

PART II SECURITIES OF THE REGISTRANT

(A) Market Price of and Dividends on Registrant's Common Equity and Related Stockholder Matters

(1) Market Information

On January 21, 2010, the SEC approved the Company's application for increase in authorized capital stock from P50 million divided into 50 million common shares with a par value of P1.00 each share to P100 million divided into 100 million common shares with a par value of P1.00 each share. Out of the P50 million increase, 25% or P12.5 million was subscribed and fully paid in 2009 and recognized under deposits for future stock subscription. The related shares of stock of 12.5 million were issued in 2010.

On January 27, 2010, the Philippine Stock Exchange (PSE) approved the Company's application for Listing by Way of Introduction with the PSE's Secondary Board of 33.54 million of its common shares. Listing by Way of Introduction is a listing process that does not involve an initial public offering of securities.

The Company's Common Shares were listed on the Second Board of the Philippine Stock Exchange, Inc. ("PSE") on February 17, 2010 under the symbol "EG". On December 31, 2010, the closing price of the Common Shares was P30.

On July 26, 2010, the Company's Stockholders unanimously approved the increase in the Company's authorized capital stock from P100 million divided into 100 million common shares with a par value of P1.00 each share to P300 million divided into 300 million common shares with a par value of P1.00 each share. Such increase is in preparation for the mandated IPO of the Company through PSE. As at December 31, 2010, the Company is still in the process of preparing the necessary documentary requirements for its application with the SEC for the aforementioned increase.

On October 19, 2011, GNMI executed a Subscription Agreement with the Company wherein the Company committed to allow GNMI to subscribe to Offer Shares worth P130 million as part of the Company's complying public offer. On the same date, the GNMI and E-Games executed an Option Agreement relative to their shares in X-Play.

On December 27, 2011, the SEC approved the reduction in the Company's par value from P1.00 per share to P0.01 per share. With the decrease in par value, the authorized capital stock of the Company of P300 million is now divided into 30 billion shares.

On June 28, 2012, the BOD approved the amendment of Article Seventh of the Amended Articles Incorporation, to increase the authorized capital stock of the Corporation from P300,000,000, divided into 30 billion shares with par value of P0.01 each, to P1 billion, divided into 100 billion shares with par value of P0.01 each.

The BOD likewise approved the issuance and listing of up to 40 billion shares out of the increase in authorized capital stock, subject to the final terms and conditions of the subscription.

On October 25, 2012, the BOD approved to amend the Articles of Incorporation, increasing the authorized capital stock of the Company to P9 billion divided into 900 billion shares. On the same date, the BOD approved to issue shares out of the increase in authorized capital stock, the proceeds of which shall be used to buy into a larger gaming and resort development project.

In November 5, 2012, the BOD approved a modification on the approval made on October 25, 2012 to amend the Company's Amended Articles of Incorporation. The modification made is to amend the Corporation's Amended Articles of Incorporation, increasing the authorized capital stock to P50 billion divided into 5 trillion shares.

(2) Holders

As of December 31, 2012, there are 23 stockholders owning all of the Company's outstanding common shares as follows:

NAME	NO. OF SHARES	% TO TOTAL O/S
1. PCD NOMINEE CORPORATION (FILIPINO)	17,175,730,555	57.3%
2. IPE GLOBAL HOLDINGS CORP.	7,854,029,211	26.2%
3. IP VENTURES, INC.	3,626,242,689	12.1%
4. PCD NOMINEE CORPORATION (FOREIGN)	612,240,545	2.0%
5. CPG HOLDINGS INC.	575,000,000	1.9%
6. IPVG EMPLOYEES INC.	150,000,000	0.5%
7. ROSENDO G. LIM	5,500,000	0.0%
8. ROMEO B. MOLANO	500,000	0.0%
9. EFREN D. BAUTISTA	500,000	0.0%
10. ROMEO BALLESTEROS MOLANO	200,000	0.0%
11. PACIFICO B. TACUB	50,000	0.0%
12. M. J. SORIANO TRADING, INC.	5,000	0.0%
13. OWEN NATHANIEL S. AU ITF LI MARCUS AU	1,000	0.0%
14. JUAN KEVIN G. BELMONTE	100	0.0%
15. RENE R. FUENTES	100	0.0%
16. JAIME C. GONZALEZ	100	0.0%
17. JAIME ENRIQUE Y. GONZALEZ	100	0.0%
18. ERIC P. PARAGAS	100	0.0%
19. RICARDO GABRIEL T. PO	100	0.0%
20. MARCO Y. SANTOS	100	0.0%
21. JJ SAMUEL SORIANO	100	0.0%
22. JUAN VICTOR S. SUMULONG	100	0.0%
23. STEVE TSAO	100	0.0%
TOTAL	30,000,000,000	100.0%

(3) Dividends

The Company does not have a specific dividend policy; however, pursuant to the Corporation Code of the Philippines, the shareholders of the Company are entitled to receive a proportionate share in cash dividends that may be declared by the Board of Directors out of surplus profits derived from the Company's operations. The same right exists with respect to a stock dividend, the declaration of which is subject to the approval of stockholders representing at least two-thirds (2/3) of the outstanding shares entitled to vote. The amount depends on the Company's profits and its capital expenditure and investment requirements at the relevant time.

On September 3, 2009, the BOD approved the declaration of cash dividends of P14.0 million, equivalent to P0.74 a share to all stockholders of record as at September 15, 2009.

On July 4, 2011, the BOD approved the amendment of the record date of stockholders entitled to cash dividends from September 15, 2009 to May 27, 2009. Unpaid dividends amounting to

P14.0 million as at December 31, 2010 were paid in February 2011.

No dividend declaration was made for the year ended December 31, 2011 and 2012.

(B) Description of Registrant's Securities.

(1) Share Capital

On January 21, 2010, the SEC approved the Company's application for increase in authorized capital stock from P50.0 million, divided into 50 million common shares with a par value of P1.00 a share, to P100.0 million, divided into 100 million common shares with the same par value. Of the P50.0 million increase in authorized capital stock, 25% or P12.5 million was subscribed and fully paid in 2009 and recognized under deposits for stock subscriptions. The subscribed shares was issued in 2010.

On July 26, 2010, the SEC approved the Company's application for increase in authorized capital stock from P100.0 million, divided into 100 million common shares with a par value of P1.00 a share, to P300.0 million, divided into 300 million common shares with the same par value.

The Company and GNMI entered into a subscription agreement on October 19, 2011, wherein GNMI agreed to subscribe 5 million shares of the Company for P26.00 a share as part of the follow-on offering to be made by the Company. On the same date, GNMI and IPEVI executed an Option Agreement relative to their shares in the Company. Under such agreement, IPEVI irrevocably granted GNMI the option to sell its 1.0 million shares in the Company at a total exercise price of P75.0 million. This option expires on October 19, 2012.

On December 29, 2011, the SEC approved the reduction in the par value of common shares from P1.00 to P0.01 per share. After such reduction, the authorized number of shares also increased from 300 million to 30 billion while issues shares and outstanding increased from 187.8 million shares to 18.8 billion shares.

As of December 31, 2012, the authorized capital stock of 30 billion shares were fully issued and outstanding.

(2) Share Issuance

Under the Corporation Code, we can issue shares of stock with such rights, privileges or restrictions as may be provided for in our Articles of Incorporation. Since all the shares comprising our authorized capital stock are common shares and there are no restrictions provided in our Articles of Incorporation, our shares have full voting and dividend rights.

We cannot issue Common Shares for consideration less than the par value of such shares as stated in our Articles of Incorporation. We may, however, issue Common Shares at a premium or for a consideration in excess of the par value of such shares, in which case the amount equal to the amount by which the subscription price exceeds the par value is credited to an account designated as paid-in surplus or additional paid-in capital.

We may repurchase our own shares, provided that we have unrestricted retained earnings to pay for the shares to be acquired or repurchased, for legitimate corporate purpose or purposes. These purposes include, but are not limited to the following: to eliminate fractional shares arising out of stock dividends; to purchase shares of dissenting stockholders exercising their appraisal right; and to collect or settle an indebtedness arising out of an unpaid subscription in a delinquency sale and to purchase delinquent shares sold during sale.

The shares so repurchased become treasury shares, which may again be sold for a reasonable price fixed by our Board. Shares do not have voting rights or dividend

rights as long as they remain in the treasury. As of December 31, 2012 and 2011, we do not hold any treasury shares.

(3) Stock Options

GEM

On September 7, 2009, the Company entered into an Investment Agreement with GEM Global and GEMIA, wherein GEM Global was given the option to subscribe up to an aggregate of P500.0 million in the shares of stock in the Company. GEM Global's obligation to subscribe the shares only takes effect upon (a) the Company is listed by the way of introduction and (b) any restrictions imposed against the Company and the GEM for the issue of the shares has been waived by the relevant governmental authorities in writing.

Under the agreement, the Company is required to pay commitment fee of P5.0 million or 1% of total commitment fee amounting to P500.0 million, 12 months after the agreement date.

The agreement may be terminated during the commitment date, within the period from the 16th trading day after the listing date to the third anniversary of the listing date or the date when the aggregate purchase price of shares subscribed under this agreement equals P500.0 million, whichever is earlier.

In 2012, GEM Global accepted a drawdown and agreed to subscribe to 3,750 million shares of the Company for P103.5 million. The subscribed shares were assigned to the lending shareholder, IPVI. As of December 31, 2012, only 2,701 million shares have been issued and the remainder will be issued upon approval of the increase in the authorized capital stock of the Company.

INSERT MD&A

PART III FINANCIAL INFORMATION



FINANCIAL INFORMATION

Item 1. Financial Statements

The information contained herein should be read in conjunction with the accompanying audited consolidated financial statements and related notes of the Company, prepared in accordance with Philippine Financial Reporting Standards (PFRS), as of December 31, 2012 (with comparative figures for 2011) and for the periods ended December 31, 2012 and 2011 (see Annex A).

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

Discussions in the foregoing sections of this report may contain forward-looking statements that reflect current views, with respect to the company's future plans, events, operational performance, and desired results. These statements, by their very nature, contain substantial elements of risks and uncertainties. Actual results may be different from our forecasts.

PART I. BUSINESS AND GENERAL INFORMATION

IP E-Game Ventures, Inc. (the "Company") and its subsidiaries (collectively referred to as the "Group" were incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on various dates.

The Group is principally engaged in the business of interactive gaming and content distribution to the local, regional and global market. We also provide Internet, intranet, extranet and other related value-added services to any and all types of information technology users related to interactive computer games and content distribution.

Since starting commercial operations in March 2006, we, together with X-Play have published 20 online games, including RAN Online, Granado Espada, CABAL Online, Audition Dance Battle, Band Master and Point Blank.

We started as an online games publisher and we are in the process of transforming into a fully integrated digital consumer platform with businesses encompassing three core activities: online games content publishing, Internet café retail operations, and digital advertising.

On January 27, 2010, the Philippine Stock Exchange (PSE) approved the Parent Company's application for Listing by Way of Introduction with the PSE's Secondary Board of 33.54 million of its common shares. Listing by Way of Introduction is a listing process that does not involve an initial public offering of securities. The Company will be conducting a follow-on offering in compliance with the Company's previous Listing By Way of Introduction.

In July 2011, the Company is 69.75%-owned by IPE Global Holdings Corporation (IPE Global or Parent Company), a company incorporated in the British Virgin Islands and 23.59%-owned by IPVG Corp. (IPVG), a company incorporated in the Philippines and whose shares are also listed in the PSE. IPE Global was 71%-owned by IPVG, making IPVG the ultimate parent of the Company. On the same date, the shareholders and the Board of Directors (BOD) of IPVG approved IPVG's Restructuring Plan, which aims to increase shareholder value and potentially generate cash for IPVG. As part of the Restructuring Plan, IP Ventures Inc. (IPVI) was incorporated in the Philippines on September 16, 2011. IPVI is owned by the same shareholders of IPVG in the same proportion as their shareholdings in the latter. Following the formation of IPVI, IPVG transferred substantially all its assets and liabilities, including its equity interest in shares of stock of the Company pursuant to the Asset Purchase Agreement (APA) dated September 28, 2011. As a result of the APA, IPVI became the ultimate parent of the Company.

On March 22, 2012, during the Shareholders' Meeting, the minority and unrelated shareholders approved the waiver of the requirement to conduct a rights or public offering in relation to the additional listing of the above shares because the 10% required public ownership has already been attained by the Company.

Throughout 2012, the Company listed additional shares for public ownership. As a result, the controlling interest vested in the Parent Company was removed and diversified into various stockholders.

The Company is the leading on-line game publisher in the Country, with a portfolio of *massively multiplayer online role-playing games* (MMORPG) and *casual online games*. The Company pioneered the "free-to-play" business model, wherein gamers are not required to pay a subscription fee to play online games. Gamers are given the option of purchasing "in-game items" to enhance their gaming experience by using virtual currency (e-Points), which the Company sells.

As part of strategic acquisitions, the Company acquired two of the largest Internet café chains, Digital Paradise, Inc. (DPI), which owns and operates Netopia, and Webworx, Inc. Today, a majority of internet users access the internet through internet cafes and more than 90% of our online gamers play at Internet cafes. These acquisitions are in line with its plan to be the leading digital consumer platform in the Philippines, providing content, retail access and advertising platforms to Internet users.

Since the Company started operations in 2006, it commercially launched over 20 massively multiplayer online video games in the Philippines. As of end of 2011, it published three massively multiplayer online role-playing games or MMORPGs and one casual game, and through X-Play, a joint venture, it also offers two casual online games.

Today, e-Points are distributed nationwide through network of 28 main distributors that cover more than 20,000 internet cafés, independent kiosks, mini-marts, and computer shops.

According to a Yahoo-Nielsen study in 2010, 69% of internet users in the Philippines access the internet through Internet cafes, slightly lower than the 71% for 2009. In the same study, in 2009, 31% of Internet users in the Philippines access the Internet through the home, higher than the 27% for 2009. According to Internet World Stats, there were approximately 29.7 million Internet users in the Philippines in 2010. Based on the Company's analysis of growth patterns experienced in other technology-related areas, such as mobile communication, social networking media and online gaming, we project the number of Internet users in the Philippines to grow at a CAGR of approximately 20% in the next five years.

Our screen-share reports indicate that a substantial portion of internet café users play online games. We therefore expect to achieve synergies between our Internet café and online gaming operations as we now provide both content and access points for internet usage.

These strategic acquisitions of internet café chains are in line with our plan to be the leading digital consumer platform in the Philippines, providing content, retail access and advertising platforms to Internet users.

In October 16, 2007, the Company was registered, with **Certificate No. 2007-183**, with the Board of Investments as a *New Information and Communication Technology* (ICT) Export Service firm (non-pioneer) in the field of application software/systems development for on-line computer systems. This entitles the Company to certain fiscal and non-fiscal incentives, including, but not limited to: a four-year income tax holiday and an option to avail of bonus years for entitlement of income tax holiday; simplified procedures for the importation of equipment, spare parts, raw materials and supplies with the Bureau of Customs; ten-year exemption from wharfage dues, any export tax, duty, imposts and fees; option to qualify for importation of capital equipment, spare parts and accessories at zero duty; and employment of nationals. Except with respect to the enjoyment of the income tax holiday, these fiscal and non-fiscal incentives shall terminate after a period of not more than ten years from the start of commercial operations.

2012 FINANCIAL HIGHLIGHTS

Amendment of Articles of Incorporation

- On February 14, 2012, the BOD approved the amendment in the Articles of Incorporation to change the corporate name and primary purpose of the Company to allow it to engage in the business of food and beverage, entertainment, hotel and leisure.
- On June 28, 2012, the BOD approved the amendment of Article Seventh of the Amended Articles Incorporation, to increase the authorized capital stock of the Corporation from ₱300,000,000, divided into 30 billion shares with par value of ₱0.01 each, to ₱1 billion, divided into 100 billion shares with par value of ₱0.01 each.

The BOD likewise approved the issuance and listing of up to 40 billion shares out of the increase in authorized capital stock, subject to the final terms and conditions of the subscription.

- On July 31, 2012, during the Regular Stockholders Meeting, the Corporation approved the amendment of Article Third of the Amended Articles of Incorporation to change the principal office of the Corporation to 2/F Bonifacio Technology Center, 31st Street Corner 2nd Avenue, Bonifacio Global City, Taguig City, Metro Manila.
- On October 25, 2012, the BOD approved to amend the Articles of Incorporation, increasing the authorized capital stock of the Company to P9 billion divided into 900 billion shares. On the same date, the BOD approved to issue shares out of the increase in authorized capital stock, the proceeds of which shall be used to buy into a larger gaming and resort development project.
- In November 5, 2012, the BOD approved a modification on the approval made on October 25, 2012 to amend the Company's Amended Articles of Incorporation. The modification made is to amend the Corporation's Amended Articles of Incorporation, increasing the authorized capital stock to P50 billion divided into 5 trillion shares.
- On March 22, 2012, during the Shareholders' Meeting, the minority and unrelated shareholders approved the waiver of the requirement to conduct a rights or public offering in relation to the additional listing of the above shares because the 10% required public ownership has already been attained by the Company.

Merger with Level up! Inc. (LUI)

We have become one of the leading online games publishers in the country, garnering a community of over 15.9 million registered gamers and 447,055 active users per month that play our online games. In line with our efforts to increase market share, we have entered into discussions for a possible merger with our biggest competitor, LUI. The aim is to combine gaming assets with LUI and substantially increase our gaming community, distribution and reach to the market. On March 31, 2012, we completed our merger with LUI.

Acquisition of shares in Cosamera

On March 2, 2012, the Company acquired a 25% stake in Cosamera, a company with primary business in the Cagayan Special Economic Zone and Freeport. Cosamera is in the business of hotel and resort facilities which shall serve tourists frequenting the Cagayan Economic Zone Authority including visitors to its gaming facilities. As of date, Cosamera does not have available financial information, hence the investment was reported as part of noncurrent assets in 2012 balance sheet.



Content License and Distribution Agreement with NBAP

On January 9, 2012, the Company executed a Content License and Distribution Agreement with NBAP for the right and license to operate the official website of the NBA targeted at the Philippine market. NBAP is a company based in New York that operates various commercial activities of the NBA around the world, outside of Greater China. The agreement is binding and effective until September 30, 2014 unless earlier terminated. The rights granted under this agreement shall not be assigned, sublicensed or subcontracted without the prior written consent, which consent may, in the sole discretion of NBAP, (i) be contingent upon a fee payable by IPE or the transferee, and/or (ii) impose other terms and conditions upon the assignment or transfer. The Company has plans of transferring the content license to X-Play Online Games, Inc.

DPI secured loan with Hong Kong Shanghai Banking Corporation (HSBC)

DPI secured loan with HSBC in the amount of ₱200 million, to be backed by a guarantee from the Philippine Export-Import Credit Agency (PHILEXIM). The proceeds of the loan shall be used for the expansion and development of DPI's internet café chain.

Local Publishing Agreement with Take-Two International S.A. ("Take-Two")

The Company and X-Play signed an exclusive local publishing agreement with Take-Two for online sports and social web game. The said online social web game will be locally hosted and operated in the Philippines. Take-Two, a subsidiary of Take-Two Interactive Software, Inc., is a leading developer, marketer and publisher of interactive entertainment for consumers' world-wide.

Acquisition of property in Cagayan Ecozone

Pursuant to the approval of the Company's BOD on May 9, 2012, the Company, through RAN Online, Inc., (ROI) a wholly-owned subsidiary of E-Games, acquired a 36,000 square meters of property in Cagayan Ecozone for a purchase price of P70.0 million, through combination of cash and shares of stock. As of December 31, 2012, Transfer Certificates of Title covering a total of 26,405 square meters of the total lot area being purchased have been issued to ROI with total cost recorded per books amounting to P37.3 million.

Surety Agreement

On April 30, 2012, the Board authorized the Company to enter into a surety agreement in relation to the loan of IPVI with China Banking Corporation.

2011 FINANCIAL HIGHLIGHTS

Amendment of Articles of Incorporation

On December 27, 2011, the SEC approved the reduction in the Company's par value from P1.00 per share to P0.01 per share. With the decrease in par value, the authorized capital stock of the Company of P300 million is now divided into 30 billion shares.

Subscription to AB Fiber Corporation

On December 3, 2011, the Company subscribed to 60,000 common shares of AB Fiber Corporation at P100 per share or a total subscription price of P36 million, P6 million of which was paid for by applying the Company's dividend payable from FCCDCI. The Company's stake in AB Fiber was subsequently transferred to IP Converge.

Sponsorship Certification

On November 15, 2011, GMA provided a sponsorship certification of P30 million to X-Play for development of advergaming assets to be used by GMA in their digital advertising efforts.



Option Agreement with GMA New Media, Inc.

On October 19, 2011, GNMI executed a Subscription Agreement with the Company wherein the Company committed to allow GNMI to subscribe to Offer Shares worth P130 million as part of the Company's complying public offer. On the same date, the GNMI and E-Games executed an Option Agreement relative to their shares in X-Play.

Licensing and Distribution Agreement with Blizzard

On October 18, 2011, the Company entered into a Licensing and Distribution Agreement with Blizzard Entertainment International granting the Company exclusive license to market, sell and distribute physical boxed versions of World of Warcraft, Starcraft, Legacy Products and Diablo.

Investment in Webworx

On September 2, 2011, we purchased 60% of Webworx, Inc., owner and operator of the CYBR Internet café chain with 23 Internet cafés (18 company-owned branches and 5 franchised branches located in Luzon).

Memorandum of Agreement with RS Concepts

In July 2011, we entered into a memorandum of agreement with RS Concepts whereby the parties agreed to enter into a reseller agreement allowing RS Concepts to sell E-Games' available advertising inventory. The specific terms and conditions of the agreement are subject to further discussion and negotiations. RS Concept is a non-traditional advertising company.

On July 8, 2011, we commercially launched Point Blank, a first person shooter game whose active user base has surpassed the performance of our flagship MMORPGs in terms of number of users and growth rate.

First Cagayan Converge Data Center, Inc. ("FCCDCI")

On April 13, 2011, our Board approved the transfer of our 40% stake in FCCDI to IPCDCI. The transfer, which was done in three tranches, was part of the IPVG Groups' thrust to rationalize and consolidate its interests and business operations into the respective subsidiaries and affiliates.

As part of a rationalization of our services to focus on consumer Internet instead of a wider array of Internet services, we decided to transfer our holdings in FCCDCI to publicly listed data center operator IPCDCI. As of June 30, 2011, we have transferred 1/3 of our 40% stake in FCCDCI to IPCDCI and on September 30, 2011 we transferred an additional 1/3 of our 40% stake therein. The remaining 1/3 was sold on December 31, 2011. The total sale price was ₱114.0 million of which ₱100.0 million will be paid in cash and ₱20.0 million in future services, including internet bandwidth and co-location services. The transfer of our 40% stake in FCCDCI also includes the transfer of our equity stake, comprising 60,000 shares, in AB Fiber Corporation, the company that owns the fiber optic cables. As of December 31, 2011, the Company has completed the transfer of FCCDCI to IPCDCI.

Acquisition of DPI shares

On April 1, 2011, we acquired 97,557,504 shares of DPI from ePLDT, Inc. for a consideration of ₱145 million, or approximately ₱1.49 per share. The acquired shares constitute 75% of the outstanding capital stock of DPI, a corporation engaged in the business of providing shared community access through the Internet, computer leasing, desktop publishing and other Internet-related activities.

Software Development and License Agreement with Zepetto Co.

On April 1, 2011, we executed a Software Development and License Agreement with Zepetto Co., a South Korean company which owns the worldwide and exclusive right to market and distribute Point Blank, a casual FPS game. Pursuant to the agreement, we were granted the exclusive, royalty-bearing and non-transferrable license for the use, promotion, distribution and marketing of the localized version of Point Blank for a period of three years from the date of commercial launch. We launched the game commercially on July 8, 2011.



Rights offering of common shares

In January 2011, we conducted a rights offering and offered 134,182,216 Common Shares ("Rights Shares") to our stockholders as of January 3, 2011 ("Record Date"). The Rights Shares were offered at the offer price of P1.00 per share and each eligible holder of Common Shares was entitled to subscribe to four (4) Rights Shares for every one (1) Common Share held as of the Record Date. The Rights Offering was fully subscribed and the Rights Shares were listed on the Second Board of the PSE on February 4, 2011.

2011 FINANCIAL HIGHLIGHTS

Shareholding of IPVG Employees, Inc. to IPEG

On December 29, 2010, IPVG Employees sold 1,022,255 shares held indirectly through the PCD Nominee Corporation.

On September 30, 2010, the Board of Directors approved the grant of an additional option in favor of IPVG to subscribe to 16,000,000 common shares in order to prevent the dilution of IPVG with respect to its option to subscribe to 4,000,000 common shares which was granted to IPVG pursuant to the Option Agreement dated September 17, 2009. The Company plans to hold a stockholders' meeting to seek shareholders' ratification of the said additional grant.

Launched various online games and marketing initiatives

Since the Company's listing by way of introduction, the Company has launched two games: Dragonica, a three dimensional side-scrolling action fantasy adventure game, commercially launched on September 2, 2010, and BandMaster, a band-themed music rhythm game, through X-Play, commercially launched on October 12, 2010.

On September 7, BandMaster, X-Play's band-themed music rhythm game title, started its open beta testing phase.

On September 1, Super Star Online, X-Play's online karaoke game title, started its open beta testing phase.

Dragonica started its closed beta testing phase on July 19 and then its commercial operation on September 22. On September 11, E-Games, together with Infocomm Asia Holdings Pte. Ltd. ("IAH") of Singapore and Korean game developer Barunson Interactive, brought the commercial launch for Dragonica at the Cyberzone Area of SM Annex North EDSA in Quezon City. More than 700 people attended the event and experienced the full blown launching of the newest casual MMORPG title.

In August, X-Play has tied up with Coca-Cola, the leader in the global beverage industry, for X-Play's online 3D videoke game, Super Star Online. The new game merges reality entertainment and online gaming with the Super Star Online's Singing Star Search. The talent search is expected to reach more potential singers with the combined efforts of Coca-Cola.

In May 2010, X-Play Online Games Inc. (X-Play), the casual games division of IP e-Games, started the mall tour for the newest addition to the Hottest Gaming Barkada of hit online dance game Audition Dance Battle: the Pop Girls. The Pop Girls released the repackaged album under Audition Dance Battle with the song, "Sige Sayaw" made exclusively for Audition.

In May 2010, X-Play Online Games, Inc. released its localized EDSA map for its first person shooting game, Operation 7. The map is inspired by the historic EDSA shrine, site of the only peaceful revolution in 1986. A pipeline of exciting customized maps, weapons and ammunitions patches is in store for the gamers that will take the competition within the community to higher levels.

In May 2010, we started the mall tour for the latest addition to the "Hottest Gaming Barkada" initiative for the online game Audition Dance Battle. In May 2010, X-Play released its localized EDSA map for its first person shooting game, Operation 7.



On April 10, 2010, IP e-Games staged Domination IV, IP e-Games' annual gaming event and anniversary celebration at the SMX Convention Center at the SM Mall of Asia Complex in Pasay City. Domination is considered the biggest single-day gaming event since 2008, drawing record crowds of 15,000 and 21,000 gamers for Domination II and III respectively. For Domination IV, attendee count was at 23,000 gamers.

In April 2010, we staged Domination IV, our annual gaming event and anniversary celebration.

On January 8, Runes of Magic, one of our latest high-fantasy massively multiplayer online role-playing that is set to define the local gaming norms, started its Open Beta test phase. More areas, such as instanced dungeons, were opened for players to roam around and explore.

On January 1, Dragonica Online, our latest MMORPG title started its Alpha Testing phase. The game is more than just another MMOG with RPG elements and an eight-way, side-scrolling system in full 3D. The gameplay is fun, intuitive and won't be a hindrance even for first-time MMOG players.

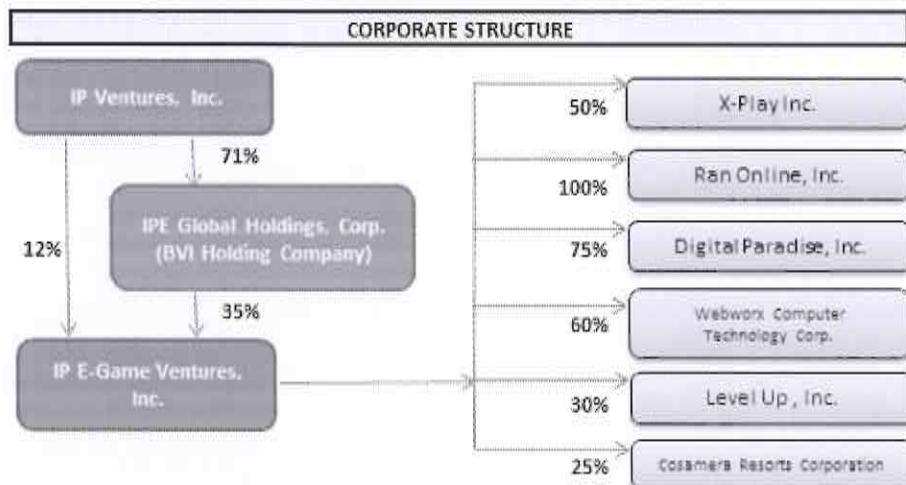
Listing to Philippine Stock Exchange (PSE)

On February 17, IP E-Games held its listing ceremony at the PSE. The Company is the first online gaming company to be publicly listed in the PSE. The PSE approved an initial introduction of 33,545,554 common shares under the Second Board of the PSE, last February 1, 2010. The stock, listed on the PSE under the symbol "EG," traded at an indicative reference opening price of P50 per share.

On January 27, 2010, the PSE approved the Company's application for Listing by Way of Introduction with the PSE's Secondary Board of 33.54 million of its common shares. Listing by Way of Introduction is a listing process that does not involve an initial public offering of securities.

CORPORATE STRUCTURE

As of December 31, 2012, the Group's corporate structure is shown below.





X-Play Online Games Incorporated ("X-Play")

On December 20, 2007, we signed a Shareholders' Agreement with GMA New Media, Inc. (GNMI) creating and operating a joint venture company, X-Play, which will engage in the business of designing, operating and maintaining casual online gaming and casual online gaming related portals. X-Play was incorporated on June 12, 2008 with an authorized capital stock of 8.0 million common shares with a par value of ₱100 per share, subscribed capital of ₱200.0 million, and paid in capital of ₱100.0 million, equally owned with GNMI. The Company's contribution to capital was in the form of cash and certain online gaming assets. GNMI contributed cash and advertising airtime.

The formation of X-Play allowed us to expand our casual games platform to the mainstream television market. We hope to recruit new players for our casual games from the television viewing public. We will have access to the website development, talents and advertising spots of GMA Network, Inc. X-Play has expanded its focus from operating primarily casual games to publishing top tier game titles and other online content such as those from Blizzard, Take-Two Interactive, Epicsoft and NBA.Com.

RAN Online, Inc.

RAN Online, Inc. ("ROI") was incorporated on August 3, 2006. It has an authorized capital stock of ₱1.0 million divided into one million common shares, and a subscribed capital of ₱250,000. It is a wholly-owned subsidiary that was incorporated to provide information technology support services to third party gaming companies as well as our affiliates.

Digital Paradise, Inc. ("DPI")

Digital Paradise, Inc. was incorporated in the Philippines and registered with the SEC on July 23, 2002 to establish, purchase or otherwise acquire, develop, transfer, assign, or license a distinctive business format or system in rendering internet, desktop publishing and other related services to the public. It has an authorized capital stock of 190,000,000 shares with a par value of ₱1.00 per share and subscribed capital of 130,078,756 shares, or ₱130.1 million. We acquired 75% ownership of DPI on April 1, 2011.

On June 22, 2010, the SEC approved and issued the Certificate of Amendment of the Articles of Incorporation, reflecting the change in DPI's primary purpose to engage in, conduct and carry on the business of providing shared community access through the internet, computer leasing, desktop publishing and other Internet-related activities.

DPI uses the brand Netopia and EGG for its chain of Internet Café in the Philippines. As at December 31, 2012, the Company has 59 company-owned and 22 franchised branches (94 and 31 as at December 31, 2011, respectively) located in major malls and near schools.

WebWorx

On September 2, 2011, the Company subscribed to 375,000 primary shares of Webworx, equivalent to 60% of the latter's increased outstanding capital stock, for a total subscription price of ₱48.0 million or ₱128.0 per share. Of the total subscription price, ₱33.6 million was paid on September 2, 2011 while the balance of ₱14.4 million is payable on the earlier of December 31, 2011 or 10 business days after the mandatory initial public offering is completed. On January 19, 2012, the parties revised the Subscription Agreement to provide that the balance amounting to ₱14.4 million shall be paid as follows: (i) ₱7.2 million to be paid within 10 business days from receipt by the Company of Webworx's financial statements showing a trailing six months, commencing on February 1, 2012, EBITDA of ₱6.0 million; and (ii) ₱7.2 million to be paid within 10 business days from receipt of the financial statements showing a trailing six-months, ending on January 31, 2013, EBITDA of ₱6.0 million. The amendment further provides that should Webworx's EBITDA for both periods fall below ₱6.0 million, the balance due to the Webworx's shall be subject to downward adjustments in accordance with an agreed formula.

Webworx was incorporated on August 17, 2011 with the primary purpose of operating internet cafes in the Philippines. It has acquired all or substantially all of the assets that CyberOne Computer Technology Corp. used in operating the CYBR chain of internet cafes. Webworx currently has an



authorized capital stock of ₱1.0 million divided into 1,000,000 shares with a par value of ₱1.0 per share. As part of the acquisition, the parties have signed agreements regarding rights of first refusal and drag along rights over the shares as well as for the governance of Webworx. Pursuant to such agreements, the Company was given the right to nominate three out of the five directors in Webworx's board and the right to appoint its chairman, chief finance officer/treasurer and corporate secretary for as long as it has majority ownership. Franchising will also be supervised by the Company.

Level Up! Inc. ("LUI")

In the first quarter of 2012, the Company and LUI successfully merged their Philippine online game publishing business. Selected E-Games' game titles and assets were acquired by LUI in exchange for 30% stake in LUI and cash consideration. LUI is a corporation organized and existing under and by virtue of the laws of the Republic of the Philippines.

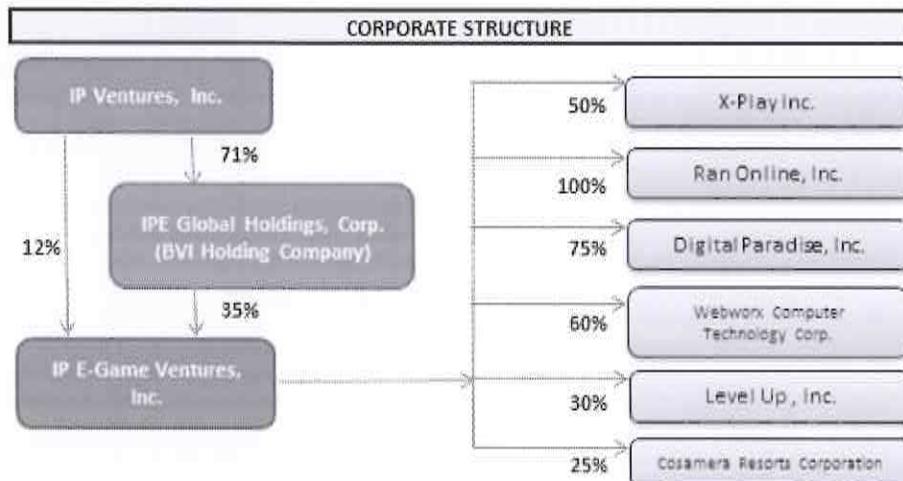
Acquisition of shares in Cosamera

On March 2, 2012, the Company acquired a 25% stake in Cosamera, a corporation duly organized and existing under Philippine law with primary business in the Cagayan Special Economic Zone and Freeport. Cosamera is in the business of hotel and resort facilities which shall serve tourists frequenting the Cagayan Economic Zone Authority including visitors to its gaming facilities.

SELECTED FINANCIAL DATA

The selected consolidated financial information set forth in the following tables, as prepared by the Company, were derived from the audited financial statements of the Company as of December 31, 2012 with comparative figures for 2011 and 2010.

The consolidated financial statements as of and for the year ended December 31, 2012 and 2010 were audited by Manabat Sanagustin & Co., while the financial statements as of and for the year ended December 31, 2011 were audited by Reyes Tacandong & Co. The financial statements are all in accordance with PFRS.





These financial data should be read together with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the financial statements and related notes included in this submission. The summary of consolidated financial information set out below does not purport to project the results of our operations or financial condition for any future period or date.

Consolidated Financial Data

Statement of Income Data: <i>(In Thousand Pesos, except per share data)</i>	For the years ended December 31,		
	2012	2011	2010
Net revenue	₱509,456	₱482,206	₱188,597
Cost of sales and services	(396,885)	(323,408)	(323,408)
Gross profit	(112,571)	158,798	158,798
Operating expenses	(195,783)	(194,892)	(101,936)
Other income (charges)	(30,918)	81,902	14,610
Income (loss) before income tax	(114,130)	45,808	6,692
Provision for (benefit from) Income tax	843	363	3,635
Net income (loss)/			
Total comprehensive income	(₱114,973)	₱45,445	₱3,057
Net income (loss)/Total comprehensive income attributable to:			
Equity holder of the company	(₱108,497)	₱47,570	₱3,057
Non-controlling interests	(6,476)	2,125	-
	(₱114,973)	₱45,445	₱3,057
Earnings per share:			
Basic	(₱0.006)	₱0.004	₱0.001
Diluted	(0.006)	0.004	0.001



Balance Sheet Data: <i>(In Thousand Pesos)</i>	For the Year Ended December 31,		
	2012	2011	2010
ASSETS			
Cash	P74,341	P102,646	P19,848
Short-term investment	200,886	50,592	-
Trade and other receivables	42,588	36,539	38,455
Due from related parties	293,663	196,237	40,406
Inventories	23,702	19,511	7,720
Assets classified as held for sale	-	89,398	-
Other current assets	23,296	18,874	3,308
Total current assets	658,476	513,797	109,737
Investments in associates and a joint venture	123,571	49,360	86,695
Available-for-sale investment	33,400	-	-
Property and equipment	134,217	53,063	77,361
Goodwill	26,081	61,833	-
Intangible assets	16,228	2,596	13,826
Deferred tax assets	4,834	4,198	1,418
Other noncurrent assets	89,307	55,297	155,571
Total noncurrent assets	427,638	226,347	334,871
TOTAL ASSETS	P1,086,114	P740,144	P444,608
LIABILITIES AND EQUITY			
Trade and other payables	P249,946	P224,065	P201,242
Due to related parties	81,745	22,575	10,694
Current portion of:			
Long-term loans	-	56,000	14,000
Obligations under finance lease	-	-	13,502
Loans payable	168,017	49,469	55,108
Due to stockholders	31,500	-	-
Income tax payable	832	75	213
Liabilities directly associated with assets classified as held for sale	-	21,793	-
Total current liabilities	532,040	373,977	294,759
Noncurrent portion of:			
Long-term loans	-	-	56,000
Obligations under finance lease	-	-	1,419
Retirement benefit liability	19,200	22,534	4,322
Total noncurrent liabilities	19,200	22,534	61,741
Total Liabilities	551,240	396,511	356,500
Equity attributable to equity holders of the Parent	502,953	297,954	88,108
Non-controlling Interest	31,921	45,679	-
Total Equity	534,874	343,633	88,108
TOTAL LIABILITIES AND EQUITY	P1,086,114	P740,144	P444,608

KEY PERFORMANCE INDICATORS

The Group's top key performance indicators, as of December 31, 2012, 2011 and 2010, and how they are computed, are listed below:

	December 31,		
	2012	2011	2010
Financial Ratios:			
Current ratio (x)	1.24	1.38	0.37
Asset to stockholders' equity (x)	2.03	2.15	5.05
Debt to stockholders' equity (x)	1.03	1.15	4.05
Interest rate coverage (x)	(3.35)	4.12	2.35
Gross margin (%)	22.10	32.93	49.85
Operating profit (loss) margin (%)	(17.25)	(0.07)	(0.04)
Basic and diluted earnings per share	(0.006)	0.004	0.001
Game Users Performance:			
Active users	680,268	447,055	692,717
Total registered users	22,733,616	15,891,449	12,845,575
Average concurrent users	16,950	17,776	14,563

Registered Users

This shows the total number of accounts created to date. Management anticipates continuous growth, especially because of the merger with LUI. As of December 31, 2012 and 2011, 22.7 million and 15.9 million registered users are stored in our database, respectively, an increase of 423 registered users or 6.8 million.

Active Users

This measures the total number, and frequency, of gamers who have recently logged on for game play (daily, monthly and yearly), driven by game popularity and the number of new titles released. Increased "active users" is a good indicator of potential profits generated from "E-Points" purchases. Average active users for the year ended December 31, 2012 from December 31, 2011 shown increase by 52% or 0.2 million.

Average Concurrent Users

This shows the average number of gamers simultaneously playing any game at a given time. This metric is measured every five minutes. We used daily average intervals to measure the same. Management expects a consistent upward trend for this metric, because of the merger with LUI. Average daily active users for the year ended December 31, 2012 and 2011 are 16,950 and 17,776, respectively, a decrease of 5% or 826 daily average concurrent users.

Current Ratio

This is calculated by dividing current assets over current liabilities. This ratio measures the Company's ability to pay short-term obligations. As shown above, the Company's current assets are still sufficient to cover its currently maturing liabilities.

Asset to Stockholders' Equity Ratio

This is calculated by dividing total assets over total stockholders' equity. This ratio measures the Company's leverage. A ratio of more than 1.0 means that the Company owns more of its assets than financed by the shareholders through equity.

Debt to Stockholders' Equity Ratio

This is calculated by dividing total liabilities over total stockholders' equity. This ratio expresses the relationship between capital contributed by the creditors and the owners. The Company's debt is almost equal to its equity as of December 31, 2012.

Interest Rate Coverage Ratio

This is calculated by dividing a Company's earnings before interest and taxes by the Company's interest expenses. This ratio measures how easily a company can pay interest on outstanding debt. The lower the ratio, the more the Company is burdened by debt expense. Hence, an interest coverage ratio below 1.0 indicates the Company is not generating sufficient revenues to satisfy interest expenses.

Gross Margin

This is computed by dividing gross profit by total revenue, and is dependent on the amount of revenues generated and cost of services expended. Please refer to "Results of Operations" for a more detailed analysis of revenues and cost of services.

Operating Profit (Loss) Margin

This is computed by dividing earnings before interest and taxes by net revenue. The operating profit (loss) margin is a measure of overall operating efficiency, incorporating all the expenses of ordinary, daily business activity.

Basic Earnings Per Share

This is computed by dividing net income by weighted average number of common shares outstanding. Basic earnings per share do not factor in the dilutive effects on convertible securities.

Diluted Earnings Per Share

A performance metric used to gauge the quality of a company's earnings per share (EPS) if all convertible securities were exercised. Convertible securities refer to all outstanding convertible preferred shares, convertible debentures, stock options (primarily employee based) and warrants.

Results of Operations

Year ended December 31, 2012 vs. 2011

Revenues

Net revenues grew by 6% from ₱482 million in 2011 to ₱509 million in 2012, with the influx of revenues from the internet café business and leased properties. Revenues from internet café operations were included in our consolidated financial statements starting April 1, 2011 for DPI and September 2, 2011 for Webworx, while the leased investment properties started in August 2012. For 2012, total net revenue by the Group were contributed as follows: (a) internet café business contributed - 77% or ₱395 million; (b) E-Games (parent) - 22% or ₱110 million; and (c) leasing – 1% or ₱4 million.

The breakdown of revenues is shown in the following table:

(In Thousand Pesos)	For the Year Ended December 31,				Increase (Decrease)	
	2012		2011			
	₱000	%	₱000	%	₱000	%
E-Games Revenues:						
Game Play (MMORPG) ¹ :						
Ran Online	₱25,080	5%	₱115,506	24%	(₱90,426)	(78%)
Cabal Online	15,016	3%	70,117	16%	(55,101)	(79%)
Point Blank ²	6,792	1%	10,447	2%	(3,655)	(35%)
Dragonica ³	-	-	6,039	1%	(6,039)	(100%)
Granado Espada ⁴	-	-	1,478	0%	(1,478)	(100%)
Runes of Magic ⁵	-	-	449	0%	(449)	(100%)
Game box selling	49,564	10%	-	0%	49,564	100%
Unassigned Revenue	-	-	1,899	0%	(1,899)	(100%)
	93,452	19%	205,935	43%	(112,483)	(55%)
In-game advertisements ⁶	5,966	1%	4,988	1%	978	20%
Other sources ⁷	7,890	2%	-	-	7,890	100%
	110,308	22%	210,923	44%	(100,615)	(48%)
DPI Revenues⁸:						
Service revenue:						
Usage & printing	168,965	33%	146,256	30%	22,709	16%
Retail	156,059	31%	101,644	21%	54,415	54%
	325,024	64%	247,900	51%	77,124	31%
Advertisements	31,921	6%	2,067	0%	29,854	1444%
Other sources ⁹	10,755	2%	12,500	3%	(1,745)	(14%)
	367,700	72%	262,467	54%	105,233	40%
Webworx Revenues⁹:						
Usage & printing	22,356	4%	8,669	2%	13,687	158%
Advertisements	44	0%	27	0%	17	63%
Other sources ⁹	4,593	1%	120	0%	4,473	3728%
	26,993	5%	8,816	2%	18,177	206%
Ran Online¹⁰:						
Rental	4,455	1%	-	0%	4,455	100%
Total Net Revenues	₱509,456	100%	₱482,206	100%	₱27,250	6%

Notes:

1. Game Play Revenue – e-Points loaded and spent on specific games. This also includes sold gameplay boxes.
2. Point Blank – released in August 2011
3. Dragonica – license terminated in September 2011
4. Granado Espada - license terminated in 2011.
5. Runes of Magic – license terminated in April 2011
6. In-game Advertisement – third party ad fee for product placements (i.e. game launcher applications, in-game platforms, and events).
7. Other Sources – revenue from sale of starter kits (for selected games) and merchandise and auctions (during mall events).
8. DPI - Consolidated beginning April 1, 2011.
9. Webworx - consolidated beginning September 2, 2011.
10. Ran Online – 100% subsidiary of E-Games. In 2012, Ran Online started to lease out its properties located in Cagayan.



E-Games Revenues

E-Games (parent) revenues decreased by 48% from ₱210 million in 2011 to ₱110 million in 2012. The significant decline was due to the merger with LUI, where game titles were acquired by LUI in exchange for 30% stake.

Revenue in 2012 includes the box selling which amounted to ₱50 million represents merchandise sales on boxes, specifically the sale of Diablo III and NBA 2K13. In 2011, revenue from other sources pertains to proceeds from starter kits and PINs sold, event auctions and merchandising proceeds and other miscellaneous game play revenue.

There was no significant movement on in-game advertisement from prior year.

Internet Café Revenues

Revenues from the internet café businesses, DPI and Webworx, contributed a combined ₱395 million to our net revenues in 2012 from ₱271 million in 2011, or 45% increase. The significant increase is a result of full year's results in 2012 compared to 6 months in 2011.

Revenue from internet café includes advertising and other sources which amounted to ₱47 million and ₱15 million in 2012 and 2011, respectively. Other sources of revenues include franchise and royalty fees and rentals from events held at branches.

Cost of Sales and Services

The following table shows the major components of our cost of sales and services for the periods indicated.

(In Thousand Pesos)	For the Year Ended December 31,					
	2012		2011		Increase (Decrease)	
	₱000	%	₱000	%	₱000	%
Cards and pins	₱195,711	49%	₱98,807	31%	₱96,904	98%
Rent	48,905	12%	37,207	12%	11,698	31%
Salaries and wages	41,193	6%	34,041	11%	7,152	21%
Utilities	25,073	6%	20,650	6%	4,423	21%
Depreciation and amortization	26,465	7%	43,048	13%	(16,583)	(39%)
Royalties	22,480	6%	59,196	18%	(36,716)	(62%)
Maintenance	8,930	2%	6,698	2%	2,232	33%
Communication and co-location	22,726	6%	16,319	5%	6,407	39%
Others	5,402	1%	7,442	2%	(2,040)	(27%)
Total Cost of Sales	₱396,885	100%	₱323,408	100%	₱73,477	23%

Although cost of sales and services are not entirely variable, we expect any increase or decrease in cost of sales and services to be directly proportionate to any increase or decrease in game play and internet café revenues.

Our cost of sales and services increased by ₱73 million or 23% (from ₱323 million in 2011 to ₱397 million in 2012). As a percentage of total net revenues, cost of sales and services were at 78% in 2012 and 33% in 2011. The significant increase was attributable to additional costs related to internet café operations.

For 2012, the largest cost of sales arose from internet café operations. The internet café contributed significantly to the sale of prepaid cards and pins which cost grew by ₱97 million or 98%. The Group has existing agreements with the game developers to distribute and sell locally the game cards/PINS and boxes of certain titles. The increased in number of stores or internet cafés of the Group caused the substantial increase of cost of cards and pins.

In line with opening of new stores, rentals and utilities for the stores spaces are expected to increase as depicted by 31% and 21% increases, respectively, over prior year. Rent amounted to ₱49 million and ₱37 million for the year ended December 31, 2012 and 2011, while utilities amounted to ₱25 million and ₱21 million for the year ended December 31, 2012 and 211.

Salaries and wages include manpower costs of employees who are directly assigned to the publishing of the games and employees assigned in the stores. Salaries and wages increased by ₱7 million or 21% mainly because of the internet café operations. Total salaries and wages amounted to ₱41 million and ₱34 million in 2012 and 2011, respectively.

Royalties arise from the licensing agreements for the exclusive, non-transferrable and royalties bearing rights to use, operate, promote, publish, display, reproduce, distribute and market game titles in the Philippines. In consideration of the grant of an exclusive license, we agree to pay the licensors localization and exclusive rights fees and a monthly fee based on gross or net revenues depending on each agreement. Royalties posted ₱22 million and ₱59 million in 2012 and 2011, respectively, or a 62% decline. This is due to the sale of certain game titles to LUI.

Depreciation and amortization includes software licenses amortization and server and network equipment depreciation. The supposed decrease in software licenses amortization because of the transfer of the E-Games publishing gaming assets to LUI was offset by the depreciation from internet café line. Depreciation and amortization amounted to ₱26 million and ₱43 million in 2012 and 2011, respectively, or 39% decrease over prior year. This is due to the sold network equipment to LUI.

We incur communication costs for server hosting, and bandwidth charges. In 2012 and 2011, total communication costs amounted to ₱23 million and ₱16 million, respectively, an increase of about ₱6 million or 39% over prior year. Despite the transferred gaming assets of E-Games to LUI, we incurred larger communication cost during the year because of the network testing on projects that are currently being developed.



Operating Expenses

The following table shows our operating expenses, by amount and percentage of our net revenues, for the periods indicated:

(In Thousand Pesos)	For the Year Ended December 31,					
	2012		2011		Increase (Decrease)	
	P'000	%	P'000	%	P'000	%
Salaries and employee benefits	P47,557	24%	P54,832	28%	(P7,275)	(13%)
Outside services	11,404	6%	18,397	9%	(6,993)	(38%)
Rent	17,704	9%	18,590	10%	(886)	(5%)
Professional fees	21,149	11%	10,714	5%	10,435	97%
Taxes and licenses	21,801	11%	6,525	3%	15,276	234%
Depreciation and amortization	14,033	7%	17,192	9%	(3,159)	(18%)
Utilities	8,946	5%	9,000	5%	(54)	(1%)
Advertising and promotion	5,981	3%	10,116	5%	(4,135)	(41%)
Transportation and travel	6,484	3%	7,117	4%	(633)	(9%)
Supplies	3,231	2%	10,780	6%	(7,549)	(70%)
Provision for impairment losses	4,274	2%	5,995	3%	(1,721)	(29%)
Fees and subscription	8,415	4%	4,824	3%	3,591	74%
Inventory losses	7,052	4%	-	0%	7,052	100%
Bank charges	5,641	3%	543	0%	5,098	939%
Others	12,111	6%	6,375	3%	5,736	90%
Total Operating Expenses	P195,783	100%	P194,892	100%	P891	0%

As a percentage of total net revenues, operating expenses account for 38% and 40% in 2012 and 2011, respectively. Total operating expenses amounted to P196 million and P195 million in 2012 and 2011, respectively, a decrease of 0% or P1 million. Despite the increase in 6% increase in revenue, the

Salaries and other employee benefits include basic salary of monthly and daily paid employees, legally mandated 13th month pay, allowances given to interns or trainees, government mandated contributions (i.e. employer share of SSS, Philhealth, and HDMF), employer contributions to health and medical plans given to regular employees, overtime pay, vacation leave premiums, actual expense reimbursements for meals and transportation incurred by employees, provision for employee retirement benefits, costs related to training, both internal and external, and employee reimbursable out of pocket expenses. In 2012 and 2011, salaries and other employees' benefits amounted to P48 million and P55 million, respectively, a decrease of P7 million or 13%. It accounted for approximately 24% and 28% of the total operating expenses in 2012 and 2011, respectively. Salaries and other employee benefits from internet café operations of DPI and Webworx included in our consolidated financial statements amounted to P32 million in 2012 and P28 million in 2011.

Outside services or "other contractual services" include costs for customer support used to monitor and resolve in-game issues, commissioning third party research firms for the conduct of a market study and similar services. Significant portion of the amounts shown under this classification are payments to jobbers and talents who participate in events organized by the companies. These events are mostly related to brand and product initiatives. The costs for these jobbers and talents are normally part of the marketing budgets. Other items included here are payments to consultants for special engagements like the HR consultant for the establishment of the Integrated Performance Management System among others. In 2012 and 2011, outside services amounted to P11 million and P18 million, respectively, a decrease of P7 million or 38%. It accounted for 6% and 9% of total operating expenses in 2012 and 2011, respectively. The decrease is due to sold gaming assets to LUI.

Rent expense posted ₱18 million in 2012 from ₱19 million in 2011, or a decrease by ₱1 million or 5%. This is due to reclassification of direct rentals of stores under cost of sales in 2012.

Professional fees include third party payments to artists, musicians, models and other performers engaged for marketing related activities, services for legal and audit and other consultancy services. In 2012 and 2011, professional fees amounted to ₱21 million and ₱11 million, respectively, an increase of ₱10 million or 97%. It accounted for 11% and 5% of total operating expenses in 2012 and 2011, respectively. The significant increase in 2012 pertains to expenses incurred for the management and consultancy fees of DPI.

Taxes and licenses which pertain to payments to the BIR (i.e. income tax, capital gains tax), business permits, import/export duties, if any, and all other expenditure levied by the national or local governments. We endeavor to structure the company's business transactions such that optimal tax savings are attained while ensuring that the Company is in adherence to all tax laws all the time. In 2012 and 2011, taxes and licenses amounted to ₱22 million and ₱7 million in 2012 and 2011, respectively, an increase by ₱15 million or 234%.

Depreciation and amortization posted ₱14 million in 2012 down from ₱17 million in 2011, or a decrease by ₱3 million or 18%. The net decrease is directly related to the transfer of the Company's publishing gaming assets to LUI pursuant to the asset sale and purchase agreement, which concluded in the first quarter of 2012.

There was no significant movement in utilities for the year ended December 31, 2012 and 2011 which amounted to ₱9 million

Our sales and marketing expenses primarily consist of advertising and promotion, transportation and travel, and representation expenses. All above the line and on the ground activities related to public relations and promoting the brand and products of the companies are reported in this account. The Company endeavors to allocate between 5 to 10% of its projected revenues to advertising and promotions. However, it is normal to incur advertising and promotion costs greater than 10% if there are significant product launches. This is because spending is quite heavy during product launches and it normally takes some time to ramp up the revenues of such product. Advertising and promotion also includes expenses for events, merchandise, and other sponsorship activities. It accounts for 2% total net revenues in 2012 and 2011. There was no significant movement in this account from prior year.

Transportation and travel expenses include local transportation costs incurred for business purposes, and travel costs (including meals and lodging) while away from home overnight for business purposes. In 2012 and 2011, transportation and travel expenses amounted to ₱6 million and ₱7 million, respectively. It accounted for approximately 3% and 4% of total operating expenses in 2012 and 2011, respectively.



Other Income (Charges)

The following table shows our other income (charges), by amount and percentage of our revenues, for the periods indicated:

(In Thousand Pesos)	For the Year Ended December 31,				Increase (Decrease)	
	2012 ₱000	%	2011 ₱000	%		
Gain on sale on disposal of investment/assets	₱19,710	(64%)	₱91,271	111%	(₱71,561)	(78%)
Finance cost - net	(26,266)	85%	(12,787)	(16%)	(13,479)	105%
Equity share in net income (loss) of an associate and joint venture	(18,455)	60%	3,346	4%	(21,801)	(652%)
Foreign exchange gain (loss) - net	(5,105)	17%	(379)	0%	(4,726)	1247%
Others - net	(802)	3%	451	1%	(1,253)	(278%)
	(₱30,918)	100%	₱81,902	100%	(112,820)	(138%)

The Company and LUI completed the merger of their Philippine online game publishing businesses. On March 30, 2012, the parties closed the transaction contemplated under the Asset Sale and Purchase Agreement (ASPA) to transfer selected Company's assets and liabilities to LUI in exchange for 30% equity in LUI and cash consideration. The transaction was unanimously approved by the Company's stockholders and the BOD on the same date. The gain on sale on disposal of assets in the above table represents this asset sale which resulted in a combined gain of ₱47.1 million which is shared by E-Games and X-Play (a joint venture).

Net finance cost mainly represents interest charges from reputable banks and financing companies. The significant increase in finance cost is driven by large loans obtained in previous years and during the year. Interest ranges from 5% to 7% per annum in 2012 and 2011.

We recognize our proportionate share in FCCDCI, X-Play and LUI's earnings. In 2012 and 2011, our net equity share in the net income (loss) of an associates and joint venture amounted (₱18 million) and ₱3 million, respectively, or 652% decline from prior year. The significant decline is due to the assignment of interest over FCCDCI to a related party and incurred losses of LUI and XPLAY in 2012.

Net Income (Loss)

Our bottom figure posted a net income (loss) of (₱115 million) in 2012 and a net income of ₱45 million in 2011. The turn-around of figures are mainly due to operating losses as of and for the year ended December 31, 2012 arising from the internet café operations as a starting business line, larger financing costs, and lower other income.

Liquidity and Capital Resources

Our principal source of liquidity is net cash generated from our operations. We also source liquidity through advances from related parties which are non-interest bearing, unsecured and repayable within 12 months. We also source liquidity through third-party loans and financing which bear interest at market rates.

As of December 31, 2012 and 2011, we have cash and short-term investments of ₱201 million and ₱51 million, respectively. We expect to meet our working capital and capital expenditure requirements for 2013 onwards primarily from continuous efforts raising cash flows from operations and from issuance of shares of stock.

Additional Disclosures

We currently do not foresee events that will result in liquidity increasing or decreasing in a material manner such as cash flow or liquidity problems. In fact, the online games market, working together with LUI, is expected to grow and the Company is well positioned to benefit from that growth.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

No independent accountant was previously engaged as the principal accountant to audit the Company's financial statements, neither was an independent accountant, previously engaged to audit a significant subsidiary of the Company, ceased performing services for the Company.

There were no disagreements with the former accountant on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure which, if not resolved to the satisfaction of the former accountant, would have caused it to make reference to the subject matter of the disagreement(s) in connection with this report.

Item 3. Other Information

There were no material disclosures that have not been reported under SEC Form 17-C (Current Report) during the year ended December 31, 2012, particularly on the following:

- a. Any known trends, demands, commitments, events or uncertainties that will have a material impact on the Company's liquidity;
- b. Any events that will trigger direct or contingent financial obligation that is material to the Company including any default or acceleration of an obligation;
- c. Any material off-balance sheet transactions, arrangement, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period;
- d. Any material commitments for capital expenditures, the general purpose of such commitments and the expected sources of funds for such expenditures;
- e. Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations;
- f. Any significant elements of income or loss that did not arise from the issuer's continuing operations;
- g. The causes of any material change from period to period which shall include vertical and horizontal analyses of any material item; and
- h. Any seasonal aspects that had a material effect on the financial condition or results of operations.

PART IV MANAGEMENT AND CERTAIN SECURITY HOLDERS

(A) Directors, Executive Officers, Promoters and Control Persons

(1) Directors and Executive Officers

Our Board of Directors is responsible for the over-all management and direction of the Company. The regular directors were elected during annual meeting of the stockholders every July of each year, to serve for a term of one year and until their successors are elected and qualified.

As of December 31, 2012 and 2011, the composition of our Board of Directors is as follow:

NAME	AGE	CITIZENSHIP	POSITION	YEAR POSITION WAS ASSUMED
Jaime C. Gonzalez	66	Filipino	Chairman of the Board	2005
Jaime Enrique Y. Gonzalez	35	Filipino	President/Deputy Chairman	2006
Marco Y. Santos	42	Filipino	Director/	2011
Juan Kevin G. Belmonte	50	Filipino	Director	2006
Steve S. Tsao	36	American	Director	2006
Ricardo Gabriel T. Po	44	Filipino	Director	2011
Rosanna L. Go	49	Filipino	Director	2011
Juan Victor Tanjuatco	64	Filipino	Independent Director	2009
Rene R. Fuentes	65	Filipino	Independent Director	2009

As of December 31, 2012 and 2011, the composition of our executive officers is as follow:

NAME	AGE	CITIZENSHIP	POSITION	YEAR POSITION WAS ASSUMED
Jaime Enrique Y. Gonzalez	35	Filipino	President/Chief Executive Officer	2006
Miguel Ramon Tomas B. Ladios	54	Filipino	Treasurer, Chief Finance Officer, Chief Information Officer	2010
Heidi Anne M. Garayblas	31	Filipino	Chief Operations Officer	2010
Juname C. De Leon	41	Filipino	Corporate Secretary, Alternate Information Officer and Compliance Officer	2009
Jaypee Orlando C. Pedro	31	Filipino	Assistant Corporate Secretary & Alternate Information Officer	2010

The following discussion presents a brief description of the business experience of each of our directors and executive officers over the past five years.

Jaime C. Gonzalez, Chairman of the Board

Jaime C. Gonzalez is a co-founder, Chairman and CEO of AO Capital Partners. Prior to joining AO Capital Partners, he held senior executive positions with a major U.S. investment bank in Asia. Mr. Gonzalez was Vice Chairman and President of Philippine International Trading Corporation, the trading arm of the Philippine government, and special trade negotiator of the Ministry of Industry and Trade of the Philippines. He also serves on the boards of a number of publicly listed companies including Euromoney PLC (UK), Export and Industry Bank, Inc. and ArthaLand Corporation (formerly, EIB Realty Developers, Inc.) and is an independent director of Esquire Financing, Inc..

Jaime Enrique Y. Gonzalez, President, Chief Executive Officer and Deputy Chairman

Jaime Enrique Y. Gonzalez oversees strategic direction of the IPVG group, and directly handles all investment-related activities including fund-raising, mergers, acquisitions and divestments. Mr. Gonzalez has been intimately involved in the start-up process of all business units, and works with business unit heads to ensure that they meet or exceed operating targets. Mr. Gonzalez has had a successful track record in the Internet space, having founded a series of Internet start-ups that have

been acquired by larger U.S.-based firms (match.ph/itzamatch.com) and has taken IPVG from garage to public. Mr. Gonzalez has a Bachelor of Arts in International Politics and Economics from Middlebury College. He attended the program for Masters in Entrepreneurship at the Asian Institute of Management.

Marco Y. Santos, Director

Marco Y. Santos is currently a director of the Mapua Information Technology Center, Inc., iPeople, Inc. (PSE:IPO), Indio Communication, Inc.; Chairman of Edsa Mail Holdings, Pte. Ltd. and Touch Media Philippines, Inc. He was general Manager of Edsamail Singapore Pte. Ltd. (2000-2001), Head Marketing of Evoserve, Inc. (2000), Director of Mezcal Corporation of the Philippines (1998), AVP Marketing Manager of Philippines Fuji Xerox (1996-2000), Marketing Trainee of Fuji Xerox Co. Ltd. Japan (1992-1995) and Copywriter/Marketing Officer Basic/Foote, Cone and Belding (FCB) (1990-1992), and presently directors in Pocket Aces Corp., International Online Games, Inc., Clubs Diamond PanPac Corporation and Botikang Munisipyo, Inc. He holds a Bachelor of Science degree in Management Engineering from the Ateneo de Manila University.

Juan Kevin G. Belmonte, Director

Juan Kevin G. Belmonte is the President of Nuvoland, a real estate company, and Philstar Global Corporation, which owns and operates philstar.com, a leading portal. He sits on the boards of the Philippine Star Group of Companies and Nuvoland. Mr. Belmonte was a partner at Arthur Andersen & Co./SycipGorresVelayo& Co. ("SGV").

Steve S. Tsao, Director

Steve S. Tsao has a ten-year background in international businesses and operations. As a member of our management team and the management teams of IPVG, Corning Lasertron and Dupont, he has worked throughout Asia, Europe and the United States. He has had specific experience in the wide scale deployment of IT Solutions and Operational Integrations of Mergers & Acquisitions. Mr. Tsao has a Masters in Business Administration degree from Babson College and studied International Business at Harvard University. Steve is also a pioneering MMOG gamer, starting some of the earliest MMOG communities and portals. He has experience in consulting for some of the top MMOG developers.

Ricardo T. Po, Director and Deputy Chairman

Ricardo T. Po is currently the Vice-Chairman, Executive Committee Member and shareholder of the Century Pacific Group of Companies. He holds a Bachelor of Science degree in Business Management, Magna Cum Laude, from Boston University, Massachusetts. In addition, he has completed the executive Program (Owner President Management Program) of the Harvard Business School.

Rosanna L. Go, Director

Rosanna L. Go is the Executive Vice Chairman of Paramount Life & General Insurance Corporation (Philippines). Prior to that she was CEO of Semper Insurance Corporation (Philippines) from 1993 to 1997, Vice President & Treasurer of Paramount Insurance Corporation (Philippines) and Investment Officer, Financial Institutions Division, CoreStates Financial Bank (Philadelphia PA, USA) from 1984 to 1986. Ms. Go graduated with a Bachelor of Arts in History of Arts from the Bryn Mawr College, Pennsylvania USA.

Rene R. Fuentes, Independent Director

Rene R. Fuentes is currently the Liberal Arts Program Director and Advisor of SGV. His business experience during the past five years up to the present include management consultancy and directorship in foundations and private companies, which include La Flor De La Isabela, International Wine & Food Society (Philippine Branch), Philippine-Australia Business Council, Philippine-New Zealand Business Council, De La Salle University Science Foundation, Inc., and 1911 Insurance

Agency Corporation. He took his Masters in Business Administration from the University of Sta. Clara, United States.

Juan Victor S. Tanjuatco, Independent Director

Juan Victor S. Tanjuatco is a holder of a Masters Degree in Business Administration-Finance from Wharton School of Finance and Commerce, University of Pennsylvania and a Bachelor of Arts Degree in Economics from Ateneo de Manila University (cum laude). He has built up his work expertise through extensive exposure in the United States with IBM Philadelphia, in Hongkong with Credit Agricole Indosuez (formerly Banque Indosuez), in New Zealand with Banque Indosuez, and in the Philippines with Banque Indosuez, Manila Offshore Branch and the Bancom Group, Inc. Mr. Tanjuatco is currently the Executive Vice President of the Export and Industry Bank, Chairman and Director of Tincan Mobile Solutions, Inc., Director of Ketmar Fast Food Corp., and President of Tanjuatco Development Corp. and Tanay Central Rice Mill, Inc.

Miguel Ramon Tomas B. Ladios, Treasurer, Chief Finance Officer and Corporate Information Officer

Mr. Ladios is a graduate of Letran College with a Bachelor of Science Degree in Accounting. Prior to his appointment as Chief Finance Officer, he served as Vice President for Operations for the Corporation from November 2005 to January 2008. Right before re-joining the Corporation, Mr. Ladios held the position of Chief Finance Officer of Gurango Software Corp. from January 2008 to February 2010.

Heidi Anne M. Garayblas, Chief Operations Officer

Heidi Anne M. Garayblas started as our Product Manager, tasked to strengthen our corporate brand image both offline and online. She was responsible for successfully launching the free-to-play business model. Before joining us, she was the Business Development Manager of Mediapool. Ms. Garayblas has led our Product Development team since 2006.

Juname C. De Leon, Corporate Secretary, Alternate Information Officer and Compliance Officer

Prior to joining the Company, Juname de Leon was the Head of the Prosecution and Enforcement Department of the PSE. Prior to that, she was also the Legal Counsel of Fortune Managers from 2002 to 2006, and held the position of Hearing Officer and Securities Review Counsel in the Securities and Exchange Commission from 1999 to 2002. She graduated from Ateneo de Manila University in 1995 with a degree in Juris Doctor, and from De La Salle University with a Bachelor of Science degree majoring in Legal Management.

Jaypee Orlando C. Pedro, Assistant Corporate Secretary and Alternate Information Officer

Before joining IPVG's legal team, Jaypee Orlando Pedro worked both in the government and the private sector, in the former as law clerk in the Supreme Court under the Office of Associate Justice Arturo D. Brion, and in the latter as an Associate in the Manalo Puno Jocson and Guerzon law offices. He graduated from the Ateneo de Manila University School of Law in 2006 and prior to that, he obtained a degree in Management Economics in 2002 also from the Ateneo de Manila University.

Internal Legal Counsels

Pursuant to our Management Agreement with IPVI (previously with IPVG), IPVI shares its legal department with the Company. IPVI has an in-house legal department currently composed of the following lawyers:

Juname C. De Leon

Please refer to the profile of Juname C. De Leon above for a description of her business experience for the past five years.

Jose Voltaire A. Bautista

Jose Voltaire Bautista has been involved in litigation, labor and corporate legal work for most of his career. He graduated from the University of the Philippines in 1998 with a degree in Bachelor of Arts in Organizational Communication and obtained his LLB from the San Beda College of Law in 2003. He was admitted to the Philippine Bar on May 5, 2004. He was an associate in the law firm of Rico and Associates from March 2004 until January 2010.

Jaypee Orlando C. Pedro

Please refer to the profile of Jaypee C. Pedro above for a description of his business experience for the past five years.

(2) Significant Employee

While we value the contribution of each executive and non-executive employee, no single employee who is not an executive officer is expected to make a significant contribution to the business. Other than standard employment contracts, there are no arrangements with non-executive employees that will assure the continued stay of these employees with the Company.

(3) Family Relationships

Jaime C. Gonzalez, Chairman of the Board of Directors, is the father of Jaime Enrique Y. Gonzalez, President and Chief Executive Officer. Jaime Enrique Y. Gonzalez and Marco Antonio Y. Santos, Deputy Chairman, are second cousins.

(4) Involvement in Certain Legal Proceedings

To the best of our knowledge, there has been no occurrence during the past five years up to the date of this report of any of the following events that are material to an evaluation of the ability or integrity of any of our directors and executive officers:

- (a) Any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
- (b) Any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
- (c) Being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and
- (d) Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.

(B) Executive Compensation.

(1) General

(a) All Compensation Covered

As a standard arrangement with our Board, an allowance or per diem, as may be fixed by the Board, is given to each member of the Board during each regular meeting of our Board, provided that the said director participates in the said meeting. Additionally, our By-Laws provides that an amount which shall not exceed 10.0% of our net income before income tax during the preceding year, may by resolution of the Board, be allocated to and distributed among the members of the Board. Such compensation shall be determined and apportioned among the members in such manner as the Board may deem proper, subject to the approval of the stockholders representing at least a majority of the outstanding capital stock at a regular or special meeting of the stockholders.

Our By-Laws further provides that the officers enumerated therein (i.e., the Chairman of the Board, the President, the Vice-Presidents, the Treasurer and the Corporate Secretary) shall receive such remuneration as the Board may determine. All other officers shall receive such remuneration as the Board may determine upon recommendation of our President.

The following are our executive officers including our chief executive officer and our four most highly compensated executive officers other than our chief executive officer for the years 2011-2012:

Year	Name	Position
2012	(1) Gonzalez, Jaime Enrique	Chief Executive Officer
	(2) Ladios, Miguel	Chief Finance Officer
	(3) Garayblas, Heidi Anne	Chief Operations Officer
	(4) Ong, Bonifacio	Sales and Distribution Head
	(5) Bauza, Miguel	VP Marketing
2011	(1) Gonzalez, Jaime Enrique	Chief Executive Officer
	(2) Ladios, Miguel	Chief Finance Officer
	(3) Alimurung, Raymond	Integration Head
	(4) Garayblas, Heidi Anne	Chief Operations Officer
	(5) Ong, Bonifacio	Sales and Distribution Head

(2) Summary Compensation Table

(a) General

Presented below is the table which shows the aggregate annual compensation received by the executive officers named above for the calendar years 2011 to 2012:

	YEAR	SALARY	BONUS	OTHER ANNUAL COMPENSATION	TOTAL
Most highly compensated officers named above	2011	8,625,326	-	-	8,625,326
	2012	9,182,374	-	-	9,182,374
	2013 (Estimated)	6,419,336	-	-	6,419,336
All officers and directors as a group unnamed	2011	11,068,532	-	-	11,068,532
	2012	10,089,129	-	-	10,089,129
	2013 (Estimated)	6,419,336	-	-	6,419,336

(3) Employment Contracts and Termination of Employment and Change-in-Control Arrangements.

There are no special employment contracts between us and our named executive officers.

Our standard employment contract for officers contains the following salient provisions:

We have the right to transfer, relocate and reassign the officer to a similar position in any one of our subsidiaries and/or affiliates in accordance with operational demands and requirements, provided such transfer, relocation and reassignment shall not result in diminution of compensation and benefits already vested to the officer.

Salary and benefits which the officers are entitled to include: (a) a monthly basic salary, which shall be subject to withholding tax and any deductions that we are authorized or required by law to make; (b) pre-approved business-related expenses incurred, such as travel, accommodation, food and communication expenses, shall be for our account and shall be subject to reimbursement; (c) cellular phone entitlement; (d) opportunity to be part of our employee stock option plan; and (e) monthly communication and gasoline allowance.

The officer is prohibited, during his employment, from working for another employer and/or engaging in any activity prejudicial to our interests or which will interfere with the officer's job performance, whether within or outside working hours.

Our standard employment contract for managers contains the following salient provisions:

Depending on operation requirements, the manager may be assigned to other jobs and locations. The manager may also be temporarily detailed or assigned to any affiliated company at such time and for such duration as we may determine.

The manager shall be subject to a six months probationary period. Should the manager's performance be found satisfactory during the probationary period, his employment shall be converted to a regular status.

The manager shall receive a monthly basic salary guaranteed at 13 months per annum. The basic salary shall be subject to annual review, taking into consideration the manager's performance and achievement of mutually agreed goals.

The manager is prohibited, during his employment, from working for another employer and/or engaging in any activity prejudicial to our interests or which will interfere with the manager's job performance, whether within or outside working hours.

Except as described above, there are no other arrangements pursuant to which any of our directors and officers was compensated, or is to be compensated, directly or indirectly since our incorporation in November 2005.

(5) Warrants and Options Held by the Executive Officers and Directors

As of December 31, 2012 and 2011, none of our directors and executive officers hold any warrants or options in the company.

(6) Other Arrangements

Except as described above, there are no other arrangements pursuant to which any of our directors and officers was compensated, or is to be compensated, directly or indirectly since our incorporation in November 2005.

(C) Security Ownership of Certain Record and Beneficial Owners and Management.

(1) Security Ownership of Certain Record and Beneficial Owners

Following is the security ownership of record and beneficial owners of more than 5.0% of the common shares of the Company as of December 31, 2012:

Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	Number of Shares Held	%
PCD Nominee Corporation (Filipino)	Various stockholders	Filipino	14,402,372,666	48.0%
IPE Global Holdings Corp (direct & indirect thru PCD)	Various stockholders	Filipino	10,559,987,100	35.2%
IPVI (direct & indirect thru PCD)	Various stockholders	Filipino	3,693,642,689	12.3%

Other than the abovementioned, there are no other stockholders owning more than 5.0% of the Company's securities.

(2) Security Ownership of Management

The following is the security ownership (commons shares) of the Company's management as of December 31, 2012.

Name of Beneficial Owner and Relationship with Issuer	Citizenship	Number of Shares Held; Nature of Beneficial Ownership	%
Jalme C. Gonzalez - Chairman of the Board	Filipino	100 (direct)	-nil-
Jaime Enrique Y. Gonzalez - Deputy Chairman, President	Filipino	100 (direct)	-nil-
Marco Antonio Y. Santos - Director	Filipino	100 (direct)	-nil-
Juan Kevin G. Belmonte - Director	Filipino	100 (direct)	-nil-
Steve S. Tsao - Director	American	100 (direct)	-nil-
Ricardo T. Po - Director	Filipino	100 (direct)	-nil-

(3) Voting Trust Holders of 5% Or More

We have no knowledge of any voting trust agreements or any other similar arrangement which may result in a change in control of the Company.

(4) Changes in Control

In July 2011, the Company is 69.75%-owned by IPE Global Holdings Corporation (IPE Global or Parent Company), a company incorporated in the British Virgin Islands and 23.59%-owned by IPVG Corp. (IPVG), a company incorporated in the Philippines

and whose shares are also listed in the PSE. IPE Global was 71%-owned by IPVG, making IPVG the ultimate parent of the Company. On the same date, the shareholders and the Board of Directors (BOD) of IPVG approved IPVG's Restructuring Plan, which aims to increase shareholder value and potentially generate cash for IPVG. As part of the Restructuring Plan, IP Ventures Inc. (IPVI) was incorporated in the Philippines on September 16, 2011. IPVI is owned by the same shareholders of IPVG in the same proportion as their shareholdings in the latter. Following the formation of IPVI, IPVG transferred substantially all its assets and liabilities, including its equity interest in the shares of the stock of the Company pursuant to the Asset Purchase Agreement (APA) dated September 28, 2011. As a result of the APA, IPVI became the ultimate parent of the Company.

On March 22, 2012, during the Shareholders' Meeting, the minority and unrelated shareholders approved the waiver of the requirement to conduct a rights or public offering in relation to the additional listing of the above shares because the 10% required public ownership has already been attained by the Company.

Throughout 2012, the Company listed additional shares for public ownership. As a result, the controlling interest vested in the Parent Company was diversified into various stockholders.

(D) Certain Relationships and Related Transactions.

In the ordinary course of business, we enter into transactions with associates, affiliates, subsidiaries and other related parties consisting principally of cash advances and reimbursement of expenses, various guarantees, management and service agreements and intercompany charges.

Outstanding balances with related parties as of December 31, 2012 and 2011 are shown below:

Due from related parties:	2012	2011
HC Philippines, Inc.	₱104,379,621	₱-
IPE Global	80,990,847	80,613,655
IPVI	72,233,930	20,800,000
X-PLAY	14,074,799	19,298,897
GRCO Insulan Mining	13,459,910	-
LUI	8,491,774	-
IPCDCI	-	72,590,737
IPVG	-	2,872,477
Others	32,551	60,912
Total	₱293,663,432	₱196,236,678

Due to related parties:	2012	2011
IPVI	₱48,153,824	₱-
Stockholders	31,500,000	-
Webworx	19,000,000	-
IPay Commerce Ventures	7,878,667	-
IEI	6,712,904	6,460,000
CyBr	-	14,600,000
Others	-	1,514,806
Total	₱113,245,395	₱22,574,806

- The balances to HC Philippines, Inc., GRCO Insulan Mining, IPay Commerce Ventures and IEI as of December 31, 2012 and 2011 represents noninterest-bearing cash advances to and from related parties to finance working capital requirements. These cash advances are payable on demand.
- In November 2012, two of the Company's stockholders settled in advance the Company's

loans payable amounting to P31.5 million to a financing institution. The advances made by stockholders bear 2% monthly interest and the principal amount will mature in November 2013.

- Outstanding due from LUI as of December 31, 2012 amounting to P8.5 million represents the portion of the assumed finance lease liabilities pursuant to the gaming assets purchased in March 2012. These are being settled in accordance with the amortization schedule of the finance leases which is up to January 2014.
- The outstanding due to CyBr as of December 31, 2011 amounting to P14.6 million pertains to the unpaid balance of the purchase of net assets of CyBr. In 2012, incidental to an on-going legal issues as to the control over operations of Webworx, the Company netted its investment amounting to P48.0 million against the P14.6 outstanding balance. The resulting carrying value amounting to P33.4 million was reclassified as "AFS investment" as of 2012 balance sheet.
- As of December 31, 2011, the Company's deposit for future stock subscription amounting to P19.0 million represents deposit of Webworx to the Company's future issuance of shares. However, since the Company had fully issued its authorized capital stock and has not actually submitted an application for additional increase in the authorized capital stock to Philippine SEC as of December 31, 2012, the deposit for future stock subscription of Webworx was reclassified to "Due to related parties" account in 2012.
- In August 2011, the Company and DPI entered into a Management Agreement, wherein the parties agreed that the Company will provide management services to DPI. The Agreement has a term of five years commencing on June 1, 2011. For the period ended December 31, 2011, management fee amounted to P1.3 million. For the period ended December 31, 2012, management fees for the current year were waived.
- The Company has Cost Sharing Agreements with the following related parties for the common overhead costs such as use of space, utilities and other administrative services:

Date of Agreement	Related Party	Term
2009	X-Play	Four years starting January 1, 2012
2011	IPE Global	Two years

- On January 1, 2009, the Company and IPVG entered into a Cost Sharing Agreement, pertaining to the lease of office (sub-lease) and use of facilities and services provided by IPVG. Monthly rental amounts to P0.5 million and shall be for a period of one year until December 31, 2009. This was subsequently renewed for another year at the same rate.

As a result of Asset Purchase Agreement, IPVI and the Company entered into Facilities Agreement in September 2011 wherein IPVI will provide the Company space and facilities. The term of Agreement is for a period of one year commencing on September 1, 2011 and shall be subject to automatic renewal, unless terminated.

In July 2012, the Company and IPVI relocated from RCBC Makati to Bonifacio Global City. The lease agreement with the present lessor is with IPVI. As of April 29, 2013, while the terms of cost sharing for rental is being finalized, IPVI is initially billing the Company in proportion to the area it occupies.

- In various dates in 2012 and 2011, the Company entered into Deeds of Assignments with IPVI and IPE Global, respectively, to assign the following receivables from related parties:

Receivables from:	Assigned to IPVI	Assigned to IPE Global	Total
2011:			
IPVI Corporation Pte. Ltd.	P10,800,000	P3,403,785	P14,203,785
Cyberworld Corporation	10,000,000	1,069,522	11,069,522
IP Ventures Cayman Corp.	-	2,597,217	2,597,217
IP Interactive Pte. Ltd.	-	1,234,450	1,234,450
2012:			
IPDCI	30,000,000	-	30,000,000
IPVG	2,872,477	-	2,872,477
Total	P53,672,477	P8,304,974	P261,977,451

- As of December 31, 2011, due from IPDCI pertains to the unpaid considerations for the Group's transfer of its investment in FCCDCI and AB Fiber Corporation amounting to P36.6 Million and P36 Million, respectively, net of P12.4 million trade payable to IPDCI. For the year ended December 31, 2012, P42.6 million has been settled while P30 million was assigned to IPVI.
- X-Play is a 50:50 joint venture between the Company and GMA New Media Inc.(GNMI). Because of the nature of the operations of X-Play where many activities are intertwined with the activities of the Company, it is only normal for E-Games to pay for some of X-Play's advances and these are charged as "advances to related parties". In the event that GMNI decides to exercise its option and sells its shares in X-Play, then this will be expensed by E-Games. However, if GMNI decides not to exercise its option, then the amount will be collected from X-Play.

Please refer to the Company's audited consolidated financial statements as of and for the year ended December 31, 2012 and 2011, note 30 of the Notes to the Consolidated Financial Statements, for the details of these transactions.

Aside from the foregoing, there has been no material transaction during the past two years involving the Company or any of our subsidiaries in which a director, executive officer or stockholder owning 10.0% or more of the total outstanding shares and members of the immediate family of such director, executive officer or stockholder had or is to have a direct or indirect material interest. Moreover, we do not have any transaction or relationship with other non-related parties, with whom we (or our related parties) have a relationship that enables the parties to negotiate terms of material transactions that may not be available from other, more clearly independent, parties on an arm's length basis.

PART V CORPORATE GOVERNANCE

On April 5, 2002, the SEC promulgated the Code of Corporate Governance (SEC Memorandum Circular No. 2, Series of 2002, as revised by SEC Memorandum Circular No. 6, Series of 2009) consistent with and in pursuit of the State's policy to promote corporate governance reforms aimed at raising investor confidence, developing the capital market, and helping achieve high, sustained growth for the corporate sector and the economy. This Code applies to all corporations whose securities are registered or listed, corporations which are grantees of permits/licenses and secondary franchise from the SEC. It also applies to public companies and branches or subsidiaries of foreign corporations operating in the Philippines whose securities are registered or listed. Each of these corporations is required to promulgate and adopt its corporate governance rules and principles.

The Code of Corporate Governance prescribes the detailed qualifications and disqualifications, duties, functions and responsibilities of the Board of Directors and each member thereof, the Chairman, the Chief Executive Officer, and the Corporate Secretary. It also mandates the creation of specific board committees in aid of good corporate governance, to wit, an Audit and Compliance Committee, a Nomination Committee and a Compensation Committee, and requires the Board to commit itself to the protection of the rights of stockholders.

To fully comply with the adopted leading practices on good corporate governance, we have prepared and executed our Corporate Governance Manual which is currently pending review and evaluation by the SEC. Our Corporate Governance Manual provides for, among others, the following:

Appointment of a compliance officer, who shall hold the position of a Corporate Secretary, and have direct reporting responsibilities to the Chairman of the Board, and monitor compliance with the provisions and requirements of the Corporate Governance Manual;

Responsibilities, specific duties and functions of the Board of Directors, which includes ensuring that the Company complies with all relevant laws, regulations and codes of best business practices, adopting a system of internal checks and balances, and identify key risk areas and key performance indicators and monitor these factors with due diligence;

Creation of Board Committees, such as the Audit Committee, the Nomination Committee and the Compensation Committee;

Qualifications of the Company's External Auditor and Internal Auditor;

The conduct of a training process for the purpose of conducting an orientation program or workshop to operationalize the Corporate Governance Manual;

Procedures for monitoring and assessment compliance with the Corporate Governance Manual; and

Penalties for non-compliance with the Corporate Governance Manual.



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The Board of Directors and Stockholders
IP E-Game Ventures Inc.
2nd Floor, Bonifacio Technology Center
2nd Ave. Cor. 31st Street
Bonifacio Global City

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of IP E-Game Ventures Inc. (the "Company") and Subsidiaries as at and for the years ended December 31, 2012 and comparative information as at and for the year ended December 31, 2011, included in the Form 17-A, and have issued our report thereon dated May 15, 2013.

Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements of the Company taken as a whole. The supplementary information included in the following accompanying additional components is the responsibility of the Company's management:

- Reconciliation of Retained Earnings Available for Dividend Declaration
- Map of the Conglomerate
- Supplementary Schedules of Annex 68-E
- Schedule of Philippine Financial Reporting Standards and Interpretations

This supplementary information is presented for purposes of complying with the Securities Regulation Code Rule 68, As Amended, and is not a required part of the basic consolidated financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as a whole.

MANABAT SANAGUSTIN & CO., CPAs

TOMAS G. MAHINAY

Partner

CPA License No. 0024593

SEC Accreditation No. 1035-A, Group A, valid until September 29, 2013

Tax Identification No. 121-597-818

BIR Accreditation No. 08-001987-21-2010

Issued June 30, 2010; valid until June 29, 2013

PTR No. 3669516MC

Issued January 2, 2013 at Makati City

May 15, 2013
Makati City, Metro Manila

IP E-GAME VENTURES, INC.

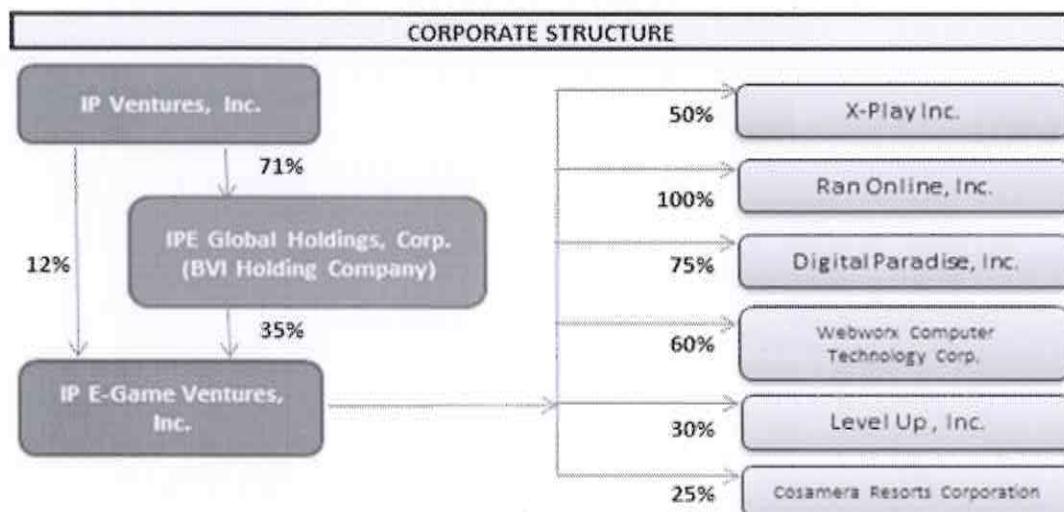
**SCHEDULE OF RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
DECEMBER 31, 2012**

*(Figures based on functional
currency audited financial
statements)*

Unappropriated Retained Earnings, beginning	P112,065,906
Adjustments: <i>(see adjustments in previous year's Reconciliation)</i>	-
Unappropriated Retained Earnings, as adjusted to available for dividend distribution, beginning	112,065,906
Add: Net income actually earned/realized during the period	
Net income (loss) during the period closed to Retained Earnings	(P69,927,731)
Less: Non-actual/unrealized income net of tax	
Equity in net income of jointly controlled entity	-
Unrealized foreign exchange gain - net (except those attributable to Cash and Cash Equivalents)	-
Unrealized actuarial gain	-
Fair value adjustments (M2M gains)	-
Fair value adjustments of Investment Property resulting to gain	-
Adjustment due to deviation from PFRS/GAAP - gain	-
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-
Sub-total	-
Add: Non-actual losses	
Depreciation on revaluation increment (after tax)	-
Adjustment due to deviation from PFRS/GAAP - loss	-
Loss on fair value adjustment of investment property (after tax)	-
Sub-total	-
Net income (loss) actually earned during the period	(69,927,731)
TOTAL RETAINED EARNINGS, END AVAILABLE FOR DIVIDEND	P42,138,175

IP E-GAME VENTURES, INC. AND SUBSIDIARIES

A Map Showing the Relationships Between and Among the Company and its
Ultimate Parent Company, Middle Parent, Subsidiaries, Co-Subsidiaries and Associates
Pursuant to SRC Rule 68, As Amended
As of December 31, 2012



IP E-GAME VENTURES, INC. AND SUBSIDIARIES

Supplementary Schedules
Required by the Securities and Exchange Commission
As of December 31, 2012

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IP E-GAME VENTURES, INC. AND SUBSIDIARIES

Supplementary Schedules
Required by the Securities and Exchange Commission
As of December 31, 2012

SCHEDULE A - Financial Assets

Name of Issuing entity and association of each issue (1)	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet (2)	Valued based on market quotation at balance sheet date (3)	Income received and accrued
Cash in banks		72,929,411	72,929,411	125,880.00
Short-term investment		200,885,611	200,885,611	2,079,322.00
Trade and other receivables - net		42,588,243	42,588,243	
Due from related parties		293,663,432	293,663,432	
Other noncurrent assets		54,803,329	54,803,329	

IP E-GAME VENTURES, INC. AND SUBSIDIARIES

Supplementary Schedules
Required by the Securities and Exchange Commission
As of December 31, 2012

SCHEDULE B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related parties)

Name and Designation of debtor (1)	Balance at beginning of period	Additions	Amounts collected (2)	Amounts written-off (3)	Current	Not current	Balance at end of period
IP E-GAME VENTURES, INC.							
Amparo, Alexander Lawrence	12,000	4,662			16,662		16,662
Anday, Francis Glenn		575			575		575
Angeles, Katrina	17,677				17,677		17,677
Aquino, Ronald	2,500		(2,500)		-		-
Aranzamendez, Michael	92,920				92,920		92,920
Asuncion, Lalyn	476				476		476
Badoles, Lilibeth	2,484		(2,484)		0		0
Ballada, Christian Philip	457		(457)		(0)		(0)
Bauza, Miguel	25,854		(25,854)		0		0
Bayot, Francis Abraham	31,100		(31,100)		-		-
Belen, Marla Carla Angela	1,250		(1,250)		(0)		(0)
Cabigas, Mark Sylvester	4,592				4,592		4,592
Cabrera, Herbert	82,125		(81,525)		600		600
Calayag, Fernando	39,284		(4,484)		34,800		34,800
Camero, John Gilbert A	-				-		-
Camua, Jason	11,480				11,480		11,480
Canoy, Ernesto	644		(644)		(0)		(0)
Caraan, Jeffrey	4,125		(2,422)		1,703		1,703
Carlos, Zosimo Richard III	9,840				9,840		9,840
Carolina, Sarahbeth	775		(775)		(0)		(0)
Castillo, Lawrence Roquito	31,678		(93)		31,585		31,585
Cayne, Joseph	10,000		(10,000)		-		-
Cebreiros, Julius Aniceto	1,033		(1,033)		(0)		(0)
Cho, Leo	50,245		(49,574)		671		671
Chua, Jeffrey	25,000				25,000		25,000
Constantino, Hope	6,164	33,296			39,461		39,461
Cordero, Brenda	6,730	61,100			67,830		67,830
Cueva, Apolinar	3,632		(3,632)		0		0
de Castro, Fatima	-				-		-
De Guzman, Wilson	24,077				24,077		24,077
De Vera, Candice	6,537				6,537		6,537
dela Cruz, Albert	13,464		(13,464)		-		-
Demavibas, Ritzel		6,000			6,000		6,000
Dimaandal, Grace Adeline	340,453				340,453		340,453
Domingo, Lawrence	247,185				247,185		247,185
Duran, Jose P.	-				-		-
Dy, Bryan	3,303		(3,303)		0		0
Escolto, Eirish	12,592		(11,903)		690		690
Eser, Edric	121		(121)		(0)		(0)
Espadero, Janneth	1,769		(1,769)		(0)		(0)
Estanislao, Michael E	1,874		(1,874)		0		0
Exconde, Hazel		15,805			15,805		15,805
Feria, Eva	134,128				134,128		134,128
Gabison, Dahlia	255,617		(231,504)		24,113		24,113
Garayblas, Heidi Anne	6,327		(6,327)		(0)		(0)
Garcia, Cherry	12,375		(9,343)		3,032		3,032
Garcia, Rommel	43,631				43,631		43,631
Gaviola, Geonalyn	1,000		(1,000)		-		-
Germentil, Melanie	1,250		(1,250)		-		-
Go, Eric		12,000			12,000		12,000
Gonzalez, Jaime Enrique Y	259,079				259,079		259,079
Hernandez, Rhon Bryan	1,010				1,010		1,010
Hugo, Rommel	7,930		(7,930)		-		-
Intia, Romulo Jr.	18,873				18,873		18,873
Juntilla, Val	615		(615)		(0)		(0)
Ladios, Miguel	-	153,614			153,614		153,614
Lapid, Frances Glenn	21,021		(21,021)		-		-
Lozada, Mary Christ	2,726		(2,726)		0		0
Lopera, Hanna		16,555			16,555		16,555
Mabunga, Alejandro	45,997	10,417	-		56,414		56,414
Magnaye, Maribeth II		4,990			4,990		4,990

IP E-GAME VENTURES, INC. AND SUBSIDIARIES

Supplementary Schedules
Required by the Securities and Exchange Commission
As of December 31, 2012

SCHEDULE B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related parties)

Name and Designation of debtor (1)	Balance at beginning of period	Additions	Amounts collected (2)	Amounts written-off (3)	Current	Not current	Balance at end of period
Magnaye, Paul	17,100				17,100		17,100
Mall, Mehrnaz	3,320		(3,320)		-		-
Manansala, Daniel	487,010				487,010		487,010
Marquez, Richard	10,224		(10,224)		-		-
Natad, Cyril A.	92,274				92,274		92,274
Navarro, Mona Lisa	1,800		(1,800)		0		0
Ong, Bonifacio	45,525		(18,440)		27,086		27,086
Palado, Genesis	44,900				44,900		44,900
Patricio, Mark Jay	27,450		(27,450)		-		-
Pedro, Jaypee	2,600	11,000			13,600		13,600
Pitogo, Lenie	3,800		(3,800)		-		-
Quillon, Israel	8,000				8,000		8,000
Raguerro, Anette		43,501			43,501		43,501
Ramiro, Warlito	-				-		-
Relayo, Ronaliza	18,422				18,422		18,422
Royeca, George		129,465			129,465		129,465
Saborda, Johnny	2,833	267			3,101		3,101
Samonte, Lucio Emir P	9,875		(9,875)		0		0
Sandel, Archie	22,725		(22,725)		-		-
See, Pamela Katherine		44,800			44,800		44,800
Sollegue, Ariel	113,801		(113,801)		(1)		(1)
Tarce, Crisanto III	4,292				4,292		4,292
Tomas, Jason	91,324				91,324		91,324
Vallesteros, Beverly	16,555	15,277			31,832		31,832
Veloso, Maria Celine	356		(356)		-		-
Virgo, Melchor	3,600				3,600		3,600
Vivar, Aronimer Conrad	1,770				1,770		1,770
Zara, Ma. Fleur	23,000				23,000		23,000
Various Customers	5,937		(22,043)		(16,106)		(16,106)
	2,995,510	563,324	(765,810)		2,793,024		2,793,024

DIGITAL PARADISE, INC. (consolidated beginning April 1, 2011)

ABCEDE, ARNOLD	-	1,750.00			1,750.00		1,750.00
ABELLAR MARIE LOUISE	225.46				225.46		225.46
ABRENIO, FELIX	1,366.99	269.00			1,635.99		1,635.99
ABRIA, WOODRO B.	-	326,000.00			326,000.00		326,000.00
ACBO RHEA	5,061.75				5,061.75		5,061.75
ACOSTA, EVALYN ROSE S.	7,542.50				7,542.50		7,542.50
ACOSTA, MANUEL S.	4,293.30				4,293.30		4,293.30
AFABLE, RICHELLE A.	266.00	-			266.00		266.00
ALANDY, EDWIN ACUNA	94,946.24				94,946.24		94,946.24
ALCASABAS, NOELITO I	39,969.99				39,969.99		39,969.99
ALCASTID REGINA	6,621.88				6,621.88		6,621.88
ALIGA, MARIANNE	290.00				290.00		290.00
ALIMBOG JOSE ALBERT	4,016.88				4,016.88		4,016.88
ALINSUG, ANNE MARICAR A.	-	625.00			625.00		625.00
ALJECERA, EDRAD	148.80				148.80		148.80
AMADOR, ARNOLD L.	1,582.38		(1,582.38)		-		-
AMADOR, NESTOR L.	11,907.62	1,582.00			13,489.62		13,489.62
AMI, JOEMARI	250.00				250.00		250.00
ANDRES, JHUMER M.	-	625.00			625.00		625.00
ANTOJADO, RELLY M.	927.10				927.10		927.10
ARCENA, JOSELITO T.	-	625.00			625.00		625.00
ARENOS, VICTORIA	206.00				206.00		206.00
ARIBAL, RYNEE RUTH	-	625.00			625.00		625.00
ARIEL RINONOS	506.54		(506.54)		-		-
AROGO ALVIN	377.15				377.15		377.15
ASISTIDO, BELARMINO	644.16				644.16		644.16
AZARCON, GILBERT B.	24,435.74				24,435.74		24,435.74
BAGA -AN, GILMHER T.	-	345.00			345.00		345.00
BALLARES, LESLIE G.	-	625.00			625.00		625.00
BALMES, ARIEL M.	-	625.00			625.00		625.00

IP E-GAME VENTURES, INC. AND SUBSIDIARIES

Supplementary Schedules
Required by the Securities and Exchange Commission
As of December 31, 2012

SCHEDULE B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related parties)

Name and Designation of debtor (1)	Balance at beginning of period	Additions	Amounts collected (2)	Amounts written-off (3)	Current	Not current	Balance at end of period
BALMES MARK ANDREW	3,600.00				3,600.00		3,600.00
BALTAZAR, LESTER T.	11,999.98				11,999.98		11,999.98
BANGAYAN, ALVIN G.	7,020.00				7,020.00		7,020.00
BAQUIRAN, KIRBY D.	-	256.00			256.00		256.00
BAPTISTA EVELINA	29.05		-		29.05		29.05
BASANGAN JOSEFINA	8,000.00		(3,375.00)		4,625.00		4,625.00
BASANGAN REYMONCITO	69.33				69.33		69.33
BATUNGBAKAL, NOEMI	-	625.00			625.00		625.00
BAYLAN JOEL	3,057.37				3,057.37		3,057.37
BELECINA, ANGELICA JOY C.	250.13		(250.13)		-		-
BELECINA, JENNIFER C.	5,630.00				5,630.00		5,630.00
BELLEZA, MARLON	4,734.00				4,734.00		4,734.00
BERAQUIT JR., ARNULFO B.	-	2,500.00			2,500.00		2,500.00
BERCHES DARLENE	1,275.00				1,275.00		1,275.00
BILLONES, CHRISTINE B.	5,802.10				5,802.10		5,802.10
BITO -ON JR, ERNESTO E.	-	979.77			979.77		979.77
BITO-ON, MONTESSA L.	50.00	5,305.78			5,355.78		5,355.78
BORINAGA, RANDEE A	1,950.00		(1,950.00)		-		-
BOTICARIO EMMA	125.00				125.00		125.00
BRIONES, JOVELYN A.	387.34		(387.34)		-		-
BRUCAL, CATHERINE CHEYSERR M.	-	625.00			625.00		625.00
BUGNOSEN JUDITH	1,719.19				1,719.19		1,719.19
BULANADI, MARICAR	101.26				101.26		101.26
CACAL, TEODORA	2,250.00				2,250.00		2,250.00
CALLEJA RODERICK	792.00		(792.00)		-		-
CALONZO ROMARK	110.69				110.69		110.69
CAMACHO, JUNALYN R.	16,948.60				16,948.60		16,948.60
CAMIT WINSTON JOSEPH	236.36				236.36		236.36
CAMPOSANO, JACQUELINE B.	894.62		(894.62)		-		-
CANOSA, NIÑO NOEL B.	2,000.00				2,000.00		2,000.00
CANOY NANCY	2,524.36				2,524.36		2,524.36
CANUPIN JONJON	3,753.75				3,753.75		3,753.75
CAPAROSO, PRINCESS	862.61				862.61		862.61
CAPINA, RIMWEL B.	1,393.00	-			1,393.00		1,393.00
CARBONELL, ALFREDO	334.87		(334.87)		-		-
CARILLO, MARY JANE	647.14		(647.14)		-		-
CASTILLO JR., VIRGILIO G.	-	625.00			625.00		625.00
CASTILLO RONA DIAZ	8,100.00				8,100.00		8,100.00
CASTRO NOEL	546.58				546.58		546.58
CATANGAY EMILY LAO	5,732.50				5,732.50		5,732.50
CATIPON, DENNIS D.	348.00				348.00		348.00
CELIS JIMUEL	128.62				128.62		128.62
CEQUEÑA, ANGELINE A.	1,781.00				1,781.00		1,781.00
CERVANTES JOEY	272.73				272.73		272.73
CHAN CHARMAINE	28,832.36				28,832.36		28,832.36
CHUA JAMES JOHN PAUL	14,786.49				14,786.49		14,786.49
CLEMENTE NAPOLEON JUAN	11,350.00	7,675.00			19,025.00		19,025.00
CLEOFE RONNIE	4,575.00				4,575.00		4,575.00
CO, FRANZ RAYMOND G.	6,504.00				6,504.00		6,504.00
CONTI, MOIRA ALTHEA	1,215.67				1,215.67		1,215.67
CONTIGNO, DOMINADOR	22,181.91				22,181.91		22,181.91
CORDERO, HANA GALE H.	-	625.00			625.00		625.00
CORNELIO, MARIA LUIS	54,093.89				54,093.89		54,093.89
CORTEZ, HONEYLETH D.	443.07				443.07		443.07
CUEVAS, SALLY T.	-	625.00			625.00		625.00
CUNANAN, MA. FE D.	20,758.56				20,758.56		20,758.56
DACSIL, RIZA O.	-	625.00			625.00		625.00
DAGUMAN, MAYBELLE R.	124.60		(124.60)		-		-
DALISAY, EMILIE V.	52,939.88				52,939.88		52,939.88
DARANCIANG, MARK ARNOLD R.	-	625.00			625.00		625.00
DE ASIS, ROCHELLE	15,426.00				15,426.00		15,426.00
DE CASTRO, CHRISTINE	1,800.00				1,800.00		1,800.00

IP E-GAME VENTURES, INC. AND SUBSIDIARIES

Supplementary Schedules
Required by the Securities and Exchange Commission
As of December 31, 2012

SCHEDULE B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related parties)

Name and Designation of debtor (1)	Balance at beginning of period	Additions	Amounts collected (2)	Amounts written-off (3)	Current	Not current	Balance at end of period
DE CASTRO, MARIA TERESA	234.00				234.00		234.00
DE FRANCIA, DANA	2,604.00				2,604.00		2,604.00
DE GUZMAN ABIGAEL	2,832.00				2,832.00		2,832.00
DE JESUS, ELEAZAR C.	5,675.00		(5,675.00)		-		-
DE JESUS, LORI	240.00				240.00		240.00
DE JOYA JOAN	8,419.00				8,419.00		8,419.00
DE LIMA, MA. CECILIA B.	-	162.50			162.50		162.50
DE LUMEN ROSE ANN	3,145.10				3,145.10		3,145.10
DE VERA MARVIN	12,379.00		(11,055.31)		1,323.69		1,323.69
DELA CRUZ, ALLEN	8,125.67				8,125.67		8,125.67
DELA CRUZ, JOVILYN D.	3,922.06				3,922.06		3,922.06
DELA CRUZ, MA. ELENA S.	375.00				375.00		375.00
DELA CRUZ, RUSNNEL	-	29,630.57			29,630.57		29,630.57
DELA CRUZ, MARIA KRISTEL	2,698.06				2,698.06		2,698.06
DELA CUETA ANDREW B	9,500.00		(9,500.00)		-		-
DELA PAZ, JENEVI	4,999.67				4,999.67		4,999.67
DEPENA ELOUISA	1,500.00				1,500.00		1,500.00
DIAZ, MARK CHRISTOPHER B.	-	625.00			625.00		625.00
DIMAANO, JACKIELOU	33.94				33.94		33.94
DUMBRIGUE, GRACE R.	-	100.00			100.00		100.00
DUMLAO, APRIL ANN S.	-	625.00			625.00		625.00
ELCHICO, ROSANDRO A.	225.46				225.46		225.46
EMELO, MARLON	175.10				175.10		175.10
ENAGE, ARIS	960.18		(960.18)		-		-
EUGENIO, FEDERICO B.	4,166.67				4,166.67		4,166.67
EUSEBIO, MARIA AEZA S.	-	5,000.00			5,000.00		5,000.00
EVANGELISTA, ROXANNE R.	-	625.00			625.00		625.00
FABROS, JULIUS CESAR	2,715.16				2,715.16		2,715.16
FEDERIS, DARWIN G.		625.00			625.00		625.00
FERNANDEZ GARY	616.57				616.57		616.57
FERNANDO, JOY A.	2,412.00				2,412.00		2,412.00
FLANDEZ, GENNIEL S.	-	625.00			625.00		625.00
FLORA, CHARLTON R.	14,042.66		(9,375.00)		4,667.66		4,667.66
GA, GLADYS JANE B.	180.08				180.08		180.08
GAA, GERALD CHRIS G.	495.66				495.66		495.66
GARCIA ESPERANZA	25,383.79				25,383.79		25,383.79
GASPAR, JOIE P.	50.00				50.00		50.00
GATCHALIAN EDWIN	1,153.68				1,153.68		1,153.68
GAY, ANILOU C.	-	625.00			625.00		625.00
GENCIANA, BRIAN JASPER T.	4,489.05				4,489.05		4,489.05
GERMENTIL, MELANIE	-	885.00			885.00		885.00
GIANAN, FRANKLIN C.	152.22				152.22		152.22
GO, RAINIEL M.	1,591.00				1,591.00		1,591.00
GRAN JHUN ART	5,355.78				5,355.78		5,355.78
GRANADEROS, MA. NANCEL G.	5,825.87				5,825.87		5,825.87
GRANEDO MA HIYASMIN	968.11				968.11		968.11
GRAU, JOSE MARIA A.	197,874.17				197,874.17		197,874.17
GREGORIO MARIA JANET	5,355.84				5,355.84		5,355.84
GREGORIO, RELLY INFIA	1,034.76	511.79			1,546.55		1,546.55
GUTTERREZ, RYAN PABALAN	793.00				793.00		793.00
HERMOSA ADALIA	351.00				351.00		351.00
HERNANDEZ, DEAN JOSEPH		625.00			625.00		625.00
HINOJAS WRYVELL	6,665.73				6,665.73		6,665.73
HUANG STEVEN	28,479.94				28,479.94		28,479.94
HUERGAS, ROZENIA		42,000.00			42,000.00		42,000.00
ILOT, RIA KRISTINA G	773.60				773.60		773.60
IMPERIAL, MITZI GARC	225.46				225.46		225.46
JAVIER, LEA CLAIRE J.	691.40		(413.90)		277.50		277.50
JIMENEZ VICTOR ROMEO	1,708.40				1,708.40		1,708.40
JIMENEZ, MA. CECILIA G.	34,097.23				34,097.23		34,097.23
JOLLOSO, HAROLD DIONE KING F.	-	625.00			625.00		625.00
JUAN GREENHILLS	1,500.00				1,500.00		1,500.00

IP E-GAME VENTURES, INC. AND SUBSIDIARIES

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**SCHEDULE B - Amounts Receivable from Directors, Officers, Employees, Related Parties
and Principal Stockholders (Other than Related parties)**

Name and Designation of debtor (1)	Balance at beginning of period	Additions	Amounts collected (2)	Amounts written-off (3)	Current	Not current	Balance at end of period
KATIGBAK, JASPER ANTHONY S.	3,980.00		(3,980.00)		-		-
KIRBY D. BAQUIRAN	256.00				256.00		256.00
KORNERUP, AXEL EMIL	150,000.00				150,000.00		150,000.00
LABAO, JOSHUA	5,833.33				5,833.33		5,833.33
LABIAL MARVIN	4,050.00				4,050.00		4,050.00
LABIT, GILBERT G.	27,780.90				27,780.90		27,780.90
LABRADOR, MELANIE A.	4,233.80				4,233.80		4,233.80
LABUGUEN, MELISSA P.	-	1,480.00			1,480.00		1,480.00
LACY, MICHAEL N.	-	5,000.00			5,000.00		5,000.00
LAMATAO MONTESSA	5,355.78		(5,355.78)		-		-
LAXA JR, MANUEL R.	1,681.53				1,681.53		1,681.53
LEAL, LEA CLAIRE J.	-	691.40			691.40		691.40
LEEJR., JOHN KENNETH S.	-	625.00			625.00		625.00
LEGASPI, MICHAEL C.	4,575.00				4,575.00		4,575.00
LERIO, WILLARD V.	4,524.61				4,524.61		4,524.61
LINGATONG SHERRY MAE	4,050.00		(4,050.00)		-		-
LIMPIADA, RHAMCLEN N.	1,269.50				1,269.50		1,269.50
LOMIBAO, ROMART S.	4,050.00				4,050.00		4,050.00
LUBAY, SAMUEL P.	625.00				625.00		625.00
LUCIN RIZALDY	764.91				764.91		764.91
LUGATOC, KEVIN	625.00				625.00		625.00
MACAPAGAL, VICTOR P.	18,634.29	92.75			18,727.04		18,727.04
MADOLIN, RONALD VHEN	2,937.00				2,937.00		2,937.00
MAGNTIFICO, ROSS	598.32	625.00			1,223.32		1,223.32
MAGNO, WALDO ORLANDO A.	41,200.00		(37,825.00)		3,375.00		3,375.00
MAJERANO RONNIE	1,141.72				1,141.72		1,141.72
MALANA, RUTH C.	37,084.48		(37,084.48)		-		-
MALICDEM, MARIFE C.	15,293.73				15,293.73		15,293.73
MALVEDA ELAINE	12,216.94				12,216.94		12,216.94
MANALO, GARY BRIAN	4,718.20	4,050.00			8,768.20		8,768.20
MANGROBANG, MAYBELLE D.		649.27			649.27		649.27
MARCELO VINCENT	168.55				168.55		168.55
MARIANO LEA	8,557.44		(8,557.44)		-		-
MARQUEZ RODEL	795.00				795.00		795.00
MARTINEZ EDWIN	27,385.29				27,385.29		27,385.29
MAYON, JOSE OLIVER F.		625.00			625.00		625.00
MATEO, ANGELICA	715.14		(715.14)		-		-
MATHAY, GWYNIVER M.	282,256.24		(282,256.24)		-		-
MEDRANO, CINDY	14,245.12				14,245.12		14,245.12
MELANO, SHENA		393.85			393.85		393.85
MENDOZA, MICHELLE S.		500.00			500.00		500.00
MENDOZA, RICHARD M.	1,805.70	-			1,805.70		1,805.70
MERCURTO, ARIANNE AUBREY		28,275.00			28,275.00		28,275.00
MIRANO, ROLDAN S.		2,192.50			2,192.50		2,192.50
MORA, JANE N.		625.00			625.00		625.00
MORALES, SHERYL S.		625.00			625.00		625.00
MOSCARDON, RUTH M.		37,084.48			37,084.48		37,084.48
MOSCARDON, CARLO N.	8,746.87				8,746.87		8,746.87
MURCIA ARNEL	4,499.43				4,499.43		4,499.43
NARVAEZ, EDELFONSO V.	298.53				298.53		298.53
NAVAL, CARINA		30,250.00			30,250.00		30,250.00
NAVOS, EDWARD A.		625.00			625.00		625.00
NAZARENO, ABELARDO	5,430.40		(625.00)		4,805.40		4,805.40
NEPOMUCENO, MICHELLE	11,689.50				11,689.50		11,689.50
NICASIO, ARCHIEMEDES E.	35,324.83				35,324.83		35,324.83
NIETO DANIEL	4,909.53				4,909.53		4,909.53
NOLASCO, SHERWIN JOHN A.	4,636.83		(3,925.00)		711.83		711.83
NUNEZ, JAY C.		625.00			625.00		625.00
NUNEZ, ALOHA	4,500.00				4,500.00		4,500.00
OCAMPO, CHERIE	4,500.00				4,500.00		4,500.00
OCHOA, NATHANIEL	361.79		(361.79)		-		-
OCHONA MARIA ISABEL	336.00				336.00		336.00

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Name and Designation of debtor (1)	Balance at beginning of period	Additions	Amounts collected (2)	Amounts written-off (3)	Current	Not current	Balance at end of period
ODONO, CRISTY O.	14,245.12				14,245.12		14,245.12
ODUYA, KHARISSA		310.61			310.61		310.61
OLBINADO SHERRIE ANNE	9,800.00				9,800.00		9,800.00
OLIVA, ANNALEAH P.	14,051.09				14,051.09		14,051.09
OLIVEROS, RONALDO C.		45,508.00			45,508.00		45,508.00
JULIE LEE OLIVER	18,323.00		(18,323.00)		-		-
OPISO, DEBRA R.	450.00				450.00		450.00
ORBON JR, REYNALDO A.		1,850.00			1,850.00		1,850.00
ORTIAGA, JOMMEL B.	22,520.66				22,520.66		22,520.66
JENNIFER OSUYOS	14,649.99				14,649.99		14,649.99
ORTIZ, ARTEMIO T.		63,445.00			63,445.00		63,445.00
OZAETA ROBERT	14,065.76				14,065.76		14,065.76
PACATAN, ROSELYN M.	200.00				200.00		200.00
PAGUNSAN, MARY JERUSALEM		7,708.00			7,708.00		7,708.00
PALPAL-LATOC, RACHEL JOY E.	8,904.61				8,904.61		8,904.61
PARAM, IAN GERBIE S.		625.00			625.00		625.00
PASCUAL, MYLENE	7,600.00		(6,975.00)		625.00		625.00
PASTOLERO, ROZEN ANN	6,257.13				6,257.13		6,257.13
PASTRANA, ANALYN N.		625.00			625.00		625.00
PATRON RIA P	1,992.62				1,992.62		1,992.62
PELAYO MERCY	5,355.78				5,355.78		5,355.78
PENALVER, LORELIE A.	5,630.84				5,630.84		5,630.84
PENULIAR, MARIVIC S.	545.96	225,000.00			225,545.96		225,545.96
PERALTA, MICHAEL	4,950.00				4,950.00		4,950.00
PEREN, IVAN B.		625.00					
PEREZ CHRISTINE B	6,994.90		(17,069.11)		(10,074.21)		(10,074.21)
PEREZ, GAUDENCE ASTRERA	109.00				109.00		109.00
PIANO, JAIME R.		625.00			625.00		625.00
PLANTADO, JENNIFER S	8,906.00				8,906.00		8,906.00
POLICARPIO, REMIGIO V.	25,516.63				25,516.63		25,516.63
PRIMAYLON, NIMFA E.		241,000.00			241,000.00		241,000.00
QUIJANO, JENNIFER E.		825.00			825.00		825.00
QUIJANO, MARY JANE E.		423.37			423.37		423.37
QUIOCHE, KRISTER C.		625.00			625.00		625.00
QUIMSON IVOREE	1,874.81		(1,874.81)		-		-
QUITORIANO, EGIELYN	6,166.65	1,874.81			8,041.46		8,041.46
RABORAR, JULIUS O.		625.00			625.00		625.00
RAMIRO, WARLITO D.		625.00			625.00		625.00
RAMOS JOSELYN	443.05				443.05		443.05
RAMOS, RACHEL L.		310.61			310.61		310.61
RAUSA, BUDDY E.		1,250.00			1,250.00		1,250.00
REDILLAS, MARIBEL G.		625.00			625.00		625.00
REDUTA, OLIVER A.	3,600.00				3,600.00		3,600.00
REGONDOLA MARY JANE	533.50		(533.50)		-		-
REGONDULA LAILA	1,131.67		(131.67)		1,000.00		1,000.00
REJUSO JR RAUL	151.66	398.34			550.00		550.00
RETANA III, AGAPITO V.	14,390.00				14,390.00		14,390.00
REVILLEZA, KEIZEL M.		625.00			625.00		625.00
RICAFORT, PATRICK JOHN G.	116,904.74				116,904.74		116,904.74
RICAFORT, RAYMOND HENSON	709,314.33				709,314.33		709,314.33
RINONOS, GINA F.		325.00			325.00		325.00
ROJAS, SHAHANI JUNG	15,800.00				15,800.00		15,800.00
ROLLY LEGASPI	17,385.29		(17,385.29)		-		-
ROSARIO, RANDY D.	31,094.54				31,094.54		31,094.54
RUANTO, RHONALYN S.		625.00			625.00		625.00
SALISI, KERNELL	5,430.40				5,430.40		5,430.40
KAROLE KENT SALVADOR	1,650.00				1,650.00		1,650.00
SAMANTE, AIMEE T.	4,406.00				4,406.00		4,406.00
SAMPANG, JULIEWIN ANNE C.		625.00			625.00		625.00
SARAMINES, KATHLENE R.		625.00			625.00		625.00
SANTIAGO ROSEMARIE	9,239.00		(9,239.00)		-		-
SANTIAGO, PRECIOUS M.	161.73		(161.73)		-		-

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Name and Designation of debtor (1)	Balance at beginning of period	Additions	Amounts collected (2)	Amounts written-off (3)	Current	Not current	Balance at end of period
SARMIENTO ANTHONY	6,775.00				6,775.00		6,775.00
SARMIENTO JIM MORRIS	52,269.68				52,269.68		52,269.68
SARMIENTO VINCENT	196.37				196.37		196.37
SARMIENTO, NINA PAUL	416.59				416.59		416.59
SARONA DULCE ISABEL	8,244.16				8,244.16		8,244.16
SIBAYAN, JOJO	1,384.79				1,384.79		1,384.79
SINGSON, ARMINA P.	130,068.00		(130,068.00)		-		-
SUAREZ, DONNA	550.00				550.00		550.00
SUGAY,PAUL PIO		8,599.13			8,599.13		8,599.13
SUMAGPAO, GERARD B.	51,175.00		(45,425.00)		5,750.00		5,750.00
SURIO MARICEL	300.00				300.00		300.00
TABAMO, RHOLYN	1,348.50				1,348.50		1,348.50
TALANA ROMUALDO	2,304.00				2,304.00		2,304.00
TAN, JUDITH PAZ A.	864.90				864.90		864.90
TARRAYO, JOEY V.		10,000.00			10,000.00		10,000.00
TIAMZON, JOSE RICO N.		3,174.34			3,174.34		3,174.34
TELEON DARREL	1,449.64		(1,449.64)		-		-
TIBON, ARLENE B.	150.87				150.87		150.87
TIBOR, RANDY A.	48,954.52		(2,250.00)		46,704.52		46,704.52
TOBEO, LEA		625.00			625.00		625.00
TOLENTINO OMAR	2,389.31				2,389.31		2,389.31
TOMINES SHARON	9,000.00				9,000.00		9,000.00
TORRECAMPO, WILLIAM L.		625.00			625.00		625.00
TORRES APRIL RHEA	47,734.57				47,734.57		47,734.57
TORRES JONATHAN	24.93				24.93		24.93
TUNGOL, ROMA	10,754.00				10,754.00		10,754.00
UBASA, CATHERINE S.	22,168.25		(19,668.25)		2,500.00		2,500.00
UBASA ANTONIO	392.98	496.61			889.59		889.59
UBASA, BONG	496.61		(496.61)		-		-
UNIGO, DIVINO B.	17,333.97				17,333.97		17,333.97
UNTALAN DANTE JR	34.47				34.47		34.47
URTAL, EDZELL P.	28,837.42				28,837.42		28,837.42
UY IMELDA	7,692.39				7,692.39		7,692.39
VALDEZ, LUCIL M.		625.00			625.00		625.00
VALDEZ, MARITES F.	1,500.00				1,500.00		1,500.00
VALERO, VALERIE L.	7,800.00	30,947.25			38,747.25		38,747.25
VALLES MAILEEN	30,947.25		(30,947.25)		(0.00)		(0.00)
VARGAS, RICHARD	586.29				586.29		586.29
VERSO, WILLIAM H.		27,924.45			27,924.45		27,924.45
VEGA AIZA VANESSA	5,357.04				5,357.04		5,357.04
VIBANDOR, RICKY U.	2,038.65	20,700.00			22,738.65		22,738.65
VIBAR RODRIGO	71.00				71.00		71.00
VILLANUEVA, ALMA M.	2,511.98	1,345.34	-		3,857.32		3,857.32
VILLANUEVA, ENRICO M.	5,905.14				5,905.14		5,905.14
VILLAPAZ VICTOR	5,216.00				5,216.00		5,216.00
VILLEGAS SHARON	18.92				18.92		18.92
VITOR, MARITES MATOR	6,350.00				6,350.00		6,350.00
VIVAR JAY CHRISTIAN	1,956.43				1,956.43		1,956.43
WOODRO ABRIA	17,100.00		(17,100.00)		-		-
YAM, CATHERINE D.	91,388.00		(70,893.75)		20,494.25		20,494.25
YAP MICHAEL	33,624.02				33,624.02		33,624.02
YAW DENNIS	149,939.60				149,939.60		149,939.60
YLANAN, MARIA CAROL	1,781.14				1,781.14		1,781.14
YU, JOSEPH J.	124,232.91	169			124,402.04		124,402.04
	3,807,722	1,262,641	(822,551)		4,247,186		4,247,186
	6,803,232	1,825,965	(1,588,362)		7,040,211		7,040,211

IP E-GAME VENTURES, INC. AND SUBSIDIARIES

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SCHEDULE C - Amounts Receivable From Related Parties which are Eliminated during the Consolidation of Financial Statements

Name of Subsidiary (1)	Balance at beginning of period	Additions	Amounts collected (2)	Reclassification	Amounts written-off (3)	Current	Not current	Balance at end of period
Advances to affiliates - Ran Online	73,830	2,130,259	-	-	-	2,204,089	-	2,204,089
Advances to affiliates- Digital Paradise	18,047,270	52,865,814	-	-	-	70,913,084	-	70,913,084
Due from Egames (CYBR)	14,600,150	-	-	-	-	14,600,150	-	14,600,150
	32,721,250	54,996,073	-	-	-	87,717,323	-	87,717,323

IP E-GAME VENTURES, INC. AND SUBSIDIARIES

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SCHEDULE D - Intangible Assets - Other Assets

Description (1)	Beginning balance	Additions at cost (2)	Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions)	Ending balance
COST						
Game licenses and computer software	38,978,938					38,978,938
Additions		16,539,054				16,539,054
Disposals/write-offs					(2,068,608)	(2,068,608)
						53,449,384
ACCUMULATED AMORTIZATION						
Game licenses and computer software	31,998,067					31,998,067
Amortizations		5,357,315				5,357,315
Disposals/write-offs					(133,854)	(133,854)
						37,221,528
Game licenses and computer software - net						<u>16,227,856</u>

* Disclosed in Note 17 to the Consolidated Financial Statements