

Initial Public Offering**I-Remit Inc.****Price: P4.68 /share****Recommendation: SUBSCRIBE**

Shares in offer - Common	140,604,000.00
Primary	107,417,000.00
Secondary	33,187,000.00
Par value (P)	1.00
Shares outstanding -Pre-offering	421,813,000.00
Shares outstanding -Post-offering	562,417,000.00
Authorized Capital	1,000,000,000.00
Price of offered shares (P)	4.68
Proceeds of sales -Gross	658,026,720.00
Net proceeds	470,762,080.00
Use of proceeds	
Expansion into other countries	278,691,151.36
Cash Bond requirement	94,340,720.83
Working Capital	96,882,836.06
Total	469,914,708.26
Offer period	Oct. 5 - 11, 2007

Principals : Bansan C. Choa – Chairman and CEO; Harris Edsel D. Jacildo- Pres.&COO; Adolfo Suzara – Independent Director/ Chair of Executive Committee; Gregorio T. Yu – Independent Director, Chair of Audit Committee; Calixto Chikiamco –Independent Director; Ismael S. Reyes, SVP, Head-Mktg Mgt; Elizabeth G. Yao- SVP, Head-Service& Optns.; Bernadette Cindy C. Tiu-FVP, CFO; Ronald C. Santos-VP, Head Intl Treasury; Alma C. Santiago-Corp. Sec.; Michelle B. San Buenaventura-Asst. Corp.Sec.;Jose C. Maceda III –Compliance officer; Directors: Gilbert C. Gaw, Jose Joel Y. Pusta, A. Bayani K Tan, Ben C. Tiu, Ruben C. Tiu, John Y. Tiu, Jr.

Investment Highlights:

- I Remit adopts credit risk management in the evaluation of individual potential partners and preferred associates credit worthiness as well as a close look into the other pertinent aspects of their partners' businesses which assures the company of the financial soundness of their partner.
- It has historically recorded higher growth in its remittance volume compared to the industry. For the 1H07 it registered a volume growth of 35% as against industry's 16%, which gives it a remarkable record given that it has been in the business for only 6 years.
- The company, cognizant of the heavy reliance on technology, has put in place resources that will protect its infrastructure and block illegal external access of appropriate firewalls and application of SSL Encryption technology. The system is designed to be redundant to ensure business continuity of operations and compliance with the anti-money laundering policy. It has parallel servers concurrently operating connected to different ISP providers to ensure non-disruption of operations.
- Its managers has extensive experience in the technology and the business it is in.
- Its 1H07 income of P43m has exceeded its full year 2006 income and it expects this to reach P200m for 2007. This yields a PER ratio of 13x which is the lower end of its lead competitors in the country which has a PER range 13x to 17x. This is also at a discount to market's 15x PER which will allow for some upside on its share price.

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RCBC SECURITIES INC.

IPO : I Remit Inc.

Company background:

I –Remit Inc. is engaged in servicing the remittance needs of the Overseas Filipino Workers (OFWs). The company was incorporated in March 5, 2001 and started commercial operations on Nov. 11, 2001. The company is registered with the Board of Investments as a new IT Service Firm in the Field of Information Technology Services (Remittance Infrastructure System) on a Non-Pioneer Status under the Omnibus Investment Code. This entitles the company to income tax holiday and. It will again be applying for registration with the BOI pertaining to the expansion programs that it will be embarking in the coming years. This will entitle the company to income tax holiday (ITH) incentive on the expanded portion of its operations for another 3 years. The ITH will be based on the incremental value of the company's delivery fees and net foreign exchange gains over a base year to be prescribed by the BOI. The company is also duly registered with the Bangko Sentral ng Pilipinas as a Remittance Agent and is Anti-Money Laundering Act compliant in all of the counties where it operates.

The company operates through its 364 branches and tie-ups worldwide, operating on a 24/7 schedule doing multi-currency trading in 22 countries. The company is the largest independent local remittance (non-bank) company given its wide network of strategic partners and tie-ups with various local and international banks, pawnshops, couriers and mobile phone companies.

The company will be expanding in (new businesses) New Zealand, Macau and Malaysia bringing to 25 countries where I Remit maintains operations. It plans to open two additional branches in Australia, one new branch in Macau and a new branch in New Zealand. Its first venture into the Malaysian market through a tie-up arrangement with an authorized money remittance company will bring in fourteen additional outlets. The company operates in various countries via its company-owned branches or via-tie-ups. The tie-ups are done through agent-partners/ Partnership arrangements are utilized when volume of remittances do not justify setting up a separate branch. The company envisions to become the ultimate choice remittance service provider globally and capture a significant chunk of the huge annual inward remittance by the OFWs all around the world.

The company intends to maintain a minimum annual dividend payment ratio for its Shares of up to 20% of its consolidated net income from the preceding fiscal year, subject to requirements of the applicable laws and regulations and the absence of circumstances which will restrict payment of dividends.

It will adopt a focused strategy in creating a global brand for I Remit by identifying and tapping a wider customer base, maintaining its status in the country as the leading and preferred choice of OFWs for their remittance requirements. It will increase its strategic alliances with various banks and establishments.

OFW Remittance industry

The remittance industry relies on the quantity of OFWs residing abroad and sending money to the Philippines. There are over 8 million Filipino OFW generating a steady flow of funds from foreign countries for their beneficiary families. The increase in volume of remittances is dependent on the volume of OFW deployment. The total number of OFWs deployed in 197 country destinations in 2006 hit a historic high of 1.62m surging by 7.5% from 988k recorded in 2005. OFW remittances for the same period grew by a record high of 19.4% to US\$12.8bn in 2006. This is expected to grow by another 12% this year to US\$14bn.



Risk related to the offer

- **Possible decline in the growth rate of OFW deployment.** There has been a notable relationship between the increase in volume of remittances pouring in from the foreign countries and volume of OFW deployment.
- **Stricter policies on foreign workers in other countries.** Technology and globalization has speeded up the spread of knowledge and information. This has resulted in people of other countries pursuing studies which allowed rise in the number of workers going or being sent overseas for employment. AS a result, destination countries of OFWs have incessantly blamed OFWs competition in their respective market. Thus, governments of concerned nations have implemented strict monitoring of a number of foreign workers entering their respective countries.
- **Intense competition with banks over the remittance business.** The customer centered business model of competitive companies in the business can pose as a threat to the company especially from banks, financial institutions, and other related institutions which integrate the remittance activity to its core business structure.
- **Credit risks.** The nature of the business exposes the company to potential risk from difficulties in recovering transaction money from foreign partners. iRemit has instituted a contract which incorporates a bond and advance payment cover such that the full amount of the transaction will be credited to I Remit prior to their delivery to the beneficiaries.
- **Technology risks.** The delivery of the company's financial service rests heavily on technological change, varying customer requirements, the introduction of new products and services and the emergence of new standards. The company realizes the potential loss from a breakdown or malfunction of the computer systems as well as from their misuse of its infrastructure and networks.

Financial Highlights:

Pmillion	1H07	2006	2005	2004
Assets	1,159	745	434	503
Liabilities	637	555	287	376
Equity	522	190	147	127
Revenues	227	359	252	153
Costs-Services	72	125	84	47
Gross Income	155	234	168	107
Net income	43	42	29	15

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