



www.myiremit.com

November 14, 2013

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

Attention : Ms. Janet A. Encarnacion
Head, Disclosure Department

Gentlemen:

In accordance with the Securities Regulation Code, we are submitting herewith a copy of SEC Form 17-Q (Quarterly Report) of **I-Remit, Inc.** as at **September 30, 2013.**

Thank you.

Very truly yours,


HARRIS E. D. JACILDO
President & Chief Operating Officer

I-Remit, Inc.

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



111142013002463



SECURITIES AND EXCHANGE COMMISSION

SEC Building, EDSA, Greenhills, Mandaluyong City, Metro Manila, Philippines
Tel: (632) 726-0931 to 39 Fax: (632) 725-5293 Email: mis@sec.gov.ph

Barcode Page

The following document has been received:

Receiving Officer/Encoder : Dharril Curañes
Receiving Branch : SEC Head Office
Receipt Date and Time : November 14, 2013 03:36:17 PM
Received From : Head Office

Company Representative

Doc Source

Company Information

SEC Registration No. A200101631
Company Name I-REMIT INC.
Industry Classification
Company Type Stock Corporation

Document Information

Document ID 111142013002463
Document Type 17-Q (FORM 11-Q: QUARTERLY REPORT/FS)
Document Code 17-Q
Period Covered September 30, 2013
No. of Days Late 0
Department CFD
Remarks

COVER SHEET

A 2 0 0 1 0 1 6 3 1

SEC Registration Number

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

(Company's Full Name)

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

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

Mr. HARRIS EDSSEL D. JACILDO
(Contact Person)

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

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

1 7 - Q
(Form Type)

0 7
Month Day
(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

| | |
|----------------------|----------------------|
| <input type="text"/> | <input type="text"/> |
| Domestic | Foreign |

To be accomplished by SEC Personnel concerned

File Number

_____ LCU

Document ID

_____ Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

SEC Number
PSE Code
File Number

A200101631

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

(Company's Full Name)

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

(Company's Address)

(02) 706 – 9999 Local 100 / 105 / 109

(Telephone Number)

December 31

(Fiscal Year Ending)
(Month and Day)

SEC FORM 17-Q

Form Type

Amendment Designation (if applicable)

September 30, 2013

Period Ended Date

(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended September 30, 2013
2. Commission Identification No. A200101631 3. BIR Tax Identification No. 210-407-466-000
4. Exact name of registrant as specified in its charter I-REMIT, INC.
5. Metro Manila, PHILIPPINES 6. (SEC Use Only)
Province, Country or other jurisdiction of Industry Classification Code
incorporation or organization
7. 26/F Discovery Centre, 25 ADB Avenue, Ortigas Center, Pasig City, Metro Manila 1605
Address of principal office Postal code
8. (632) 706 – 9999 Local 100 / 105 / 109
Issuer's telephone number, including area code
9. Not applicable
Former name, former address, and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA
- | Title | Number of Shares of Common Stock
Outstanding and Amount of Debt Outstanding |
|---------------------|--|
| <u>Common Stock</u> | <u>593,163,800 shares</u> |
| | |
| | |
11. Are any or all of these securities listed on a Stock Exchange?
Yes [] No []
If yes, state the name of such stock exchange and the classes of securities listed therein:
The Philippine Stock Exchange, Inc.
12. Check whether the issuer:
(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports)
Yes [] No []
(b) has been subject to such filing requirements for the past 90 days
Yes [] No []

I-REMIT, INC. AND SUBSIDIARIES
Consolidated Balance Sheets

| | Unaudited Sept. 30, 2013 | Audited Dec. 31, 2012 |
|--|-----------------------------|--------------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | P 754,296,699 | P 1,062,120,047 |
| Financial assets at fair value through profit or loss | 249,960,455 | 210,180,347 |
| Accounts receivable | 922,662,252 | 1,155,880,254 |
| Other receivables | 371,489,754 | 36,479,582 |
| Other current assets | 11,928,743 | 23,901,932 |
| Total Current Assets | 2,310,337,903 | 2,488,562,162 |
| Noncurrent Assets | | |
| Investments in associates | 21,610,881 | 19,492,351 |
| Property and equipment - net | 29,434,236 | 23,495,462 |
| Goodwill | 111,441,191 | 111,441,191 |
| Deferred tax asset | 7,294,126 | 6,893,941 |
| Software costs - net | 830,571 | 1,452,662 |
| Retirement asset | 0 | 2,232,135 |
| Other noncurrent assets | 30,961,152 | 31,413,351 |
| Total Noncurrent Assets | 201,572,157 | 196,421,093 |
| | P 2,511,910,060 | P 2,684,983,255 |
| LIABILITIES AND EQUITY | | |
| Current Liabilities | | |
| Beneficiaries and other payables | P 517,840,882 | P 519,839,277 |
| Income tax payable | 9,663,218 | 1,801,235 |
| Interest-bearing loans | 798,000,000 | 925,000,000 |
| Total Current Liabilities | 1,325,504,100 | 1,446,640,512 |
| Noncurrent Liabilities | | |
| Retirement liability | 1,950,397 | 0 |
| Deferred tax liability | 1,220,919 | 1,217,135 |
| Total Noncurrent Liabilities | 3,171,316 | 1,217,135 |
| Total Liabilities | 1,328,675,416 | 1,447,857,647 |
| Equity Attributable to Equity Holders of the Parent Company | | |
| Capital stock | 617,725,800 | 617,725,800 |
| Capital paid-in excess of par value | 391,232,478 | 391,232,478 |
| Retained earnings | 272,742,223 | 334,506,646 |
| Cumulative translation adjustment | (17,780,979) | (37,129,628) |
| Treasury stock | (80,684,878) | (69,209,688) |
| | 1,183,234,644 | 1,237,125,608 |
| Noncontrolling Interest | 0 | 0 |
| Total Equity | 1,183,234,644 | 1,237,125,608 |
| | P 2,511,910,060 | P 2,684,983,255 |

I-REMIT, INC. AND SUBSIDIARIES
Consolidated Statements of Income

| | Unaudited Jan. 1 to Sept. 30, 2013 | Unaudited Jan. 1 to Sept. 30, 2012 | Unaudited July 1 to Sept. 30, 2013 | Unaudited July 1 to Sept. 30, 2012 |
|---|--|--|--|--|
| REVENUE | | | | |
| Delivery fees | P 422,225,691 | P 406,646,682 | P 148,753,565 | P 138,177,975 |
| Realized foreign exchange gains - net | 170,284,572 | 178,924,046 | 57,547,377 | 64,857,677 |
| Other fees | 1,024,833 | 588,496 | 434,687 | 424,720 |
| | 593,535,096 | 586,159,224 | 206,735,629 | 203,460,372 |
| COSTS OF SERVICES | | | | |
| Bank charges | 162,217,629 | 146,207,009 | 51,862,650 | 49,073,915 |
| Delivery charges | 7,768,314 | 9,739,170 | 2,345,604 | 3,400,034 |
| | 169,985,943 | 155,946,179 | 54,208,254 | 52,473,949 |
| GROSS INCOME | 423,549,153 | 430,213,045 | 152,527,375 | 150,986,423 |
| OTHER OPERATING INCOME (LOSS) | | | | |
| Net trading gains (loss) | (314,978) | 14,090,631 | 0 | 8,002,053 |
| Other income | 6,396,950 | 6,173,019 | 2,660,742 | 842,264 |
| | 6,081,972 | 20,263,650 | 2,660,742 | 8,844,317 |
| OPERATING EXPENSES | | | | |
| Salaries, wages and employee benefits | 192,352,595 | 185,345,687 | 64,816,252 | 67,592,660 |
| Rental | 45,891,037 | 43,951,768 | 15,653,143 | 15,665,895 |
| Marketing | 24,895,906 | 32,122,769 | 7,664,617 | 15,007,120 |
| Professional fees | 36,209,318 | 23,637,839 | 12,026,206 | 10,146,968 |
| Transportation and travel | 11,630,357 | 13,273,083 | 5,328,488 | 5,198,696 |
| Communication, light and water | 19,878,012 | 20,947,278 | 7,066,921 | 8,145,296 |
| Photocopying and supplies | 7,674,761 | 7,607,604 | 2,904,594 | 2,646,828 |
| Depreciation and amortization | 9,484,336 | 8,153,228 | 3,292,902 | 2,759,628 |
| Entertainment, amusement and recreation | 5,064,466 | 5,198,824 | 522,485 | 972,445 |
| Other operating expenses | 18,022,764 | 21,824,873 | 6,489,165 | 7,273,106 |
| | 371,103,552 | 362,062,953 | 125,764,773 | 135,408,642 |
| TOTAL OPERATING INCOME | 58,527,573 | 88,413,742 | 29,423,344 | 24,422,098 |
| Equity in net earnings of associates | 2,118,530 | 217,021 | 626,839 | (730,897) |
| Interest income | 11,896,351 | 9,150,955 | 4,658,305 | 3,105,495 |
| Interest expense | (20,785,858) | (20,677,111) | (7,086,666) | (7,272,928) |
| INCOME BEFORE TAX FROM CONTINUING OPERATIONS | 51,756,596 | 77,104,607 | 27,621,822 | 19,523,768 |
| PROVISION FOR INCOME TAX | 19,232,551 | 19,237,591 | 9,424,001 | 6,453,758 |
| INCOME FROM CONTINUING OPERATIONS | 32,524,045 | 57,867,016 | 18,197,821 | 13,070,010 |
| INCOME (LOSS) AFTER TAX FROM DISCONTINUED OPERATIONS | 0 | 0 | 0 | 0 |
| NET INCOME | P 32,524,045 | P 57,867,016 | P 18,197,821 | P 13,070,010 |
| Attributable to: | | | | |
| Equity holders of the Parent Company | P 32,524,045 | P 57,867,016 | P 18,197,821 | P 13,070,010 |
| Noncontrolling interest | 0 | 0 | 0 | 0 |
| | P 32,524,045 | P 57,867,016 | P 18,197,821 | P 13,070,010 |
| Basic/Dilutive Earnings Per Share | | | | |
| Attributable to Equity Holders of the Parent Company | P 0.055 | P 0.097 | P 0.031 | P 0.022 |

I-REMIT, INC. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income

| | Unaudited Jan. 1 to Sept. 30, 2013 | Unaudited Jan. 1 to Sept. 30, 2012 | Unaudited July 1 to Sept. 30, 2013 | Unaudited July 1 to Sept. 30, 2012 |
|--|--|--|--|--|
| Net Income | P 32,524,045 | P 57,867,016 | P 18,197,821 | P 13,070,010 |
| Other Comprehensive Income (Loss) | | | | |
| Translation adjustment during the period | 19,348,649 | 4,787,441 | 2,427,910 | 23,272,165 |
| Total Comprehensive Income for the Period | P 51,872,694 | P 62,654,457 | P 20,625,731 | P 36,342,175 |
| Total Comprehensive income attributable to: | | | | |
| Equity holders of the Parent Company | P 51,872,694 | P 62,654,457 | P 20,625,731 | P 36,342,175 |
| Noncontrolling interest | 0 | 0 | 0 | 0 |
| | P 51,872,694 | P 62,654,457 | P 20,625,731 | P 36,342,175 |

I-REMIT, INC. AND SUBSIDIARIES
Consolidated Statements of Changes in Equity

| | Unaudited Jan. 1 to Sept. 30, 2013 | Unaudited Jan. 1 to Sept. 30, 2012 |
|---|--|--|
| CAPITAL FUNDS, BEGINNING | ₱ 1,237,125,608 | ₱ 1,344,628,813 |
| Net Income for the Period | 32,524,045 | 57,867,016 |
| Translation Adjustment for the Period | 19,348,649 | 4,787,441 |
| Total Comprehensive Income for the Period | 51,872,694 | 62,654,457 |
| Cash Dividends | (25,031,512) | (119,980,856) |
| Property Dividends | (69,256,957) | 0 |
| Purchase of Own Stock | (11,475,190) | (13,334,600) |
| Other Equity Adjustment | 1 | (0) |
| CAPITAL FUNDS, ENDING | ₱ 1,183,234,644 | ₱ 1,273,967,814 |

I-REMIT, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows

| | Unaudited Jan. 1 to Sept. 30, 2013 | Unaudited Jan. 1 to Sept. 30, 2012 |
|---|--|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Income before tax from continuing operations | P 51,756,596 | P 77,104,607 |
| Income (loss) before tax from discontinued operations | 0 | 0 |
| Income before tax | 51,756,596 | 77,104,607 |
| Adjustments for: | | |
| Interest expense | 20,785,858 | 20,677,111 |
| Unrealized market valuation (gain) loss on financial instruments at fair value through profit or loss | 314,978 | (29,101,935) |
| Depreciation and amortization | 9,484,336 | 8,153,228 |
| Interest income | (11,896,351) | (9,150,955) |
| Equity in net earnings of associates | (2,118,530) | (217,021) |
| Unrealized foreign exchange gain - net | 3,589,706 | (3,064,563) |
| Post-Employment Benefits | 2,232,135 | 0 |
| Changes in Operating Assets and Liabilities: | | |
| Decrease (Increase) in the amounts of: | | |
| Financial Assets at FV through PL | (40,095,086) | (41,956,280) |
| Accounts receivables | 233,728,587 | 50,074,349 |
| Other receivables | (332,913,932) | 62,657,167 |
| Other current assets | 11,973,189 | 9,009,017 |
| Retirement asset | 0 | 368,394 |
| Increase (Decrease) in the amounts of: | | |
| Beneficiaries and other payables | (5,731,293) | 215,675,730 |
| Retirement liability | 1,950,397 | 1,539,611 |
| Net cash used in operations | (56,939,411) | 361,768,460 |
| Income taxes paid | (11,766,969) | (14,658,652) |
| Interest received | 9,800,111 | 8,890,249 |
| Interest paid | (21,153,251) | (21,275,231) |
| Net cash provided by (used in) operating activities | (80,059,519) | 334,724,826 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Acquisitions of: | | |
| Property and equipment | (14,570,321) | (12,096,880) |
| Software cost | (13,083) | (718,187) |
| Decrease (increase) in other noncurrent assets | 452,199 | 2,645,956 |
| Proceeds from disposals of property and equipment | 88,544 | 65,275 |
| Dividends received from associate | 0 | 4,896,570 |
| Net cash used in investing activities | (14,042,661) | (5,207,266) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Payment of: | | |
| Short-term loans payable | (925,000,000) | (666,000,000) |
| Buy-back of shares | (11,475,190) | (13,334,600) |
| Cash dividends | (25,031,512) | (119,980,856) |
| Property dividends | (69,256,957) | 0 |
| Proceeds from short-term loans payable | 798,000,000 | 535,475,000 |
| Net cash provided by (used in) financing activities | (232,763,659) | (263,840,456) |
| EFFECT OF CHANGE IN FOREIGN EXCHANGE RATE TO CASH AND CASH EQUIVALENTS | 19,042,491 | (15,671,311) |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT | (307,823,348) | 50,005,793 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | 1,062,120,047 | 891,235,623 |
| | | 0 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | P 754,296,699 | P 941,241,416 |

I-REMIT, INC. AND SUBSIDIARIES
Aging of Consolidated Receivables
Unaudited
September 30, 2013

| | Total | Current | 2-30 Days | 31-60 Days | Over 60 Days |
|-----------------|------------------------|------------------------|---------------------|-------------------|---------------------|
| Agents | P 918,532,208 | P 918,532,208 | P - | P - | P - |
| Couriers | 4,130,044 | - | 4,130,044 | - | - |
| Related Parties | 10,569,240 | - | - | - | 10,569,240 |
| Others | 360,920,514 | 317,757,299 | 9,888,619 | - | 33,274,596 |
| | P 1,294,152,006 | P 1,236,289,507 | P 14,018,663 | P - | P 43,843,836 |

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

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

- a. Consolidated Balance Sheets as of September 30, 2013 (unaudited) and December 31, 2012 (audited);
- b. Unaudited Comparative Consolidated Statements of Income for the nine (9) months ended September 30, 2013 and September 30, 2012, and for three (3) months from July 1, 2013 to September 30, 2013 and from July 1, 2012 to September 30, 2012;
- c. Unaudited Comparative Consolidated Statements of Comprehensive Income for the nine (9) months ended September 30, 2013 and September 30, 2012, and for three (3) months from July 1, 2013 to September 30, 2013 and from July 1, 2012 to September 30, 2012;
- d. Unaudited Comparative Consolidated Statements of Changes in Equity for the nine (9) months ended September 30, 2013 and September 30, 2012;
- e. Unaudited Comparative Consolidated Statements of Cash Flows for the nine (9) months ended September 30, 2013 and September 30, 2012;
- f. Unaudited Aging of Consolidated Receivables as of September 30, 2013.

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

September 30, 2013 vs. December 31, 2012

The total assets of the Company decreased by PHP 173.1 million or -6.4% to PHP 2,511.9 million as of September 30, 2013 against PHP 2,685.0 million as of December 31, 2012.

Cash and cash equivalents decreased by PHP 307.8 million or 29.0% from PHP 1,062.1 million as of December 31, 2012 to PHP 754.3 million as of September 30, 2013. Cash and cash equivalents as of September 30, 2013 and December 31, 2012 are 30.0% and 39.6% of the total assets as of September 30, 2013 and December 31, 2012, respectively. Financial assets at FVPL, which consist of investments in private debt securities (listed overseas) held for trading, increased by PHP 39.8 million or 18.9% from PHP 210.2 million as of December 31, 2012 to PHP 250.0 million as of September 30, 2013 mainly due to the increase in bonds and stock investments of Power Star Asia Group Limited. Financial assets at FVPL as of September 30, 2013 and December 31, 2012 are 10.0% and 7.8% of the total assets as of September 30, 2013 and December 31, 2012, respectively. Accounts receivable decreased by PHP 233.2 million or -20.2% from PHP 1,155.9 million as of December 31, 2012 to PHP 922.7 million as of September 30, 2013 mainly due to stricter implementation of Company policy on advance funding from remittance tie-ups. Accounts receivable as of September 30, 2013 and December 31, 2012 are 36.7% and 43.1% of the total assets as of September 30, 2013 and December 31, 2012, respectively. Other receivables increased by PHP 335.0

million or 918.4% from PHP 36.5 million as of December 31, 2012 to PHP 371.5 million as of September 30, 2013 mainly due to foreign currency receivable from forward contracts. Other receivables as of September 30, 2013 and December 31, 2012 are 14.8% and 1.4% of the total assets as of September 30, 2013 and December 31, 2012, respectively. Other current assets decreased by PHP 12.0 million or -50.1% from PHP 23.9 million as of December 31, 2012 to PHP 11.9 million as of September 30, 2013 mainly due to the full amortization of prepaid expenses booked in prior years.

Investments in associates increased by PHP 2.1 million or 10.9% from PHP 19.5 million as of December 31, 2012 to PHP 21.6 million as of September 30, 2013 mainly due to the equity income of the Company on IRemit Singapore Pte Ltd of PHP 1.5 million and Hwa Kung Hong & Co., Ltd. (in Taiwan) of PHP 0.6 million. Property and equipment-net increased by PHP 5.9 million or 25.3% from PHP 23.5 million as of December 31, 2012 to PHP 29.4 million as of September 30, 2013 mainly due to the renovation of company office spaces. Goodwill stood at PHP 111.4 million as of September 30, 2013, same as the level as of December 31, 2012. Deferred tax asset increased by PHP 0.4 million or 5.8% from PHP 6.9 million as of December 31, 2012 to PHP 7.3 million as of September 30, 2013. Software costs-net decreased by PHP 0.6 million or -42.8% from PHP 1.4 million as of December 31, 2012 to PHP 0.8 million as of September 30, 2013 due to continued amortization of previously acquired assets. Retirement asset decreased by PHP 2.2 million or -100.0% from PHP 2.2 million as of December 31, 2012 to zero as of September 30, 2013 due to the application of retirement asset recognized as of December 31, 2012 at PHP 2.2 million to the present year's obligation to the retirement fund. Other noncurrent assets decreased by PHP 0.4 million or -1.4% from PHP 31.4 million as of December 31, 2012 to PHP 31.0 million as of September 30, 2013.

Total liabilities decreased by PHP 119.2 million or -8.2% from PHP 1,447.9 million as of December 31, 2012 to PHP 1,328.7 million as of September 30, 2013. Total liabilities as of September 30, 2013 and December 31, 2012 are 52.9% and 53.9% of the total liabilities and equity as of September 30, 2013 and December 31, 2012, respectively.

Current liabilities decreased by PHP 121.1 million or -8.4% from PHP 1,446.6 million as of December 31, 2012 to PHP 1,325.5 million as of September 30, 2013 mainly due to the decrease in Interest-bearing loans by PHP 127.0 million or -13.7% from PHP 925.0 million as of December 31, 2012 to PHP 798.0 million as of September 30, 2013. Decrease in loan exposure is due to stricter implementation of Company policy on advance funding from remittance tie-ups. Interest-bearing loans consist of unsecured, short-term peso-denominated loans from various local financial institutions with interest rates ranging from 5.0% to 7.25% per annum in Year-to-date September 30, 2013 and 5.0% to 7.125% in full year 2012. Beneficiaries and other payables decreased by PHP 2.0 million or -0.4% from PHP 519.8 million as of December 31, 2012 to PHP 517.8 million as of September 30, 2013. Beneficiaries and other payables comprised mainly of payables to beneficiaries of PHP 41.1 million, payables to agents of PHP 21.6 million, payable to couriers and trading clients of PHP 4.8 million, accrued expenses of PHP 50.6 million, withholding taxes of PHP 2.0 million, payable to government agencies of PHP 1.4 million, property dividend of PHP 69.2 million, foreign currency payable from forward contracts of PHP 326.9 million and payables to suppliers/others of PHP 0.2 million. Income tax payable increased by PHP 7.9 million or 436.5% from PHP 1.8 million as of December 31, 2012 to PHP 9.7 million as of September 30, 2013 mainly due to higher taxable income for the current period. Total current liabilities as of September 30, 2013 and December 31, 2012 are 52.8% and 53.9% of the total liabilities and equity as of September 30, 2013 and December 31, 2012, respectively.

Noncurrent liabilities increased by PHP 2.0 million or 160.6% from PHP 1.2 million as of December 31, 2012 to PHP 3.2 million as of September 30, 2013 mainly due to the third quarter liability of PHP 2.0 million to the retirement fund. Deferred tax liability of PHP 1.2

million slightly increased this period. Total noncurrent liabilities as of September 30, 2013 and December 31, 2012 are 0.13% and 0.04% of the total liabilities and equity as of September 30, 2013 and December 31, 2012, respectively.

The Company's stockholders' equity as of September 30, 2013 stood at PHP 1,183.2 million, lesser by PHP 53.9 million or -4.4% against the year-end 2012 level of PHP 1,237.1 million mainly due to the decrease in retained earnings by PHP 61.8 million or -18.5% and increase in treasury stock by PHP 11.5 million or 16.6%. The Company declared cash and property dividends on July 19, 2013 in the amounts of PHP 25.0 million and PHP 69.2 million respectively, partly offset by the net income of PHP 32.5 million as at September 30, 2013. Additional treasury shares of 3,975,000 were bought back from the stock market for PHP 11.5 million as of September 30, 2013. Total stockholders' equity as of September 30, 2013 and December 31, 2012 are 47.1% and 46.1% of the total liabilities and equity as of September 30, 2013 and December 31, 2012, respectively.

On July 19, 2013, the Company's Board of Directors approved the declaration of the following dividends with record date of August 16, 2013:

- Property dividend in the form of 20,587,000 shares of stock of the Company lodged as Treasury Shares (from the buyback programs) as of December 31, 2012. The Property Dividend Ratio is 0.034707107885, which was computed as 20,587,000 shares divided by 593,163,800 outstanding common shares. The shareholders, during the July 19, 2013 annual stockholders' meeting, likewise approved the declaration of the said property dividend. Payment thereof, net of the applicable withholding tax in the form of common shares, was on October 14, 2013, after the issuance of the Certificate of Filing the Notice of Property Dividend Declaration on October 7, 2013 by the Securities and Exchange Commission.
- Cash Dividend in the amount of PHP 0.0422 per share or PHP 25,031,512.35 from the Unappropriated Retained Earnings of the Company as at December 31, 2012. Payment date was on September 11, 2013.

On August 16, 2013, the Company's Board of Directors accepted the resignation of Atty. Maria Cecilia V. Soria as Corporate Secretary effective immediately in view of her resignation from the Tan Venturanza Valdez Law Offices. In the same meeting, the Board appointed Atty. Anna Francesca C. Respicio as the Corporate Secretary of the Company effective August 16, 2013 to serve as such until her successor shall have been duly elected and qualified. Atty. Adrian S. Bustos was appointed as Assistance Corporate Secretary of the Company vice Atty. Emma Theresa M. Cabochan, who likewise resigned as Assistant Corporate Secretary.

The latest reports from the Philippine Overseas Employment Administration (POEA) showed that in the period January to August 2013, approved overseas job orders amounted to 542,367, of which about 39% were processed job orders. These job orders for services, production, and professional, technical and related workers were mainly intended for the manpower requirements of Saudi Arabia, United Arab Emirates, Kuwait, Hong Kong, and Qatar.

The continuing increase in the number of Filipinos being deployed for jobs abroad is expected to further spur the growth in remittances. As of August this year, the remittances of overseas Filipinos have reached USD14.5 billion, up by 5.9% from the USD13.7 billion in the same period last year. The *Bangko Sentral ng Pilipinas* expects that in 2013, remittance inflows will grow by five percent from USD21.4 billion to about USD22.5 billion.

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

| Performance Indicator | Definition | Sept. 30, 2013 (Nine Months) | Dec. 31, 2012 (Full Year) |
|------------------------------|---|---------------------------------|------------------------------|
| Return on Equity (ROE) | Net income* over average stockholders' equity during the period | 3% | 2% |
| Return on Assets (ROA) | Net income* over average total assets during the period | 1% | 1% |
| Earnings per Share (EPS) | Net income* over average number of outstanding shares | PHP 0.055 | PHP 0.051 |
| Sales Growth | Total transaction value in USD in present period over the previous year | -2% | 22% |
| Gross Income | Revenue less total cost of services (PHP millions) | 423.5 | 561.7 |
| Current ratio | Total current assets over total current liabilities | 1.74 | 1.72 |
| Solvency ratio | Net income plus depreciation over total liabilities | 0.032 | 0.030 |
| Solvency ratio | Total assets over total liabilities | 1.89 | 1.85 |
| Solvency ratio | Total stockholders' equity over total liabilities | 0.89 | 0.85 |
| Debt-to equity ratio | Total liabilities over total stockholders' equity | 1.12 | 1.17 |
| Asset-to-equity ratio | Total assets over total stockholders' equity | 2.12 | 2.17 |
| Interest rate coverage ratio | Earnings before interest and taxes over interest expense | 3.49 | 2.17 |

* Net Income attributable to equity holders of the Parent Company and Minority Interest. EPS computed using Net Income attributable to equity holders of the Parent Company for the period ended September 30, 2013 and for the year ended December 31, 2012 are PHP 0.055 and PHP 0.051, respectively.

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

International Remittance (Canada) Ltd.

| Performance Indicator | Definition | Sept. 30, 2013 (Nine Months) | Dec. 31, 2012 (Full Year) |
|--------------------------|---|---------------------------------|------------------------------|
| Return on Equity (ROE) | Net income over average stockholders' equity during the period | -11% | -2% |
| Return on Assets (ROA) | Net income over average total assets during the period | -3% | -1% |
| Earnings per Share (EPS) | Net income over average number of outstanding shares | (PHP 9.76) | (PHP 2.30) |
| Sales Growth | Total transaction value in USD in present period over the previous year | 13% | 6% |
| Gross Income | Revenue less total cost of services (PHP millions) | 75.3 | 96.8 |

Lucky Star Management Limited

| Performance Indicator | Definition | Sept. 30, 2013 (Nine Months) | Dec. 31, 2012 (Full Year) |
|--------------------------|---|---------------------------------|------------------------------|
| Return on Equity (ROE) | Net income over average stockholders' equity during the period | -320% | -103% |
| Return on Assets (ROA) | Net income over average total assets during the period | -20% | -27% |
| Earnings per Share (EPS) | Net income over average number of outstanding shares | (PHP 17.04) | (PHP 31.22) |
| Sales Growth | Total transaction value in USD in present period over the previous year | 14% | -5% |
| Gross Income | Revenue less total cost of services (PHP millions) | 7.2 | 9.9 |

IRemit Global Remittance Limited

| Performance Indicator | Definition | Sept. 30, 2013 (Nine Months) | Dec. 31, 2012 (Full Year) |
|--------------------------|---|---------------------------------|------------------------------|
| Return on Equity (ROE) | Net income over average stockholders' equity during the period | 382% | 968% |
| Return on Assets (ROA) | Net income over average total assets during the period | -7% | -13% |
| Earnings per Share (EPS) | Net income over average number of outstanding shares | (PHP 35.84) | (PHP 50.71) |
| Sales Growth | Total transaction value in USD in present period over the previous year | -0.3% | 43% |
| Gross Income | Revenue less total cost of services (PHP millions) | 58.1 | 72.8 |

I-Remit Australia Pty Ltd

| Performance Indicator | Definition | Sept. 30, 2013 (Nine Months) | Dec. 31, 2012 (Full Year) |
|--------------------------|---|---------------------------------|------------------------------|
| Return on Equity (ROE) | Net income over average stockholders' equity during the period | 0.4% | 0.4% |
| Return on Assets (ROA) | Net income over average total assets during the period | 0.2% | 0.2% |
| Earnings per Share (EPS) | Net income over average number of outstanding shares | PHP 7,220.66 | PHP 8,210.03 |
| Sales Growth | Total transaction value in USD in present period over the previous year | - | - |
| Gross Income | Revenue less total cost of services (PHP millions) | 0.4 | 0.2 |

Worldwide Exchange Pty Ltd

| Performance Indicator | Definition | Sept. 30, 2013 (Nine Months) | Dec. 31, 2012 (Full Year) |
|--------------------------|---|---------------------------------|------------------------------|
| Return on Equity (ROE) | Net income over average stockholders' equity during the period | -61% | 12% |
| Return on Assets (ROA) | Net income over average total assets during the period | -6.2% | 1.4% |
| Earnings per Share (EPS) | Net income over average number of outstanding shares | (PHP 24.32) | PHP 6.01 |
| Sales Growth | Total transaction value in USD in present period over the previous year | -4.6% | 21.8% |
| Gross Income | Revenue less total cost of services (PHP millions) | 26.7 | 38.0 |

I-Remit New Zealand Limited

| Performance Indicator | Definition | Sept. 30, 2013 (Nine Months) | Dec. 31, 2012 (Full Year) |
|--------------------------|---|---------------------------------|------------------------------|
| Return on Equity (ROE) | Net income over average stockholders' equity during the period | 18% | 26% |
| Return on Assets (ROA) | Net income over average total assets during the period | -18% | -22% |
| Earnings per Share (EPS) | Net income over average number of outstanding shares | (PHP 2,425.26) | (PHP 2,690.78) |
| Sales Growth | Total transaction value in USD in present period over the previous year | 27% | 30% |
| Gross Income | Revenue less total cost of services (PHP millions) | 3.8 | 3.8 |

I-REMIT Remittance Consulting GmbH

| Performance Indicator | Definition | Sept. 30, 2013 (Nine Months) | Dec. 31, 2012 (Full Year) |
|--------------------------|---|---------------------------------|------------------------------|
| Return on Equity (ROE) | Net income over average stockholders' equity during the period | 41% | -1,831% |
| Return on Assets (ROA) | Net income over average total assets during the period | -38% | -47% |
| Earnings per Share (EPS) | Net income over average number of outstanding shares | (PHP 76.22) | (PHP 304.77) |
| Sales Growth | Total transaction value in USD in present period over the previous year | -66% | -78% |
| Gross Income | Revenue less total cost of services (PHP millions) | 0.3 | 1.3 |

Power Star Asia Group Limited

| Performance Indicator | Definition | Sept. 30, 2013 (Nine Months) | Dec. 31, 2012 (Full Year) |
|--------------------------|---|---------------------------------|------------------------------|
| Return on Equity (ROE) | Net income over average stockholders' equity during the period | 10% | 25% |
| Return on Assets (ROA) | Net income over average total assets during the period | 10% | 25% |
| Earnings per Share (EPS) | Net income over average number of outstanding shares | PHP 33.32 | PHP 72.72 |
| Sales Growth | Total transaction value in USD in present period over the previous year | - | - |
| Gross Income | Revenue less total cost of services (PHP millions) | 27.3 | 52.6 |

K. K. I-Remit Japan

| Performance Indicator | Definition | Sept. 30, 2013 (Nine Months) | Dec. 31, 2012 (Full Year) |
|--------------------------|---|---------------------------------|------------------------------|
| Return on Equity (ROE) | Net income over average stockholders' equity during the period | 53% | 342% |
| Return on Assets (ROA) | Net income over average total assets during the period | -44% | -141% |
| Earnings per Share (EPS) | Net income over average number of outstanding shares | (PHP 83,303.82) | (PHP 153,538.62) |
| Sales Growth | Total transaction value in USD in present period over the previous year | 519% | - |
| Gross Income | Revenue less total cost of services (PHP millions) | 5.9 | 1.5 |

September 30, 2013 vs. September 30, 2012

I-Remit realized a consolidated net income of PHP 32.5 million in Year-to-date September 30, 2013, PHP 25.3 million lower or -43.8% than the consolidated net income of PHP 57.9 million in Year-to-date September 30, 2012. The consolidated net income in Year-to-date September 30, 2013 and Year-to-date September 30, 2012 are 5.5% and 9.9% of the Year-to-date September 30, 2013 and Year-to-date September 30, 2012 revenue, respectively.

Revenue increased by PHP 7.4 million or 1.3% to PHP 593.5 million in Year-to-date September 30, 2013 from PHP 586.1 million in Year-to-date September 30, 2012 mainly due to higher delivery fees, partly offset by lower net realized foreign exchange gains. Other fees increased by PHP 0.4 million or 74.1% from PHP 0.6 million in Year-to-date September 30, 2012 to PHP 1.0 million in Year-to-date September 30, 2013 due to higher volume of retrievals of remittance transactions. Costs of services increased by PHP 14.0 million or 9.0% from PHP 156.0 million in Year-to-date September 30, 2012 to PHP 170.0 million in Year-to-date September 30, 2013 mainly due to higher bank charges which increased by PHP 16.0 million or 11.0% from PHP 146.2 million in Year-to-date September 30, 2012 to PHP 162.2 million in Year-to-date September 30, 2013. The increase in bank charges reflects the continuing preference of remitters for notify-to-pay (pick-up) service mode. Delivery charges decreased by PHP 2.0 million or -20.2% from PHP 9.7 million in Year-to-date September 30, 2012 to PHP 7.8 million in Year-to-date September 30, 2013 as door-to-door delivery transactions went down due to the shift to other delivery service mode such as notify-to-pay. Accordingly, the Company's gross income decreased by PHP 6.7 million or -1.5% from PHP 430.2 million in Year-to-date September 30, 2012 to PHP 423.5 million in Year-to-date September 30, 2013. The gross income in Year-to-date September 30, 2013 and Year-to-date September 30, 2012 are 71.4% and 73.4% of the Year-to-date September 30, 2013 and Year-to-date September 30, 2012 revenue, respectively.

Transaction count increased by 6.7% from 2.264 million in Year-to-date September 30, 2012 to 2.417 million in Year-to-date September 30, 2013. USD remittance volume decreased by 2.0% from USD 1.221 billion in Year-to-date September 30, 2012 to USD 1.196 billion in Year-to-date September 30, 2013. Of the total transaction count in Year-to-date September 30, 2013, the percentage contributions per region are as follows: Asia-Pacific, 42%; Middle East, 31%; North America, 13%; and Europe, 11%. In terms of USD remittance volume, the regional contributions are as follows: Asia-Pacific, 37%; Middle East, 21%; North America, 14%; and Europe, 11%.

Other operating income decreased by PHP 14.2 million or -70.0% from PHP 20.3 million in Year-to-date September 30, 2012 to PHP 6.1 million in Year-to-date September 30, 2013. Net trading gains decreased by PHP 14.4 million or -102.2% from PHP 14.1 million in Year-to-date September 30, 2012 to a net loss of PHP 0.3 million in Year-to-date September 30, 2013 mainly due to the lower market valuation of investment in stock of Power Star Asia Group Limited. Trading gains suffered further due to lower unrealized gain from investment in bonds of Power Star Asia Group Limited. Other income increased by PHP 0.2 million or 3.6% from PHP 6.2 million in Year-to-date September 30, 2012 to PHP 6.4 million in Year-to-date September 30, 2013.

Total operating expenses was higher by PHP 9.0 million or 2.5% from PHP 362.1 million in Year-to-date September 30, 2012 to PHP 371.1 million in Year-to-date September 30, 2013 mainly on account of higher professional fees, salaries, wages and employee benefits, rental and depreciation expenses, partly offset by lower marketing, transportation and travel and other operating expenses. Professional fees were higher

mainly due to audited financial statements preparation, payroll preparation, completion and filing of forms with the government and tax investigations. Salaries, wages and employee benefits were higher due to annual salary increase and additional employees hired by International Remittance (Canada) Ltd. for its two (2) new branches which opened late last year, raising the total number of employees to about 48 in 11 branches from the previous 27 employees. Rental expense was higher mainly due to the yearly rental escalation. Depreciation and amortization were higher mainly due to the property and equipment acquired for the two (2) new branch offices of International Remittance (Canada) Ltd. Marketing expenses were lower as sponsorship and promotional campaign programs were trimmed off this year. Transportation and travel were lower mainly due to lesser number of business trips. Other operating expenses were lower mainly due to several business development projects concluded last year in Japan, Saudi Arabia, Kuwait and Oman as well as research projects on OFW labor relations. Total operating expenses in Year-to-date September 30, 2013 and Year-to-date September 30, 2012 are 62.5% and 61.8% of the Year-to-date September 30, 2013 and Year-to-date September 30, 2012 revenue, respectively.

Equity in net earnings of associates increased by PHP 1.9 million or 876.2% from PHP 0.2 million in Year-to-date September 30, 2012 to PHP 2.1 million in Year-to-date September 30, 2013 mainly due to the increased share on income from associates by PHP 1.7 million for IRemit Singapore Pte Ltd and PHP 0.2 million for Hwa Kung Hong & Co., Ltd. (in Taiwan). Interest income was higher by PHP 2.7 million or 30.0% from PHP 9.2 million in Year-to-date September 30, 2012 to PHP 11.9 million in Year-to-date September 30, 2013 mainly due to higher level of deposits contributed by Power Star Asia Group Limited. Interest expense was higher by PHP 0.1 million from PHP 20.7 million in Year-to-date September 30, 2012 to PHP 20.8 million in Year-to-date September 30, 2013 mainly due to higher interest rates ranging from 5% to 7.25% per annum in Year-to-date September 30, 2013 and 5.0% to 7.125% per annum in Year-to-date September 30, 2012.

The total assets of the Company increased by PHP 232.6 million or 10.2% to PHP 2,511.9 million as of September 30, 2013 against PHP 2,279.3 million as of September 30, 2012. Cash and cash equivalents decreased by PHP 186.9 million or -19.9% from PHP 941.2 million as of September 30, 2012 to PHP 754.3 million as of September 30, 2013. Cash and cash equivalents as of September 30, 2013 and September 30, 2012 are 30.0% and 41.3% of the total assets as of September 30, 2013 and September 30, 2012, respectively. Financial assets at FVPL, which consist of investments in private debt securities (listed overseas) held for trading, stood at PHP 250.0 million as of September 30, 2013, an increase of PHP 53.7 million or 27.3% against PHP 196.3 million as of September 30, 2012 mainly due to the increase in bonds and stock investments of Power Star Asia Group Limited. Financial assets at FVPL as of September 30, 2013 and September 30, 2012 are 10.0% and 8.6% of the total assets as of September 30, 2013 and September 30, 2012, respectively. Accounts receivable increased by PHP 52.8 million or 6.1% from PHP 869.8 million as of September 30, 2012 to PHP 922.6 million as of September 30, 2013 mainly due to increased volume of transactions in Middle East, Canada and Japan. Accounts receivable as of September 30, 2013 and September 30, 2012 are 36.7% and 38.2% of the total assets as of September 30, 2013 and September 30, 2012, respectively. Other receivables increased by PHP 319.5 million or 613.9% from PHP 52.0 million as of September 30, 2012 to PHP 371.5 million as of September 30, 2013 mainly due to foreign currency payable recorded out of forward contracts. Other receivables as of September 30, 2013 and September 30, 2012 are 14.8% and 2.3% of the total assets as of September 30, 2013 and September 30, 2012, respectively. Other current assets decreased by PHP 8.0 million or -40.1% from PHP 19.9 million as of September 30, 2012 to PHP 11.9 million as of September 30, 2013 mainly due to the full amortization of prepaid

expenses recorded in prior years.

Investments in associates increased by PHP 3.2 million or 17.5% from PHP 18.4 million as of September 30, 2012 to PHP 21.6 million as of September 30, 2013 mainly due to the equity income on IRemit Singapore Pte Ltd of PHP 2.2 million and Hwa Kung Hong & Co., Ltd. (in Taiwan) of PHP 1.0 million. Property and equipment-net increased by PHP 6.2 million or 26.7% from PHP 23.2 million as of September 30, 2012 to PHP 29.4 million as of September 30, 2013 mainly due to disk expansion and memory upgrade of Company servers as well as the renovation of Company office spaces. Goodwill stood at PHP 111.4 million as of September 30, 2013, lower by PHP 2.3 million as of September 30, 2012 or -2.0%. Deferred tax asset increased by PHP 0.3 million or 4.7% from PHP 7.0 million as of September 30, 2012 to PHP 7.3 million as of September 30, 2013. Software costs-net decreased by PHP 0.6 million or -41.9% from PHP 1.4 million as of September 30, 2012 to PHP 0.8 million as of September 30, 2013 due to continued amortization of previously acquired assets. Other noncurrent assets decreased by PHP 5.3 million or -14.6% from PHP 36.3 million as of September 30, 2012 to PHP 31.0 million as of September 30, 2013 mainly due to the collection in July 2012 of the 2008 input VAT claim for PHP 2.97 million and write-off of disallowed VAT input tax credits.

Total liabilities increased by PHP 323.3 million or 32.1% from PHP 1,005.3 million as of September 30, 2012 to PHP 1,328.6 million as of September 30, 2013. Total liabilities as of September 30, 2013 and September 30, 2012 are 52.9% and 44.1% of the total liabilities and equity as of September 30, 2013 and September 30, 2012, respectively.

Current liabilities increased by PHP 321.8 million or 32.0% from PHP 1,003.7 million as of September 30, 2012 to PHP 1,325.5 million as of September 30, 2013 mainly due to the increase in beneficiaries and other payables by PHP 62.7 million or 13.8% from PHP 455.2 million as of September 30, 2012 to PHP 517.8 million as of September 30, 2013 and on interest bearing loans by PHP 262.5 million or 49.0% from PHP 535.5 as of September 30, 2012 to PHP 798.0 million as of September 30, 2013. Beneficiaries and other payables comprised mainly of payables to beneficiaries of PHP 41.1 million, payables to agents of PHP 21.6 million, payable to couriers and trading clients of PHP 4.8 million, accrued expenses of PHP 50.6 million, withholding taxes of PHP 2.0 million, payable to government agencies of PHP 1.4 million, property dividend of PHP 69.2 million, foreign currency payable from forward contracts of PHP 326.9 million and payables to suppliers/others of PHP 0.2 million. Income tax payable decreased by PHP 3.4 million or -26.2% from PHP 13.1 million as of September 30, 2012 to PHP 9.7 million as of September 30, 2013 mainly due to 32.9% lower taxable income for the current period. Interest-bearing loans consist of unsecured, short-term peso-denominated loans from various local financial institutions with interest rates ranging from 5% to 7.25% per annum in Year-to-date September 30, 2013 and 5.0% to 7.125% in Year-to-date September 30, 2012. Total current liabilities as of September 30, 2013 and September 30, 2012 are 52.8% and 44.0% of the total liabilities and equity as of September 30, 2013 and September 30, 2012, respectively.

Noncurrent liabilities increased by PHP 1.6 million or 97.3% from PHP 1.6 million as of September 30, 2012 to PHP 3.2 million as of September 30, 2013 mainly due to increase in retirement liability by PHP 0.4 or 26.7% from PHP 1.5 million as of September 30, 2012 to PHP 2.0 million as of September 30, 2013 due to recorded adjustment on liability based on official actuarial valuation on December 31, 2012 and increase in deferred tax liability by PHP 1.1 million or 1693.7% from PHP 0.1 million as of September 30, 2012 to PHP 1.2 million as of September 30, 2013 due to the Deferred Tax Asset recognized by the Parent Company on December 31, 2012 at PHP 1.1 million. Total noncurrent liabilities as of September 30, 2013 and September 30,

2012 are 0.13% and 0.07% of the total liabilities and equity as of September 30, 2013 and September 20, 2012 respectively.

The Company's stockholders' equity as of September 30, 2013 stood at PHP 1,183.2 million, lower by PHP 90.7 million or -7.1% against the September 30, 2012 level of PHP 1,274.0 million mainly due to lower net income and additional buy-back of shares from the stock market, partly offset by lower negative cumulative translation adjustment. Total stockholders' equity as of September 30, 2013 and September 30, 2012 are 47.1% and 55.9% of the total liabilities and equity as of September 30, 2013 and September 30, 2012, respectively.

On July 19, 2013, the Company's Board of Directors approved the declaration of the following dividends with record date of August 16, 2013:

- Property dividend in the form of 20,587,000 shares of stock of the Company lodged as Treasury Shares (from the buyback programs) as of December 31, 2012. The Property Dividend Ratio is 0.034707107885, which was computed as 20,587,000 shares divided by 593,163,800 outstanding common shares. The shareholders, during the July 19, 2013 annual stockholders' meeting, likewise approved the declaration of the said property dividend. Payment thereof, net of the applicable withholding tax in the form of common shares, was on October 14, 2013, after the issuance of the Certificate of Filing the Notice of Property Dividend Declaration on October 7, 2013 by the Securities and Exchange Commission.
- Cash Dividend in the amount of PHP 0.0422 per share or PHP 25,031,512.35 from the Unappropriated Retained Earnings of the Company as at December 31, 2012. Payment date was on September 11, 2013.

On August 16, 2013, the Company's Board of Directors accepted the resignation of Atty. Maria Cecilia V. Soria as Corporate Secretary effective immediately in view of her resignation from the Tan Venturanza Valdez Law Offices. In the same meeting, the Board appointed Atty. Anna Francesca C. Respicio as the Corporate Secretary of the Company effective August 16, 2013 to serve as such until her successor shall have been duly elected and qualified. Atty. Adrian S. Bustos was appointed as Assistance Corporate Secretary of the Company vice Atty. Emma Theresa M. Cabochan, who likewise resigned as Assistant Corporate Secretary.

The latest reports from the Philippine Overseas Employment Administration (POEA) showed that in the period January to August 2013, approved overseas job orders amounted to 542,367, of which about 39% were processed job orders. These job orders for services, production, and professional, technical and related workers were mainly intended for the manpower requirements of Saudi Arabia, United Arab Emirates, Kuwait, Hong Kong, and Qatar.

The continuing increase in the number of Filipinos being deployed for jobs abroad is expected to further spur the growth in remittances. As of August this year, the remittances of overseas Filipinos have reached USD14.5 billion, up by 5.9% from the USD13.7 billion in the same period last year. The *Bangko Sentral ng Pilipinas* expects that in 2013, remittance inflows will grow by five percent from USD21.4 billion to about USD22.5 billion.

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

| Performance Indicator | Definition | Sept. 30, 2013 (Nine Months) | Sept. 30, 2012 (Nine Months) |
|------------------------------|--|---------------------------------|---------------------------------|
| Return on Equity (ROE) | Net income* over average stockholders' equity during the period | 3% | 4% |
| Return on Assets (ROA) | Net income* over average total assets during the period | 1% | 2% |
| Earnings per Share (EPS) | Net income* over average number of outstanding shares | PHP 0.055 | PHP 0.096 |
| Sales Growth | Total transaction value in USD in present period over the same period in the previous year | -2% | 25% |
| Gross Income | Revenue less total cost of services (PHP millions) | 423.5 | 430.2 |
| Current ratio | Total current assets over total current liabilities | 1.74 | 2.09 |
| Solvency ratio | Net income plus depreciation over total liabilities | 0.032 | 0.07 |
| Solvency ratio | Total assets over total liabilities | 1.89 | 2.27 |
| Solvency ratio | Total stockholders' equity over total liabilities | 0.89 | 1.27 |
| Debt-to equity ratio | Total liabilities over total stockholders' equity | 1.12 | 0.79 |
| Asset-to-equity ratio | Total assets over total stockholders' equity | 2.12 | 1.79 |
| Interest rate coverage ratio | Earnings before interest and taxes over interest expense | 3.49 | 4.73 |

* Net Income attributable to equity holders of the Parent Company and Minority Interest. EPS computed using Net Income attributable to equity holders of the Parent Company for the periods ended September 30, 2013 and September 30, 2012 are P 0.055 and P 0.096, respectively.

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

International Remittance (Canada) Ltd.

| Performance Indicator | Definition | Sept. 30, 2013 (Nine Months) | Sept. 30, 2012 (Nine Months) |
|--------------------------|---|---------------------------------|---------------------------------|
| Return on Equity (ROE) | Net income over average stockholders' equity during the period | -11% | 2% |
| Return on Assets (ROA) | Net income over average total assets during the period | -3% | 0.7% |
| Earnings per Share (EPS) | Net income over average number of outstanding shares | (PHP 9.76) | PHP 2.01 |
| Sales Growth | Total transaction value in USD in present period over the previous year | 13% | 7% |
| Gross Income | Revenue less total cost of services (PHP millions) | 75.3 | 71.1 |

Lucky Star Management Limited

| Performance Indicator | Definition | Sept. 30, 2013 (Nine Months) | Sept. 30, 2012 (Nine Months) |
|--------------------------|---|---------------------------------|---------------------------------|
| Return on Equity (ROE) | Net income over average stockholders' equity during the period | -320% | -47% |
| Return on Assets (ROA) | Net income over average total assets during the period | -20% | -17% |
| Earnings per Share (EPS) | Net income over average number of outstanding shares | (PHP 17.04) | (PHP 17.54) |
| Sales Growth | Total transaction value in USD in present period over the previous year | 14% | 34% |
| Gross Income | Revenue less total cost of services (PHP millions) | 7.2 | 8.5 |

IRemit Global Remittance Limited

| Performance Indicator | Definition | Sept. 30, 2013 (Nine Months) | Sept. 30, 2012 (Nine Months) |
|--------------------------|---|---------------------------------|---------------------------------|
| Return on Equity (ROE) | Net income over average stockholders' equity during the period | 382% | -480% |
| Return on Assets (ROA) | Net income over average total assets during the period | -7% | -6% |
| Earnings per Share (EPS) | Net income over average number of outstanding shares | (PHP 35.84) | (PHP 47,138.44) |
| Sales Growth | Total transaction value in USD in present period over the previous year | -0.3% | 45% |
| Gross Income | Revenue less total cost of services (PHP millions) | 58.1 | 54.0 |

I-Remit Australia Pty Ltd

| Performance Indicator | Definition | Sept. 30, 2013 (Nine Months) | Sept. 30, 2012 (Nine Months) |
|--------------------------|---|---------------------------------|---------------------------------|
| Return on Equity (ROE) | Net income over average stockholders' equity during the period | 0.4% | 0.2% |
| Return on Assets (ROA) | Net income over average total assets during the period | 0.2% | 0.1% |
| Earnings per Share (EPS) | Net income over average number of outstanding shares | PHP 7,220.66 | PHP 3,685.53 |
| Sales Growth | Total transaction value in USD in present period over the previous year | - | - |
| Gross Income | Revenue less total cost of services (PHP millions) | 0.4 | 0.1 |

Worldwide Exchange Pty Ltd

| Performance Indicator | Definition | Sept. 30, 2013 (Nine Months) | Sept. 30, 2012 (Nine Months) |
|--------------------------|---|---------------------------------|---------------------------------|
| Return on Equity (ROE) | Net income over average stockholders' equity during the period | -61% | 9% |
| Return on Assets (ROA) | Net income over average total assets during the period | -6.2% | 0.9% |
| Earnings per Share (EPS) | Net income over average number of outstanding shares | (PHP 24.32) | PHP 4.44 |
| Sales Growth | Total transaction value in USD in present period over the previous year | -4.6% | 25% |
| Gross Income | Revenue less total cost of services (PHP millions) | 26.7 | 28.0 |

I-Remit New Zealand Limited

| Performance Indicator | Definition | Sept. 30, 2013 (Nine Months) | Sept. 30, 2012 (Nine Months) |
|--------------------------|---|---------------------------------|---------------------------------|
| Return on Equity (ROE) | Net income over average stockholders' equity during the period | 18% | 28% |
| Return on Assets (ROA) | Net income over average total assets during the period | -18% | -19% |
| Earnings per Share (EPS) | Net income over average number of outstanding shares | (PHP 2,425.26) | (PHP 3,056.87) |
| Sales Growth | Total transaction value in USD in present period over the previous year | 27% | 23% |
| Gross Income | Revenue less total cost of services (PHP millions) | 3.8 | 1.3 |

IREMIT Remittance Consulting GmbH

| Performance Indicator | Definition | Sept. 30, 2013 (Nine Months) | Sept. 30, 2012 (Nine Months) |
|--------------------------|---|---------------------------------|---------------------------------|
| Return on Equity (ROE) | Net income over average stockholders' equity during the period | 41% | -173% |
| Return on Assets (ROA) | Net income over average total assets during the period | -38% | -24% |
| Earnings per Share (EPS) | Net income over average number of outstanding shares | (PHP 76.22) | (PHP 157.67) |
| Sales Growth | Total transaction value in USD in present period over the previous year | -66% | -87% |
| Gross Income | Revenue less total cost of services (PHP millions) | 0.3 | 0.7 |

Power Star Asia Group Limited

| Performance Indicator | Definition | Sept. 30, 2013 (Nine Months) | Sept. 30, 2012 (Nine Months) |
|--------------------------|---|---------------------------------|---------------------------------|
| Return on Equity (ROE) | Net income over average stockholders' equity during the period | 10% | 21% |
| Return on Assets (ROA) | Net income over average total assets during the period | 10% | 21% |
| Earnings per Share (EPS) | Net income over average number of outstanding shares | PHP 33.32 | PHP 58.92 |
| Sales Growth | Total transaction value in USD in present period over the previous year | - | - |
| Gross Income | Revenue less total cost of services (PHP millions) | 27.3 | 44.2 |

K. K. I-Remit Japan

| Performance Indicator | Definition | Sept. 30, 2013 (Nine Months) | Sept. 30, 2012 (Nine Months) |
|--------------------------|---|---------------------------------|---------------------------------|
| Return on Equity (ROE) | Net income over average stockholders' equity during the period | 53% | 315% |
| Return on Assets (ROA) | Net income over average total assets during the period | -44% | -124% |
| Earnings per Share (EPS) | Net income over average number of outstanding shares | (PHP 83,303.82) | (PHP 143,681.92) |
| Sales Growth | Total transaction value in USD in present period over the previous year | 519% | - |
| Gross Income | Revenue less total cost of services (PHP millions) | 5.9 | 0.4 |

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

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

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.

The Company has no material commitments for capital expenditures.

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

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

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

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

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

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

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

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

Please refer to pages 29 to 30.

b. Disclosure on the financial instrument of the Company

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

Please refer to pages 24 to 28.

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

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

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

Please refer to page 28.

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

Please refer to pages 28 to 29.

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

Not applicable.

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

Please refer to pages 28 to 29.

Summary of Significant Accounting Policies

Financial Instruments - Initial Recognition and Subsequent Measurement

Initial Recognition

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

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

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

As of September 30, 2013 and December 31, 2012, the Group has no AFS investments, HTM investments and financial liabilities at FVPL.

Subsequent Measurement

Financial assets at FVPL

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

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

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

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

Loans and Receivables

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

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

Other financial liabilities

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

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

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

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

Determination of fair value

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

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

Day 1 difference

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

Derecognition of Financial Assets and Liabilities

Financial asset

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

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

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

Financial liability

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

Offsetting Financial Instruments

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

Impairment of Financial Assets

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

Financial assets carried at amortized cost

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

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

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

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

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

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

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

Significant Accounting Judgments and Estimates

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

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

Fair Value Measurement

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

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

Financial assets at FVPL - fair values are based on quoted market prices.

Refundable deposits - fair values are based on the present value of future cash flows discounted using prevailing interest rates.

Fair Value Hierarchy

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

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

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

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

As of September 30, 2013 and December 31, 2012, the financial instruments carried at fair value only pertains to the Group's financial assets at FVPL, which consist of investments in debt and equity securities. The fair values of these debt and equity securities are based on quoted prices (Level 1). There were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurement in 2013 and 2012.

Financial Risk Management Objectives and Policies

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

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

Credit Risk

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

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

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

There are no past due receivables as of September 30, 2013 and December 31, 2012. The Group classifies its neither past due nor impaired receivables as high grade. High grade financial assets includes instruments with credit ratings of excellent, strong, good, or satisfactory, wherein the borrower has a low probability of default and could withstand the normal business cycle. Financial assets at FVPL are also assessed as high grade since these are issued by reputable companies.

Foreign Currency Risk

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

Cash Flow Interest Rate Risk

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

As of September 30, 2013 and December 31, 2012, the Group's exposure to cash flow interest rate risk is minimal. The Group's policy is to manage its interest cost by entering only into fixed rate short-term loans from banks.

Fair Value Interest Rate Risk

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

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

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

Equity Price Risk

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

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

Liquidity Risk

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

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

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

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

- A. After consideration of the result of its impact evaluation, the Company has decided not to early adopt PFRS 9 for its 2013 annual financial reporting and therefore, the interim financial statements do not reflect the impact of the said standard;
- B. The Company shall conduct every second quarter of the fiscal year up to June 30, 2014 another impact evaluations using the outstanding balances of financial statements as of the most recently-completed fiscal year;
- C. The following is a brief discussion of the accounts that are to be affected in case of early adoption:

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

I-REMIT, INC.
COMPLIANCE WITH THE TRANSITION TO NEW AND AMENDED
PHILIPPINE FINANCIAL REPORTING STANDARDS
EFFECTIVE STARTING JANUARY 01, 2013
PER SEC MEMORANDUM CIRCULAR NUMBER 6, DATED APRIL 23, 2013

The Commission *En Banc* in its meeting on April 22, 2013, resolved to allow covered corporations to present the prescribed information and to recognize the impact of the following standards in their interim financial statements starting with the period ended June 30, 2013:

| Title | Subject |
|----------------------|---|
| PAS 27 (Amended) | Separate Financial Statements |
| PAS 28 (Amended) | Investments in Associates and Joint Ventures |
| Amendments to PFRS 1 | Government Loans |
| Amendments to PFRS 7 | Disclosures – Offsetting Financial Assets and Financial Liabilities |
| PFRS 10 | Consolidated Financial Statements |
| PFRS 11 | Joint Arrangements |
| PFRS 12 | Disclosure of Interests in Other Entities |
| PFRS 13 | Fair Value Measurement |

The information that is required to be disclosed by SEC Memorandum Circular Number 6, dated April 23, 2013 follows:

- (a) Whether or not the above standards are applicable to the Company.
- (b) If applicable, whether or not the Company is currently evaluating the impact based on audited figures as of December 31, 2012.

The Company finds all of the standards below applicable and is currently evaluating the impact of these standards based on audited figures as of December 31, 2012. The Company believes that the adoption of these standards will not have significant impact on its financial statements:

| Title | Subject |
|----------------------|---|
| PAS 27 (Amended) | Separate Financial Statements |
| PAS 28 (Amended) | Investments in Associates and Joint Ventures |
| Amendments to PFRS 7 | Disclosures – Offsetting Financial Assets and Financial Liabilities |
| PFRS 10 | Consolidated Financial Statements |
| PFRS 11 | Joint Arrangements |
| PFRS 12 | Disclosure of Interests in Other Entities |
| PFRS 13 | Fair Value Measurement |

The Company is not a first-time adopter of PFRS and finds the standard below not applicable:

| Title | Subject |
|----------------------|------------------|
| Amendments to PFRS 1 | Government Loans |

PART II – OTHER INFORMATION

Other Required Disclosures

- A. Accounting Policies and Methods of Computation.
The attached interim financial reports were prepared in accordance with the Philippine Accounting Standards. The accounting policies and methods of computation followed in these interim financial statements are the same compared with the audited financial statements for the period ended December 31, 2012.
- B. Unusual Items Affecting Assets, Liabilities, equity, net Income or Cash Flow.
Except as reported in the Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A"), there were no unusual items affecting assets, liabilities, equity, net income or cash flows for the interim period.
- C. Changes in Estimates of Amounts Reported.
There were no material changes in estimates of amounts reported in prior periods that have material effects in the current interim period.
- D. Issuances, Repurchases and Repayments of Debt and Equity Securities.
Except as disclosed in the MD&A, there were no other issuances, repurchases and repayments of debt and equity securities.
- E. Material Events Subsequent to the End of the Interim Period Not Reflected in the Financial Statements.
There were no material events that happened subsequent to September 30, 2013 up to the date of this report that needs disclosure herein.
- F. Changes in Composition of the Issuer During the Interim Period.
There were no changes in the composition of the Company during the interim period such as business combination, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations except as disclosed in the MD&A.
- G. Changes in Contingent Liabilities or Contingent Assets.
There were no changes in contingent liabilities or contingent assets since December 31, 2012.
- H. Material Contingencies and Any Other Events or Transactions.
There exist no material contingencies and other material events or transactions affecting the current interim period except as disclosed in the MD&A.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the Issuer has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Pasig on November 14, 2013.

By:



HARRIS EDSSEL D. JACILDO
President & Chief Operating Officer



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