COVER SHEET

A200101631

SEC Registration Number

I-REMIT, INC. AND SUBSIDIARIES

(Company's Full Name)

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

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

Mr. HARRIS D. JACILDO

(Contact Person)

(632) 8706–9999 Local 100/105/109

(Company Telephone Number)

12 31

Month *Day*

(Fiscal Year)

17-Q

(Form Type)

07

Month *Day*

(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

SEC Number	**A200101631**
PSE Code	
File Number	

I-REMIT, INC.
AND SUBSIDIARIES
(Company's Full Name)

26/F Discovery Centre, 25 ADB Avenue,
Ortigas Center, Pasig City, 1605 Metro Manila
(Company's Address)

(632) 8706 – 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)

March 31, 2020
Period Ended Date

(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **March 31, 2020**

2. Commission Identification No. **A200101631** 3. BIR Tax Identification No. **210-407-466-000**

4. Exact name of registrant as specified in its charter **I-REMIT, INC.**

5. **Metro Manila, PHILIPPINES**
Province, Country or other jurisdiction of incorporation or organization

6. (SEC Use Only)
Industry Classification Code

7. **26/F Discovery Centre, 25 ADB Avenue, Ortigas Center, Pasig City** — **1605**
Address of principal office — Postal code

8. **(632) 8706 – 9999 Local 100 / 105 / 109**
Issuer's telephone number, including area code

9. **Not applicable**
Former name, former address, and former fiscal year, if changed since last report

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

Title	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock	**611,639,122 shares**

11. Are any or all of these securities listed on a Stock Exchange?

Yes [✓] No [ ]

If yes, state the name of such stock exchange and the classes of securities listed therein:
The Philippine Stock Exchange, Inc.

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports)

Yes [✓] No [ ]

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

Yes [✓] No [ ]

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

	Unaudited **Mar. 31, 2020**	Audited **Dec. 31, 2019**
ASSETS		
Current Assets		
Cash and cash equivalents	988,645,204	1,774,582,132
Trade and other receivables - net	824,500,634	1,208,521,449
Financial assets at fair value through profit or loss	164,540,316	155,622,709
Financial assets at fair value through other comprehensive income	212,508,359	211,457,771
Prepayments and other current assets	113,056,610	92,319,505
	2,303,251,123	**3,442,503,566**
Non-current Assets		
Investment in an associate	12,857,140	11,795,877
Property and equipment - net	22,782,663	24,551,715
Intangible assets - net	145,188,607	146,509,075
Right-of-use asset	145,772,535	151,155,040
Retirement asset	12,185,094	12,185,094
Deferred tax assets	14,064,550	15,301,061
Other non-current assets	110,575,377	107,438,248
	463,425,966	**468,936,110**
TOTAL ASSETS	**2,766,677,089**	**3,911,439,676**
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Current Liabilities		
Financial liability at fair value through profit or loss	1,134,910	2,016,001
Beneficiaries and other payables	103,829,800	878,710,233
Income tax payable	12,876,043	10,473,326
Loans payable	1,090,000,000	1,470,000,000
Lease liabilities	32,507,393	35,391,555
	1,240,348,146	**2,396,591,115**
Non-current Liabilities		
Lease liabilities	110,403,369	114,597,154
Deferred tax liabilities	8,801,268	8,809,176
Other non-current liabilities	1,108,610	0
	120,313,247	**123,406,330**
TOTAL LIABILITIES	**1,360,661,393**	**2,519,997,445**
STOCKHOLDERS' EQUITY		
Capital Stock	617,725,800	617,725,800
Additional Paid-in Capital	391,232,478	391,232,478
Unappropriated Retained Earnings	309,871,536	308,442,032
Appropriated Retained Earnings	16,136,993	16,136,993
Cumulative Translation Adjustment	74,297,895	60,893,791
Unrealized fair value gain (loss) on financial asset measured at FVOCI	(1,553,013)	(1,292,870)
Remeasurements	14,441,000	14,441,000
Treasury Stock	(16,136,993)	(16,136,993)
TOTAL STOCKHOLDERS' EQUITY	**1,406,015,696**	**1,391,442,231**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**2,766,677,089**	**3,911,439,676**

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

	Unaudited **Jan. 1 to Mar. 31, 2020**	Unaudited **Jan. 1 to Mar. 30, 2019**
REVENUES	**198,476,925**	**194,144,951**
COST OF SERVICES	**75,842,441**	**91,912,723**
GROSS PROFIT	**122,634,484**	**102,232,228**
NET TRADING GAINS (LOSSES)	**(830,123)**	**8,114,504**
OTHER INCOME	**5,353,592**	**5,869,899**
	127,157,953	**116,216,631**
OPERATING EXPENSES		
Salaries, wages and employee benefits	57,091,408	60,065,276
Rental	2,855,258	17,926,375
Marketing	5,464,062	7,512,084
Professional fees	15,389,454	17,368,671
Transportation and travel	1,624,957	2,537,263
Communication, light and water	7,291,806	7,420,328
Photocopying and supplies	1,249,368	2,150,365
Depreciation and amortization	17,375,490	3,062,096
Entertainment, amusement and recreation	1,400,773	1,599,047
Other operating expenses	14,042,225	11,731,031
	123,784,801	**131,372,536**
EQUITY IN NET EARNINGS	**1,061,263**	**654,242**
PROFIT BEFORE TAX	**4,434,415**	**(14,501,663)**
INCOME TAXES	**3,004,918**	**1,243,292**
PROFIT	**1,429,497**	**(15,744,955)**
BASIC EARNINGS PER SHARE	**0.0023**	**(0.0257)**

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

	Unaudited **Jan. 1 to** **Mar. 31, 2020**	Unaudited **Jan. 1 to** **Mar. 30, 2019**
PROFIT	**1,429,497**	**(15,744,955)**
OTHER COMPREHENSIVE INCOME THAT WILL BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS		
Translation adjustment	13,404,012	(2,844,338)
Unrealized fair value gain (loss) on financial asset measured at FVOCI	(260,143)	8,787,508
TOTAL COMPREHENSIVE INCOME	**14,573,366**	**(9,801,785)**
ATTRIBUTABLE TO:		
Equity holders of the parent	14,573,366	(9,801,785)
	14,573,366	**(9,801,785)**

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

	Unaudited **Jan. 1 to** **Mar. 31, 2020**	Unaudited **Jan. 1 to** **Mar. 30, 2019**
CAPITAL FUNDS, BEGINNING	**1,391,442,231**	**1,382,646,250**
Profit	1,429,497	(15,744,955)
Cumulative Translation Adjustment	13,404,012	(2,844,338)
Unrealized fair value gain (loss) on financial asset measured at FVOCI	(260,143)	8,787,508
Total Comprehensive Income for the Period	14,573,366	(9,801,785)
CAPITAL FUNDS, ENDING	**1,406,015,597**	**1,372,844,465**

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

	Unaudited **Jan. 1 to Mar. 31, 2020**	Unaudited **Jan. 1 to Mar. 30, 2019**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	4,434,415	(14,501,663)
Adjustments for:		
Finance cost	21,066,702	20,047,322
Unrealized foreign exchange (gain) loss - net	(3,350,311)	(1,110,079)
Depreciation	15,621,780	2,734,290
Provision for bad debts	92,798	103,601
Retirement benefits	0	284,983
Amortization	1,753,710	327,807
Dividend income	(300,190)	(478,836)
Equity in net earnings of associates	(1,061,263)	(654,242)
(Gain) loss on disposal of financial assets at FVTPL	(233,453)	(834,928)
(Gain) loss on disposal of financial assets at FVOCI	(348,730)	(65,523)
Fair value (gain) loss on financial assets at FVTPL	0	(6,493,330)
Finance income	(2,902,012)	(3,146,759)
Operating cash flows before changes in working capital	34,773,445	(3,787,357)
Decrease (increase) in operating assets:		
Derivative financial assets at FTVPL	(757,217)	12,265,720
Derivative financial assets at FVOCI	(4,114)	(5,576,517)
Trade and other receivables	373,691,409	(32,374,805)
Prepayments and other current assets	(21,960,624)	(4,168,803)
Other non-current assets	(5,310,173)	(5,006,901)
Increase (decrease) in operating liabilities:		
Beneficiaries and other payables	(733,135,502)	(117,923,803)
Financial liability at fair value through profit or loss	(881,091)	(14,353,667)
Cash generated from (used in) operations	(353,583,867)	(170,926,133)
Income taxes paid	(1,062,104)	(183,501)
Finance cost paid	(21,413,459)	(20,321,468)
Net cash from (used in) operating activities	**(376,059,429)**	**(191,431,101)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposals of financial assets at FVTPL	5,486,632	21,221,593
Proceeds from disposal of financial assets at FVOCI	19,907,819	10,108,592
Finance income received	2,874,668	3,710,559
Dividend income received	300,190	478,836
Proceeds from disposals of property and equipment	0	27,325
Additions to intangible assets	0	(2,064,299)
Additions to property and equipment	(2,375,863)	(1,352,858)
Additions to financial assets at FVTPL	(12,532,702)	(19,578,010)
Additions to financial assets at FVOCI	(19,616,049)	(23,946,610)
Net cash from (used in) investing activities	**(5,955,305)**	**(11,394,872)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loans	1,090,000,000	1,225,000,000
Payment of loans	(1,470,000,000)	(1,511,000,000)
Payment of interest expense on lease liability	(2,286,924)	0
Payment on finance lease liability	(6,904,195)	0
Net cash from (used in) financing activities	**(389,191,119)**	**(286,000,000)**
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(14,731,077)**	**(2,711,327)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT	**(785,936,929)**	**(491,537,301)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**1,774,582,132**	**1,999,030,255**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**988,645,203**	**1,507,492,954**

I-REMIT, INC. AND SUBSIDIARIES

Aging of Consolidated Receivables

Unaudited

March 31, 2020

(In Philippine Peso)

	Total	0-60 Days	61-180 Days	181-360 Days	Over 360 Days
Receivable and others A/R related to remittance obligation					
Agents (note)	749,735,905	749,377,412	358,493	-	-
Service Providers (Note)	24,639,090	24,639,090	-	-	-
Total	**774,374,995**	**774,016,502**	**358,493**	**0**	**0**
Other Receivable	**50,125,639**	**30,234,043**	**9,643,088**	**638,666**	**9,609,842**
GRAND TOTAL	**824,500,634**	**804,250,545**	**10,001,581**	**638,666**	**9,609,842**

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

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

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

a. Consolidated Balance Sheets as of March 31, 2020 (unaudited) and December 31, 2019 (audited);

b. Unaudited Comparative Consolidated Statements of Income for the three (3) months ended March 31, 2020 and March 31, 2019;

c. Unaudited Comparative Consolidated Statements of Comprehensive Income for the three (3) months ended March 31, 2020 and March 31, 2019;

d. Unaudited Comparative Consolidated Statements of Changes in Equity for the three (3) months ended March 31, 2020 and March 31, 2019;

e. Unaudited Comparative Consolidated Statements of Cash Flows for the three (3) months ended March 31, 2020 and March 31, 2019;

f. Unaudited Aging of Consolidated Receivables as of March 31, 2020.

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

March 31, 2020 vs. December 31, 2019

The total assets of the Company decreased by PHP 1,144.8 million or -29.3% from PHP 3,911.4 million as of December 31, 2019 to PHP 2,766.7 million as of March 31, 2020.

Total current assets decreased by PHP 1,139.3 million or -33.1% from PHP 3,442.5 million as of December 31, 2019 to PHP 2,303.2 million as of March 31, 2020. Total current assets as of March 31, 2020 and December 31, 2019 were 83.3% and 88.0% of the total assets as of March 31, 2020 and December 31, 2019, respectively.

Cash and cash equivalents decreased by PHP 785.9 million or -44.3% from PHP 1,774.6 million as of December 31, 2019 to PHP 988.6 million as of March 31, 2020. Cash and cash equivalents as of March 31, 2020 and December 31, 2019 were 35.7% and 45.4% of the total assets as of March 31, 2020 and December 31, 2019, respectively.

Trade and other receivables-net decreased by PHP 384.0 million or -31.8% from PHP 1,208.5 million as of December 31, 2019 to PHP 824.5 million as of March 31, 2020. Trade and other receivables-net consists of trade receivables from agents, advances to fulfillment agents, advances to trading agents, advances to related parties and other receivables. Trade and other receivables as of March 31, 2020 and December 31, 2019 were 29.8% and 30.9% of the total assets as of March 31, 2020 and December 31, 2019, respectively.

Financial assets at fair value through profit or loss amounted to PHP 155.6 million at year-end 2019, PHP 8.9 million or 5.7% higher than the PHP 164.5 million recognized at 1st quarter-end 2020. These assets consist of forward and swap contracts marked-to-market value at year-end 2019 and 1st quarter-end together with investments in equity securities held for trading by Power Star Asia Group Limited (PSAGL). The value of forward and swap contracts increased by PHP 0.6 million or 9.9% from PHP 6.6 million in 2019 to PHP 7.2 million in 2020. Equity securities improved by PHP 8.3 million or 5.6% from PHP 149.0 million as of December 31, 2019 to PHP 157.3 million as of March 31, 2020. Debt securities are now classified under Financial Assets at fair value through other comprehensive income (FVOCI). Financial assets at fair value through profit or loss (FVTPL) as of March 31, 2020 and December 31, 2019 were 5.9% and 3.9% of the total assets as of March 31, 2020 and December 31, 2019, respectively.

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

Financial assets at fair value through other comprehensive income amounted to PHP 212.5 million as of March 31, 2020 compared to PHP 211.5 million as of December 31, 2019. FVOCI as of March 31, 2020 and December 31, 2019 were 7.7% and 5.4% of the total assets as of March 31, 2020 and December 31, 2019, respectively.

Prepayments and other current assets increased by PHP 20.7 million or 22.5% from PHP 92.3 million as of December 31, 2019 to PHP 113.1 million as of March 31, 2020. Prepayments and other current assets consist of prepaid expenses, receivable from the Bureau of Internal Revenue, advances to suppliers and contractors, supplies inventory, creditable withholding taxes and other current assets. The increase is mainly due to additional Guaranteed Investment Certificate (GIC) for International Remittance (Canada) Ltd. Prepayments and other current assets as of March 31, 2020 and December 31, 2019 were 4.1% and 2.4% of the total assets as of March 31, 2020 and December 31, 2019, respectively.

Total non-current assets decreased by PHP 5.5 million or -1.2% from PHP 468.9 million as of December 31, 2019 to PHP 463.4 million as of March 31, 2020. Total non-current assets as of March 31, 2020 and December 31, 2019 were 16.8% and 12.0% of the total assets as of March 31, 2020 and December 31, 2019, respectively.

Investment in an associate increased by PHP 1.1 million or 9.0% from PHP 11.8 million as of December 31, 2019 to PHP 12.9 million as of March 31, 2020. The increase represents equity earnings from Hwa Kung Hong & Co., Ltd. (foreign subsidiary office in Taiwan). Investment in an associate as of March 31, 2020 and December 31, 2019 were 0.5% and 0.3% of the total assets as of March 31, 2020 and December 31, 2019, respectively.

Property and equipment-net decreased by PHP 1.8 million or -7.2% from PHP 24.5 million as of December 31, 2019 to PHP 22.7 million as of March 31, 2020. Property and equipment-net as of March 31, 2020 and December 31, 2019 were 0.8% and 0.6% of the total assets as of March 31, 2020 and December 31, 2019, respectively.

Intangible assets-net decreased by PHP 1.3 million or -0.9% from PHP 146.5 million as of December 31, 2019 to PHP 145.2 million as of March 31. 2020. Intangible assets of the Group consist of goodwill, software and copyright. Goodwill remained constant at PHP 116.3

million and software decreased in value by PHP 1.3 million affected by the regular amortization of copyright cost for the anthem song launch in 2017. The increase in software is related to the development of mobile and web based applications (IREMITX) as part of internally-developed intangible assets. IREMITX (I-Remit customer centric online platform) targets the more computer-savvy netizen market who are more comfortable transacting through the web. I-Remit's customers may access the facility through any internet-enabled device providing them with the capability to remit money from anywhere, anytime. Intangible assets as of March 31, 2020 and December 31, 2019 were 5.3% and 3.9% of the total assets as of March 31, 2020 and December 31, 2019, respectively.

Deferred tax assets decreased by PHP 1.2 million or -8.1% from PHP 15.3 million as of December 31, 2019 to PHP 14.0 million as of March 31, 2020. Deferred tax assets as of March 31, 2020 and December 31, 2019 were 0.5% and 0.4% of the total assets as of March 31, 2020 and December 31, 2019, respectively.

Other non-current assets increased by PHP 3.1 million or 2.9% from PHP 107.4 million as of December 31, 2019 to PHP 110.6 million as of March 31, 2020. Other non-current assets consist of refundable deposits which decreased by PHP 0.9 million or -2.6% and refundable input value added tax which increased by PHP 3.8 million or 7.8% from PHP 48.5 million as of December 31, 2019 to PHP 52.3 million as of March 31, 2020. Other non-current assets as of March 31, 2020 and December 31, 2019 were 4.0% and 2.7% of the total assets as of March 31, 2020 and December 31, 2019, respectively.

Total liabilities decreased by PHP 1,159.3 million or -46.0% from PHP 2,519.9 million as of December 31, 2019 to PHP 1,360.6 million as of March 31, 2020. Total liabilities as of March 31, 2020 and December 31, 2019 were 49.2% and 64.4% of the total liabilities and stockholders' equity as of March 31, 2020 and December 31, 2019, respectively.

Total current liabilities decreased by PHP 1,156.2 million or 48.2% from PHP 2,396.6 million as of December 31, 2019 to PHP 1,240.3 million as of March 31, 2020. Total current liabilities as of March 31, 2020 and December 31, 2019 were 44.8% and 61.3% of the total liabilities and stockholders' equity as of March 31, 2020 and December 31, 2019, respectively.

Financial liabilities at fair value through profit or loss (FVTPL) decreased by PHP 0.8 million or -43.8% from PHP 2.0 million as of December 31, 2019 to PHP 1.1 million as of March 31, 2020 due to lower mark-to-market value of forward contracts in First Quarter 2020. Financial liabilities at FVTPL as of March 31, 2020 and December 31, 2019 were 0.04% and 0.05% of the total liabilities and stockholders' equity as of March 31, 2020 and December 31, 2019, respectively.

Beneficiaries and other payables decreased by PHP 774.8 million or -88.2% from PHP 878.7 million as of December 31, 2019 to PHP 103.8 million as of March 31, 2020. Beneficiaries and other payables comprised mainly of payables to beneficiaries, payables to agents, couriers and trading clients, accrued expenses, payables to related parties, payables to government agencies and suppliers. Payables to beneficiaries decreased significantly in the first quarter of 2020 due to year-end holiday transactions. Beneficiaries and other payables as of March 31, 2020 and December 31, 2019 were 3.8% and 22.5% of the total liabilities and stockholders' equity as of March 31, 2020 and December 31, 2019, respectively.

Income tax payable increased by PHP2.4 million or 22.9% from PHP 10.5 million as of December 31, 2019 to PHP 12.9 million as of March 31, 2020. Income tax payable as of March 31, 2020 and December 31, 2019 were 0.47% and 0.27% of the total liabilities and stockholders' equity as of March 31, 2020 and December 31, 2019, respectively.

Interest-bearing loans decreased by PHP 380.0 million or -25.9% from PHP 1,470.0 million as of December 31, 2019 to PHP 1,090.0 million as of March 31, 2020. Interest-bearing loans as of March 31, 2020 and December 31, 2019 were 39.4% and 37.6% of the total liabilities and stockholders' equity as of March 31, 2020 and December 31, 2019, respectively.

Total non-current liabilities decreased by PHP 3.1 million or -2.5% from PHP 123.4 million as December 31, 2019 to PHP 120.3 million as of March 31, 2020. Non-current liabilities consist of deferred tax liabilities and retirement benefit obligation. The Group does not recognize retirement benefit obligation to its employee this quarter ending March 31, 2020 same as to none in the previous year based on the recommendation of its actuarial consultant. Total non-current liabilities as of March 31, 2020 and December 31, 2019 were 4.4% and 3.2% of the total liabilities and stockholders' equity as of March 31, 2020 and December 31, 2019, respectively.

The Company's stockholders' equity as of March 31, 2019 stood higher by PHP 14.6 million or 1.0% from PHP 1,391.4 million as of December 31, 2019 to PHP 1,406.0 million as of March 31, 2020 mainly due to income generated in First Quarter of 2020 at PHP 1.4 million. Total stockholders' equity as of March 31, 2020 and December 31, 2019 were 50.8% and 35.6% of the total liabilities and stockholders' equity as of March 31, 2020 and December 31, 2019, respectively.

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

Date	Report
February 20, 2020	"Please be advised that in the meeting of the Board of Directors, the resignation of Ms. Ysabel Fatima N. Trinidad as Assistant Corporate Secretary was accepted. Thereafter, Ms. Kristine Marie E. Liberato was appointed to replace Ms. Trinidad as Assistant Corporate Secretary, and to serve as such for the unexpired term of her predecessor, and until such time that her successor is duly elected and qualified."
March 2, 2020	"Please be advised that on 28 February 2020, the Corporation engaged the services of Philippine Stock Transfer, Inc. (PSTI) as its new Stock Transfer Agent, effective on 19 April 2020. The Contract of Agency between the Corporation and PSTI, however, shall be effective on 01 March 2020 to allow for an efficient and seamless transition of data."
March 16, 2020	"Please see attached copy of the disclosure submitted to The Philippine Stock Exchange, Inc. regarding the Securities and Exchange Commission's directive to all publicly-listed companies to apprise the investing public of the risks and impact of the COVID-19 to the Corporation's business operation and the measures to mitigate the risks that the Corporation will undertake."

Official data from the Bangko Sentral ng Pilipinas only details the January 2020 remittance. Personal remittances from overseas Filipinos (OFs) grew by 7.3 percent year-on-year in January 2020 to reach US$2.94 billion from US$2.75 billion in January 2019. Personal remittances from land-based workers with work contracts of one year or more rose to US$2.27 billion, 7.4 percent higher than US$2.12 billion recorded in January 2019.

Meanwhile, personal remittances from sea-based and land-based workers with work contracts of less than one year rose by 3.9 percent to US$0.6 billion from US$0.58 billion from a year ago.

Cash remittances from OFs coursed through banks amounted to US$2.65 billion in January 2020, a 6.6 percent increase from US$2.48 billion recorded in January 2019. This increase was due to the rise in remittances from both land-based (US$2.1 billion) and sea-based (US$0.55 billion) workers, which rose by 7.4 percent and 3.8 percent, respectively. By country source, the United States registered the highest share of overall remittances at 38.6 percent. It was followed by Japan, Singapore, Saudi Arabia, United Kingdom, United Arab Emirates, Qatar, Canada, Hong Kong, and Korea. The combined remittances from these countries accounted for almost 80 percent of total cash remittances.

Remittance flows to the Philippines may decline by more than a fifth this year as many Filipinos working and living abroad stood to lose employment while the global economy grappled with the COVID-19 pandemic, the Washington-based World Bank said.

“Year-on-year growth in remittances [to the Philippines] for January and February 2020 was 4.8 percent and 4.4 percent, respectively, suggesting little slowdown to date. However, the government is anticipating a 20-30 percent decline in remittances for 2020 and a corresponding growth rate of 2 percent due to the fallout from COVID-19,” the World Bank said in its latest Migration and Development Brief for April 2020 titled “COVID-19 Crisis Through a Migration Lens” released in April 2020.

Remittances from overseas Filipino workers (OFWs) rose by a faster 4 percent to $35.2 billion last year, the World Bank noted.

The World Bank nonetheless said that historically, countries hit by crises tended to receive more remittances as migrants supported their families back home.

“Migrants new and old increase the amounts they send home during times of crisis and hardship in their country of origin, a phenomenon [called] as the counter-cyclicality of remittances,” it said.

“During a crisis in the host country, however, remittances can decline. For instance, during the global financial crisis, remittance flows to low- and middle-income countries declined by 5 percent in 2009,” it added.

In the case of the Philippines, the World Bank noted: “An event study showed the countercyclical increase in remittance flows to the Philippines during the bird flu pandemic in November 2003, and a pro-cyclical decline in response to the global financial crisis starting in September 2008.”

But the World Bank said it would help that remittance fees to the Philippines were among the lowest in the East Asia and Pacific region.

Across East Asia and the Pacific, the World Bank expects remittances to drop 13 percent this year, “to be driven by declining inflows from the United States, the largest source of remittances to the region,” it said in a statement.

Across the globe, the World Bank projected the “sharpest decline of remittances in recent history” of about 20 percent “due to the economic crisis induced by the COVID-19 pandemic and shutdown.”

“The projected fall is largely due to a fall in the wages and employment of migrant workers, who tend to be more vulnerable to loss of employment and wages during an economic crisis in a host country. Remittances to low and middle-income countries are projected to fall by 19.7 percent to $445 billion, representing a loss of a crucial financing lifeline for many vulnerable households,” the World Bank said.

“Remittances are a vital source of income for developing countries. The ongoing economic recession caused by COVID-19 is taking a severe toll on the ability to send money home and makes it all the more vital that we shorten the time to recovery for advanced economies. Remittances help families afford food, health care, and basic needs. As the World Bank Group implements fast, broad action to support countries, we are working to keep remittance channels open and safeguard the poorest communities’ access to these most basic needs,” World Bank Group president David Malpass said.

Remittances were the Philippines’ biggest source of foreign exchange income, insulating the domestic economy from external shocks by ensuring steady supply of dollars into the financial system.

These cash transfers were also a major driver of consumption, hence contributing to economic growth.

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

Performance Indicator	Definition	Mar. 31, 2020 (Three Months)	Dec. 31, 2019 (Full Year)
Return on Equity (ROE)	Net income* over average stockholders’ equity during the period	0.1%	0.4%
Return on Assets (ROA)	Net income* over average total assets during the period	0.05%	0.2%
Earnings per Share (EPS)	Net income* over average number of outstanding shares	0.002	0.009
Sales Growth	Total transaction value in USD in present period over the previous year	-6.52%	-2.67%
Gross Income	Revenue less total cost of services (PHP millions)	122.6	481.9
Current ratio	Total current assets over total current liabilities	1.8569	1.4364

Solvency ratio	Net income plus depreciation over total liabilities	0.0138	0.0200
Solvency ratio	Total assets over total liabilities	2.0333	1.5522
Solvency ratio	Total stockholders' equity over total liabilities	1.0333	0.5320
Debt-to equity ratio	Total liabilities over total stockholders’ equity	0.9677	1.8798
Asset-to-equity ratio	Total assets over total stockholders’ equity	1.9677	2.9178
Interest rate coverage ratio	Earnings before interest and taxes over interest expense	1.2105	1.2914

* Net Income attributable to equity holders of the Parent Company and Minority Interest. EPS computed using Net Income attributable to equity holders of the Parent Company for the period ended March 31, 2020 and for the year ended December 31, 2019 were PHP 0.0023 and PHP 0.0091 respectively.

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

International Remittance (Canada) Ltd.

Performance Indicator	Definition	Mar 31, 2020 (Three Months)	Dec. 31, 2019 (Full Year)
Return on Equity (ROE)	Net income over average stockholders’ equity during the period	13%	118%
Return on Assets (ROA)	Net income over average total assets during the period	2.20%	10.10%
Earnings per Share (EPS)	Net income over average number of outstanding shares	7.03	37.59
Sales Growth	Total transaction value in USD in present period over the previous year	-11.6%	3.1%
Gross Income	Revenue less total cost of services (PHP millions)	17.36	81.92

Lucky Star Management Limited

Performance Indicator	Definition	Mar 31, 2020 (Three Months)	Dec. 31, 2019 (Full Year)
Return on Equity (ROE)	Net income over average stockholders' equity during the period	1%	15%
Return on Assets (ROA)	Net income over average total assets during the period	-0.221%	-4%
Earnings per Share (EPS)	Net income over average number of outstanding shares	(0.71)	(11.84)
Sales Growth	Total transaction value in USD in present period over the previous year	485.98%	56.90%
Gross Income	Revenue less total cost of services (PHP millions)	3.83	15.46

IRemit Global Remittance Limited

Performance Indicator	Definition	Mar 31, 2020 (Three Months)	Dec. 31, 2019 (Full Year)
Return on Equity (ROE)	Net income over average stockholders' equity during the period	198%	186%
Return on Assets (ROA)	Net income over average total assets during the period	-3%	-11%
Earnings per Share (EPS)	Net income over average number of outstanding shares	(1.81)	(11.91)
Sales Growth	Total transaction value in USD in present period over the previous year	-63%	-29%
Gross Income	Revenue less total cost of services (PHP millions)	4.66	45.79

Worldwide Exchange Pty Ltd (formerly I-Remit Australia Pty Ltd)

Performance Indicator	Definition	Mar 31, 2020 (Three Months)	Dec. 31, 2019 (Full Year)
Return on Equity (ROE)	Net income over average stockholders' equity during the period	0.08%	0.18%
Return on Assets (ROA)	Net income over average total assets during the period	0.058%	0.1%
Earnings per Share (EPS)	Net income over average number of outstanding shares	1,315.29	3,244.50
Sales Growth	Total transaction value in USD in present period over the previous year	0%	0%
Gross Income	Revenue less total cost of services (PHP millions)	0.06	0.15

I-Remit Australia Pty Ltd (formerly Worldwide Exchange Pty Ltd)

Performance Indicator	Definition	Mar 31, 2020 (Three Months)	Dec. 31, 2019 (Full Year)
Return on Equity (ROE)	Net income over average stockholders' equity during the period	7%	26%
Return on Assets (ROA)	Net income over average total assets during the period	-12%	-31%
Earnings per Share (EPS)	Net income over average number of outstanding shares	(24.60)	(84.36)
Sales Growth	Total transaction value in USD in present period over the previous year	-54%	-32%
Gross Income	Revenue less total cost of services (PHP millions)	2.17	11.67

I-Remit New Zealand Limited

Performance Indicator	Definition	Mar 31, 2020 (Three Months)	Dec. 31, 2019 (Full Year)
Return on Equity (ROE)	Net income over average stockholders' equity during the period	3%	7%
Return on Assets (ROA)	Net income over average total assets during the period	-8%	-17%
Earnings per Share (EPS)	Net income over average number of outstanding shares	(539.16)	(1,334.31)
Sales Growth	Total transaction value in USD in present period over the previous year	0%	0%
Gross Income	Revenue less total cost of services (PHP millions)	-	-

IREMIT Remittance Consulting GmbH

Performance Indicator	Definition	Mar 31, 2020 (Three Months)	Dec. 31, 2019 (Full Year)
Return on Equity (ROE)	Net income over average stockholders' equity during the period	0%	7%
Return on Assets (ROA)	Net income over average total assets during the period	-37%	-672%
Earnings per Share (EPS)	Net income over average number of outstanding shares	(1.25)	(21.79)
Sales Growth	Total transaction value in USD in present period over the previous year	0%	0%
Gross Income	Revenue less total cost of services (PHP millions)	(0.01)	(0.05)

Power Star Asia Group Limited

Performance Indicator	Definition	Mar 31, 2020 (Three Months)	Dec. 31, 2019 (Full Year)
Return on Equity (ROE)	Net income over average stockholders' equity during the period	0.2%	5%
Return on Assets (ROA)	Net income over average total assets during the period	0.2%	5%
Earnings per Share (EPS)	Net income over average number of outstanding shares	1.31	34.35
Sales Growth	Total transaction value in USD in present period over the previous year	0%	0%
Gross Income	Revenue less total cost of services (PHP millions)	(0.22)	0.77

K. K. I-Remit Japan

Performance Indicator	Definition	Mar 31, 2020 (Three Months)	Dec. 31, 2019 (Full Year)
Return on Equity (ROE)	Net income over average stockholders' equity during the period	7%	20%
Return on Assets (ROA)	Net income over average total assets during the period	4%	9%
Earnings per Share (EPS)	Net income over average number of outstanding shares	773.62	1,962.55
Sales Growth	Total transaction value in USD in present period over the previous year	14%	13%
Gross Income	Revenue less total cost of services (PHP millions)	10.21	39.22

I-Remittance Singapore Pte. Ltd.

Performance Indicator	Definition	Mar 31, 2020 (Three Months)	Dec. 31, 2019 (Full Year)
Return on Equity (ROE)	Net income over average stockholders' equity during the period	-23%	17%
Return on Assets (ROA)	Net income over average total assets during the period	2%	-2%
Earnings per Share (EPS)	Net income over average number of outstanding shares	13.15	(11.34)
Sales Growth	Total transaction value in USD in present period over the previous year	5%	-71%
Gross Income	Revenue less total cost of services (PHP millions)	7.81	29.85

IRemit Consulting Società Per Azioni

Performance Indicator	Definition	Mar 31, 2020 (Three Months)	Dec. 31, 2019 (Full Year)
Return on Equity (ROE)	Net income over average stockholders' equity during the period	-25%	-131%
Return on Assets (ROA)	Net income over average total assets during the period	-2%	-11%
Earnings per Share (EPS)	Net income over average number of outstanding shares	(14.74)	(79.60)
Sales Growth	Total transaction value in USD in present period over the previous year	0%	0%
Gross Income	Revenue less total cost of services (PHP millions)	8.97	21.21

March 31, 2020 vs. March 31, 2019

I-Remit realized a consolidated net income of PHP 1.4 million in First Quarter 2020, higher by PHP 17.2 million or 109.1% than the consolidated net loss of PHP 15.7 million in First Quarter 2019. The consolidated net income in First Quarter 2020 and First Quarter 2019 were 0.7% and -8.1% of the First Quarter 2020 and First Quarter 2019 revenues, respectively.

Revenues decreased by PHP 4.3 million or 2.2% from PHP 194.1 million in First Quarter 2019 to PHP 198.5 million in First Quarter 2020, significantly due to lower service fees recorded in

First Quarter 2020 by PHP 15.5 million or 8.9% from PHP 173.7 million in First Quarter 2019 to PHP 158.2 million in First Quarter 2020. Realized foreign currency gains was higher by PHP 21.8 million or 200% from PHP 10.9 million in First Quarter 2019 to PHP 32.7 million in First Quarter 2020. Commission was lower by PHP 1.2 million or -13.68% from PHP 8.6 million in First Quarter 2019 to PHP 8.6 million in First Quarter 2019. Management fees went down by PHP 0.750 million or -100.0%, due to no management fee recorded for Power Star Asia Group Limited.

Cost of services decreased by PHP 16.1 million or -17.9% from PHP 91.9 million in First Quarter 2019 to PHP 75.8 million in First Quarter 2020, mainly due to lower bank charge. Service, delivery, bank and other service charges decreased by PHP 17.1 million or -23.8% from PHP 71.9 million in First Quarter 2019 to PHP 54.8 million in First Quarter 2020. Finance cost was higher by PHP 1.0 million or 5.08% from PHP 20.0 million in First Quarter 2019 to PHP 21.0 million in First Quarter 2020 due to additional loans availed with higher interest rate in First Quarter 2020. Total cost of services in First Quarter 2020 and First Quarter 2019 were 38.2% and 47.3% of the First Quarter 2020 and First Quarter 2019 revenues, respectively.

The Company's gross profit consequently increased by PHP 20.4 million or 19.9% from PHP 102.2 million in First Quarter 2019 to PHP 122.6 million in First Quarter 2020. The gross profit in First Quarter 2020 and First Quarter 2019 were 61.8% and 52.7% of the First Quarter 2020 and First Quarter 2019 revenues, respectively.

Transaction count decreased by -7.6% from 1.04 million in First Quarter 2019 to 0.96 million in First Quarter 2020. USD remittance volume decreased also by -6.5% from USD 442.96 million in First Quarter 2019 to USD 416.8 million in First Quarter 2020. Of the total transaction count in First Quarter 2020, the percentage contributions per region were as follows: Asia-Pacific, 36%; Middle East, 44%; North America, 12%; and Europe, 8%. In terms of USD remittance volume, the regional contributions were as follows: Asia-Pacific, 36%; Middle East, 42%; North America, 12%; and Europe, 9%.

Net trading gains decreased by PHP 8.9 million or -110.2% from PHP 8.1 million in First Quarter 2019 to PHP -0.8 million in First Quarter 2020, due to lower realized gain from sale of equity and debt securities by Power Star Asia Group Limited (PSAGL) in First Quarter 2020. Net trading gains in First Quarter 2020 and First Quarter 2019 were -0.42% and 4.2% of the First Quarter 2020 and First Quarter 2019 revenues, respectively.

Other income decreased by PHP 0.5 million or -8.6% from PHP 5.8 million in First Quarter 2019 to PHP 5.3 million in First Quarter 2020, significantly due to lower unrealized foreign currency gain recognized after the revaluation of foreign currency denominated accounts and mark to market valuation of financial derivative contracts in First Quarter 2020.

Operating expenses were lower by PHP 7.6 million or -5.8% from PHP 131.4 million in First Quarter 2019 to PHP 123.8 million in First Quarter 2020 significantly lower short-term benefits expense, marketing and professional fees worth PHP 2.9 million, PHP 2.0 million and PHP 1.9 million, respectively. Expenses for transportation and travel, photocopying and supplies, communication, light and water and representation expenses decreased for a total of PHP 2.4 million. The mentioned decrease in certain accounts was then offset with the increase in other expenses worth PHP 2.3 million. Total operating expenses in First Quarter 2020 and First Quarter 2019 were 62.4% and 67.7% of the total revenues in First Quarter 2020 and First Quarter 2019, respectively.

Equity in net earnings of an associate increased by PHP 0.4 million or 62.2% from PHP 0.7 million in First Quarter 2019 and PHP 1.1 million in First Quarter 2020. Equity in net earnings of an associate in First Quarter 2020 and First Quarter 2019 were at 0.5% and 0.3% of the total revenues in First Quarter 2020 and First Quarter 2019, respectively.

The total assets of the Company decreased by PHP 521.5 million or -15.9% from PHP 3,288.2 million as of March 31, 2019 to PHP 2,766.7 million as of March 31, 2020.

Total current assets decreased by PHP 689.0 million or -23.0% from PHP 2,992.3 million as of March 31, 2019 to PHP 2,303.3 million as of March 31, 2020. Total current assets as of March 31, 2020 and March 31, 2019 were 83.3% and 91.0% of the total assets as of March 31, 2020 and March 31, 2019, respectively.

Cash and cash equivalents decreased by PHP 518.8 million or -34.4% from PHP 1,507.5 million as of March 31, 2019 to PHP 988.6 million as of March 31, 2020. Cash and cash equivalents as of March 31, 2020 and March 31, 2019 were 35.7% and 45.8% of the total assets as of March 31, 2020 and March 31, 2019, respectively.

Trade and other receivables-net decreased by PHP 167.1 million or -16.9% from PHP 991.6 million as of March 31, 2019 to PHP 824.5 million as of March 31, 2020. Trade and other receivables-net consist of trade receivables from agents, advances to fulfillment agents, advances to trading agents, advances to related parties and other receivables. Trade and other receivables as of March 31, 2020 and March 31, 2019 were 29.8% and 30.2% of the total assets as of March 31, 2020 and March 31, 2019, respectively.

Financial assets at fair value through profit or loss amounted to PHP 164.5 million as of March 31, 2020, PHP 16.4 million or 11.1% higher than the PHP 148.2 million recognized as of March 31, 2019. These assets consist of forward and swap contracts marked-to-market value at year-end 2019 and investments in equity securities held for trading by Power Star Asia Group Limited (PSAGL). The value of forward and swap contracts decreased by PHP 12.5 million or -63.4% to PHP 7.2 million as of March 31, 2020 from PHP 19.7 million as of March 31, 2019. Equity securities improved significantly by PHP 28.9 million or 22.5% from PHP 128.5 million as of March 31, 2019 to PHP 157.3 million as of March 31, 2020. Debt securities are now classified under Financial Assets at fair value through other comprehensive income (FVOCI). Financial assets at FVTPL as of March 31, 2020 and March 31, 2019 were 5.9% and 4.5% of the total assets as of March 31, 2020 and March 31, 2019, respectively.

Debt instruments previously classified as financial assets at FVTPL are now classified and measured at FVOCI with recycling. The Group expects not only to hold the assets to collect contractual cash flows, but also to sell a significant amount on a relatively frequent basis. Financial assets at FVOCI amounted to PHP 212.6 million as of March 31, 2020 compared to PHP 264.8 million as of March 31, 2019. FVOCI as of March 31, 2020 and March 31, 2019 were 7.7% and 8.1% of the total assets of each period, respectively.

Prepayments and other current assets increased by PHP 32.9 million or 41.0% from PHP 80.2 million as of March 31, 2019 to PHP 113.1 million as of March 31, 2020. Prepayments and other current assets as of March 31, 2020 and March 31, 2019 were 4.1% and 2.4% of the total assets as of March 31, 2020 and March 31, 2019, respectively.

Total non-current assets increased by PHP 167.5 million or 56.6% from PHP 295.87 million as of March 31, 2019 to PHP 463.4 million as of March 31, 2020. Significant increase was due to recognition of the Right-Of-Use asset with a total book value of PHP145.8 million, which is related with the implementation of IFRS16. Total non-current assets as of March 31, 2020 and March 31, 2019 were 16.8% and 9.0% of the total assets as of March 31, 2020 and March 31, 2019, respectively.

Investment in an associate increased by PHP 0.9 million or 7.5% from PHP 12.0 million as of March 31, 2019 to PHP 12.9 million as of March 31, 2020. The increase represents equity earnings from Hwa Kung Hong & Co., Ltd. (foreign associate office in Taiwan). Investment in an associate as of March 31, 2020 and March 31, 2019 were at 0.5% and 0.4% of the total assets as of March 31, 2020 and March 31, 2019, respectively.

Property and equipment-net decreased by PHP 2.5 million or -9.9% from PHP 25.3 million as of March 31, 2019 to PHP 22.9 million as of March 31, 2020. Property and equipment as of March 31, 2020 and March 31, 2019 were both at 0.8% of the total assets as of March 31, 2020 and March 31, 2019, respectively.

Intangible assets-net increased by PHP 11.3 million or 8.4% from PHP 133.9 million as of March 31, 2019 to PHP 145.2 million as of March 31, 2020. Intangible assets of the Group consist of goodwill, software and copyright. Goodwill remained constant at PHP 116.3 million while software increased in value by PHP 11.3 million partially offset by the regular amortization of copyright cost for the anthem song launch in 2017. The increase in software is related to the on-going development of mobile and web based applications (IREMITX) as part of internally-developed intangible assets. IREMITX (I-Remit customer centric online platform) targets the more computer-savvy netizen market who are more comfortable transacting through the web. I-Remit's customers may access the facility through any internet-enabled device providing them with the capability to remit money from anywhere, anytime. Total intangible assets as of March 31, 2020 and March 31, 2019 were at 5.2% and 4.1% of the total assets as of March 31, 2020 and March 31, 2019, respectively.

Retirement asset decreased by PHP 0.9 million or -6.6% from PHP 13.0 million as of March 31, 2019 to PHP 12.2 million as of March 31, 2020. Retirement asset as of March 31, 2020 and March 31, 2019 were both at 0.4% of the total assets as of March 31, 2020 and March 31, 2019, respectively.

Deferred tax assets decreased by PHP1.5 million or -9.9% from PHP 15.6 million as of March 31, 2019 to PHP 14.0 million as of March 31, 2020. Deferred tax assets recognized by the Group were measured at the tax rates enacted or subsequently enacted at year-end and represent those amounts that are probable of realization taking into account the Group's estimates of future taxable profit. In determining estimates of future taxable profit against which the deductible amounts can be utilized, the Group has considered the existence of taxable temporary differences that will reverse in the same period, and has also considered appropriate tax planning opportunities that the Group is more likely than not to take advantage of in order to generate future taxable profit. The Group has reviewed the carrying amount of deferred tax assets arising from accrued expenses, allowance for bad debts and retirement expense as to recoverability on the basis of experience in past years and future expectations. Deferred tax assets as of March 31, 2020 and March 31, 2019 were both 0.5% of the total assets as of March 31, 2020 and March 31, 2019.

Other non-current assets increased by PHP 14.5 million or 15.1% from PHP 96.0 million as of March 31, 2019 to PHP 110.6 million as of March 31, 2020. Other non-current assets consist of refundable deposits, Input VAT receivable and other non-current assets. Input VAT receivable increased by PHP 17.2 million or 48.9% from PHP 35.1 million as of March 31, 2019 to PHP 52.3 million as of March 31, 2020. Other non-current assets as of March 31, 2020 and March 31, 2019 were 4.0% and 3.0% of the total assets as of March 31, 2020 and March 31, 2019, respectively.

Total liabilities decreased by PHP 554.7 million or -29.0% from PHP 1,915.3 million as of March 31, 2019 to PHP 1,360.7 million as of March 31, 2020. Total liabilities as of March 31, 2020 and March 31, 2019 were 49.2% and 58.2% of the total liabilities and equity as of March

31, 2020 and March 31, 2019, respectively.

Total current liabilities decreased by PHP 667.7 million or -35.0% from PHP 1,908.0 million as of March 31, 2019 to PHP 1,240.3 million as of March 31, 2020 mainly due to the recognition of lease liability related with the office lease as compliance with the IFRS16 amounting to PHP 32.5 million. Total current liabilities as of March 31, 2020 and March 31, 2019 were 44.8% and 58.0% of the total liabilities and equity as of March 31, 2020 and March 31, 2019, respectively.

Financial liability at fair value through profit or loss (FVTPL) decreased by PHP 5.0 million or -81.9% from PHP 6.3 million as of March 31, 2019 to PHP 1.1 million as of March 31, 2020. BSP closing rate for the mark to mark valuation of forward and swap contracts dealt at an average rate of 50.68 as of March 31, 2020 compared with BSP closing rate at 52.50 dealt at an average rate of March 31, 2019. Financial liability at FVTPL as of March 31, 2020 and March 31, 2019 were 0.04% and 0.19% of the total liabilities and equity as of March 31, 2020 and March 31, 2019, respectively.

Beneficiaries and other payables decreased by PHP 570.4 million or 84.6% from PHP 674.2 million as of March 31, 2019 to PHP 103.8 million as of March 31, 2020. Beneficiaries and other payables comprised mainly of payables to beneficiaries, payables to agents, service providers and trading clients, accrued expenses, payables to related parties, payable to government agencies and suppliers. Beneficiaries and other payables as of March 31, 2020 and March 31, 2019 were 3.8% and 20.5% of the total liabilities and equity as of March 31, 2020 and March 31, 2019, respectively.

Income tax payable was higher by PHP 10.4 million or -416.85% from PHP 2.5 million as of March 31, 2019 to PHP 12.9 million as of March 31, 2020 mainly due to higher taxable income recognized in First Quarter 2020. Income tax payable as of March 31, 2020 and March 31, 2019 was at 0.5% and at 0.1% of the total liabilities and stockholders' equity as of March 31, 2020 and March 31, 2019, respectively.

Interest-bearing loans payable decreased by PHP 135.0 million or -11.0% from PHP 1,225.0 million as of March 31, 2019 to PHP 1,090.0 million as of March 31, 2020 due to lower utilization of bank credit lines in First Quarter 2020. Interest-bearing loans consist of unsecured, short-term peso-denominated loans from various local financial institutions with interest rates ranging from 6.00% to 7.50% per annum in First Quarter 2020 and from 6.0% to 7.75% in First Quarter 2019. Loans payable as of March 31, 2020 and March 31, 2019 were 39.4% and 37.3% of the total liabilities and equity as of March 31, 2020 and March 31, 2019, respectively.

Total non-current liabilities increased by PHP 112.9 million or 1,544.3% from PHP 7.3 million as of March 31, 2019 to PHP 120.3 million as of March 31, 2020 mainly due to the recognition of lease liability related with the office lease as compliance with the IFRS16 amounting to PHP 110.4 million. No retirement liability recognized as of March 31, 2020. Total non-current liabilities as of March 31, 2020 and March 31, 2019 were 4.4% and 0.2% of the total liabilities and stockholder's equity as of March 31, 2020 and March 31, 2019, respectively.

The total stockholders' equity of the group stood at PHP 1,406.0 million as of March 31, 2020, higher by PHP 33.1 million or 2.4% against the March 31, 2019 level of PHP 1,372.8 million. This increase in stockholder's equity was due to income generated for the period and Unrealized fair value on financial asset measured at FVOCI. Total stockholders' equity as of March 31, 2020 and March 31, 2019 were 50.8% and 41.8% of the total liabilities and equity as of March 31, 2020 and March 31, 2019, respectively.

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

Performance Indicator	Definition	Mar. 31, 2020 (Three Months)	Mar. 31, 2019 (Three Months)
Return on Equity (ROE)	Net income* over average stockholders' equity during the period	0.1%	-1.1%
Return on Assets (ROA)	Net income* over average total assets during the period	0.05%	-0.5%
Earnings per Share (EPS)	Net income* over average number of outstanding shares	0.002	-0.026
Sales Growth	Total transaction value in USD in present period over the same period in the previous year	-6.52%	0.89%
Gross Income	Revenue less total cost of services (PHP millions)	122.6	102.2
Current ratio	Total current assets over total current liabilities	1.8569	1.5683
Solvency ratio	Net income plus depreciation over total liabilities	0.0138	-0.0072
Solvency ratio	Total assets over total liabilities	2.0333	1.7168
Solvency ratio	Total stockholders' equity over total liabilities	1.0333	0.7168
Debt-to equity ratio	Total liabilities over total stockholders' equity	0.9677	1.3952
Asset-to-equity ratio	Total assets over total stockholders' equity	1.9677	2.3952
Interest rate coverage ratio	Earnings before interest and taxes over interest expense	1.2105	0.2766

* Net Income attributable to equity holders of the Parent Company and Minority Interest. EPS computed using Net Income attributable to equity holders of the Parent Company for the periods ended March 31, 2020 and March 31, 2019 were P 0.00234 and P 0.0091, respectively.

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

International Remittance (Canada) Ltd.

Performance Indicator	Definition	Mar. 31, 2020 (Three Months)	Mar. 31, 2019 (Three Months)
Return on Equity (ROE)	Net income over average stockholders' equity during the period	13%	50%
Return on Assets (ROA)	Net income over average total assets during the period	2.20%	2.23%
Earnings per Share (EPS)	Net income over average number of outstanding shares	7.03	9.17
Sales Growth	Total transaction value in USD in present period over the previous year	-11.6%	2.2%
Gross Income	Revenue less total cost of services (PHP millions)	17.36	19.77

Lucky Star Management Limited

Performance Indicator	Definition	Mar. 31, 2020 (Three Months)	Mar. 31, 2019 (Three Months)
Return on Equity (ROE)	Net income over average stockholders' equity during the period	1%	-2%
Return on Assets (ROA)	Net income over average total assets during the period	-0.221%	-0.5%
Earnings per Share (EPS)	Net income over average number of outstanding shares	-0.71	1.36
Sales Growth	Total transaction value in USD in present period over the previous year	485.98%	-79%
Gross Income	Revenue less total cost of services (PHP millions)	3.83	3.9

IRemit Global Remittance Limited

Performance Indicator	Definition	Mar. 31, 2020 (Three Months)	Mar. 31, 2019 (Three Months)
Return on Equity (ROE)	Net income over average stockholders' equity during the period	198%	95%
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	-1.81	-1.95
Sales Growth	Total transaction value in USD in present period over the previous year	-63%	-1%
Gross Income	Revenue less total cost of services (PHP millions)	4.66	18.9

I-Remit Australia Pty Ltd

Performance Indicator	Definition	Mar. 31, 2020 (Three Months)	Mar. 31, 2019 (Three Months)
Return on Equity (ROE)	Net income over average stockholders' equity during the period	7%	9%
Return on Assets (ROA)	Net income over average total assets during the period	-12%	-9%
Earnings per Share (EPS)	Net income over average number of outstanding shares	-24.60	-27.42
Sales Growth	Total transaction value in USD in present period over the previous year	-54%	-38%
Gross Income	Revenue less total cost of services (PHP millions)	2.17	3.25

Worldwide Exchange Pty Ltd

Performance Indicator	Definition	Mar. 31, 2020 (Three Months)	Mar. 31, 2019 (Three Months)
Return on Equity (ROE)	Net income over average stockholders’ equity during the period	0.08%	0.03%
Return on Assets (ROA)	Net income over average total assets during the period	0.058%	0.02%
Earnings per Share (EPS)	Net income over average number of outstanding shares	1,315.29	598.01
Sales Growth	Total transaction value in USD in present period over the previous year	-	-
Gross Income	Revenue less total cost of services (PHP millions)	0.06	0.04

I-Remit New Zealand Limited

Performance Indicator	Definition	Mar. 31, 2020 (Three Months)	Mar. 31, 2019 (Three Months)
Return on Equity (ROE)	Net income over average stockholders’ equity during the period	-3%	-1%
Return on Assets (ROA)	Net income over average total assets during the period	-8%	3%
Earnings per Share (EPS)	Net income over average number of outstanding shares	-539.16	204.61
Sales Growth	Total transaction value in USD in present period over the previous year	--	--
Gross Income	Revenue less total cost of services (PHP millions)	-	-

IREMIT Remittance Consulting GmbH

Performance Indicator	Definition	Mar. 31, 2020 (Three Months)	Mar. 31, 2019 (Three Months)
Return on Equity (ROE)	Net income over average stockholders’ equity during the period	0%	2%
Return on Assets (ROA)	Net income over average total assets during the period	-37%	-191%
Earnings per Share (EPS)	Net income over average number of outstanding shares	-1.25	-6.80
Sales Growth	Total transaction value in USD in present period over the previous year	-	-
Gross Income	Revenue less total cost of services (PHP millions)	-0.01	-0.01

Power Star Asia Group Limited

Performance Indicator	Definition	Mar. 31, 2020 (Three Months)	Mar. 31, 2019 (Three Months)
Return on Equity (ROE)	Net income over average stockholders' equity during the period	0%	1%
Return on Assets (ROA)	Net income over average total assets during the period	0%	1%
Earnings per Share (EPS)	Net income over average number of outstanding shares	1.31	9.21
Sales Growth	Total transaction value in USD in present period over the previous year	-	-
Gross Income	Revenue less total cost of services (PHP millions)	-0.22	0.6

K. K. I-Remit Japan

Performance Indicator	Definition	Mar. 31, 2020 (Three Months)	Mar. 31, 2019 (Three Months)
Return on Equity (ROE)	Net income over average stockholders' equity during the period	7%	3%
Return on Assets (ROA)	Net income over average total assets during the period	4%	1%
Earnings per Share (EPS)	Net income over average number of outstanding shares	773.62	297.38
Sales Growth	Total transaction value in USD in present period over the previous year	14%	53%
Gross Income	Revenue less total cost of services (PHP millions)	10.21	9.07

I-Remittance Singapore Pte. Ltd.

Performance Indicator	Definition	Mar. 31, 2020 (Three Months)	Mar. 31, 2019 (Three Months)
Return on Equity (ROE)	Net income over average stockholders' equity during the period	-23%	6%
Return on Assets (ROA)	Net income over average total assets during the period	2%	-0.4%
Earnings per Share (EPS)	Net income over average number of outstanding shares	13.15	-4.04
Sales Growth	Total transaction value in USD in present period over the previous year	5%	6%
Gross Income	Revenue less total cost of services (PHP millions)	7.81	7.69

IRemit Consulting Società Per Azioni

Performance Indicator	Definition	Mar. 31, 2020 (Three Months)	Mar. 31, 2019 (Three Months)
Return on Equity (ROE)	Net income over average stockholders' equity during the period	-25%	-17%
Return on Assets (ROA)	Net income over average total assets during the period	-2%	-13%
Earnings per Share (EPS)	Net income over average number of outstanding shares	-14.74	-15.51
Sales Growth	Total transaction value in USD in present period over the previous year	-	-
Gross Income	Revenue less total cost of services (PHP millions)	8.97	-

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.

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

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

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

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

Summary of Significant Accounting Policies

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

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

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

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

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

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

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

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

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

- Amortized cost for assets held within a business model whose objective is to hold financial assets in order to collect the contractual cash flows that represent solely payments of principal and interest (SPPI) on the principal outstanding.

- Fair value through other comprehensive income (FVOCI) which meets the SPPI criterion and is held in a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- FVTPL for all other financial assets.

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

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

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

- Listed Equity investments are classified and measured as FVTPL.

Subsequent Measurement

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

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

Financial Liabilities and Equity Instruments
Financial Liabilities

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

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

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

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

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

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

The cost of borrowing funds which include interest, documentary stamp tax and other directly related charges are recognized as costs of servicing the fulfilment of remittance obligations of the Group. Whereas the cost of borrowing funds intended for the acquisition, construction or production of a qualifying asset form part of the cost of the acquired asset, if any. Qualifying asset is defined as an asset which necessarily takes a substantial period of time to get ready for its intended use or sale.
The Group follows the standard on PFRS 9 on the measurement and recognition of other financial liabilities including loans payable at amortized cost using the effective interest method.

Equity Instruments

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

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

De-recognition of Financial Assets and Liabilities

Financial asset

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

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

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

Financial liability

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

Offsetting Financial Instruments

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

Impairment of Financial Assets

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

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

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

The Group adopts a general approach in accounting for impairment.

- General Approach

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

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

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

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

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

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

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

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

Fair Value Hierarchy

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

Level 1: quoted prices in active markets for identical assets or liabilities;
Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
Level 3: inputs that are not based on observable market data or unobservable inputs.

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

Financial Risk Management Objectives and Policies

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

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

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

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

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

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

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

Foreign Currency Risk

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

Cash Flow Interest Rate Risk

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

As of March 31, 2020 and December 31, 2019, the Group's exposure to cash flow interest rate risk is minimal. The Group's policy is to manage its interest cost by entering only into fixed rate short-term loans from banks.

Fair Value Interest Rate Risk

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

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

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

Equity Price Risk

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

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

Liquidity Risk

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

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

PART II – OTHER INFORMATION

Other Required Disclosures

A. Accounting Policies and Methods of Computation.

The attached interim financial reports were prepared in accordance with the Philippine Financial Reporting Standards (PFRS) which includes applicable PFRS, PAS (Philippine Accounting Standards) and interpretation's approved by the FRSC (Financial Reporting Standards Council). The accounting policies and methods of computation followed in these interim financial statements are the same compared with the audited financial statements for the period ended December 31, 2019.

B. Unusual Items Affecting Assets, Liabilities, equity, net Income or Cash Flow.
Except as reported in the Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A"), there were no unusual items affecting assets, liabilities, equity, net income or cash flows for the interim period.

C. Changes in Estimates of Amounts Reported.
There were no material changes in estimates of amounts reported in prior periods that have material effects in the current interim period.

D. Issuances, Repurchases and Repayments of Debt and Equity Securities.
Except as disclosed in the MD&A, there were no other issuances, repurchases and repayments of debt and equity securities.

E. Material Events Subsequent to the End of the Interim Period Not Reflected in the Financial Statements.

There were no material events that happened subsequent to March 31, 2020 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, 2019.

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 June 22, 2020.

By:

HARRIS D. JACILDO
President

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