Pasig City.

*Furniture, Fixture and Office Equipment* - These equipments are used by the Company in conducting its daily operations and being depreciated over an estimated useful life of 3 years. These equipments are located at 1801-A East Tower PSE Center Brgy. San Antonio, Pasig City.

*Transportation Equipment* - These equipments are used by the Company in conducting its daily operations and depreciated over 3 to 5 years and accounted for on a straight line basis

*Leasehold Improvement* - The Company is leasing its office at 1801-A East Tower PSE Center Brgy. San Antonio, Pasig City.

*Software License* – This pertains to Microsoft licenses and software used for “Kaban Project” and is being amortized over a period of 3 years and accounted for on a straight line basis.

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

*IT Equipment* - These equipments 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 equipments are depreciated over the estimated useful life of 3 years. These office equipments 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.

### **Item 3. 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 Php 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 Php 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 Php249,868.54 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 Php 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 Php216,494,.68. E-business disputed, on the other hand, that complainant is entitled only to unpaid benefits/final pay of Php90,718.96. Parties already filed their separate position papers and their respective replies thereto. The case was deemed submitted for resolution sometime in July 2015.

**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. Respondent Bocar filed her answer to the complaint on September 15, 2015.

**Item 4. Submission of Matters to a Vote of Security Holders**

No matter was submitted to a vote of the security holders during the fourth quarter of 2015.

## **PART II – OPERATIONAL AND FINANCIAL INFORMATION**

**Item 5. Market for Registrant's Common Equity and Related Stockholder Matters**

	2016		2015		2014	
	High	Low	High	Low	High	Low
1st Quarter	3.30	1.42	3.13	2.85	2.65	2.47
2nd Quarter	n/a	n/a	3.25	3.02	2.80	2.50
3rd Quarter	n/a	n/a	3.40	2.88	2.95	2.75
4th Quarter	n/a	n/a	3.16	3.00	2.98	2.81

As of 31 March 2016, there were 625 shareholders of the 4,199,582,266 common shares issued and outstanding. As of the close of trading on 31 March 2015, the Registrant's shares were traded at the price of ₱1.60 per share in Philippine Stock Exchange.

On May 19, 2015, the BOD approved the declaration of stock dividends equivalent to a total of ₱2.10 billion representing 2,099,791,133 shares at ₱1.00 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.

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 ₱1.00 per share in 2014 to 5,000,000,000 shares with par value of ₱1.00 per share in 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 March 31, 2015, 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 P1.9B to P2.25B, 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 four (5) years.

**Top 20 shareholders as of December 31, 2015:**

	RECORD OWNER	NO. OF SHARES	% TO TOTAL
1	PCD NOMINEE CORP.	2,165,687,700	96.88%

2	TRANS- ASIA SECURITIES, INC.	6,830,000	0.31%
3	EAST PACIFIC INVESTORS CORPORATION	4,520,000	0.20%
4	A. BROWN COMPANY, INC.	3,441,250	0.15%
5	LUCIO W. YAN &/OR CLARA YAN	3,406,250	0.15%
6	OCX DEVELOPMENT CORP.	3,250,000	0.15%
7	WILLY NG OCIER	2,308,000	0.10%
8	RICARDO L. NG	1,624,375	0.07%
9	AGAPITO C. BALAGTAS, JR.	1,437,500	0.06%
10	APRICINIA B. FERNANDEZ	1,437,500	0.06%
11	SUZANNE LIM	1,437,500	0.06%
12	HARLEY SY	1,437,500	0.06%
13	CYGNET DEVELOPMENT CORPORATION	1,406,250	0.06%
14	JERRY TIU	1,365,625	0.06%
15	CAMPOS, LANUZA & CO., INC.	1,161,500	0.05%
16	WILSON L. SY	1,150,000	0.05%
17	PCD NOMINEE CORPORATION (NON-FILIPINO)	846,441	0.04%
18	AVESCO MARKETING CORPORATION	718,750	0.03%
19	MARY TAN DE JESUS	706,250	0.03%
20	R. COYIUTO SECURITIES, INC.	640,000	0.03%

#### Dividends

Vantage Equities, Inc. has not declared any cash dividends the past three (3) years.

#### Item 6. Management's Discussion and Analysis or Plan of Operations

In Millions	2015	2014	2013
<b>Balance Sheet</b>			
Assets	<b>₱8,665.77</b>	₱9,349.99	₱7,451.04
Liabilities	<b>700.02</b>	812.83	578.48
Stockholder's Equity	<b>7,965.74</b>	8,537.16	6,872.56
<b>Income Statement</b>			
Revenues	<b>881.57</b>	1,230.50	1,187.74
Expenses	<b>562.51</b>	552.65	545.46
Other Income/(Charges)	<b>127.40</b>	25.50	58.87
Net Income	<b>341.14</b>	637.65	630.12
Earnings per Share attributable to equity holders of the Parent Company	<b>0.07</b>	0.13	0.28
<b>Key Performance Indicators</b>			
Current Ratio (Current Assets/Current Liabilities)	<b>4.46</b>	2.67	4.68
Leverage Ratio (Total Debt/Total Equity)	<b>0.09</b>	0.10	0.08
Comprehensive Return on Equity (Comprehensive Income/Total Equity)	<b>(0.10)</b>	0.13	0.03
Book Value Per Share	<b>3.79</b>	4.07	3.27

### **Results of Operations for the Year Ended 2015 (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 Php637.65 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 PHP 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 the 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 PHP 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 PHP 92.1 million in 2015 from PHP 73.2 million in 2014. Revenue from

Ancillary Products grew by 52% to PHP 21.4 million in 2015 from PHP 14.1 million in 2014.

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

Income from Yehey! Corporation in the Audited Consolidated Financial Statements is presented as Discontinued operations, hence, excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

### **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.

**Income Statement items - Y2014 versus Y2013**

*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

**Balance Sheet items – Y2014 versus Y2013**

*37.65% decrease in loans and receivables*

Mainly from collection of advances to Vantage Equities Exchange Traded Fund, Inc. (ETF) representing seed capital for its incorporation and registration to SEC

*95.32% decrease in Financial Assets at Fair Value Through Profit and Loss (FVPL)*

Mainly due to sale of quoted government bonds

*146.69% increase in prepayments and other current assets*

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

*51.85% increase in Available for Sale investments (AFS)*

Chiefly from increase in investment in equity securities and in mutual funds

*9.77% decrease in property, plant and equipment*

Due to depreciation during the year

*33% decrease in retirement assets*

Due to higher provision for retirement expense in 2014

*11.16% decrease in other non-current assets*

Primarily resulted from reclassification of tax refundable to other current asset

*40.63% increase in current liabilities*

Chiefly due to outstanding notes payable as of December 31, 2014

*24.83% increase in non-current liabilities*

Due to higher retirement liability

*157.85% increase in cumulative unrealized gain on change in fair value of available-for-sale investments*

Arising from increase in market value of equity securities and investment in mutual funds

#### **Income Statement items - Y2013 versus Y2012**

*9.30% increase in commission income*

Due to money transfer transaction volume growth

*22.46% increase in forex exchange differential income*

Due to a stronger and more stable Peso.

*56.80% increase in management fee and service income*

Resulted from increase in assets under management

*119.11% increase in money changing gain*

Due to stronger and more stable Peso.

*8.90% decrease in dividend income*

Attributable to lesser dividend payout of equity securities

*41.16% decrease in internet sales and services*

Caused by decline in web development and production, digital PR and media sales

*75.95% increase in income from business partners*

Due to growth in Bayad Center and VIA Airlines transactions

*78.42% increase in cost of services*

Mainly due to increase in service fees

*35.59% increase in other income*

Attributable to income from disposal of condominium of Parent

*171.38% increase in interest expense and bank charges*

Primarily due to the increase in US dollar denominated loans from banks

#### **Balance Sheet items – Y2013 versus Y2012**

*10.17% increase in cash and cash equivalents*

Primarily due to increase in short-term investments

*72.05% decrease in Financial Assets at Fair Value Through Profit and Loss (FVPL)*

Primarily due to the decrease in quoted government bonds

*49.90% decrease in prepayments and other current assets*

Due to decrease in construction and renovation deposits

*100% decrease in loans and receivables-noncurrent*

Mainly due to pre-termination of long-term loans

*17.62% decrease in property, plant and equipment*

Due to disposal of condominium of Parent

*100% decrease in deferred tax assets*

Due to lower allowance for credit losses

*51.44% decrease in liabilities*

Largely due to settlement of USD denominated unsecured short-term loans from banks

*36.50% decrease in cumulative unrealized gain on change in fair value of available-for-sale investments*

Mainly due to decrease in market value of fixed income and equity securities

### **Results of Operations for the Year Ended 2014 (Y2014 vs Y2013)**

The Company posted a consolidated net income of P637.65 million as of December 31, 2014, higher by 1.20% compared to P630.12 million in 2013. On a per share basis, the Company earned P0.26 as of December 31, 2014 compared to P0.28 centavos as of December 31, 2013.

2014 was a very good year in general for the Philippines but it did not start out that way. In January the theme was actually higher inflation, stemming from higher food prices from typhoon Yolanda and the contagion effects of the messy port congestion issue. Rising inflation concerns had most houses calling for 50bp in rate hikes from the BSP. In March BSP decided to tighten by raising the reserve requirement and finally the overnight rate to 4% in September. Then suddenly we get a surprise on GDP growth with the Philippines only growing 4.9% and effectively failing to meet its full year target of 6.5%. Then also around the middle of the year, we saw a huge flight to safety as concerns in EU rose with the downing of a commercial jet in Ukraine. Then the new face of evil in the Middle East emerges in the form of ISIS. Then in October we got hit with the Ebola crisis which even made its way to the US where 1 person died. Then the EU started showing signs of falling into a recession with Germany slowing down significantly. USTs amidst all the fear rallied all the way down to below 2% after starting the year at 3%. Finally the biggest story of the year hit towards the end of 2014 which was oil prices being cut in half.

After spooking the markets in 2013 with a surprise announcement of tapering, the FED had no surprises for us in 2014. They stuck to their tapering each month and reiterated that they would only raise rates when they felt that the economy and the world was ready for it. This meant that they were looking at employment, which was improving but remained underwhelming. Equities pretty much was swayed by events that were unfolding abroad. The second half of 2014 was characterized by exaggerated fears especially with the threat of Ebola paralyzing everyone. However, the US market, despite all the volatility for the year, was able to make out gains of 8%. Compared to the US, the Philippines performed spectacularly. Much of this had to do with inflation peaking in the 2H and of course oil prices being sliced in half. The Philippines is the largest beneficiary of falling oil prices and most fund managers plowed a record amount of money into the country to take advantage. With the improving fundamentals, S&P also decided to give the country another ratings upgrade. For 2014, the PHISIX and the Company's equity portfolio gained 22.8% and 43.2%, respectively, compared to 1.3% and -4.4%, respectively, in 2013.

On the fixed income side, yields were on a defensive mode during the first half of the year. The inflation story was bad and with rate hikes looming, no one wanted to add on more risk. But this all changed when oil prices plummeted. Suddenly inflation expectations also get cut in half, and with the BSP finished with its rate hike, suddenly it looked like we were ahead of the curve. Furthermore, when BTR announced its auction schedule, it showed that there was a scarcity of long bonds. With all the money coming into the country due to all the factors (oil,

S&P upgrade, improving fundamentals), bonds made a huge rally going into yearend to make up for the lackluster 1H and we ended mostly flat. 10-year benchmark yields ended 9bp higher from end-2013 to end-2014 at 3.86 much better than its high in February at 4.38%. 20-year benchmark yields were higher by 14 bps but better by 40bp from its high in February. The Company's fixed income portfolio gained 4.0% in 2014, underperforming the benchmark Odyssey Fixed Income Fund which gained 4.65% during the same period. In 2013, the Company's fixed income portfolio and the Odyssey Fixed Income Fund gained 7.4% and 7.0% respectively.

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

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

eBiz continues to achieve record money transfer volume, hitting over 5.7 million transactions worth in excess of USD 1.1 billion in 2014. Money transfer revenues grew 2% Y/Y to P346.8 million despite lower transaction volume, due to a more stable USD/PHP. Other sources of revenue are the operations from Foreign Exchange and Ancillary Products. Revenue from the Company's Foreign Exchange operations declined by 15% Y/Y to PHP 72.2 million in 2014 from P85.8 million in 2013, and revenue from Ancillary Products, also declined by 14% Y/Y to PHP 13.1 million in 2014 from PHP 15.3 million in 2013. Meanwhile, the Company's operating expenses slightly increased at PHP 424.4 million in 2014 from PHP 415.6 million in 2013, resulting to an 18% decrease in operating income to PHP 91.8 million. After provisions and taxes, eBiz posted a net income of PHP 65.3 million in 2014, down by 17% from PHP 78.6 million in 2013.

#### **Yehey! Corporation**

The Company experienced a 5% improvement in revenues from P18.5 million in 2013 to P19.4 million this year. The slight increase is the effect of a leap in earnings from digital PR from P9.0 million last year to P11.2 million this year mitigated by a drop in media revenues from P2.7 million last year to P1.2 million this year. Web production revenues also experienced a 5% growth to P7.1 million from P6.8 in the prior year.

Total cost and expenses were reduced by 7% this year from P23.4 million to P21.8 million in conjunction with the Company's efforts to track and manage workflows, costs, and efficiencies.

Over-all, the Company's net income rose 10% from P2.0 million in 2013 to P2.20 million in 2014.

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

Net revenues in 2014 amounted to P161.95 million which is higher by 25% from P129.08 million in 2013. Net subscriptions in 201 grew 3.44x to Php6.2 billion from Php1.8 billion in 2013, while total assets under management increased 110% Y/Y to Php18.04 billion as of end-2014 from Php8.6 billion as of end-2013. Expenses for the year were 59% higher as compared to last year yielding an overall YTD net profit for the Company of P80.95 million, a 16% increase from P69.84 million last year.

#### **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.

#### **Results of Operations for the Year Ended 2013 (Y2013 vs Y2012)**

The Company posted a consolidated net income of P630.12 million as of December 31, 2013, higher by 11% compared to Php569.25 million in 2012. On a per share basis, the Company earned P0.28 as of December 31, 2013 compared to P0.26 centavos as of December 31, 2012.

2013 was quite the tumultuous year for global markets in general. The first half of the year was a continuation of the uptrend the Company experienced in 2012. We had record stimulus coming from Japan with Abenomics. Meanwhile, growth in the US seemed to be finally back on track. It looked as if we had a goldilocks environment, not too hot, not too cold. However, the good times finally ended in May, when we got a surprise from the US FED that they would start tapering their bond purchases. This was a complete game changer for the markets, as most expected tapering to come much later. This caused a complete selloff in risky assets. Emerging market stocks fell off a cliff, bond yields shot up, and foreign exchange markets went on a wild rollercoaster ride. For the year, the S&P 500 and the MSCI World Index registered returns of 29.6% and 24.1%, respectively, compared to already good growth of 13.4% and 13.2%, respectively, in 2012.

The US held its value despite the threat of higher interest rates and bond purchase tapering because finally, good news was good news. It looked like the US would start becoming a global growth engine again. However, this was especially bad news for emerging markets, as foreign fund flow suddenly reversed from these countries. It was a mass exodus from EM to DM ever since the announcement by the Fed in May. Foreign funds and ETFs had orders to zero out their positions in the Philippines and were forced to sell at any price. So after hitting record highs of 7,400 in May, the PHISIX gave up all its gains for the year and then some, before fighting to get back to even at the end of the year. For 2013, the PHISIX and the Company's equity portfolio gained 1.3% and -4.4%, respectively, compared to 33.0% and 30.6%, respectively, in 2012.

On the fixed income side, yields followed the movement in equities, hitting record lows up to May and then reversing all its gains until the end of the year. Despite flush liquidity coming from funds released from the BSP SDA, bonds were out of favor because foreign investors flocked to get out of any emerging market assets. This was exacerbated with the PHP depreciating from 40.50 all the way up to 44.80 with foreign banks predicting that it would even reach 48. Thus fund managers had a fire sale on PHP assets and went back to holding USD. Those USD eventually found their way back to US markets. Still, 10-year and 20-year benchmark yields were lower by 60 bps and 78 bps respectively from end-2012 to end-2013, but at the low, they were lower by 140bp and 240bp respectively. The Company's fixed income portfolio gained 7.4% in 2013, outperforming the benchmark HSBC Local Bond Index which gained 5.1% during the same period. In 2012, the Company's fixed income portfolio and the HSBC Local Bond Index gained 9.5% and 8.9% respectively.

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

eBiz continues to achieve record money transfer volume, hitting over 5.7 million transactions worth in excess of USD 1.2 billion in 2013. Money transfer revenues grew 5% Y/Y to P326.23 million due to strong transaction volume growth and a more stable USD/PHP. The growth in money transfer revenues was complemented by an even stronger growth in the Company's foreign exchange operations and other products which increased by 53% Y/Y to P229.60 million from P150.53 million in 2012. Meanwhile, the Company's operating expenses rose 13% Y/Y to P443.78 million from P393.46 million in 2012. After provisions and taxes, eBiz posted a net income of P78.56 million in 2013, up by 66% from Php47.32 million in 2012.

#### **Yehev! Corporation**

The Company experienced a 14% decline in revenues to P27.0 million in 2013 from P31.4 million in 2012. This is mainly caused by a huge drop in earnings from digital PR from P19.0 million in 2012 to P9.0 million in 2013 or a decrease of 52%. In addition, web production revenues also decreased by 29% from P10.0 million in 2012 to P7.0 million in 2013, while revenue from Digital Strategy remains to be nil since 2012.

The decline in revenues is mitigated by a 21% decrease in total cost and expenses from P30.9 million to P24.5 million in 2012 and 2013, respectively. General and administrative expenses decreased as a result of lower legal and professional fees, non-recognition of provision for losses and absence of commission expense. All other costs have insignificant changes from 2013 to 2012.

Over-all, the Company's total comprehensive income plummeted to P1.4 million, a massive fall of 67% from an income of P13.9 million in 2012.

**Philequity Management, Inc.**

Net revenues in 2013 amounted to P107.6 million which is higher by 49% from P72.03 in 2012. Net subscriptions in 2013 grew 3.9x to Php1.8 billion from Php0.5 billion in 2012, while total assets under management increased 25% Y/Y to Php8.6 billion as of end-2013 from Php6.9 billion as of end-2012. Expenses for the year were 18% lower as compared to last year yielding an overall YTD net profit for the Company of P69.8 million, a 105% increase from P34.1 million last year.

**Item 7. Financial Statements**

The audited consolidated financial statements and schedules listed in the accompanying index to Financial Statements and Supplementary Schedules are filed as part of this Form 17-A.

**Information on Independent Accountant**

SGV & Co. is the external accountant of the Company. 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:

	2015	2014
Audit fee	<b>₱739,767</b>	₱725,260.00
Tax Services	-	-
Other Fees	-	-
<b>TOTAL</b>	<b>₱739,767</b>	<b>₱725,260.00</b>

The Independent Accountant 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.

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

There are no changes and matters of disagreement with accountants on any accounting & financial disclosures the last two (2) most recent fiscal years.

**PART III – CONTROL AND COMPENSATION INFORMATION**

**Item 9. Directors and Executive Officers of the Registrant**

Office	Period Served	Name	Citizenship	Age
Director	2003 to present	Ignacio B. Gimenez	Filipino	71

Director Chairman & CEO	2002 to present 2005 to present	Valentino C. Sy	Filipino	60
Director President & COO	2006 to present	Edmundo P. Bunyi, Jr.	Filipino	51
Director Treasurer	2003 to present 2005 to present	Joseph L. Ong	Filipino	62
Director	1999 to present	Willy N. Ocier	Filipino	59
Director	2003 to present	Roberto Z. Lorayes	Filipino	72
Director	1993 to 2000 & 2005 to present	Wilson L. Sy	Filipino	63
Director	2005 to present	Antonio R. Samson	Filipino	70
Director	2013 to present	Gregorio T. Yu	Filipino	56
Corporate Secretary	1993 to present	A. Bayani K. Tan	Filipino	60
Asst. Corporate Secretary	2013 to present	Adrian Francis S. Bustos	Filipino	28

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.

The following is a brief write-up of the Board of Directors and Executive Officers.

#### **Valentino C. Sy**

Mr. Sy is currently the Chairman of the Company. He is also the Chairman and Chief Executive Officer of Vantage Equities, Inc., Chairman of eBusiness Services, Inc. and a Director of Philequity Management, Inc. Concurrently, he is the Director of Wealth Securities (1998 to 2011) 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.

#### **Edmundo P. Bunyi, Jr.**

Mr. Bunyi is a Director of the Company since 2006. He is currently the President and Chief Operations Officer of Vantage Equities, Inc. He is the Director of e-Business Services, Inc., a Western Union franchise (2006-Jan, 2008) and was appointed President and Chief Executive Officer of eBusiness Services, Inc. effective February 2008 - present. He is also the President of Philequity Management, Inc., an investment company adviser, since October 2006. He is the former Senior Vice President and Treasurer of International Exchange Bank, 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 (1977).

#### **Ignacio B. Gimenez**

Mr. Gimenez became a Director of the Company in 2003. Mr. Gimenez is the Chairman of Philequity Management, Inc. He is also the Chairman and President of the following mutual fund: Philequity Fund, Inc., (1994 to present), Philequity Dollar Income Fund, Inc., and Philequity Peso Bond Fund, Inc., (1999 to present), Philequity Dividend Yield Fund (2012 to present), Philequity Balanced Fund, Inc., Philequity Foreign Currency Fixed Income, Philequity Resources Fund, Inc., and Philequity Strategic Growth Fund, Inc. (2008 to present). Concurrently, he is the Director of Vantage Equities Inc. and eBusiness Services Inc., (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. 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). He is the Treasurer of I. B.

Jimenez Securities, Inc., a stock brokerage firm (1976 - present). He is the President of the following mutual funds, namely, Philequity Fund, Inc., Philequity Dollar Income Fund, Inc., Philequity PSE Index Fund, Inc. and Philequity Peso Bond Fund, Inc. (formerly Philequity Money Market Fund, Inc.). 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 of the Company. He became a Director of the Company in 2003. He is also the treasurer of Philequity Management, Inc., Independent Director of Vantage Equities, Inc. and a director eBusiness Services, Inc. Currently, he is president of Chemcenter Corporation (1996 to present), a company engaged in import and distribution of industrial chemicals. Previously, he was connected with Exxon Chemical/Exxon Corp holding positions in sales, marketing, planning, and audit functions both here and abroad. He holds a degree in Chemical Engineering, Magna Cum Laude, from De La Salle University (1975).

**Willy N. Ocier**

Mr. Ocier has been a Director of the Company since 1999. He is also a Director of Philequity Management, Inc. and eBusiness Services, 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: (a) APC Group, Inc. (2005 to present) (b) Sinophil Corporation (2005 to present), (c) Premium Leisure and Amusement, Inc (1999 to present), (d) Tagaytay Midlands Golf Club, Inc. (1999 to present) and (e) 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 the Chairman of the company. He is also the Director of Vantage Equities, Inc. and eBusiness Services, Inc. (1994 to present). 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, Scringeur, Vickers (1987-1989), and 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 was reelected to the Board in 2005. He is the Vice Chairman of Asian Alliance Holdings, Corp. and Director of Vantage Equities, Inc.; eBusiness Services, Inc., Philequity Management, Inc., Xcell Property Ventures, Inc. (2005 to present), and Monte Oro Resources & Energy, Inc. (2005 to present) Mr. Sy is also an Independent Director of the reporting corporations: The Country Club at Tagaytay Highlands, Inc. (2011 to present), Tagaytay Highlands International Golf Club, Inc. (2011 to present), Tagaytay Midlands Golf Club, Inc. (2011 to present), and The Spa and Lodge at Tagaytay Highlands (2011 to 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).

**Antonio R. Samson**

Mr. Samson is the Independent Director of the Company. He is also the Independent Director of Vantage Equities, Inc. and Philequity Management, Inc. and the Director of eBusiness Services, Inc. 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).

### **Gregorio T. Yu**

Mr. Yu is the Independent Director of the Company. He is also the Independent Director of Vantage Equities, Inc. and Philequity Management, Inc. At the same time, he is the Director of the following companies: eBusiness Services, Inc., Philippine Airlines Inc., Philippine National Reinsurance Corporation, Iremit (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., Yehey Inc., CMB Partners Inc., Ballet Philippines, Manila Symphony Orchestra, Iripple Inc (2007 to present). 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 the Trustee of the Government Service Insurance System (2010 to present), as well as 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, 60, Filipino, is the Corporate Secretary of the Corporation (since January 1993, Publicly-Listed). He is also a Director, Corporate Secretary or both of the following reporting and/or listed companies: Asia United Bank Corporation (since February 2014 as Corporate Secretary\*, since June 2014 as Director\*, Publicly-Listed), Belle Corporation (since May 1994, Publicly Listed), Coal Asia Holdings, Inc. (since July 2012, Publicly-Listed), Destiny Financial Plans, Inc. (since 2003), Discovery World Corporation (since March 2013 as Director, since July 2003 as Corporate Secretary, Publicly-Listed), First Abacus Financial Holdings Corp. (since May 1994, Publicly Listed), I-Remit, Inc. (since May 2007, Publicly-Listed), Pacific Online Systems Corporation (since May 2007, Publicly-Listed), Philequity Balanced Fund, Inc. (since March 2010), Philequity Dividend Yield Fund, Inc. (since January 2013), Philequity Dollar Income Fund, Inc. (since March 1999), Philequity Foreign Currency Fixed Income Fund, Inc. (since March 2010), Philequity Fund, Inc. (since June 1997), Philequity Peso Bond Fund, Inc. (since June 2000), Philequity PSE Index Fund, Inc. (since February 1999), Philequity Resources Fund, Inc. (since March 2010), Philequity Strategic Growth Fund, Inc. (since April 2008), Premium Leisure Corporation (since December 1993, Publicly-Listed), 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). Mr. Tan is also a Director and the Corporate Secretary of Sterling Bank of Asia Inc. (since December 2006). 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) and Pascual Laboratories, Inc. (since March 2014), 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.

#### **Adrian Francis S. Bustos**

Atty. Bustos is an incumbent Director and Corporate Secretary of Angat Hydropower Corporation and KWPP Holdings Corporation, and the Corporate Secretary of Emerald Holdings Corporation and Emerald Headway Distributors, Inc. He is also the Assistant Corporate Secretary of the following companies: Vantage Equities, Inc.; I-Remit, Inc.; Philequity funds (9 corporations); Palm Concepcion Power Corporation; JTKC Land, Inc.; The Country Club at Tagaytay Highlands, Inc.; Tagaytay Midlands Golf Club Inc.; and FHE Properties Inc.

Atty. Bustos obtained his Bachelor of Science degree in Business Administration and Bachelor of Laws degree from the University of the Philippines in 2008 and 2012, respectively. He is currently an associate of Tan Venturanza Valdez (2013 to date). He was formerly connected with Vicsal Investment, Inc. (2013) as a financial analyst and he is a Chartered Financial Analyst (CFA) level 1 passer. He was admitted to the Philippine bar in April 2013.

#### **Family relationships among Directors:**

Messrs. Valentino Sy and Wilson Sy are brothers.

#### **Independent Director**

Mr. Gregorio T. Yu and Mr. Antonio R. Samson were re-elected as the independent directors of the Company in compliance with the requirements of Rule 38 of the Securities Regulation Code.

#### **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:

- (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, an incumbent Director and the 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.

### Significant Employees

No employee is expected by the Corporation to make a significant contribution to the business.

### Item 10. Executive Compensation

Except for Messrs. Edmundo P. Bunyi, Jr., all of the Company's directors and officers have not received any form of compensation from inception up to present other than a per diem of ₱6,000.00 (net of withholding tax) for each meeting attended and annual per diem during stockholders' meeting. There is no employment contract between the Company and the above-named executive officer or current executive officers. In addition, except as provided below, there are no compensatory plans or arrangements with respect to named executive officers that resulted in or will result from the resignation, retirement or termination of such executive director or from a change-in-control in the Company.

The Company has no price or stock warrants.

### Summary Compensation Table (Annual Compensation)

Name and Principal Position	Year	Annual Compensation
<b>Valentino C. Sy</b> Chairman & CEO		
<b>Edmundo P. Bunyi, Jr.</b> President & COO		
<b>Joseph L. Ong</b> Treasurer		
<b>All officers and directors as a group</b>	2016 (Estimate)	5,709,927
	2015	5,864,418
	2014	5,639,338

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

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

As of 31 March 2016, Vantage Equities, Inc. knows no one who beneficially owns in excess of 5% of the Company's common stock except as set forth in the table below.

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	<b>PCD Nominee Corp. (*)</b> 37/F Tower I, The Enterprise Center 6766 Ayala Avenue, Makati City	Stockholder	r	Filipino	4,204,966,549	96.996%

(\*)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 as follows:

Title of Class	Name and Address of Record/Beneficial Owner	Relationship with Company	Amount* and Nature of Beneficial Ownership	Citizenship	Percent of Class
Common	<b>Wealth Securities, Inc.</b> 21/F East Tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City Ms. Ruby Tan – Finance Manager	Stockholder	3,615,129,062 r	Filipino	85.97%

\*The shares shall be voted by the person these shareholders shall duly authorize for the purpose. No single beneficial owner of these shares own more than 5% of the shares of the Company except as follows:

Class	Name and Address of Record Owner and Relationship with Issuer	Relationship with Company	Citizenship	Number of Shares	% Held
Common	<b>Creative Wisdom, Inc.</b> 21/F East Tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City Ms. Ruby Tan – Corp. Sec.	Stockholder	Filipino	1,768,701,436	42.12%

## 2. Security Ownership of Management

The following table shows the share beneficially owned by the directors and executive officers of the Company as of 31 March 2016:

Title of Class	Name of Record/Beneficial Owner	Amount & Nature of Record/Beneficial Ownership		Citizenship	Percent of Class
Common	Ignacio B. Gimenez	25,000	(direct)	Filipino	0.0006%
Common	Roberto Z. Lorayes	50,000	(direct)	Filipino	0.0012%
Common	Valentino C. Sy	350,000	(direct)	Filipino	0.0083%
Common	Edmundo P. Bunyi, Jr.	20,000	(direct)	Filipino	0.0005%
		12,505,000	(indirect)		0.2978%
Common	Joseph L. Ong	25,000	(direct)	Filipino	0.0006%
Common	Willy N. Ocier	5,621,000	(direct)	Filipino	0.1338%
		14,948,480	(indirect)		0.3560%
Common	Wilson L. Sy	2,300,000	(direct)	Filipino	0.0548%
		366,000,000	(indirect)		8.7152%
Common	Antonio R. Samson	125,000	(direct)	Filipino	0.0030%
Common	Gregorio T. Yu	200,000	(direct)	Filipino	0.0048%
		5,000,000	(indirect)		0.1191%
Common	A. Bayani K. Tan	2,874	(direct)	Filipino	0.0001%
All Directors and Officers as a group		407,172,354			9.6955%

## Voting Trust Holders of 5% or More

There is no party which holds any voting trust or any similar agreement for 5% or more of Vantage's voting securities.

## Changes in Control

The Company is not aware of any arrangement that may result in a change in control of the Company.

## Item 12. 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.

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

12.1 The Company advanced unsecured, interest-bearing loan to eBusiness Services, Inc. for working capital purposes.

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

12.5 Compensation of key management personnel of the Group:

	2015	2014	2013
Salaries & wages	<b>₱17,845,410</b>	₱18,577,222	₱14,187,608
Retirement benefits	<b>695,824</b>	670,633	1,797,332
<b>TOTAL</b>	<b>₱18,541,234</b>	₱19,247,855	₱15,984,940

## PART IV – 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.

Please refer to the attached ACGR.

## **PART V – EXHIBITS AND SCHEDULES**

### **Item 14. Exhibits and Reports on SEC Form 17-C**

- a. Exhibits – See accompanying index to exhibits.

The following exhibit is filed as a separate section of this report:  
Subsidiaries of the Company

The other exhibits, as indicated in the Index to Exhibits are either not applicable to the Company or require no answer.

- b. Reports on SEC Form 17 – C

- **Filed 21 December 2015**

Letter to PSEI dated 18 December 2015 Re: Amendment to disclose fixing of record date and payment date of stock dividends.

- **Filed 29 October 2015**

Letter to PSEI dated 28 October 2015 Re: Amendment to disclose the date of filing with SEC and date of approval by the Commission of the amendment to Articles of Incorporation.

- **Filed 16 October 2015**

Letter to PSEI dated 15 October 2015 Re: Amendment to disclose Sale by Vantage Equities, Inc. ("VEI") of 186,121,771 common shares to Alfonso Yap Go and his nominees: Nathaniel C. Go, and Socorro P. Lim representing 66.95% of the total issued and outstanding capital stock of YEHEY.

- **Filed 3 August 2015**

Letter to PSEI dated 3 August 2015 Re: Amendment to disclose ratification by at least two-thirds (2/3) of the outstanding capital stock of the Corporation on the increase in authorized capital stock

- **Filed 3 August 2015**

Letter to PSEI dated 3 August 2015 Re: Amendment to disclose ratification and approval by at least two-thirds (2/3) of the outstanding capital stock of the Corporation on declaration of stock dividend and revision of "Date of Approval by Relevant Regulatory Agency, if applicable" to N/A

- **Filed 3 August 2015**

Letter to PSEI dated 3 August 2015 Re: Amendment to disclose Ratification of declaration of stock dividend by at least two-thirds (2/3) of the outstanding capital stock of the Corporation

- **Filed 3 August 2015**

Letter to PSEI dated 1 August 2015 Re: Results of Organizational Meeting of the Board of Directors.

- **Filed 3 August 2015**

Letter to PSEI dated 1 August 2015 Re: Results of the Annual Stockholders' Meeting

- **Filed 8 July 2015**

Letter to PSEI dated 7 July 2015 Re: Disposition of 186,121,771 common shares of Yehey! Corporation

- **Filed 15 June 2015**

Letter to PSEI dated 11 June 2015 Re: Amendment to notice of Annual Stockholders' Meeting to disclose time, venue and agenda

- **Filed 5 June 2015**

Letter to PSEI dated 5 June 2015 Re: Notice of Annual Stockholders' Meeting

- **Filed 20 May 2015**

Letter to PSEI dated 20 May 2015 Re: Amendment to Articles of Incorporation for increase in authorized capital stock

- **Filed 19 May 2015**

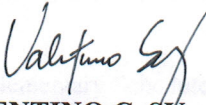
Letter to PSEI dated 19 May 2015 Re: Declaration of Stock Dividends

VANTAGE SIGNATURES INC.

...pursuant to the requirements of Section 17 of the Securities Regulation Code, and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereto duly authorized, in the City of Pasig:

**VANTAGE EQUITIES, INC.**

By:

  
**VALENTINO C. SY**  
Chairman & CEO

  
**EDMUNDO MARCO P. BUNYI, JR.**  
President & COO

  
**MARIBEL E. BERE**  
Comptroller

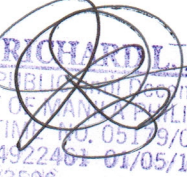
APR 01 2016

MANILA

SUBSCRIBED AND SWORN to before me this \_\_\_\_\_ at Pasig City, affiants exhibiting to me their Community Tax Certificates

Name	CTC No.	Date of Issue	Place of Issue
Valentino C. Sy	16706874	February 05, 2016	Pasig City
Edmundo Marco P. Bunyi, Jr.	02326159	January 06, 2016	Pasig City
Maribel E. Bere	02326160	January 06, 2016	Pasig City

Doc No. 228  
Page No. 48  
Book No. 56  
Series of 2016.

  
**ATTY. RICHARD L. ANOLIN**  
NOTARY PUBLIC, Commission Expires December 31, 2016  
FOR CITY OF MANILA, PHILIPPINES  
IBP LIFETIME NO. 05129/02 25 05/MLA  
PTR NO. 4922461-01/05/16 Mla.  
Roll No. 33596  
MCLE COMPLIANCE NO. IV-00238501 8/16/14  
RODULFO ANOLIN AND ASSOCIATES LAW OFFICE  
2/F YMCA OF MANILA BLDG.  
#350 ANTONIO VILLEGAS ST.,  
ERMITA MANILA TEL. 525-05-86  
Email ADD: attyrichardanolin@yahoo.com



VANTAGE EQUITIES, INC.

INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

FORM 17 – A, Item 7

Page No.

Consolidated Financial Statements

Statement of Management's Responsibility for Financial Statements  
Report of Independent Public Accountant  
Consolidated Balance Sheets as of December 31, 2015 and 2014  
Consolidated Statements of Income and Retained Earnings for the  
Years Ended December 31, 2015, 2014 and 2013  
Consolidated Statements of Cash Flows for the Years Ended  
December 31, 2015, 2014 and 2013  
Notes to Consolidated Financial Statements

Supplementary Schedules

Report of Independent Public Accountants on Supplementary Schedules

**Part 1**

- I Schedule of Retained Earnings Available for Dividend Declaration  
(Part 1 4C, Annex 68-C)
- II Schedule of all effective standards and interpretations under PFRS  
(Part 1 4J)
- III Map showing relationships between and among parent, subsidiaries, an associate,  
and joint venture (Part 1 4H)

**Part 2**

- A Financial Assets (Part II 6D, Annex 68-E, A)
- B Amounts Receivable from Directors, Officers, Employees, Related Parties and  
Principal Stockholders (Other than Affiliates)  
(Part II 6D, Annex 68-E, B)
- C Amounts Receivable from Related Parties which are eliminated during the  
consolidation of financial statements (Part II 6D, Annex 68-E, C)
- D Intangible Assets - Other Assets (Part II 6D, Annex 68-E, D)
- E Long-Term Debt (Part II 6D, Annex 68-E, E)
- F Indebtedness to Related Parties (included in the consolidated statement of  
financial position) (Part II 6D, Annex 68-E, F)
- G Guarantees of Securities of Other Issuers (Part II 6D, Annex 68-E, G)
- H Capital Stock (Part II 6D, Annex 68-E, H)

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These schedules, which are required by Part IV (a) of RSA Rule 48, have been omitted because they are either not required, not applicable or the information required to be presented is included in the Company's consolidated financial statements or the notes to consolidated financial statements.

## INDEX TO EXHIBITS

### Form 17-A

<b><u>No.</u></b>		<b><u>Page No.</u></b>
(3)	Plan of Acquisition, Reorganization, Arrangement, Liquidation, or Succession	*
(5)	Instruments Defining the Rights of Security Holders, Including Indentures	*
(8)	Voting Trust Agreement	*
(9)	Material Contracts	*
(10)	Annual Report to Security Holders, Form 17-Q or Quarterly Report to Security Holders	*
(13)	Letter re: Change in Certifying Accountant	*
(16)	Report Furnished to Security Holders	*
(18)	Subsidiaries of the Registrant	*
(19)	Published Report Regarding Matters Submitted to Vote of Security Holders	*
(20)	Consent of Experts and Independent Counsel	*
(21)	Power of Attorney	*
(29)	Additional Exhibits	*

- 
- These exhibits are either or not applicable to the Company or require no answer.