SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141

1. For the fiscal year ended **30 April 2018**

2. SEC Identification Number **476**

3. BIR Tax Identification Number **001-289-374**

4. Exact name of registrant as specified in its charter **BERJAYA PHILIPPINES INC.**

5. Province, Country or other jurisdiction of incorporation or organization:
   Manila, Philippines

6. Industry Classification Cod (SEC Use Only)

7. Address of registrant's principal office
   9/F Rufino Pacific Tower
   6784 Ayala Avenue, cor. Herrera Street
   Makati City

   Postal Code: **1200**

8. Registrant's telephone number, including area code**(632) 811-0688**

9. Former name, former address, and former fiscal year, if changed since last report

10. Securities Registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Stock Outstanding Amount of Debt Outstanding
Common Stock, ₱1.00 par value	**4,427,009,132**

11. Are any or all of these securities listed in the Philippine Stock Exchange?

    Yes [**X**] No [ ]

12. Check whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Securities Regulation Code (SRC) and SRC Rule 17 par. 2 thereunder and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports);

Yes [**X**] No [ ]

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

Yes [**X**] No [ ]

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant.

The aggregate market value of the voting stock held by non-affiliates of the registrant is ₱2,753,122,095.00 derived from multiplying the number of voting stocks held by non-affiliates by the stock's closing price per share as of 30 April 2018.

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Part I–BUSINESS AND GENERAL INFORMATION

Item1. Business

Berjaya Philippines, Inc. ("the Corporation") was incorporated on 12 November 1924 as Central Azucarera de Pilar mainly for the purpose of production of sugar. It subsequently changed its primary purpose to a holding corporation and changed its name to Prime Gaming Philippines, Inc. (PGPI) in 1998 and to Berjaya Philippines in 2010.

In 1998, the Corporation completed the acquisition of its subsidiary corporation, Philippine Gaming Management Corporation ("PGMC"), whose principal activity is the leasing of on-line lottery equipment and providing software support to the Philippine Charity Sweepstakes Office ("PCSO").

In December 2009, the Corporation acquired a 232 room hotel, which operated as the Best Western Astor Hotel until 16 March 2010. The acquisition was made by the Corporation's subsidiary, Perdana Hotel Philippines Inc. ("PHPI") under the business name Berjaya Makati Hotel. The Corporation also subscribed to forty percent (40%) of the shares of stock of Perdana Land Philippines Inc. ("PLPI") which owns the land leased by PHPI.

In July 2010, the Corporation invested in Berjaya Pizza Philippines Inc. ("BPPI"), a company engaged in the manufacture, sale and distribution of food and beverages, and to operate, own, franchise, license or deal in restaurant related business operations. In 2017, the Corporation's equity interest in BPPI increased from forty one point forty three percent (41.43%) to forty eight point thirty eight percent (48.38%).

In August 2012, the Corporation invested in Bermaz Auto Philippines Inc. ("BAPI"), formerly Berjaya Auto Philippines Inc., a corporation engaged in the sale and distribution of all types of motor vehicles. On 12 September 2012, BAPI entered into a Distributorship Agreement with Mazda Motor Corporation of Japan for the distribution of vehicles bearing the Mazda brand within the territory of the Philippines. In 2017, the Corporation equity interest in BAPI was diluted from thirty five percent (35%) to twenty five point forty eight percent (25.48%) when the Corporation agreed to take in more investors. In 2018, the Corporation made additional investment in BAPI which resulted to the increase in its effective ownership interest over BAPI to twenty eight point twenty eight percent (28.28%).

In September 2012, the Corporation invested in Cosway Philippines Inc. ("CPI"), primarily to engage in the wholesale of various products. At present, CPI has not yet started its commercial operations. The Corporation's equity or interest in CPI is equivalent to forty percent (40%).

In 2014, the Corporation obtained control over H.R. Owen Plc ("H.R. Owen"), after a series of cash offers from HR Owen's existing stockholders. Incorporated in England, HR Owen operates a number of vehicle franchises in the prestige and specialist car market for both sales and after sales, predominantly in the London area In 2015, HR Owen acquired 100% ownership over Bodytechnics in order to enhance its aftersales operations. In 2017, the Corporation acquired shares from Bentley Motor Limited to increase its stake in the profitable business of H.R. Owen. In 2018, the corporation acquired shares from minority shareholders which the Corporation's equity interest in HR Owen is equivalent to ninety nine point thirty percent (99.30%).

In July 2015, the Corporation invested in Ssangyong Berjaya Motor Philippines Inc. ("SBMPI"), a corporation engaged in the sale and distribution of all types of motor vehicles. On 01 May 2016, SBMPI entered into a Distributorship Agreement with Ssangyong Motor Company of Korea for the distribution of vehicles bearing the Ssangyong brand within the territory of the Philippines. At present, the Corporation's equity interest in SBMPI is equivalent to twenty percent (20%).

In May 2016, the Corporation acquired forty one point forty six percent (41.46%) shares of Neptune Properties Inc. ("NPI"), a corporation engaged in the real estate business.

In April 2017, the Corporation incorporated a wholly owned subsidiary under the name of Berjaya Enviro Philippines Inc., a corporation engaged in the service business of protecting, cleaning, and preserving the environment. In December 2017, the Securities and Exchange Commission approved the Corporation's application to amend its name to Floridablanca Enviro Corporation.

In April 2018, the Corporation acquired twenty five percent (25%) of the equity in Chailease Berjaya Finance Corporation, a corporation engaged in leasing and financing business.

As of 30 April 2018, the Corporation does not have employees. Its subsidiaries, PGMC, PHPI, and H.R. Owen have seventy four (74), seventy one (71), and four hundred sixty nine (469) employees, respectively. The Corporation does not anticipate any substantial increase in the number of its employees within the ensuing twelve (12) months. There are no supplemental benefits or incentive arrangements the subsidiaries have or will have with its employees.

Item 2. Properties

Except for cash and other current assets which also include shareholdings in other corporations, the Corporation does not own any properties. All the consolidated properties and equipment of the Group belong to its subsidiaries and other corporations where the Corporation owns shares of stock. The subsidiaries' and other corporations' properties consist of land, buildings, computers, lottery equipment, transportation equipment, and office equipment. The subsidiaries have full ownership of all its properties.

Item 3. Legal Proceedings

There are no material pending legal proceedings to which the Corporation is a party that the undersigned are aware of except the judicial proceedings with the Philippine Charity Sweepstakes Office (PCSO).

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

No significant matter was submitted during the fourth quarter of the fiscal year covered by this report to a vote of security holders, through the solicitation of proxies or otherwise.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

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

a. Market Information

The shares of stock of Berjaya Philippines Inc. are traded on the Philippine Stock Exchange (PSE). The high and low sales prices for certain dates commencing 5 January 2016 to 11 August 2018 are as follows:

Date	*High*	*Low*	*Close*
11 Jan 2016	₱ 30.00	₱ 20.00	₱ 28.00
16 May 2016	₱ 30.00	₱ 20.00	₱ 28.50
15 Jul 2016	₱ 38.00	₱ 6.41	₱ 6.70
1 Aug 2016	₱ 38.00	₱ 5.70	₱ 5.80
12 Aug 2016	₱ 38.00	₱ 5.60	₱ 5.79
16 Aug 2016	₱ 38.00	₱ 5.55	₱ 5.55
26 Aug 2016	₱ 5.80	₱ 5.50	₱ 5.80
3 Jan 2017	₱ 38.00	₱ 5.00	₱ 6.30
16 Feb 2017	₱ 38.00	₱ 5.00	₱ 5.40
1 March 2017	₱ 38.00	₱ 5.00	₱ 5.68
13 March 2017	₱ 38.00	₱ 5.00	₱ 5.50
31 March 2017	₱ 38.00	₱ 5.00	₱ 5.59
12 April 2017	₱ 38.00	₱ 5.00	₱ 5.69
2 May 2017	₱ 38.00	₱ 5.00	₱ 5.40
15 May 2017	₱ 38.00	₱ 5.00	₱ 5.69
22 May 2017	₱ 38.00	₱ 5.00	₱ 6.00
30 May 2017	₱ 38.00	₱ 5.00	₱ 5.87
13 June 2017	₱ 38.00	₱ 5.00	₱ 5.68
16 June 2017	₱ 9.50	₱ 5.00	₱ 5.66
22 June 2017	₱ 8.40	₱ 5.00	₱ 5.55
5 July 2017	₱ 7.50	₱ 5.00	₱ 5.50
27 July 2017	₱ 7.50	₱ 5.00	₱ 5.30
1 Aug 2017	₱ 7.50	₱ 5.00	₱ 5.32
11 Aug 2017	₱ 7.50	₱ 5.00	₱ 5.25
11 Sept 2017	₱ 7.50	₱ 5.00	₱ 5.29
27 Sept 2017	₱ 7.50	₱ 5.00	₱ 5.05
09 Oct 2017	₱ 7.50	₱ 5.00	₱ 5.25
20 Nov 2017	₱ 7.50	₱ 4.90	₱ 5.23
24 Nov 2017	₱ 7.50	₱ 4.53	₱ 4.61
08 Dec 2017	₱ 7.50	₱ 4.51	₱ 5.03
21 Dec 2017	₱ 7.50	₱ 4.51	₱ 4.80
03 Jan 2018	₱ 7.50	₱ 4.51	₱ 6.30
15 Jan 2018	₱ 7.50	₱ 4.51	₱ 5.05
22 Jan 2018	₱ 7.50	₱ 4.51	₱ 4.86
07 Feb 2018	₱ 7.50	₱ 4.51	₱ 5.00
28 Feb 2018	₱ 7.50	₱ 4.51	₱ 5.40
09 Mar 2018	₱ 7.50	₱ 4.51	₱ 4.90
04 Apr 2018	₱ 7.50	₱ 4.51	₱ 5.34
26 Apr 2018	₱ 7.50	₱ 4.51	₱ 5.35
30 Apr 2018	₱ 7.50	₱ 4.51	₱ 5.40
02 May 2018	₱ 7.50	₱ 4.51	₱ 5.39
23 May 2018	₱ 6.30	₱ 4.51	₱ 5.03
29 May 2018	₱ 6.30	₱ 4.51	₱ 4.98
08 June 2018	₱ 6.30	₱ 4.51	₱ 4.99
05 July 2018	₱ 6.30	₱ 4.51	₱ 6.30
27 July 2018	₱ 6.30	₱ 4.51	₱ 5.00

01 Aug 2018	₱ 6.30	₱ 4.51	₱ 5.03
08 Aug 2018	₱ 6.30	₱ 4.51	₱ 4.50
14 Aug 2018	₱ 6.30	₱ 4.22	₱ 4.90

The price as of the last trading date for this report is Four Pesos and Fifty Centavos (₱ 4.50) on 14 August 2018.

There are no restrictions or limitations on the Corporation's ability to pay dividends on common equity. There are no such likely restrictions or limitations foreseen in the future.

b. Shareholders

There are one hundred forty (140) stockholders of four billion four hundred twenty seven million nine thousand one hundred thirty two (4,427,009,132) common shares of stock of Berjaya Philippines Inc. as of 30 April 2018. There are no other outstanding or no such clearances of shares of stock of Berjaya Philippines Inc.

The list of top one hundred (100) stockholders of Berjaya Philippines Inc. as of 30 April 2018 from the Issuer's Stock and Transfer Agent, Rizal Commercial Banking Corporation (RCBC) is attached hereto as Annex "A".

The top twenty (20) stockholders of Berjaya Philippines Inc., including their shares and their percentage of total shares outstanding held by each as of 30 April 2018 can be found in the top one hundred (100) stockholders of Berjaya Philippines Inc., the list of which is attached hereto as Annex "A". These are the holders of common shares. As of 30 April 2018, eighty five million seven hundred twenty eight thousand two hundred seventy seven (85,728,277) shares were held by the Issuer as treasury shares, based on the records of the Corporation's stock and transfer agent, Rizal Commercial Banking Corporation.

The names of the top twenty (20) shareholders of the common shares of stock of the Issuer as of 30 April 2018, based on the records of the Corporation's stock and transfer agent, Rizal Commercial Banking Corporation, are as follows:

Name	Number of Shares Held	Percentage of Total Shares Held
BERJAYA LOTTERY MANAGEMENT(H.K.), LTD.	3,221,238,280	74.20 %
BERJAYA SPORTS TOTO (CAYMAN) LIMITED	610,205,150	14.06 %
PCD NOMINEE CORPORATION	379,824,100	8.75 %
ABACUS SECURITIES CORP.	92,000,000	2.12 %
ABACUS SECURITIES CORPORATION	20,000,000	0.46 %
ABACUS SECURITIES CORPORATION	8,000,000	0.18 %
PCD NOMINEE CORPORATION	2,670,615	0.07 %
FAR EAST MOLASSES CORPORATION	1,554,880	0.04 %
CONCEPCION TEUS VDA.	650,000	0.01 %
DOLORES TEUS DE M. VARA	552,000	0.01 %
STEINER, NORMA O.	300,320	0.01%
CORPORACION FRANCISCANA	293,920	0.01 %
THE PHIL.-AMERICAN GEN.	226,400	0.01 %
PHIL. REMNANTS CO., INC.	224,160	0.01 %
ELIZALDE, FRANCISCO J.	206,800	0.00 %
ZERNICHOW, CHRISTIAN D.	174,160	0.00 %
ELIZALDE, JOAQUIN M.,	168,800	0.00 %

MA. TERESA VARA DE REY Y TEUS	148,320	0.00 %
MA. DOLORES VARA DE	148,320	0.00 %
ECHEGOYEN, LUIS C.	147,280	0.00 %

c. Dividends

i. Dividends declared by Berjaya Philippines Inc.

On 28 October 2004 the Corporation declared cash dividends to all stockholders on record as of November 17, 2004 or a total of ₱87.14 million.

On 5 January 2012, the Corporation declared cash dividends amounting to ten centavos per share to all stockholders of record as of 19 January 2012.

On 5 October 2015, the Issuer declared stock dividends at a rate of 4 common shares for every common share held to taken from the increase in authorized capital stock. On the same date, the Issuer caused the reversal of previously allocated funds for capex and corporate expansion and appropriated₱3.47 billion from the Issuer's retained earnings for the distribution of stock dividends.

ii. Dividends Declared by the Issuer's wholly owned subsidiary – PGMC

From 2007 to 2014, the Corporation's subsidiary, PGMC, issued cash dividends amounting to six billion fortysixbillion pesos (₱6.46 billion).

On 16 July 2015, the Corporation declared cash dividends amounting to one hundred million pesos (₱100.0 million).

On 1 September 2015, the Corporation declared cash dividends amounting to one hundred eighty million pesos (₱180.0 million).

On 2 October 2015, the Corporation declared cash dividends amounting to two hundred million pesos (₱ 200.0 million).

On 8 January 2016, the Corporation declared cash dividends amounting to two hundred million pesos (₱ 200.0 million).

On 13 June 2017, the Corporation declared cash dividends amounting to one hundred seventy million pesos (₱170,000,000.00).

On 11 September 2017, the Corporation declared cash dividends amounting to one hundred thirty million pesos (₱ 130,000,000.00).

On 23 January 2018, the Corporation declared cash dividends amounting to one hundred fifty million pesos (₱ 150,000,000.00).

On 5 April 2018, the Corporation declared cash dividends amounting to one hundred fifty million pesos (₱150,000,000.00).

On 30 April 2018, the Corporation declared cash dividends amounting to fifty million pesos (₱ 50,000,000.00).

iii. Dividends Declared by the Issuer's wholly owned subsidiary – PHPI

In April 2012, the Corporation declared cash dividends amounting to ten million pesos (₱10,000,000.0c0 million).

In August 2013, the Corporation declared cash dividends amounting to four million pesos (₱ 4,000,000.00).

d. Recent Sales of Unregistered Securities

There were no sales of unregistered securities in the last four (4) fiscal years.

Item 6. Management's Discussion and Analysis of Financial Conditions and Results of Operations

2018 Compared to 2017

Results of Operations

The Corporation and its subsidiaries (the Group) generated total revenues from operating sources of about ₱30.83 billion for the year ended 30 April 2018, an increase of ₱2.3 billion (8.2%) over total revenues of ₱28.50 billion in the previous financial year. The increase was primarily due to a higher revenue contribution from H.R. Owen in the financial year under review upon conversion into Philippine Peso.

PGMC recorded revenue of ₱1.64 billion, an increase of ₱40.76 million (2.5%) from ₱1.60 billion in the previous financial year mainly due to an increase in lease rental income as a result of higher jackpots recorded this financial year.

PHPI which operates Berjaya Makati Hotel in Makati City recorded decreased in revenue of ₱129.36 million compared to ₱144.17 million in the previous financial year. The decrease of ₱14.81 million (10.3%) in revenue was mainly due to a decrease in room occupancy level compared to the previous financial year. The hotel industry continued to experience a significant oversupply in guestrooms, thereby making it challenging to increase room rates significantly.

HR Owen recorded revenue of ₱29.05 billion in the financial year under review compared to ₱26.76 billion in the previous financial year, the increase of ₱2.30 billion (8.6%), was mainly due to conversion into Philippine Peso, in spite of decrease in the number of new models sold as well as decrease in used car sold.

The Group's total cost and operating expenses for the year ended 30 April 2018 increased by ₱2.16 billion (7.9%) to ₱29.66billion from ₱27.49billion for the same period in 2017. The increase is attributed to the following: (1) cost of vehicles sold increased by ₱1.01 billion (4.7%) (2) body shop repairs and parts increased by ₱465.78 million (24.7%), (3) salaries and employee benefits increased by ₱149.56 million (8.6%), (4) rental expense increased by ₱35.61million (11.1%), (5) depreciation expense increased by ₱39.20million (17.4%), (6) taxes and licenses increased by ₱1.54 million (0.9%), (7) maintenance of computer equipment increased by ₱21.20 million (18.9%), (8) telecommunication increased by ₱27.67 million (27.6%), (9) communication, light and water increased by ₱20.48 million (26.0%), (10) transportation and travel expenses increased by ₱56.92 million (216.2%), (11) food and beverage increased by ₱0.91 million (7.4%) and (12) other general and administrative expenses increased by ₱432.70 million (46.4%). These increases were offset by the following decreases of expenses: (1) professional fees decreased by ₱37.30million (10.8%), (2) representation and entertainment decreased by ₱9.58 million (20.1%) and (3) charitable contribution decreased by ₱51.09 million (70%).

Other Charges – net of other income amounted to ₱58.73 million for the financial year 30 April 2018, an increase of ₱35.62 million (154.1%) from ₱23.11 million in the same period in 2017. This increase was mainly due to loss on impairment and loss on sale of available for sale financial asset.

The Group's net income increased by ₱92.27 million (13.1%) to ₱796.36 million in financial year 2018 from ₱704.09 million in financial year 2017 under review.

Financial Position

Total assets of the Group increased by ₱2.74 million (18.6%) to ₱17.50 billion as of 30 April 2018, from ₱14.76 billion as of 30 April 2017.

Trade and other receivables (net) decreased by ₱38.50 million (1.4%) to ₱2.62 billion in 2018 compared to ₱2.66 billion in 2017, mainly due to decrease in deposits.

Inventories (net) increased by ₱935.12 million (22.7%) to ₱5.06 billion in 2018 compared to ₱4.13 billion in 2017, mainly due to additions of vehicle stocks of H.R. Owen.

Advances to associates increased by ₱525.82 million (53.1%) to ₱1.51 million in 2018 compared to ₱990.02 million in 2017.

Prepayments and other current assets increased by ₱87.54 million (18.7%) to ₱555.84 million in 2018 compared to ₱468.29 million in 2017, mainly due to increase in VAT recoverable related to H.R. Owen.

Available-for-sale financial assets increased by ₱297.56 million (33.0%) to ₱1.20billion in 2018 compared to ₱901.81 million in 2017, mainly due to acquisition of equity securities.

Property and equipment (net) decreased by ₱116.79 million (6.2%) to ₱1.77 billion in 2018 compared to ₱1.89 billion in 2017, mainly due to depreciation and amortization for the year.

Investment property increased by ₱318.56 (225%) to ₱460.17 million in 2018 compared to ₱141.61 million in 2017, mainly due to reclassification from property, plant and equipment.

Investments in associates increased by ₱335.71 million (52.2%) to ₱978.44million in 2018 compared to ₱642.73million in 2017.

Intangible assets increased by ₱171.04 million (9.5%) to ₱1.98 billion in 2018 compared to ₱1.81 billion in 2017, primarily due to the translation adjustment of H.R. Owen's intangible assets.

Deferred tax assets increased by ₱70.20 million (46.8%) to ₱113.54 million in 2018 compared to ₱66.72 million in 2017, due to deferred tax assets arising from impairment loss.

Meanwhile, other non-current assets decreased by ₱1.49 million (31.6%) to ₱3.22 million in 2018 compared to ₱4.71 million in 2017 due to refund.

Total liabilities of the Group increased by ₱1.44 billion (19.1%) to ₱8.99 billion as of 30 April 2018, from ₱7.55 billion as of 30 April 2017 mainly due to increase in Trade and other payables and loans payable.

Trade and other payables increased by ₱864.94 million (27.3%) to ₱4.03 billion in 2018 compared to ₱3.17 billion in 2017, mainly due to a increase in trade payables, advances from customers and accrued expenses.

Current Loans payable and borrowings increased by ₱436.60 million (11.3%) to ₱4.30 billion in 2018 compared to ₱3.86 billion in 2017, mainly due to a increase in vehicle stocking loans.

Income Tax Payable increased by ₱21.36 million (26.7%) to ₱101.40 million in 2018 compared to ₱80.04 million in 2017, mainly due to an increase in current tax expense.

Non-current Loans payable and borrowings increased by ₱33.27 million (9.06%) to ₱400.67 million in 2018 compared to ₱367.39 million in 2017 due to increase in bank loans.

Deferred tax liabilities increased by ₱20.42 million (48.8%) to ₱62.24 million in 2018 compared to ₱41.82 million in 2017, mainly due to deferred tax liabilities arising from rolled-over and held over capital gains and post employment benefit obligation.

Post-employment benefit obligation decreased by ₱13.75 million (37%) to ₱23.36 in 2018 compared to ₱37.12 in 2017.

The total stockholders' equity of the Group increased by ₱1.30 billion (18.0%) to ₱8.48 billion as of 30 April 2018, from ₱7.20 billion as of 30 April 2017 under review. The book value per share decreased to ₱1.92 in 2018 from ₱1.63 in 2017.

Key Performance Indicators

The top five key performance indicators (KPIs) of the Group are: (1) to ensure the prompt collection of receivables from the customers, (2) review the annual budget to monitor and explain any material variances above 10% in the overall operating results, (3) scrutinize and monitor all the controllable budgeted expenses and analyze any material variances above 10%, (4) review all capital expenditures in compliance with the approved budget, and (5) to manage the timely placements of surplus funds to ensure the highest possible bank interest income in view of the appropriate tolerable risks.

	30 Apr 2018	30 Apr 2017
Liquidity Ratio - Current ratio	1.30 : 1.00	1.31 : 1.00
Leverage Ratio - Debt to Equity	1.06 : 1.00	1.05 : 1.00
Activity Ratio - Annualized PPE Turnover	17.43 times	15.12 times
Profitability Ratios		
Return on Equity	9.37%	9.77%
Return on Assets	4.55%	4.77%

The Corporation uses the following computations in obtaining key indicators:

Key Performance Indicator	Formula
Current Ratio	Current Assets / Current Liabilities
Debt to Equity Ratio	Total Long Term Liabilities / Stockholders' Equity
PPE Turnover	Revenues / Property, Plant & Equipment (Net)
Return on Equity	Net Income / Equity
Return on Assets	Net Income / Total Assets

2017 Compared to 2016

Results of Operations

The Corporation and its subsidiaries (the Group) generated total revenues from operating sources of about ₱28.50 billion for the year ended 30 April 2017, an increase of ₱2.0 billion (7.5%) over total revenues of ₱26.50 billion in the previous financial year. The increase was primarily due to a higher revenue contribution from H.R. Owen in the financial year under review.

PGMC recorded a revenue of ₱1.60 billion, an increase of ₱21.21 million (1.3%) from ₱1.58 billion in the previous financial year due to increase in lottery ticket sales.

PHPI which operates Berjaya Makati Hotel in Makati City, recorded a decrease in revenue of ₱144.17 million compared to ₱146.5 million in the previous financial year. The decrease of ₱2.28 million (1.6%) in revenue was mainly due to a decrease in room occupancy compared to the previous financial year.

HR Owen recorded a revenue of ₱26.76 billion in the financial year under review compared to ₱24.77 billion in the previous financial year. The increase of ₱1.98 billion (8.0%) was mainly due to an increase in the number of new models sold as well as aftersales service services rendered.

The Group's total cost and operating expenses for the year ended 30 April 2017 increased by ₱1.94 billion (7.6%) to ₱27.49 billion from ₱25.55billion for the same period in 2016. The increase is attributed to the following: (1) cost of vehicles sold and body shop repairs and parts increased by ₱1.90 billion (8.8%), (2) salaries and employee benefits increased by ₱106.91 million (6.6%), (3) taxes and licenses increased by ₱26.51 million (17.8%), (4) maintenance of computer equipment increased by ₱33.79 million (43.1%), (5) charitable contribution increased by ₱73.03 million (100.0%), (6) communication, light and water increased by ₱7.3 million

(10.2%), and (7) representation and entertainment increased by ₱28.44 million (147.7%). These increases were offset by the following decrease in the following expenses: (1) professional fees decreased by ₱27.87million (7.5%), (2) rental expense decreased by ₱8.60million (2.6%), (3) depreciation expense decreased by ₱9.65million (4.0%), (4) transportation and travel expenses decreased by ₱20.16 million (43.4%), (5) food and beverage decreased by ₱0.44 million (3.4%) and (6) other general and administrative expenses decreased by ₱152.32 million (14.0%)

Other Charges – net of other income amounted to ₱23.11 million for the financial year 30 April 2017, an increase of ₱0.17 thousand (0.08%) from the Other Income (net charges) of ₱23.09 million in the same period in 2016.

The Group's net income decreased by₱2.23 million (0.32%) to ₱704.09 million in financial year 2017 from ₱706.33 million in financial year 2016 under review.

Financial Position

Total assets of the Group decreased by ₱841.47 million (5.4%) to ₱14.76 billion as of 30 April 2017, from ₱15.60 billion as of 30 April 2016.

Trade and other receivables (net) increased by ₱136.09 million (4.6%) to ₱3.11 billion in 2017 compared to ₱2.97 billion in 2016, mainly due to payments for future acquisition of investments.

Inventories (net) decreased by ₱1.15 billion (21.8%) to ₱4.13billion in 2017 compared to ₱5.28 billion in 2016, mainly due to reduction of vehicle stocks arose from better stock control measurement imposed by H.R. Owen.

Advances to associates increased by ₱29.04 million (17.0%) to ₱199.35 million in 2017 compared to ₱170.31 million in 2016.

Prepayments and other current assets (net) decreased by ₱29.40 million (3.5%) to ₱807.43 million in 2017 compared to ₱836.83 million in 2016, mainly due to decrease in refundable deposits.

Available-for-sale financial assets increased by ₱32.40 million (3.7%) to ₱901.81million in 2017 compared to ₱869.41 billion in 2016, mainly due to acquisition of equity securities.

Property and equipment (net) decreased by ₱116.64 million (5.8%) to ₱1.89 billion in 2017 compared to ₱2.0 billion in 2016, mainly due to translation adjustment of H.R. Owen's property and equipment.

The group acquired certain residential property which is classified as Investment property amounting to ₱141.61 million.

Investments in associates increased by ₱176.01 million (37.7%) to ₱642.73million in 2017 compared to ₱466.71million in 2016.

Intangible assets decreased by ₱107.84 million (5.6%) to ₱1.81 billion in 2017 compared to ₱1.91 billion in 2016, primarily due to the translation adjustment of H.R. Owen's intangible assets.

Deferred tax assets increased by ₱22.12 million (49.6%) to ₱66.72 million in 2017 compared to ₱44.60 million in 2016, due to deferred tax assets arising from unrealized foreign currency losses (net).

Meanwhile, other non-current assets increased by ₱0.35 million (8.1%) to ₱4.71 million in 2017 compared to ₱4.35 million in 2016 due to additional security deposits refundable from various lessors and utility companies.

Total liabilities of the Group decreased by ₱381.20 million (4.8%) to ₱7.55 billion as of 30 April 2017, from ₱7.93 billion as of 30 April 2016 mainly due to a decrease in Trade and other payables and loans payable.

Trade and other payables decreased by ₱409.04 million (11.4%) to ₱3.17 billion in 2017 compared to ₱3.57 billion in 2016, mainly due to a decrease in trade payables, advances from customers and accrued expenses.

Current Loans payable and borrowings decreased by ₱373.41 million (8.8%) to ₱3.86 billion in 2017 compared to ₱4.23 billion in 2016, mainly due to a decrease in vehicle stocking loans.

Income Tax Payable increased by ₱40.49 million (102.4%) to ₱80.04 million in 2017 compared to ₱39.54 million in 2016, mainly due to an increase in current tax expense.

Non-current Loans payable and borrowings amounted to ₱367.39 million due to bank loans.

Deferred tax liabilities decreased by ₱2.9 million (6.6%) to ₱41.82 million in 2017 compared to ₱44.77 million in 2016, mainly due to deferred tax liabilities arising from rolled-over and held over capital gains.

Post-employment benefit obligation decreased by ₱3.68 million (9.0%) to ₱37.12 in 2017 compared to ₱40.80 in 2016.

The total stockholders' equity of the Group decreased by ₱460.27 billion (6.0%) to ₱7.20 billion as of 30 April 2017, from ₱7.67 billion as of 30 April 2016 under review. The book value per share decreased to ₱1.63 in 2017 from ₱8.04 in 2016.

Key Performance Indicators

The top five key performance indicators (KPIs) of the Group are: (1) to ensure the prompt collection of receivables from the customers, (2) review the annual budget to monitor and explain any material variances above 10% in the overall operating results, (3) scrutinize and monitor all the controllable budgeted expenses and analyze any material variances above 10%, (4) review all capital expenditures in compliance with the approved budget, and (5) to manage the timely placements of surplus funds to ensure the highest possible bank interest income in view of the appropriate tolerable risks.

	30 Apr 2017	30 Apr 2016
Liquidity Ratio - Current ratio	1.31 : 1.00	1.31 : 1.00
Leverage Ratio - Debt to Equity	1.05 : 1.00	1.03 : 1.00
Activity Ratio - Annualized PPE	15.12 times	13.24 times

Turnover		
Profitability Ratios		
Return on Equity	9.77%	9.21%
Return on Assets	4.77%	4.53%

The Corporation uses the following computations in obtaining key indicators:

Key Performance Indicator	Formula
Current Ratio	Current Assets / Current Liabilities
Debt to Equity Ratio	Total Long Term Liabilities / Stockholders' Equity
PPE Turnover	Revenues / Property, Plant & Equipment (Net)
Return on Equity	Net Income / Equity
Return on Assets	Net Income / Total Assets

2016 Compared to 2015

Results of Operations

The Corporation and its subsidiaries (the Group) generated total revenues from operating sources of about ₱26.50 billion for the year ended 30 April 2016, an increase of ₱33.67 million (0.1%) over total revenues of ₱26.47 billion in the previous financial year. The increase was primarily due to a higher revenue contribution from H.R. Owen in the financial year under review.

PGMC recorded a revenue of ₱1.58 billion, a decrease of ₱30.46 million (1.9%) from ₱1.61 billion in the previous financial year due to net decrease in lease rental income as a result of a revision of equipment lease rate in the equipment lease agreement which was renewed via a supplemental agreement signed on 13 August 2015.

PHPI which operates Berjaya Makati Hotel in Makati City, recorded an increased revenue of ₱146.45 million compared to ₱143.51 million in the previous financial year. The increase of ₱2.94 million (2.0%) in revenues was mainly due to an increase in average room rate compared to the previous financial year.

HR Owen recorded a revenue of ₱24.77 billion in the financial year under review compared to ₱24.71 billion in the previous financial year. The increase of ₱61.20 million (0.2%) was due to the increase in the number of new and pre-owned prestige cars sold as well as service cars sold during the financial year under review.

The Group's total cost and operating expenses for the year ended 30 April 2016 increased by ₱272.57 million (1.1%) to ₱25.55 billion from ₱25.27billion for the same period in 2015. The increase is attributed to the following: (1) cost of vehicles sold and body shop repairs and parts increased by ₱126.82 million (0.6%), (2) salaries and employee benefits increased by ₱60.68 million (3.9%), (3) rental increased by ₱32.69 million (11.0%), (4) professional fees increased by ₱101.61 million (37.6%) (5) maintenance of computer equipment increased by ₱1.93 million (2.5%), (6) transportation and travel increased by ₱7.44 million (19.1%). These increases were offset by the following decrease in expenses: (1) depreciation expense decreased by ₱80.87million (25.3%), (2) taxes and licenses decreased by ₱12.01 million (7.5%), (3) telecommunications decreased by ₱13.61 million (11.9%), (4) communication, light and water decreased by ₱16.24 million (18.5%), (5) representation and entertainment decreased by ₱18.15 million (48.5%).

Other Charges – net of other income amounted to ₱23.09 million for the financial year 30 April 2016, a decrease of ₱68.13 million (151.3%) from the Other Income (net charges) of ₱45.03 million in the same period in 2015, due to impairment loss recognized on certain investments and net loss on sale of available-for-sale financial assets.

The Group's net income decreased by ₱244.64 million (25.7%) to ₱706.33 million in financial year 2016 from ₱950.97 million in financial year 2015 under review.

<u>Financial Position</u>

Total assets of the Group increased by ₱2.47 billion (18.8%) to ₱15.60 billion as of 30 April 2016, from ₱13.13 billion as of 30 April 2015.

Trade and other receivables (net) increased by ₱804.42 million (37.1%) to ₱2.97 billion in 2016 compared to ₱2.17 billion in 2015, mainly due to payments for future acquisition of investments.

Inventories (net) increased by ₱906.12 million (20.7%) to ₱5.28 billion in 2016 compared to ₱4.37 billion in 2015, mainly due to the increase in vehicle stocks of HROwen.

Prepayments and other current assets (net) increased by ₱202.45 million (31.9%) to ₱836.83 million in 2016 compared to ₱634.38 million in 2015, mainly due to increased prepaid expenses.

Available-for-sale financial assets decreased by ₱261.35 million (23.1%) to ₱869.41million in 2016 compared to ₱1.13 billion in 2015, mainly due to certain investments which were found to be impaired, due to prolonged or significant decline in the fair value of the securities below cost.

Property and equipment (net) increased by ₱569.40 million (39.8%) to ₱2.0 billion in 2016 compared to ₱1.43 billion in 2015, mainly due to additionstoworkshop equipment, leasehold improvements and renovations.

Investments in associates increased by ₱249.95 million (115.3%) to ₱466.71million in 2016 compared to ₱216.77million in 2015, mainly due to acquisition of investment in associates.

Intangible assets increased by ₱99.84 million (5.5%) to ₱1.91 billion in 2016 compared to ₱1.81 billion in 2015, primarily due to goodwill and customer relationship arising from acquisition of Bodytechnics.

Deferred tax assets increased by ₱33.13 million (289.0%) to ₱44.60 million in 2016 compared to ₱11.46 million in 2015, mainly due to deferred tax assets arising from impairment loss on certain AFS financial assets.

Meanwhile, Other non-current assets increased by ₱1.29 million (42.2%) to ₱4.35 million in 2016 compared to ₱3.06 million in 2015 due to additional security deposits refundable from various lessors and utility companies.

Total liabilities of the Group increased by ₱1.91 billion (31.6%) to ₱7.93 billion as of 30 April 2016, from ₱6.03 billion as of 30 April 2015 mainly due to increase in Trade and other Payables and Loans payable and Borrowings.

The Group has no long-term debt. Post-employment benefit obligation increased by ₱6.93 million (14.5%) to₱40.80 in 2016compared₱47.72 in 2015.

Total stockholders' equity of the Group increased by ₱563.04 billion (7.9%) to ₱7.67 billion as of 30 April 2016, from ₱7.10 billion as of 30 April 2015 under review. The book value per share increased to ₱8.04 in 2016 from ₱7.44 in 2015.

Key Performance Indicators

The top five key performance indicators (KPIs) of the Group are: (1) to ensure the prompt collection of receivables from the customers, (2) review the annual budget to monitor and explain any material variances above 10% in the overall operating results, (3) scrutinize and monitor all the controllable budgeted expenses and analyze any material variances above 10%, (4) review all capital expenditures in compliance with the approved budget, and (5) to manage the timely placements of surplus funds to ensure the highest possible bank interest income in view of the appropriate tolerable risks.

	30 Apr 2016	30 April 2015
Liquidity Ratio - Current ratio	1.31 : 1.00	1.41 : 1.00
Leverage Ratio - Debt to Equity	1.03 : 1.00	0.85 : 1.00
Activity Ratio - Annualized PPE Turnover	13.24 times	18.48 times
Profitability Ratios		
Return on Equity	9.21%	13.39%
Return on Assets	4.53%	7.24%

Barring any unforeseen circumstances, the Corporation's Board of Directors is confident that the operating financial performances of the Corporation and its subsidiary are expected to be satisfactory in the coming year.

(i) There is no known trend, event or uncertainty that has or is reasonably likely to have an impact on the Corporation' short term or long-term liquidity.

(ii) The liquidity of the subsidiary would continue to be generated from the collections of revenues from customers. There is no requirement for external funding for liquidity.

(iii) There is no known trend, event or uncertainty that has or that is reasonably expected to have a material impact on the net sales or revenues or income from continuing operations.

(iv) There is no significant element of income or loss that would arise from the Group's continuing operations.

(v) There is no cause for any material change from period to period in one or more of the line items of the Corporation's financial statements.

(vi) There were no seasonal aspects that had a material impact effect on the financial conditions or results of operations.

(vii) There is no event that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation; and,

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

Item 7. Financial Statements

The audited Financial Statements and Supplementary Schedules for the year ended 30 April 2018 listed in the accompanying index to Financial Statements and Supplementary Schedules are filed as part of this Form 17-A.

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

Messrs. Punongbayan & Araullo (P&A), the independent auditors of Berjaya Philippines Inc., have affixed their signature on the financial statements of Berjaya Philippines Inc. P&A issued an unqualified opinion on the consolidated financial statements. The audits were conducted in accordance with the Philippine Standards on Auditing.

There are no changes in or disagreements with accountants on accounting and financial disclosure.

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Registrant

(1) Directors and Executive Officers

The Directors of the Corporation are elected at the regular annual meeting of stockholders to serve for one (1) year until their successors are elected and qualified. The Officers of the Corporation are elected by a majority vote of the Board of Directors and are enumerated below, with a description of their business experience over the past five years.

Directors / Officers	Designation	Citizenship	Term
1. Tan Sri Dr Ibrahim Bin Saad	Director / Chairman of the Board	Malaysian	8 August 2012 - Present
2. Wong Ee Coln	Director / President	Malaysian	3 June 2016 to Present
3. Seow Swee Pin	Director	Malaysian	1996 - Present
4. George T. Yang	Director (Independent)	Filipino	1996 - Present
5. Jaime Y. Ladao	Director (Independent)	Filipino	23 March 2010 - Present
6. Jimmy S. Soo	Director	Filipino	8 Dec 2014 - Present
7. Tan Eng Hwa	Director /Treasurer / CFO	Malaysian	4 Oct 2016 - Present 2005 – Present (as Treasurer) 4 Oct 2017-Present (as director)
8. Jose A. Bernas	Corporate Secretary	Filipino	1996 - Present
9. Marie Lourdes Bernas	Asst Corp Secretary	Filipino	2001 - Present

Tan Sri Dr. Seri Ibrahim Saad, 72, was appointed to the Board as Chairman of the Board on 8 August 2012, and was re-elected as Chairman on 4 October 2017. He was previously the President (Vice Chancellor) of the University of Kuala Lumpur, Malaysia, Chairman of the British Malaysian Institute, Deputy Transport Minister, Deputy Chief Minister of Penang Malaysia, Member of Parliament for Tasek Gelugor Penang, Political Secretary of the Minister of Education, Political Secretary of the Minister of Culture, Youth and Sports, Chairman of the Penang Regional Development Authority and Chairman of the Board of Directors of the National University of Malaysia. He was the former Ambassador of Malaysia to the Republic of the Philippines.

Seow Swee Pin, 61, was appointed by the Board of the Corporation on 12 November 1996 and has retained office since then. He was re-elected as director on 4 October 2017 and is the Chairman of Philippine Gaming Management Corporation and Cosway Philippines Inc. He is a director of Neptune Properties Inc., Perdana Land Philippines Inc., Perdana Hotel Philippines Inc., Sanpiro Realty and Development Corporation, and Berjaya Pizza (Philippines) Inc. Besides being a Director of the Corporation, he is also an Executive Director of Sports Toto Malaysia Sdn. Bhd. and Berjaya Sports Toto Berhad. He is a member of the Malaysian Institute of Certified Public Accountants, the Malaysian Institute of Accountants and Certified Practicing Accountants, Australia.

Dr. George T. Yang, 78, was appointed to the Board of the Corporation on 12 November 1996 and has retained office since then. He was re-elected director on 4 October 2017 and is also a Director of Philippine Gaming Management Corporation. He is the Chairman of the Board and Founder of Golden Arches Development Corporation (McDonald's Philippines). He is the Chairman of the Board of First Georgetown Ventures, Inc., Ronald McDonald House Charities (Philippines), Trojan Computer Forms, Inc., Klassikal Music Foundation Inc. He sits as Chairman of Clark Mac Enterprises Inc., Golden City Food Industries Inc., MDS Call Solutions Inc., Davao City Food Industries Inc., Fast Serve Solutions Systems Inc., Golden Laoag Foods Corp., Retro Golden Foods Inc., Advance Food Concepts Mfg. Inc. He is the Vice-Chairman of Oceanfront Properties Inc., TransAire Development Holdings Corporation, and the President of Golden Arches Realty Corporation. He is a Member of the Board of Governors of Ayala Center Association and The Tower Club, Inc. and Consul General *ad honorem* for the State of Eritrea. Mr. Yang graduated Cum Laude from De La Salle College, Manila, with the degree of Bachelor of Science in Business Administration and holds a Masters Degree in Business Administration from the Wharton School, University of Pennsylvania, USA.

Jaime Y. Ladao, 79, was appointed to the Board of the Corporation on 23 March 2010 and was re-elected on 4 October 2017. He is a member of the Audit Committee of the Corporation since 2010. He is director of Dun and Bradstreet Philippines, Inc., the Corporate Governance Institute of the Philippines and was a Treasurer, Member and Past Board of Governor Management Association of the Philippines. Member, Philippine Dispute Resolution Center Inc, Founder and Member, Financial Executive Institute of the Philippines. Former National President (1991-1992) of the Boy Scouts of the Philippines, and a fellow of the Australian Institute of Corporate Directors. Founder and Executive Chairman of the Consumer Credit-Score Philippines Inc. licensed to issue FICO Consumer and SME Scores in the Philippines. Mr. Ladao was a director member of the Executive Committee and the Chair of the Audit Committee in 1990-1991 of the same corporation.

Jimmy S. Soo, 61, was appointed to the Board of the Corporation on 8 December 2014 and has served as Director since then. He previously served on the Board of the Corporation from October 2007 to 1 August 2012. He is the Chairman and President of Kailash PMN Management, Inc., Tortola Resources Inc., and Trimante Holdings Phils., Inc. He sits as Director of First Abacus Financial Holdings Corporation, which is listed at the Philippine Stock Exchange. He is a Director and Corporate Secretary of Abacus Capital & Investment Corporation, St. Giles Hotel (Manila) Inc., and several other domestic corporations. He is the Corporate Secretary of Limketkai Manufacturing Corporation, Limketkai Sons Inc., Paramount Life & General Holdings Corp., Paramount Life & General Insurance Corporation and several other domestic corporations. He is the Resident Agent of IDP Education Pty. Limited. He is a director in Berjaya Pizza (Philippines) Inc., Better Options Restaurants Inc., and a member of the Board of Trustees for Berjaya Foundation Inc. Mr. Soo is a lawyer by profession and is the Managing Partner of Soo Gutierrez Leogardo & Lee Law Offices.

Wong Ee Coln, 39, was appointed by the Board as director of the Corporation on 3 June 2016 and re-elected on 4 October 2017. He holds a 1st Class Bachelor of Engineering (Mechanical Engineering) Degree from the University of Birmingham. He is also a Chartered Financial Analyst (CFA) and a member of the CFA Institute. He is an engineer by profession with extensive working experience in the field of property development and investment consultancy in Malaysia and other countries such as

China, Vietnam, etc.. Mr. Wong was appointed Executive Director of the Berjaya Group Bhd on the 1st of January 2018.

Tan Eng Hwa, 48, was appointed by the Board as director of the Corporation on 4 October 2016, and re-appointed on 4 October 2017. He was appointed as Treasurer of the Corporation on 30 June 2005 and has retained office since then. He is a member of the Board and the Vice-President and Treasurer of Philippine Gaming Management Corporation (PGMC). He sits as a director and treasurer of Bermaz Auto Philippines Inc., Berjaya Pizza (Philippines) Inc., Cosway Philippines Inc., Perdana Hotel Philippines Inc., Perdana Land Philippines, Inc., Landphil Management and Development Corporation, MOL AccessPortal Inc., Uniwiz Trade Sales Inc., Ssangyong Berjaya Motor Philippines Inc., and Floridablanca Enviro Inc. He is a director of Beautiful Creation Holdings Inc. and Most Pretty Lady Holdings Inc. He is the treasurer of Sanpiro Realty & Development Corporation, the treasurer and member of the Board of Trustees of Berjaya Foundation Inc. and is a chartered accountant and member of the Malaysian Institute of Accountants. He holds a Masters Degree in Business Administration from the University of Chicago, USA.

Jose A. Bernas, 58, was appointed Corporate Secretary on 28 March 1996, and has been such officer since then. He is the Chairman of Automation Specialists and Power Exponents Inc. (ASPEX). He is the President of Discovery Centre Condominium Corporation and is a director of Perdana Land Philippines Inc., Cosway Philippines Inc. and MSI-ECS Philippines Inc. He is both Director and Corporate Secretary in Par Motorrad Inc. He is the Corporate Secretary of Neptune Properties, Inc., Philippine Gaming Management Corporation, Perdana Land Philippines Inc., Perdana Hotel Philippines Inc., Berjaya Pizza (Philippines) Inc., MOL AccessPortal Inc., Cosway Philippines Inc., Uniwiz Trade Sales Inc., Better Options Restaurants Inc., Beautiful Creation Holdings Inc., Most Pretty Lady Holdings Inc., Bermaz Auto Philippines Inc., Ssangyong Motor Philippines Inc., Floridablanca Enviro Inc., Chailease Berjaya Philippines Inc., and Swift Foods Inc. He is a member of the Board of Trustees and Secretary of Berjaya Foundation Inc., and the resident agent of National Instruments Philippines, Branch. He is a professor at the Ateneo de Manila University School of Law. He is the Managing Partner of the Bernas Law Offices.

Marie Lourdes Sia-Bernas, 52, was appointed Assistant Corporate Secretary on 25 October 2001 and has retained office since then. She is the President of Deux Mille Trading Corporation, and Silver Giggling Buddha Trading Inc. She is the Corporate Secretary of Automation Specialists and Power Exponents Inc. (ASPEX), Juillet Trading Corporation, Ultrasaurus Philippine Trading Inc., and Neptune Holdings Inc. She is the Assistant Corporate Secretary of Philippine Gaming Management Corporation, Perdana Land Philippines Inc., Perdana Hotel Philippines Inc., Berjaya Pizza (Philippines) Inc., Bermaz Auto Philippines Inc., Berjaya Foundation Inc., Friendster Philippines Inc., MOL AccessPortal Inc., Cosway Philippines Inc., Uniwiz Trade Sales Inc., Better Options Restaurants Inc., Ssangyong Berjaya Motor Corporation, Beautiful Creation Holdings Inc., Floridablanca Enviro Inc., and Swift Foods Inc., which is a listed corporation at the PSE. She is the Administrative Partner at Bernas Law Offices.

(2) Significant Employees

The Corporation does not have any employee at present.

(3) Family Relationships

There are no family relationships between and among the directors and officers of the Corporation, except for the Corporate Secretary and the Assistant Corporate Secretary who are married to each other.

(4) Involvement in Certain Legal Proceedings

None of the Directors and Officers were involved during the past five (5) years in any bankruptcy proceeding. Neither have they been convicted by final judgment in any criminal proceeding or have been subject to any order, judgment or decree of competent jurisdiction, permanently or temporarily enjoining, barring, suspending, or otherwise limiting their involvement in any type of business, securities, commodities or banking activities. Nor have they been found in action by any court or administrative bodies to have violated a securities or commodities law.

(5) Independent Directors

Mr. George T. Yang and Mr. Jaime Y. Ladao are independent minority stockholders who are not employees nor officers of the Corporation, and whose shareholdings are less than two percent (2%) of the Corporation's equity pursuant to Section 38 of the Securities Regulation Code (SRC).

Mr. George T. Yang is also an independent minority stockholder of Philippine Gaming Management Corporation. The former treasurer of the Corporation Mr. Low SiawPeng nominated Mr. Yang as independent director.

Mr. Jose A. Bernas, a stockholder and the Corporate Secretary nominated Mr. Jaime Y. Ladao as independent director during the Meeting of the Board held on 23 March 2010. Mr. Jaime Y. Ladao replaced Mr. Val Antonio B. Suarez who resigned as director on 15 January 2010 in order to accept an executive position at the Philippine Stock Exchange.

Tan Sri Ibrahim Saad becomes the third independent director of the Corporation, having been elected during a Meeting of the Board held on 1 August 2012. Tan Sri Ibrahim Saad replaced Mr. Jimmy S. Soo who resigned due to other work commitments that will not allow him to attend to Berjaya Philippines Inc. matters.

Procedures of the SRC Rule 38 was followed in the qualification and nomination of the independent directors.

Item 10. Executive Compensation

The members of the Board of Directors of the Corporation are entitled to reasonable per diem for actual attendance of any regular or special meeting of the Board of Directors. The directors as a group, were paid Four Million Three Hundred Fifty Thousand Pesos (₱,4,350,000.00) in financial year ended 30 April 2018. No salary, bonuses or other compensation has been stipulated or paid to Executive officers for acting as such.

There is no need to disclose a summary compensation table because the Issuer does not have employees and does not pay out salaries, except for its Chairman who receives ten thousand Malaysian Ringgit (RM10,000.00) or its equivalent in Philippine Pesos a month. There are no standard agreements for the compensation of directors and the top executive officers as there are no salaries paid. The officers are either directors who receive only their reasonable per diems issued to all directors or are engaged by the corporation on a professional basis like the law firm of the corporate secretary and assistant corporate secretary who are not employees of the Corporation.

There are no warrants or options re-pricing or employment contracts entered into by the Corporation, nor any termination of employment and change in the control arrangement between the Corporation and the executive officers.

Item 11. Security Ownership of Certain Beneficial Owners

According to the records of the corporation's stock and transfer agent, the following are the owners of more than five (5%) of the Corporation's securities as of 30 April 2018:

Name and Address of Record Owner	**Name of Beneficial Owner / Relationship with Record Owner**	**Citizenship**	**Number of Shares Held**	**Percentage Held**
Berjaya Lottery Management (H.K.) Ltd. Level 54, Hopewell Centre, 183 Queen's Road East, HongKong	Berjaya Lottery Management (H.K.) Ltd. (same as record owner) persons entitled to vote is Messrs.SeowSwee Pin or Tan EngHwa, in the said order of preference	Chinese	644,247,656 (common shares)	67.53%
Berjaya Sports Toto (Cayman) Limited 190 Elgin Avenue, George Town, Grand Cayman KYI-9005 Cayman Islands	Berjaya Sports Toto (Cayman) Limited (same as record owner) person entitled to vote is SeowSwee Pin	Malaysian	122,041,030 (common shares)	12.79%
Berjaya Philippines Inc. 9th Floor RufinoPacific Tower 6784 Ayala corner V.A. Rufino (Herrera) St. Makati City, M.M.	Berjaya Philippines Inc. (same as record owner) person entitled to vote is the Acting President of the Corporation, Tan Sri Ibrahim Saad	Filipino	85,728,277	8.98%

Berjaya Lottery Management (HK) Limited was incorporated on 16 July 1992. Berjaya Sports Toto (Cayman) Limited owns 387,500,000 shares equivalent to 100% of Berjaya Lottery Management (HK) Limited shares. It's issued and paid-up capital is HK$387,500,000.

The Directors of Berjaya Lottery Management (HK) Limited are as follows:

(i) Seow Swee Pin
(ii) Freddie Pang Hock Cheng (resigned w.e.f 26 January 2015)
(iii) Vivienne Cheng Chi Fan
(iv) Tan Thiam Chai

The representative of Berjaya Lottery Management (HK) Limited who will vote or is authorized to dispose of the shares held by it when needed are Messrs. SeowSwee Pin or Tan EngHwa, in the said order of preference.

Berjaya Sports Toto (Cayman) Limited was incorporated on 22 April 1993 in Cayman Islands. It has an authorized capital of USD 20,000,000.00. Magna Mahsuri Sdn Bhd owns 19,500,000 shares equivalent to 100% of Berjaya Sports Toto (Cayman) Limited shares. Its issued and paid up share capital is USD19,500,000.00 with a nominal (par) value of USD1.00 per share.

The Directors of Berjaya Sports Toto (Cayman) Limited are as follows:

(i) Tan ThiamChai
(ii) Vivienne Cheng Chi Fan
(iii) Yeo Cheng Hee
(iv) Loh Paik Yoong

The representative of Berjaya Sports Toto (Cayman) Limited who will vote or is authorized to dispose of the shares held by it when needed is Mr. SeowSwee Pin.

Security Ownership of Management

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership*	Citizenship	Number of Shares Held	Percentage Held
Common	Tan Sri Dr Saad	₱27.00	Malaysian	5	0.00%
Common	Seow Swee Pin	₱ 432.00	Malaysian	80	0.00%
Common	George T. Yang	₱ 432.00	Filipino	80	0.00%
Common	Jaime Y. Ladao	₱ 432.00	Filipino	80	0.00%
Common	Jimmy S. Soo	₱ 405.00	Filipino	75	0.00%
Common	Tan Eng Hwa	₱ 432.00	Malaysian	80	0.00%
Common	Wong EeColn	₱ 5.40	Malaysian	1	0.00%
Common	Jose A. Bernas	₱ 432.00	Filipino	80	0.00%
Common	Marie Lourdes Bernas	₱2,700.00	Filipino	500	0.00%

** These figures are as of 30 April 2018.*

There are no voting trust holders of five percent (5%) or more of the Corporation's securities.

There are no arrangements which may result in a change in control of the Corporation.

Directors and Executive Officers as a Group

Title of Class	Name of Record / Beneficial Owner	Amount and Nature of Record / Beneficial Ownership	Percentage Held
Common shares	Directors and Executive Officers As a Group	549	0.001%
		549	0.001%

Item 12. Certain Relationships and Related Transactions

The related party transactions of the Group are described in the notes to the consolidated financial statements as filed with this report. There has been no material transactions during the past two years, nor is any material transaction presently proposed, to which any director, executive officer of the Corporation or security holder of more than five percent (5%) of the Corporation's voting securities, any relative or spouse of any director or executive officer or owner of more than five percent (5%) of the Corporation's voting securities had or is to have direct or indirect material interest.

Sixty Seven point fifty three percent (67.53%) of the equity of the Corporation is owned by Berjaya Lottery Management (H.K.) Limited. Berjaya Lottery Management (H.K.) Limited is one hundred percent (100%) owned by Berjaya Sports Toto (Cayman) Ltd. Who is in turn one hundred percent (100%) owned by Magna MahsuriSdn Bhd.

No voting trusts or change in control arrangements are recorded in the books of the Corporation.

Discussion on Compliance with leading practice on Corporate Governance

The Corporation's evaluation system is headed by its Chief Financial Officer Mr. Tan EngHwa assisted by the Assistant Corporate Secretary Ms. Marie Lourdes Sia-Bernas in determining the level of compliance of the Board of Directors with its Manual of Corporate Governance.

There is no deviation from the corporation's Manual of Corporate Governance.

PART IV – EXHIBITS AND SCHEDULES

Item 13. Exhibits and Reports on SEC Form 17-A

(a) Exhibits

(1) List of Top One Hundred (100) Stockholders as of 30 April 2018, referred to in Item 5 (2) as Annex "A"
(2) Balance Sheet as of 30 April 2018, referred to in Item 7 as Annex "B"
(3) Supplementary Schedules as of 30 April 2087, referred to in Item 7 as Annex "C"

(b) Reports on SEC Forms 17-C

Reports on SEC Forms 17-C which were filed during the last ten-month period covered by this report are as follows:

Date of Report	Date Filed	Particulars
29 Jun 2017	30 June 2017	the acquisition of a total of three million nine hundred thousand (3,900,000) ordinary shares of 7-Eleven Malaysia Holdings Berhad (“SEM”), a company domiciled in Malaysia and listed on Bursa Malaysia Securities Berhad for a total cash consideration of Malaysian Ringgit five million three hundred sixty four thousand four hundred fifty one (RM5,364,451.00). Following the acquisition, the Issuer now holds a total of five million nine hundred thousand (5,900,000) ordinary shares representing 0.53% equity interest in SEM. The SEM shares were acquired free from all encumbrances and the acquisition was funded from the Issuer’s internal funds.
18 July 2017	19 July 2017	The acquisition of a total of five million four hundred thousand (5,400,000) ordinary shares of 7-Eleven Malaysia Holdings Berhad (“SEM”), a company domiciled in Malaysia and listed on Bursa Malaysia Securities Berhad for a total cash consideration of Malaysian Ringgit seven million three hundred eighty thousand four hundred eighty seven (RM7,380,487.00). Following the acquisition, the Issuer now holds a total of eleven million three hundred thousand (11,300,000) ordinary shares representing 1.02% equity interest in SEM. The SEM shares were acquired free from all encumbrances and the acquisition was funded from the Issuer’s internal funds.
14 Aug 2017	14 Aug 2017	The Regional Trial Court of Makati issued on 10 August 2017, a Writ of Preliminary Injunction against the Philippine Charity Sweepstakes Office (PCSO), the lessee of the Issuer's subsidiary, Philippine Gaming Management Corporation (PGMC). The Writ restrains the PCSO from “conducting or continuing with the public bidding process and from performing any act that will violate petitioner’s right as exclusive supplier / lessor of lottery equipment to PCSO insofar as the Luzon territory is concerned.

Date of Report	Date Filed	Particulars
4 October 2018	4 October 2018	The election of directors during the annual stockholders' meeting, the appointment of members of the Audit Committee and the Nomination Committee, and the re-appointment of external auditors. The officers elected during the ensuing Organizational Meeting of the Board.
23 February 2018	23 February 2018	The Issuer purchased a total of one million five hundred thousand (1,500,000) BFood ordinary shares during the period from 14 June 2017 to 22 February 2018 for a total cash consideration of Malaysian Ringgit two million three hundred seventy four thousand two hundred thirty nine (RM2,374,239.00) or converted to Philippine Pesos thirty one million five hundred twenty nine thousand eight hundred ninety four (Php 31,529,894.00) or at Philippine Pesos twenty one (Php 21.00) per BFood share. Following the acquisition, the Issuer now holds a total of one million five hundred thousand (1,500,000) ordinary shares representing 0.40% equity interest in BFood. *The assumed exchange rate: RM1 = Php 13.28*
1 March 2018	1 March 2018	On 23 February 2018, PGMC received a copy of the Final Award issued by the Arbitral Tribunal in ICC Case No. 20105/CYK entitled Philippine Gaming Management Corporation v. Philippine Charity Sweepstakes Office. The Arbitral Tribunal ruled that PGMC "does not have an exclusive contractual right to supply an online lottery system for Luzon" because the 1995 Equipment Lease Agreement and the 2004 Amendments to the Equipment Lease Agreement "do not grant such exclusivity in their terms". The Arbitral Tribunal also ordered PGMC to pay all of PCSO's reasonable costs and expenses in the arbitration, which amount to Php53,592,202.09, and to reimburse PCSO the amount of US$200,000.00, which PCSO paid as advance on costs. PGMC will appeal all aspects of the Award and argue that more than 10 years of exclusivity as acknowledged by PCSO should prevail in determining the existence of an exclusive relationship and the award, and that the compensation structure which accords PGMC with a share of all lottery revenue from Luzon does not permit any third party supplier of lottery equipment to reduce or share in the revenue arising from Luzon that is contractually provided for PGMC. PGMC is confident that it will prevail on appeal.

SIGNATURES

Pursuant to the requirements of Section 17 of the Securities Regulation Code and Section 141 of the Corporation Code, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Makati on 15 August 2018.

BERJAYA PHILIPPINES INC.
Issuer

Attest:

WONG EE COLN
Director / President

DATO SERI IBRAHIM BIN SAAD
Director / Chairman

SEOW SWEE PIN
Director

JAIME Y. LADAO
Director

GEORGE T. YANG
Director

JIMMY S. SOO
Director

TAN ENG HWA
Director

JOSE A. BERNAS
Corporate Secretary

MARIE LOURDES T. SIA-BERNAS
Assistant Corporate Secretary

* The Corporation does not have a Principal Operating Officer. As the Corporation is a holding corporation, it is not confronted with day to day operational demands. Neither does the Corporation have a Comptroller.

SUBSCRIBED AND SWORN TO before me in Makati City this 15th day of August 2018, by the following affiants who acknowledged to me that they are the same persons who affixed their signatures on the document, with their following identification cards, as follows:

Name	Particulars of Identification Card
Tan Sri Ibrahim Bin Saad	Passport # 00040366 issued on 15 June 2010 in Malaysia
Wong Ee Coln	Passport # A28420018 issued on 6 Feb 2013 in Malaysia
SeowSwee Pin	Passport # 31192911issued on 16 October 2013 in Malaysia
George T. Yang	Passport # EC0174203 issued on 30 January2014 in Manila
Tan EngHwa	Passport # A-29132209 issued on 03 May 2013 in Malaysia
Jaime Y. Ladao	SSS Identification Card Number 03-0559994-4
Jose A. Bernas	IBP Lifetime Membership No. 01738 25 January 2000 Roll of Attorneys No. 36090
Marie Lourdes Sia-Bernas	IBP Lifetime Membership No. 02165 30 January 2001 Roll of Attorneys No. 37914
Jimmy S. Soo	Passport # EB8667237 issued on 15 July 2013 in Manila

Doc. No. 311
Page No. 63
Book No. LVII
Series of 2018.

Marbaladura
SOLFIA S. ARBOLADURA
Notary Public for Makati City until 12.31.2019
Roll No. 39714/ Appointment No. M-154
IBP Lifetime No. 04982/ 05.15.03/ Mla. II
PTR No. 6991128/ Manila/ 01.03.2018
2nd/ F Raha Sulayman Bldg. 108 Benavidez St.,
Legaspi Village, Makati city
MCLE Compliance No. V-0022554/ 06.28.2016

SH #	SH NAME	NATIONALITY	TOTAL NO. OF SHARES	PERCENTAGE
0000080922	ABRAHAM, ROSARIO G.	FILIPINO	7,200.00	0.000163
0000080923	ALVAREZ, SIMONA L.	FILIPINO	9,360.00	0.000211
0000080924	ARCINAS, BENEDICTO G.	FILIPINO	18,320.00	0.000414
0000080925	ARNAIZ, MA. TERESA C. DE	FILIPINO	24,400.00	0.000551
0000080926	ATILANO, VICENTE C.	FILIPINO	80.00	0.000002
0000080927	AVERY, MA. PAZ B.	FILIPINO	41,360.00	0.000934
0000080930	BELITA, RAUL A.	FILIPINO	800.00	0.000018
0000080931	BELTRAN JR.,RAFAEL	FILIPINO	41,280.00	0.000932
0000080932	BERNAS, JOSE A.	FILIPINO	80.00	0.000002
0000080933	CARBO, ANTONIO	SPANISH	18,800.00	0.000425
0000080934	CHUA, ANDREW YU	CHINESE	103,440.00	0.002337
0000080935	CACHO, JOSE MA. E.	FILIPINO	14,640.00	0.000331
0000080936	CACHO, MARIANO M.	FILIPINO	14,640.00	0.000331
0000080937	CACHO, MA. ROSA E.	FILIPINO	14,640.00	0.000331
0000080938	CORPORACION FRANCISCANA DE LA PROVINCIA DE SAN GREGORIO MAGNO	FILIPINO	293,920.00	0.006639
0000080939	CREDIT MANILA, INC.	FILIPINO	320.00	0.000007
0000080940	ECHEGOYEN, LUIS C.	FILIPINO	147,280.00	0.003327
0000080941	ECHEGOYEN, RAFAEL C.	FILIPINO	67,280.00	0.001520
0000080942	ELIZALDE, FRANCISCO J.	FILIPINO	206,800.00	0.004671
0000080943	ELIZALDE, JOAQUIN M., ESTATE OF C/O	FILIPINO	168,800.00	0.003813
0000080944	ELIZALDE, MARY RUTH	FILIPINO	1,520.00	0.000034
0000080945	E. SANTAMARIA & CO., INC.	FILIPINO	16,160.00	0.000365
0000080946	FAR EAST MOLASSES CORPORATION	FILIPINO	1,554,880.00	0.035123
0000080948	GAMBOA, WILFREDO O.	FILIPINO	80.00	0.000002
0000080949	GARCIA, ARTURO S.	FILIPINO	80.00	0.000002
0000080950	GARCIA, ROBERTO M.	FILIPINO	80.00	0.000002
0000080952	GAY, FEDERICO LORING Y.	AMERICAN	16,480.00	0.000372
0000080953	GO, JOHN	FILIPINO	18,800.00	0.000425
0000080954	GUERRERO, ROBERTO Q.	FILIPINO	18,800.00	0.000425
0000080955	HUANG, GARY C.	FILIPINO	80.00	0.000002
0000080956	ITCHON, DOMINGO Y.	FILIPINO	80.00	0.000002
0000080957	J.J. ORTIGAS & CO., INC.	FILIPINO	125,920.00	0.002844
0000080958	JUNTERAL, MA. CONCEPCION B.	FILIPINO	41,360.00	0.000934
0000080959	LEDESMA, ANA LOCSIN	FILIPINO	14,320.00	0.000323
0000080960	LEDESMA, ANITA L. DE	FILIPINO	136,320.00	0.003079
0000080961	LEDESMA, EDUARDO L.	FILIPINO	60,560.00	0.001368
0000080962	LEDESMA, LUIS L.	FILIPINO	30,800.00	0.000696
0000080963	LEDESMA, MAGDALENA L.	FILIPINO	31,040.00	0.000701
0000080964	LEDESMA, MA. CELINA L.	FILIPINO	32,720.00	0.000739
0000080966	LIM, SOFIA	FILIPINO	31,600.00	0.000714
0000080967	LIMOANCO, DAVID C.	FILIPINO	79,680.00	0.001800
0000080968	MARTIN, ANA MARIA U.	FILIPINO	5,520.00	0.000125

0000080969	MARTIN, MARIA ELENA U.	FILIPINO	5,600.00	0.000126
0000080970	MARTIN, MIREN BEGONIA U.	FILIPINO	5,520.00	0.000125
0000080971	MARTIN, PEDRO PABLO U.	FILIPINO	5,520.00	0.000125
0000080972	MUERZA, JAIME U.	FILIPINO	10,960.00	0.000248
0000080973	MUERZA, MARTA U.	FILIPINO	10,960.00	0.000248
0000080974	MEDINA, ROSARIO	FILIPINO	7,760.00	0.000175
0000080975	MOTA, MARIA	FILIPINO	2,320.00	0.000052
0000080976	MEYER, MARGARET ROSE	OTHER ALIEN	1,520.00	0.000034
0000080977	MEYER, PAUL ANTHONY	FILIPINO	1,520.00	0.000034
0000080978	M. ALCUAZ & CO., INC.	FILIPINO	1,520.00	0.000034
0000080979	MATEMARA, INC.	FILIPINO	14,640.00	0.000331
0000080981	MAIDEN LADIES OF OUR LADY MARY	OTHER ALIEN	5,360.00	0.000121
0000080982	OCAMPO, PACIFICO DE	FILIPINO	800.00	0.000018
0000080983	OLIVER, BEATRIZ O.	BRITISH	100,000.00	0.002259
0000080984	ONG, ALBERTO D.	FILIPINO	28,160.00	0.000636
0000080985	ONG, DELFIN D.	FILIPINO	28,160.00	0.000636
0000080986	ONG, LUISA D.	FILIPINO	37,600.00	0.000849
0000080987	OTEYZA, ANA MA. C. DE	FILIPINO	14,640.00	0.000331
0000080988	PARSONS, PETER	AMERICAN	30,640.00	0.000692
0000080989	PICORNELL, CARMEN E. DE	OTHER ALIEN	3,760.00	0.000085
0000080990	PO, JOSEFA	FILIPINO	28,160.00	0.000636
0000080991	PHIL. REMNANTS CO., INC.	FILIPINO	224,160.00	0.005063
0000080992	REEDYK, ANTHONY	FILIPINO	2,400.00	0.000054
0000080993	REEDYK, HELEN	SWISS	2,400.00	0.000054
0000080994	REYES, FIDEL &/OR ESPIRIDION RE	FILIPINO	80,000.00	0.001807
0000080995	RIVERA, EPIFANIO	FILIPINO	18,800.00	0.000425
0000080996	ROSA, JOSE E. DE LA	FILIPINO	400.00	0.000009
0000080998	SENG, TAN BAN	FILIPINO	9,360.00	0.000211
0000080999	SOLA, PILAR J.	SPANISH	24,000.00	0.000542
0000081000	SPEVAK, ALICE O.	AMERICAN	100,000.00	0.002259
0000081001	STEINER, NORMA O.	FILIPINO	35,840.00	0.000810
0000081002	STEINER, NORMA O.	FILIPINO	100,000.00	0.002259
0000081003	STEINER, NORMA O.	FILIPINO	300,320.00	0.006784
0000081004	SUY, TAN LEE	FILIPINO	22,400.00	0.000506
0000081006	TIOCO, CYNTHIA P. UY	FILIPINO	10,480.00	0.000237
0000081007	TIOCO, JOSEPHINE P. UY	FILIPINO	2,640.00	0.000060
0000081008	TIOCO, PEDRO ANTONIO P. UY	FILIPINO	2,640.00	0.000060
0000081009	TONG, GO TUA	CHINESE	28,160.00	0.000636
0000081011	THE PHIL.-AMERICAN GEN. INSURANCE CO., INC.,	FILIPINO	226,400.00	0.005114
0000081012	TRUSTEES OF EKMAN & CO., INC. EMPLOYEES' PROVIDENT FUND	FILIPINO	320.00	0.000007
0000081013	TRUSTEES OF THE PHIL. MATCH CO LTD. EMPLOYEES' PROVIDENT FUND	FILIPINO	480.00	0.000011
0000081014	URETA, SANTIAGO Z.	FILIPINO	80.00	0.000002
0000081015	UNITED INSURANCE CO., INC.	FILIPINO	9,040.00	0.000204

0000081016	VICENTE GOQUIOLAY & CO., INC.	FILIPINO	1,040.00	0.000023
0000081017	WINTERNITZ, CHARLES I.	OTHER ALIEN	3,760.00	0.000085
0000081018	WORLDWIDE CHURCH OF GOD	FILIPINO	22,560.00	0.000510
0000081019	ZAMACONA, ALIPIO U.	SPANISH	22,080.00	0.000499
0000081020	ZAMACONA, FELISA U.	SPANISH	22,160.00	0.000501
0000081021	ZAMACONA, HIGINIO U.	SPANISH	22,160.00	0.000501
0000081022	ZAMACONA, JUAN U.	FILIPINO	22,160.00	0.000501
0000081023	ZAMACONA, JULIAN U.	SPANISH	22,160.00	0.000501
0000081024	ZAMACONA, MA. BEGONIA U.	SPANISH	22,080.00	0.000499
0000081025	ZAMACONA, MA. PAZ U.	SPANISH	22,160.00	0.000501
0000081026	ZAMACONA, NEREA U.	SPANISH	22,080.00	0.000499
0000081028	BERJAYA LOTTERY MANAGEMENT(H.K.), LTD.	CHINESE	3,221,238,280.00	72.763308
0000081029	JESUS TIMOTEO DE LA SANTISIMA TRINIDAD DE VERA ARQUELLES	SPANISH	26,320.00	0.000595
0000081030	JOSE MA. MODESTO DE LA SANTISIMA TRINIDAD DE VERA ARGUELLES	SPANISH	26,320.00	0.000595
0000081031	MA. DE LOS ANGELES JOSEFA DE VERA ARGUELLES	SPANISH	26,320.00	0.000595
0000081032	MA. DE LA PAZ ALFONSO DE VERA ARGUELLES	SPANISH	26,320.00	0.000595
0000081033	GURREA, LUIS	FILIPINO	22,240.00	0.000502
0000081034	HODSOLL, GWENDOLINE MARION	BRITISH	129,920.00	0.002935
0000081035	MAGOON, JOHN H. JR. (DECEASED, CO-PERSONAL REPRE APOINTED)	AMERICAN	112,400.00	0.002539
0000081036	PALENZUELA, CARLOS G.	FILIPINO	33,360.00	0.000754
0000081037	PALENZUELA, MA. ROBERTA G.	SPANISH	33,360.00	0.000754
0000081039	CONCEPCION TEUS VDA. DE M. VARA DE REY	SPANISH	650,000.00	0.014683
0000081040	DOLORES TEUS DE M. VARA DE REY	SPANISH	552,000.00	0.012469
0000081041	MA. DOLORES VARA DE REY Y TEUS	SPANISH	148,320.00	0.003350
0000081042	MA. TERESA VARA DE REY Y TEUS	SPANISH	148,320.00	0.003350
0000081043	ZERNICHOW, CHRISTIAN D.	OTHER ALIEN	174,160.00	0.003934
0000081284	GAY, MANUEL LORING Y	AMERICAN	16,480.00	0.000372
0000081312	YANG, GEORGE T.	FILIPINO	80.00	0.000002
0000081313	MANGLAPUS, RAUL S.	FILIPINO	80.00	0.000002
0000081463	SOO, PAULINO	OTHER ALIEN	80.00	0.000002
0000081466	SEOW SWEE PIN	MALAYSIAN	80.00	0.000002
0000157315	LAO, RAMON T.	FILIPINO	32,000.00	0.000723
0000158979	ABACUS SECURITIES CORP.	FILIPINO	92,000,000.00	2.078152
0000202454	TAN ENG HWA	MALAYSIAN	80.00	0.000002
0000203047	AU, OWEN NATHANIEL AU ITF: LI MARCUS	FILIPINO	240.00	0.000005
0000203464	BERJAYA SPORTS TOTO (CAYMAN) LIMITED	MALAYSIAN	610,205,150.00	13.783689
0000217259	SOO, JIMMY S.	FILIPINO	75.00	0.000002
0000224225	M.J. SORIANO TRADING, INC.	FILIPINO	4,000.00	0.000090
0000224261	LADAO, JAIME Y.	FILIPINO	80.00	0.000002
0000224297	CHUA, JERRY TEO CHUA OR JEFFREY TEO	FILIPINO	5,000.00	0.000113
0000224395	GILI JR., GUILLERMO F.	FILIPINO	500.00	0.000011
0000226265	CATAPANG, DYAN KRISTI C.	FILIPINO	499.00	0.000011
0000226266	MARASIGAN, NERISSA L.	FILIPINO	500.00	0.000011

0000226267	FRANCISCO, KRISTINE C.	FILIPINO	500.00	0.000011
0000226268	BERNAS, JOSE ANTONIO SEECHUNG	FILIPINO	910.00	0.000021
0000226269	SIA-BERNAS, MARIE LOURDES T.	FILIPINO	500.00	0.000011
0000227753	DATO SERI IBRAHIM BIN SAAD	MALAYSIAN	5.00	0.000000
0000228230	ABACUS SECURITIES CORPORATION	FILIPINO	8,000,000.00	0.180709
0000228269	SANVICTORES, JULIUS VICTOR EMMANUEL D.	FILIPINO	1,000.00	0.000023
0000240763	VILLANUEVA, MYRNA P.	FILIPINO	2,500.00	0.000056
0000240764	VILLANUEVA, MILAGROS P.	FILIPINO	2,500.00	0.000056
0000240765	VILLANUEVA, MYRA P.	FILIPINO	5,000.00	0.000113
0000240799	HERRERA, CHRISTINE F.	FILIPINO	500.00	0.000011
0000247311	WONG EE COLN	MALAYSIAN	1.00	0.000000
0000247409	ABACUS SECURITIES CORPORATION	FILIPINO	20,000,000.00	0.451772
	Totals:		3,958,786,140.00	
	Stockholders Total Outstanding Shares:		3,958,786,140.00	
	PCD NOMINEE CORP	FILIPINO	379,824,100.00	8.579700
	PCD NOMINEE CORP	NON-FILIPINO	2,670,615.00	0.060325
	PCD NOMINEE CORP	TREASURY	0.00	
	Treasury (Certificated)	TREASURY	85,728,277.00	
	Total Issued and Outstanding Shares:		4,427,009,132.00	

OUTSTANDING BALANCES FOR A SPECIFIC COMPANY

Company Code - BCOR00000000
BERJAYA PHILIPPINES INC.

Business Date: April 30, 2018

BPNAME	HOLDINGS
UPCC SECURITIES CORP.	37,100
A & A SECURITIES, INC.	50,000
ABACUS SECURITIES CORPORATION	379,545,051
PHILSTOCKS FINANCIAL INC	53,715
AP SECURITIES INCORPORATED	20,000
ANSALDO, GODINEZ & CO., INC.	6,500
AB CAPITAL SECURITIES, INC.	17,200
ASIASEC EQUITIES, INC.	625,600
BELSON SECURITIES, INC.	2,500
BPI SECURITIES CORPORATION	566,552
BDO NOMURA SECURITIES INC	1,800
IGC SECURITIES INC.	14,000
DAVID GO SECURITIES CORP.	31,100
E. CHUA CHIACO SECURITIES, INC.	7,000
EVERGREEN STOCK BROKERAGE & SEC., INC.	49,000
GLOBALINKS SECURITIES & STOCKS, INC.	50,000
INVESTORS SECURITIES, INC,	36,500
INTRA-INVEST SECURITIES, INC.	2,500
J.M. BARCELON & CO., INC.	7,500
STRATEGIC EQUITIES CORP.	80
LUYS SECURITIES COMPANY, INC.	50,000
COL Financial Group, Inc.	472,968
NEW WORLD SECURITIES CO., INC.	20,700
MAYBANK ATR KIM ENG SECURITIES, INC.	130,000
PNB SECURITIES, INC.	2,500
SALISBURY BKT SECURITIES CORPORATION	1,000
QUALITY INVESTMENTS & SECURITIES CORPORATION	27,000
R. COYIUTO SECURITIES, INC.	172,800
REGINA CAPITAL DEVELOPMENT CORPORATION	101,100
R. S. LIM & CO., INC.	6,200
S.J. ROXAS & CO., INC.	500
STANDARD SECURITIES CORPORATION	53,000
TANSENGCO & CO., INC.	13,000
THE FIRST RESOURCES MANAGEMENT & SECURITIES CORP.	13,000
TOWER SECURITIES, INC.	18,900
UCPB SECURITIES, INC.	31,500
VENTURE SECURITIES, INC.	15,000
FIRST METRO SECURITIES BROKERAGE CORP.	43,040
WEALTH SECURITIES, INC.	2,509
WESTLINK GLOBAL EQUITIES, INC.	20,000
YAO & ZIALCITA, INC.	5,000
YU & COMPANY, INC.	400
PCCI SECURITIES BROKERS CORP.	1,000
EAGLE EQUITIES, INC.	7,600
G.D. TAN & COMPANY, INC.	130,000
UNICAPITAL SECURITIES INC.	32,300

BPNAME	HOLDINGS
TOTAL	**382,494,715**

If no written notice of any error or correction is received by PDTC within five (5) calendar days from receipt hereof, you shall be deemed to have accepted the accuracy and completeness of the details indicated in this report.

108132018002954

SECURITIES AND EXCHANGE COMMISSION

SECBuilding,EDSA,Greenhills,MandaluyongCity,MetroManila,Philippines
Tel:(632) 726-0931 to 39 Fax:(632) 725-5293 Email: mis@sec.gov.ph

Barcode Page

The following document has been received:

Receiving Officer/Encoder : Mark Anthony R. Osena
Receiving Branch : SEC Head Office
Receipt Date and Time : August 13, 2018 02:52:47 PM
Received From : Head Office

Company Representative

Doc Source

Company Information

SEC Registration No.	PW00000476
Company Name	BERJAYA PHILIPPINES INC.
Industry Classification	
Company Type	Stock Corporation

Document Information

Document ID	108132018002954
Document Type	FINANCIAL STATEMENT-ANNUAL
Document Code	FS
Period Covered	April 30, 2018
No. of Days Late	0
Department	CED/CRMD
Remarks	

108132018002955

SECURITIES AND EXCHANGE COMMISSION

SECBuilding,EDSA,Greenhills,MandaluyongCity,MetroManila,Philippines
Tel:(632) 726-0931 to 39 Fax:(632) 725-5293 Email: mis@sec.gov.ph

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Company Information

SEC Registration No.	PW00000476
Company Name	BERJAYA PHILIPPINES INC.
Industry Classification	
Company Type	Stock Corporation

Document Information

Document ID	108132018002955
Document Type	Individual/Parent Company FS - Publicly Held
Document Code	PHFS1
Period Covered	April 30, 2018
No. of Days Late	0
Department	CFD
Remarks	

COVER SHEET

PW00000476

S.E.C. Registration Number

BERJAYA PHILIPPINES INC.

(Company's Full Name)

9F RUFINO PACIFIC TOWER

6784 AYALA AVE. MAKATI CITY

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

Atty. Jose A. Bernas

Contact Person

811-0668

Company Telephone Number

04 30

Month Day

Fiscal Year

PHFS

FORM TYPE

10 04

Month Day

Annual Meeting

Secondary License Type, If Applicable

SEC

Dept. Requiring this Doc.

-

Amended Articles Number/Section

Total Amount of Borrowings (in '000)

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

CERTIFICATION

Securities and Exchange Commission
SEC Building
EDSA, Greenhills
Mandaluyong

Gentlemen:

In compliance with Memorandum Circular No. 02 March 12, 2001, issued by Securities and Exchange Commission (SEC), requiring the submission by registered corporations of SEC reportorial requirements, we submit herewith the Audited Financial Statements (AFS) diskette for **BERJAYA PHILIPPINES, INC.** for the years ended **April 30, 2018 and 2017** consisting of the following:

Table 1.	Balance Sheets
Table 2.	Income Statements / (Profit and Loss Statement) and Retained Earnings Statement
Table 2b.	Statement of Cash Flows

I certify that the AFS diskette of the Company contains the basic and material data in the hard copies of the financial statements of the Company for the years ended **April 30, 2018 and 2017.**

TAN ENG HWA
Treasurer

MAY 30 2018

SUBSCRIBED AND SWORN to before me this ______ day of __________, 2018, at MAKATI CITY, with affiant exhibiting to me his Tax Identification No. 204-172-228

NOTARY PUBLIC

RUBEN T.M. RAMIREZ
NOTARY PUBLIC
UNTIL DEC 31, 2019
IBP NO 017527/11 12-17 CY 2019
ROLL NO 28947/MCLE 4 / 6 19-12
PTR NO. MKT. 6607723/1-3-18 APPT. NO. M-127

Book No. 54 :
Doc. No. 12 :
Page No. 749 :
Series of 2018

Control No.:
Form Type: *PHFS (rev 2006)*

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: BERJAYA PHILIPPINES INC.

CURRENT ADDRESS: 9F RUFINO PACIFIC TOWER, 6784 AYALA AVE., MAKATI CITY

TEL. NO.: 811-0668 FAX NO.: 811-0538

COMPANY TYPE : INVESTMENT COMPANY OPERATION PSIC: 66910

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Balance Sheet

FINANCIAL DATA	2018 (in P'000)	2017 (in P'000)
A. ASSETS (A.1 + A.2 + A.3 + A.4 + A.5 + A.6 + A.7 + A.8 + A.9 + A.10)	8,194,541	7,852,974
A.1 Current Assets (A.1.1 + A.1.2 + A.1.3 + A.1.4 + A.1.5)	2,822,644	2,941,598
A.1.1 Cash and cash equivalents (A.1.1.1 + A.1.1.2 + A.1.1.3)	69,751	91,929
A.1.1.1 On hand	1	1
A.1.1.2 In domestic banks/entities	69,750	91,928
A.1.1.3 In foreign banks/entities		
A.1.2 Trade and Other Receivables (A.1.2.1 + A.1.2.2)	496,011	1,129,476
A.1.2.1 Due from domestic entities (A.1.2.1.1 + A.1.2.1.2 + A.1.2.1.3 + A.1.2.1.4)	496,011	1,129,476
A.1.2.1.1 Due from customers (trade)		
A.1.2.1.2 Due from related parties	0	0
A.1.2.1.3 Others, specify (A.1.2.1.3.1 + A.1.2.1.3.2)	496,011	1,129,476
A.1.2.1.3.1 Deposits	395,260	971,940
A.1.2.1.3.2 Payments for future acquisition of investments	91,831	12,200
A.1.2.1.3.3 Others	8,919	145,337
A.1.2.1.4 Allowance for doubtful accounts (negative entry)	0	0
A.1.2.2 Due from foreign entities, specify (A.1.2.2.1 + A.1.2.2.2 + A.1.2.2.3 + A.1.2.2.4)		
A.1.2.2.1		
A.1.2.2.2		
A.1.2.2.3		
A.1.2.2.4 Allowance for doubtful accounts (negative entry)		
A.1.3 Inventories (A.1.3.1 + A.1.3.2 + A.1.3.3 + A.1.3.4 + A.1.3.5 + A.1.3.6)		
A.1.3.1 Raw materials and supplies		
A.1.3.2 Goods in process (including unfinished goods, growing crops, unfinished seeds)		
A.1.3.3 Finished goods		
A.1.3.4 Merchandise/Goods in transit		
A.1.3.5 Unbilled Services (in case of service providers)		
A.1.3.6 Others, specify (A.1.3.6.1 + A.1.3.6.2)		
A.1.3.6.1		
A.1.3.6.2		
A.1.4 Financial Assets other than Cash/Receivables/Equity investments (A.1.4.1 + A.1.4.2 + A.1.4.3 + A.1.4.4 + A.1.4.5 + A.1.4.6)		
A.1.4.1 Financial Assets at Fair Value through Profit or Loss - issued by domestic entities: (A.1.4.1.1 + A.1.4.1.2 + A.1.4.1.3 + A.1.4.1.4 + A.1.4.1.5)		
A.1.4.1.1 National Government		
A.1.4.1.2 Public Financial Institutions		
A.1.4.1.3 Public Non-Financial Institutions		
A.1.4.1.4 Private Financial Institutions		
A.1.4.1.5 Private Non-Financial Institutions		
A.1.4.2 Held to Maturity Investments - issued by domestic entities: (A.1.4.2.1 + A.1.4.2.2 + A.1.4.2.3 + A.1.4.2.4 + A.1.4.2.5)		
A.1.4.2.1 National Government		
A.1.4.2.2 Public Financial Institutions		
A.1.4.2.3 Public Non-Financial Institutions		
A.1.4.2.4 Private Financial Institutions		
A.1.4.2.5 Private Non-Financial Institutions		

NOTE:

This special form is applicable to Investment Companies and Publicly-held Companies (enumerated in Section 17.2 of the Securities Regulation Code (SRC), except banks and insurance companies). As a supplemental form to PHFS, it shall be used for reporting Consolidated Financial Statements of Parent corporations and their subsidiaries.

Domestic corporations are those which are incorporated under Philippine laws or branches/subsidiaries of foreign corporations that are licensed to do business in the Philippines where the center of economic interest or activity is within the Philippines. On the other hand, foreign corporations are those that are incorporated abroad, including branches of Philippine corporations operating abroad.

Financial Institutions are corporations principally engaged in financial intermediation, facilitating financial intermediation, or auxiliary financial services. Non-Financial institutions refer to corporations that are primarily engaged in the production of market goods and non-financial services.

Control No.:
Form Type: PHFS (rev 2006)

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: BERJAYA PHILIPPINES INC.
CURRENT ADDRESS: 9F RUFINO PACIFIC TOWER, 6784 AYALA AVE., MAKATI CITY
TEL. NO.: 811-0668 FAX NO.: 811-0538
COMPANY TYPE : INVESTMENT COMPANY OPERATION PSIC: 66910

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Balance Sheet

FINANCIAL DATA	2018 (in P'000)	2017 (in P'000)
A.1.4.3 Loans and Receivables - issued by domestic entities: (A.1.4.3.1 + A.1.4.3.2 + A.1.4.3.3 + A.1.4.3.4 + A.1.4.3.5)		
A.1.4.3.1 National Government		
A.1.4.3.2 Public Financial Institutions		
A.1.4.3.3 Public Non-Financial Institutions		
A.1.4.3.4 Private Financial Institutions		
A.1.4.3.5 Private Non-Financial Institutions		
A.1.4.4 Available-for-sale financial assets - issued by domestic entities: (A.1.4.4.1 + A.1.4.4.2 + A.1.4.4.3 + A.1.4.4.4 + A.1.4.4.5)		
A.1.4.4.1 National Government		
A.1.4.4.2 Public Financial Institutions		
A.1.4.4.3 Public Non-Financial Institutions		
A.1.4.4.4 Private Financial Institutions		
A.1.4.4.5 Private Non-Financial Institutions		
A.1.4.5 Financial Assets issued by foreign entities: (A.1.4.5.1+A.1.4.5.2+A.1.4.5.3+A.1.4.5.4)		
A.1.4.5.1 Financial Assets at fair value through profit or loss		
A.1.4.5.2 Held-to-maturity investments		
A.1.4.5.3 Loans and Receivables		
A.1.4.5.4 Available-for-sale financial assets		
A.1.4.6 Allowance for decline in market value (negative entry)		
A.1.5 Other Current Assets (state separately material items) (A.1.5.1 + A.1.5.2 + A.1.5.3)	2,256,883	1,720,193
A.1.5.1 Advances to subsidiaries and associates	2,192,362	1,659,137
A.1.5.2 Prepaid taxes and input VAT	59,607	59,116
A.1.5.3 Other prepayments - net	4,914	1,941
A.2 Property, plant, and equipment (A.2.1 + A.2.2 + A.2.3 + A.2.4 + A.2.5 + A.2.6 + A.2.7+ A.2.8)	2,502	5,003
A.2.1 Land		
A.2.2 Building and improvements including leasehold improvement		
A.2.3 Machinery and equipment (on hand and in transit)		
A.2.4 Transportation/motor vehicles, automotive equipment, autos and trucks, and delivery equipment	2,502	5,003
A.2.5 Others, specify (A.2.5.1 + A.2.5.2 + A.2.5.3 + A.2.5.4 + A.2.5.5)		
A..2.5.1 Property, or equipment used for education purposes		
A..2.5.2 Construction in progress		
A..2.5.3		
A..2.5.4		
A..2.5.5		
A.2.6 Appraisal increase, specify (A.2.6.1 + A.2.6.2 + A.2.6.3 + A.2.6.4 + A.2.6.5)		
A..2.6.1		
A..2.6.2		
A..2.6.3		
A..2.6.4		
A..2.6.5		
A.2.7 Accumulated Depreciation (negative entry)		
A.2.8 Impairment Loss or Reversal (if loss, negative entry)		
A.3 Investments accounted for using the equity method (A.3.1 + A.3.2 + A.3.3 + A.3.4)		
A.3.1 Equity in domestic subsidiaries/affiliates		
A.3.2 Equity in foreign branches/subsidiaries/affiliates		
A.3.3 Others, specify (A.3.3.1 + A.3.3.2 + A.3.3.3 + A.3.3.4 + A.3.3.5)		
A.3.3.1		
A.3.3.2		
A.3.3.3		
A.3.3.4		
A.3.3.5		
A.4 Investment Property		
A.5 Biological Assets		
A.6 Intangible Assets		
A.6.1 Major item/s, specify (A.6.1.1 + A.6.1.2)		
A.6.1.1		
A.6.1.2		
A.6.2 Others, specify (A.6.2.1 + A.6.2.2)		
A.6.2.1		
A.6.2.2		
A.7 Assets Classified as Held for Sale		
A.8 Assets included in Disposal Groups Classified as Held for Sale		

Control No.:
Form Type: PHFS (rev 2006)

SPECIAL FORM FOR CONSOLIDATED FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: BERJAYA PHILIPPINES INC.
CURRENT ADDRESS: 9F RUFINO PACIFIC TOWER, 6784 AYALA AVE., MAKATI CITY
TEL. NO.: 811-0668 FAX NO.: 811-0538
COMPANY TYPE : INVESTMENT COMPANY OPERATION PSIC: 66910

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Balance Sheet

FINANCIAL DATA	2018 (in P'000)	2017 (in P'000)
A.9 Long-term receivables (net of current portion) (A.9.1 + A.9.2 + A.9.3)		
A.9.1 From domestic entities, specify (A.9.1.1 + A.9.1.2 + A.9.1.3)		
A.9.1.1		
A.9.1.2		
A.9.1.3		
A.9.2 From foreign entities, specify (A.9.2.1 + A.9.2.2 + A.9.2.3)		
A.9.2.1		
A.9.2.2		
A.9.2.3		
A.9.3 Allowance for doubtful accounts, net of current portion (negative entry)		
A.10 Other Assets (A.10.1 + A.10.2 + A.10.3 + A.10.4 + A.10.5)	5,369,394	4,906,372
A.10.1 Deferred charges - net of amortization		
A.10.2 Deferred Income Tax	0	0
A.10.3 Advance/Miscellaneous deposits		
A.10.4 Others, specify (A.10.4.1 + A.10.4.2 + A.10.4.3 + A.10.4.4+A.10.4.5)	5,369,394	4,906,372
A.10.4.1 Investment in subsidiaries and associates	4,068,291	3,951,537
A.10.4.2 Available-for-sale financial assets	1,199,369	901,809
A.10.4.3 Advances to an associate	0	0
A.10.4.4 Deferred Tax Assets	101,734	53,026
A.10.4.5		
A.10.5 Allowance for write-down of deferred charges/bad accounts (negative entry)	0	0
B. LIABILITIES (B.1 + B.2 + B.3 + B.4 + B.5)	550,258	859,410
B.1 Current Liabilities (B.1.1 + B.1.2 + B.1.3 + B.1.4 + B.1.5 + B.1.6 + B.1.7)	287,758	626,077
B.1.1 Trade and Other Payables to Domestic Entities (B.1.1.1 + B.1.1.2 + B.1.1.3 + B.1.1.4 + B.1.1.5 + B.1.1.6)	287,758	626,077
B.1.1.1 Loans/Notes Payables	150,000	350,000
B.1.1.2 Trade Payables	24,876	17,729
B.1.1.3 Payables to Related Parties		
B.1.1.4 Advances from Directors, Officers, Employees and Principal Stockholders		
B.1.1.5 Accruals, specify material items (B.1.1.5.1 + B.1.1.5.2 + B.1.1.5.3)		
B.1.1.5.1		
B.1.1.5.2		
B.1.1.5.3		
B.1.1.6 Others, specify (B.1.1.6.1 + B.1.1.6.2 + B.1.1.6.3)		
B.1.1.6.1 Advances from Subsidiary	112,882	258,348
B.1.1.6.2		
B.1.1.6.3		
B.1.2 Trade and Other Payables to Foreign Entities (specify) (B.1.2.1 + B.1.2.2 + B.1.2.3)		
B.1.2.1		
B.1.2.2		
B.1.2.3		
B.1.3 Provisions		
B.1.4 Financial Liabilities (excluding Trade and Other Payables and Provisions) (B.1.4.1 + B.1.4.2 + B.1.4.3 + B.1.4.4 + B.1.4.5)		
B.1.4.1		
B.1.4.2		
B.1.4.3		
B.1.4.4		
B.1.4.5		
B.1.5 Liabilities for Current Tax		
B.1.6 Deferred Tax Liabilities	0	0
B.1.7 Others, specify (If material, state separately; indicate if the item is payable to public/private or financial/non-financial institutions) (B.1.7.1 + B.1.7.2 + B.1.7.3 + B.1.7.4 + B.1.7.5 + B.1.7.6)		
B.1.7.1 Dividends declared and not paid at balance sheet date		
B.1.7.2 Acceptances Payable		
B.1.7.3 Liabilities under Trust Receipts		
B.1.7.4 Portion of Long-term Debt Due within one year		
B.1.7.5 Deferred Income		
B.1.7.6 Any other current liability in excess of 5% of Total Current Liabilities, specify:		
B.1.7.6.1		
B.1.7.6.2		
B.1.7.6.3		

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SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: BERJAYA PHILIPPINES INC.
CURRENT ADDRESS: 9F RUFINO PACIFIC TOWER, 6784 AYALA AVE., MAKATI CITY
TEL. NO.: 811-0668 FAX NO.: 811-0538
COMPANY TYPE : INVESTMENT COMPANY OPERATION PSIC: 66910

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Balance Sheet

FINANCIAL DATA	2018 (in P'000)	2017 (in P'000)
B.2 Long-term Debt - Non-current Interest-bearing Liabilities (B.2.1 + B.2.2 + B.2.3 + B.2.4 + B.2.5)	262,500	233,333
B.2.1 Domestic Public Financial Institutions		
B.2.2 Domestic Public Non-Financial Institutions		
B.2.3 Domestic Private Financial Institutions	262,500	233,333
B.2.4 Domestic Private Non-Financial Institutions		
B.2.5 Foreign Financial Institutions		
B.3 Indebtedness to Affiliates and Related Parties (Non-Current)		
B.4 Liabilities Included in the Disposal Groups Classified as Held for Sale		
B.5 Other Liabilities (B.5.1 + B.5.2)		
B.5.1 Deferred Tax		
B.5.2 Others, specify (B.5.2.1 + B.5.2.2 + B.5.2.3 + B.5.2.4 + B.5.2.5)		
B.5.2.1		
B.5.2.2		
B.5.2.3		
B.5.2.4		
B.5.2.5		
C. EQUITY (C.3 + C.4 + C.5 + C.6 + C.7 + C.8 + C.9+C.10)	7,644,283	6,993,564
C.1 Authorized Capital Stock (no. of shares, par value and total value; show details) (C.1.1+C.1.2+C.1.3)	0	0
C.1.1 Common shares 2,000,000,000 shares, P1 par value	0	0
C.1.2 Preferred Shares		
C.1.3 Others		
C.2 Subscribed Capital Stock (no. of shares, par value and total value) (C.2.1 + C.2.2 + C.2.3)		
C.2.1 Common shares		
C.2.2 Preferred Shares		
C.2.3 Others		
C.3 Paid-up Capital Stock (C.3.1 + C.3.2)	4,427,009	4,427,009
C.3.1 Common shares	4,427,009	4,427,009
C.3.2 Preferred Shares		
C.4 Additional Paid-in Capital / Capital in excess of par value / Paid-in Surplus		
C.5 Minority Interest		
C.6 Others, specify (C.6.1 + C.6.2 + C.6.3)	81,442	(61,532)
C.6.1 Revaluation reserve	81,442	(61,532)
C.6.2		
C.6.3		
C.7 Appraisal Surplus/Revaluation Increment in Property/Revaluation Surplus		
C.8 Retained Earnings (C.8.1 + C.8.2)	4,123,981	3,616,237
C.8.1 Appropriated	2,273,150	2,273,150
C.8.2 Unappropriated	1,850,831	1,343,086
C.9 Head / Home Office Account (for Foreign Branches only)		
C.10 Cost of Stocks Held in Treasury (negative entry)	(988,150)	(988,150)
TOTAL LIABILITIES AND EQUITY (B + C)	8,194,541	7,852,974

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SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

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TEL. NO.: 811-0668 FAX NO.: 811-0538
COMPANY TYPE : INVESTMENT COMPANY OPERATION PSIC: 66910

If these are based on consolidated financial statements, please so indicate in the caption.

Table 2. Income Statement

FINANCIAL DATA	2018 (in P'000)	2017 (in P'000)	
A. REVENUE / INCOME (A.1 + A.2 + A.3)	592,933	212,074	
A.1 Net Sales or Revenue / Receipts from Operations (manufacturing, mining,utilities, trade, services, etc.) (from Primary Activity)	724,297	186,229	
A.2 Share in the Profit or Loss of Associates and Joint Ventures accounted for			
A.3 Other Revenue (A.3.1 + A.3.2 + A.3.3 + A.3.4 + A.3.5)			
A.3.1 Rental Income from Land and Buildings			
A.3.2 Receipts from Sale of Merchandise (trading) (from Secondary Activity)			
A.3.3 Sale of Real Estate or other Property and Equipment			
A.3.4 Royalties, Franchise Fees, Copyrights (books, films, records, etc.)			
A.3.5 Others, specify (A.3.5.1 + A.3.5.2 + A.3.5.3 + A.3.5.4 + A.3.5.5 + A.3.5.6 + A.3.5.7 + A.3.5.8)			
A.3.5.1 Rental Income, Equipment			
A.3.5.2			
A.3.5.3			
A.3.5.4			
A.3.5.5			
A.3.5.6			
A.3.5.7			
A.3.5.8			
A.4 Other Income (non-operating) (A.4.1 + A.4.2 + A.4.3 + A.4.4)	(131,364)	25,845	
A.4.1 Interest Income	85,527	98,334	
A.4.2 Dividend Income			
A.4.3 Gain / (Loss) from selling of Assets, specify (A.4.3.1 + A.4.3.2 + A.4.3.3 + A.4.3.4)	(54,533)	1,181	
A.4.3.1 Gain (Loss) on sale of available-for-sale financial assets	(54,533)	1,181	
A.4.3.2			
A.4.3.3			
A.4.3.4			
A.4.4 Others, specify (A.4.4.1 + A.4.4.2 + A.4.4.3 + A.4.4.4)	(162,357)	(73,669)	
A.4.4.1 Gain / (Loss) on Foreign Exchange	47,881	(72,320)	
A.4.4.2 Remeasurement of gain on reclassification of AFS	0	0	
A.4.4.3 Impairment loss on financial assets	(210,238)	(2,878)	
A.4.4.4 Other Income	0	1,529	
B. COST OF GOODS SOLD (B.1 + B.2 + B.3)			
B.1 Cost of Goods Manufactured (B.1.1 + B.1.2 + B.1.3 + B.1.4 + B.1.5)			
B.1.1 Direct Material Used			
B.1.2 Direct Labor			
B.1.3 Other Manufacturing Cost / Overhead			
B.1.4 Goods in Process, Beginning			
B.1.5 Goods in Process, End (negative entry)			
B.2 Finished Goods, Beginning			
B.3 Finished Goods, End (negative entry)			
C. COST OF SALES (C.1 + C.2 + C.3)			
C.1 Purchases			
C.2 Merchandise Inventory, Beginning			
C.3 Merchandise Inventory, End (negative entry)			
D. GROSS PROFIT (A - B - C)	592,933	212,074	

NOTE: Pursuant to SRC Rule 68.1 (as amended in Nov. 2005), for fiscal years ending December 31, 2005 up to November 30, 2006, a comparative format of only two (2) years may be filed to give temporary relief for covered companies as the more complex PFRSs will be applied for the first time in these year end periods. After these first time applications, the requirement of three (3) year comparatives shall resume for year end reports beginning December 31, 2006 and onwards.

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SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: BERJAYA PHILIPPINES INC.

CURRENT ADDRESS: 9F RUFINO PACIFIC TOWER, 6784 AYALA AVE., MAKATI CITY

TEL. NO.: 811-0668 FAX NO.: 811-0538

COMPANY TYPE : INVESTMENT COMPANY OPERATION PSIC: 66910

If these are based on consolidated financial statements, please so indicate in the caption.

Table 2. Income Statement

FINANCIAL DATA	2018 (in P'000)	2017 (in P'000)	
E. OPERATING EXPENSES (E.1 + E.2 + E.3 + E.4)	111,989	53,237	
E.1 Selling or Marketing Expenses			
E.2 Administrative Expenses			
E.3 General Expenses			
E.4 Other Expenses, specify (E.4.1 + E.4.2 + E.4.3 + E.4.4 + E.4.5 + E.4.6 + E.4.7 + E.4.8 + E.4.9 + E.4.10)	111,989	53,237	
E.4.1 Education-related expenditures	0	0	
E.4.2 Professional fees	43,425	7,983	
E.4.3 Taxes and licenses	11,458	35,742	
E.4.4 Depreciation	2,501	2,501	
E.4.5 Transportation and travel	2,246	3,228	
E.4.6 Sponsorships	220	50	
E.4.7 Others	52,139	3,733	
E.4.8			
E.4.9			
E.4.10			
F. FINANCE COSTS (F.1 + F.2 + F.3 + F.4 + F.5)	19,702	11,767	
F.1 Interest on Short-Term Promissory Notes			
F.2 Interest on Long-Term Promissory Notes			
F.3 Interest on bonds, mortgages and other long-term loans			
F.4 Amortization			
F.5 Other interests, specify (F.5.1 + F.5.2 + F.5.3 + F.5.4 + F.5.5)	19,702	11,767	
F.5.1 Interest expense	19,702	11,767	
F.5.2			
F.5.3			
F.5.4			
F.5.5			
G. NET INCOME (LOSS) BEFORE TAX (D - E - F)	461,242	147,070	
H. INCOME TAX EXPENSE (negative entry)	46,503	20,618	
I. INCOME(LOSS) AFTER TAX	507,745	167,689	
J. Amount of (i) Post-Tax Profit or Loss of Discontinued Operations; and (ii) Post-Tax Gain or Loss Recognized on theMeasurement of Fair Value less Cost to Sell or on the Disposal of the Assets or Disposal Group(s) constituting the Discontinued Operation (if any)			
J.1			
J.2			
K. PROFIT OR LOSS ATTRIBUTABLE TO MINORITY INTEREST			
L PROFIT OR LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT			
M. EARNINGS (LOSS) PER SHARE			
M.1 Basic	0.117	0.039	
M.2 Diluted			

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: BERJAYA PHILIPPINES INC.
CURRENT ADDRESS: 9F RUFINO PACIFIC TOWER, 6784 AYALA AVE., MAKATI CITY
TEL. NO.: 811-0668 FAX NO.: 811-0538
COMPANY TYPE INVESTMENT COMPANY OPERATION PSIC: 66910

If these are based on consolidated financial statements, please so indicate in the caption.

Table 3. Cash Flow Statements

FINANCIAL DATA	2018 (in P'000)	2017 (in P'000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (Loss) Before Tax and Extraordinary Items	461,242	147,070
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
Depreciation	2,501	2,501
Amortization, specify		
Others, specify: Dividend income	(724,297)	(186,229)
Impairment loss on financial assets	210,238	2,878
Remeasurement gain of available-for-sale financial assets	0	0
Net gain (loss) on sale of available-for-sale financial assets	54,533	(1,181)
Interest expense	19,702	11,767
Interest income	(85,527)	(98,334)
Unrealized foreign currency loss (gain)	(47,881)	72,320
Write-down of Property, Plant, and Equipment		
Changes in Assets and Liabilities:		
Decrease (Increase) in:		
Dividend and other receivables	680,256	(84,542)
Inventories		
Prepayments and other current assets	(3,464)	6,965
Others, specify:		
Increase (Decrease) in:		
Trade and Other Payables	4,975	2,275
Income and Other Taxes Payable		
Others, specify: Cash paid for income taxes	(32)	(51)
A. Net Cash Provided by (Used in) Operating Activities (sum of above rows)	572,247	(124,560)
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) Decrease in Long-Term Receivables		
(Increase) Decrease in Investment		
Reductions/(Additions) to Property, Plant, and Equipment		
Others, specify Acquisition of available-for-sale financial assets	(578,017)	(184,728)
Cash dividends received	514,297	341,829
Proceeds from sale of available-for-sale financial assets	158,659	115,820
Increase in advances to subsidiaries and associates	(498,887)	(23,200)
Additional investment in a subsidiary and associates	(116,754)	(1,020,555)
Interest received	25,842	55,382
Collections of advances to subsidiaries and associates	25,346	74,350
B. Net Cash Provided by (Used in) Investing Activities (sum of above rows)	(469,514)	(641,102)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from:		
Loans	450,000	700,000
Long-term Debt		
Issuance of Securities		
Others, specify: Advances received from subsidiary	334,319	258,348
Payments of:		
(Loans)	(620,833)	(216,667)
(Long-term Debt)		
(Stock Subscriptions)		
Others, specify (negative entry):		
Interest paid	(19,702)	(10,688)
Advances paid to a subsidiary	(269,786)	0
C. Net Cash Provided by (Used in) Financing Activities (sum of above rows)	(126,002)	730,994
D. Effect of Exchange Rate Changes to Cash and Cash Equivalents	1,091	(12,003)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C)	(22,178)	(46,671)
Cash and Cash Equivalents		
Beginning of year	91,929	138,600
End of year	69,751	91,929

NOTE: Pursuant to SRC Rule 68.1 (as amended in Nov. 2005), for fiscal years ending December 31, 2005 up to November 30, 2006, a comparative format of only two (2) years may be filed to give temporary relief for covered companies as the more complex PFRSs will be applied for the first time in these year end periods. After these first time applications, the requirement of three (3) year comparatives shall resume for year end reports beginning December 31, 2006 and onwards.

Control No.:
Form Type: PHFS (rev 2006)

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: BERJAYA PHILIPPINES INC.
CURRENT ADDRESS: 9F RUFINO PACIFIC TOWER, 6784 AYALA AVE., MAKATI CITY
TEL. NO.: 811-0668 FAX NO.: 811-0538
COMPANY TYPE : INVESTMENT COMPANY OPERATION PSIC: 66910

If these are based on consolidated financial statements, please so indicate in the caption.

Table 4. Statement of Changes in Equity

FINANCIAL DATA	(Amount in P'000)					
	Capital Stock	Treasury Shares	Revaluation Reserve	Retained Earnings		TOTAL
				Appropriated	Unappropriated	
A. Balance, 2016	953,984	(988,150)	(26,720)	5,746,175	1,175,398	6,860,687
A.1 Correction of Error(s)						
A.2 Changes in Accounting Policy						
B. Restated Balance						
C. Surplus						
C.1 Surplus (Deficit) on Revaluation of Properties						
C.2 Surplus (Deficit) on Revaluation of Investments						
C.3 Currency Translation Differences						
C.4 Other Surplus (specify)						
C.4.1						
C.4.2						
C.4.3						
C.4.4						
C.4.5						
D. Net Income (Loss) for the Period			(34,811)		167,689	132,877
E. Dividends (negative entry)						
F. Appropriation for (specify)						
F.1 Reversal of Appropriation during the year				(3,473,025)	3,473,025	0
F.2 Appropriated for stock dividends distributable						0
F.3						
F.4						
F.5						
G. Issuance of Capital Stock						
G.1 Common Stock						
G.2 Preferred Stock						
G.3 Others	3,473,025				(3,473,025)	0
H. Balance, 2017	4,427,009	(988,150)	(61,532)	2,273,150	1,343,086	6,993,564
H.1 Correction of Error (s)						
H.2 Changes in Accounting Policy						
I. Restated Balance						
J. Surplus						
J.1 Surplus (Deficit) on Revaluation of Properties						
J.2 Surplus (Deficit) on Revaluation of Investments						
J.3 Currency Translation Differences						
J.4 Other Surplus (specify)						
J.4.1						
J.4.2						
J.4.3						
J.4.4						
J.4.5						
K. Net Income (Loss) for the Period			142,974		507,745	650,719
L. Dividends (negative entry)						
M. Appropriation for (specify)						
M.1 Reversal of appropriation during the year				0	0	0
M.2						
M.3						
M.4						
M.5						
N. Issuance of Capital Stock						
N.1 Common Stock						
N.2 Preferred Stock						
N.3 Others	0				0	0
O. Balance, 2018	4,427,009	(988,150)	81,442	2,273,150	1,850,831	7,644,283

Control No.:
Form Type: PHFS (rev 2006)

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: BERJAYA PHILIPPINES INC.
CURRENT ADDRESS: 9F RUFINO PACIFIC TOWER, 6784 AYALA AVE., MAKATI CITY
TEL. NO.: 811-0668 FAX NO.: 811-0538
COMPANY TYPE : INVESTMENT COMPANY OPERATION PSIC: 66910

If these are based on consolidated financial statements, please so indicate in the caption.

Table 5. Details of Income and Expenses, by source

(applicable to corporations transacting with foreign corporations/entities)

FINANCIAL DATA	2018 (in P'000)	2017 (in P'000)	
A. REVENUE / INCOME (A.1 + A.2)	803,171	213,423	
A.1 Net Sales or Revenue / Receipts from Operations (manufacturing, mining,utilities, trade, services, etc.) (from Primary Activity) (A.1.1 +A.1.2)	724,297	186,229	
A.1.1 Foreign	700,904	170,000	
A.1.2 Domestic	23,393	16,229	
A.2 Other Revenue (A.2.1 +A.2.2)	78,875	27,194	
A.2.1 Domestic	133,408	26,013	
A.2.2 Foreign, specify (A.2.2.1+A.2.2.2+ A.2.2.3+ A.2.2.4+ A.2.2.5+ A.2.2.6+ A.2.2.7+ A.2.2.8+A.2.2.9+A.2.2.10)	(54,533)	1,181	
A.2.2.1 Gain on sale of available-for-sale financial assets	(54,533)	1,181	
A.2.2.2 Remeasurement of gain on reclassification of AFS	-	0	
A.2.2.3			
A.2.2.4			
A.2.2.5			
A.2.2.6			
A.2.2.7			
A.2.2.8			
A.2.2.9			
A.2.2.10			
B. EXPENSES (B.1 + B.2)	131,691	65,004	
B.1 Domestic	131,691	65,004	
B.2 Foreign, specify (B.2.1+B.2.2+B.2.3+B.2.4+B.2.5+B.2.6+B.2.7+B.2.8+B.2.9+B.2.10)	0	0	
B.2.1 Expenses incurred in relation to HRO offer	0	0	
B.2.2			
B.2.3			
B.2.4			
B.2.5			
B.2.6			
B.2.7			
B.2.8			
B.2.9			
B.2.10.			

BERJAYA

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Berjaya Philippines, Inc.** is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended April 30, 2018 and 2017, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the **Berjaya Philippines, Inc.** ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the **Berjaya Philippines, Inc.** or to cease operations, or has no realistic alternative to do so.

The Board of Directors is responsible for overseeing the **Berjaya Philippines, Inc.** financial reporting process.

The Board of Directors reviews and approves the financial statements, including the schedules attached therein, and submits the same to the stockholders.

Punongbayan & Araullo, the independent auditors appointed by the stockholders, has audited the financial statements of the **Berjaya Philippines, Inc.** in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

Tan Sri Dr. Ibrahim Bin Saad
Chairman

Wong Ee Coln
President

Tan Eng Hwa
Treasurer

BERJAYA PHILIPPINES INC.
9/F Rufino Pacific Tower 6784 Ayala Ave., Cor. V.A. Rufino St., Makati City
Tel. No.: (632) 811-0668 * Fax No.: (632) 811-0538

MAY 30 2018

SUBSCRIBED AND SWORN TO BEFORE ME this _____ day of __________ 2018, by the following who exhibited to me their government issued identification cards during business hours.

Name	Tax Identification No.
Tan Sri Dr Ibrahim Bin Saad	313-386-574
Wong Ee Coln	486-058-206
Tan Eng Hwa	204-172-228

Doc No. 59
Page No. 13
Book No. 747
Series of 2018

RUBEN T.M. RAMIREZ
NOTARY PUBLIC
UNTIL DEC 31, 2019
IBP NO 017527/11.12.17 CY 2019
ROLL NO 28947/MCLE V / 6.19.12
PTR NO. MKT 6607723/1-3-18 APPT NO. M-127

P&A Grant Thornton

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FOR SEC FILING

Financial Statements and Independent Auditors' Report

Berjaya Philippines Inc.

April 30, 2018 and 2017

P&A
Grant Thornton

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Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 988 2288

Report of Independent Auditors

Date AUG 09 2018

The Board of Directors and Stockholders
Berjaya Philippines Inc.
[A Subsidiary of Berjaya Lottery Management (HK) Limited]
9th Floor, Rufino Pacific Tower
6784 Ayala Avenue, Makati City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Berjaya Philippines Inc. (the Company), which comprise the statements of financial position as at April 30, 2018 and 2017, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended April 30, 2018, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2018 and 2017, and its financial performance and its cash flows for each of the three years in the period ended April 30, 2018 in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audits of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Company's Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended April 30, 2018, but does not include the financial statements and our auditors' report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report for the year ended April 30, 2018 are expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Financial ***Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended April 30, 2018 required by the Bureau of Internal Revenue as disclosed in Note 22 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with PFRS. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditors' report is Romualdo V. Murcia III.

PUNONGBAYAN & ARAULLO

By: **Romualdo V. Murcia III**
Partner

CPA Reg. No. 0095626
TIN 906-174-059
PTR No. 6616014, January 3, 2018, Makati City
SEC Group A Accreditation
Partner - No. 0628-AR-3 (until Nov. 29, 2019)
Firm - No. 0002-FR-5 (until Mar. 26, 2021)
BIR AN 08-002511-22-2016 (until Oct. 3, 2019)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2018)

June 18, 2018

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Punongbayan & Araullo
20th Floor, Tower 1
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6766 Ayala Avenue
1200 Makati City
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Supplemental Statement of Independent Auditors

AUG 09 2018

The Board of Directors and Stockholders
Berjaya Philippines Inc.
[A Subsidiary of Berjaya Lottery Management (HK) Limited]
9th Floor, Rufino Pacific Tower
6784 Ayala Avenue, Makati City

We have audited the financial statements of Berjaya Philippines Inc. (the Company) for the year ended April 30, 2018, on which we have rendered the attached report dated June 18, 2018.

In compliance with the Securities Regulation Code Rule 68, as amended, we are stating that the Company has 126 stockholders owning 100 or more shares each of the Company's capital stock as at April 30, 2018, as disclosed in Note 12 to the financial statements.

PUNONGBAYAN & ARAULLO

By: **Romualdo V. Murcia III**
Partner

CPA Reg. No. 0095626
TIN 906-174-059
PTR No. 6616014, January 3, 2018, Makati City
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Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2018)

June 18, 2018

AUG 09 2018

BERJAYA PHILIPPINES INC.
[A Subsidiary of Berjaya Lottery Management (HK) Limited]
STATEMENTS OF FINANCIAL POSITION
APRIL 30, 2018 AND 2017
(Amounts in Philippine Pesos)

	Notes	2018	2017 (As Restated – see Note 2)
ASSETS			
CURRENT ASSETS			
Cash	5	P 69,751,045	P 91,928,910
Receivables	6	496,010,507	1,129,476,062
Advances to subsidiaries and associates	15	2,192,361,752	1,659,136,577
Prepayments and other current assets	7	64,520,935	61,056,636
Total Current Assets		2,822,644,239	2,941,598,185
NON-CURRENT ASSETS			
Available-for-sale financial assets - net	8	1,199,369,442	901,808,762
Investments in subsidiaries and associates	9	4,068,291,293	3,951,537,206
Transportation equipment - net	10	2,502,202	5,003,406
Deferred tax assets - net	16	101,733,665	53,026,456
Total Non-current Assets		5,371,896,602	4,911,375,830
TOTAL ASSETS		P 8,194,540,841	P 7,852,974,015
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Loans payable	11	P 150,000,000	P 350,000,000
Trade and other payables		24,876,287	17,728,523
Advances from a subsidiary	15	112,881,839	258,348,250
Total Current Liabilities		287,758,126	626,076,773
NON-CURRENT LIABILITY			
Loans payable	11	262,500,000	233,333,333
Total Liabilities		550,258,126	859,410,106
EQUITY	12		
Capital stock		4,427,009,132	4,427,009,132
Treasury shares		(988,150,025)	(988,150,025)
Revaluation reserve		81,442,363	(61,531,716)
Retained earnings		4,123,981,245	3,616,236,518
Total Equity		7,644,282,715	6,993,563,909
TOTAL LIABILITIES AND EQUITY		P 8,194,540,841	P 7,852,974,015

See Notes to Financial Statements.

BERJAYA PHILIPPINES INC.
[A Subsidiary of Berjaya Lottery Management (HK) Limited]
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED APRIL 30, 2018, 2017 AND 2016
(Amounts in Philippine Pesos)

	Notes	2018	2017	2016
DIVIDEND INCOME	8, 15	P 724,296,745	P 186,228,724	P 693,473,677
EXPENSES				
Professional fees		43,425,073	7,983,455	29,819,045
Taxes and licenses	22	11,457,813	35,741,619	10,698,742
Depreciation	10	2,501,204	2,501,204	2,501,204
Transportation and travel		2,246,163	3,227,679	5,307,150
Sponsorships		219,855	50,000	1,249,968
Others	13	52,138,919	3,733,171	9,317,807
		111,989,027	53,237,128	58,893,916
OPERATING INCOME		612,307,718	132,991,596	634,579,761
OTHER INCOME (EXPENSES)				
Impairment loss on financial assets	6, 8	(210,238,322)	(2,877,999)	(104,827,207)
Interest income	14	85,526,722	98,333,508	93,320,803
Net gain (loss) on sale of available-for-sale (AFS) financial assets	8	(54,533,062)	1,181,117	(19,523,036)
Foreign currency exchange gain (loss) - net		47,880,959	(72,320,168)	(19,260,766)
Interest expense	11	(19,701,884)	(11,766,565)	(3,222,222)
Other income		-	1,528,706	-
		(151,065,587)	14,078,599	(53,512,428)
PROFIT BEFORE TAX		461,242,131	147,070,195	581,067,333
TAX INCOME	16	46,502,596	20,618,429	32,761,244
NET PROFIT		507,744,727	167,688,624	613,828,577
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will be reclassified subsequently to profit or loss				
Net unrealized fair value gains (losses) on AFS financial assets	8, 12, 20	73,700,839	(44,375,819)	(163,685,750)
Reclassification adjustments to profit or loss:				
Due to impairment of AFS financial assets	8, 12	69,273,240	-	5,294,045
Due to disposal of AFS financial assets	8, 12	-	9,564,509	9,212,952
		142,974,079	(34,811,310)	(149,178,753)
TOTAL COMPREHENSIVE INCOME		P 650,718,806	P 132,877,314	P 464,649,824
Earnings Per Share	17	P 0.12	P 0.04	P 0.14

See Notes to Financial Statements.

BERJAYA PHILIPPINES INC.
[A Subsidiary of Berjaya Lottery Management (HK) Limited]
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED APRIL 30, 2018, 2017 AND 2016
(Amounts in Philippine Pesos)

	Note	Capital Stock	Treasury Shares	Revaluation Reserve	Retained Earnings Appropriated	Retained Earnings Unappropriated	Retained Earnings Total	Total Equity
Balance at May 1, 2017		P 4,427,009,132	(P 988,150,025)	(P 61,531,716)	P 2,273,150,025	P 1,343,086,493	P 3,616,236,518	P 6,993,563,909
Total comprehensive income for the year		-	-	142,974,079	-	507,744,727	507,744,727	650,718,806
Balance at April 30, 2018	12	**P 4,427,009,132**	**(P 988,150,025)**	**P 81,442,363**	**P 2,273,150,025**	**P 1,850,831,220**	**P 4,123,981,245**	**P 7,644,282,715**
Balance at May 1, 2016		P 953,984,448	(P 988,150,025)	(P 26,720,406)	P 5,746,174,709	P 1,175,397,869	P 6,921,572,578	P 6,860,686,595
Reversal of appropriation during the year		-	-	-	(3,473,024,684)	3,473,024,684	-	-
Declaration of stock dividends and issuance of shares		3,473,024,684	-	-	-	(3,473,024,684)	(3,473,024,684)	-
Total comprehensive income for the year		-	-	(34,811,310)	-	167,688,624	167,688,624	132,877,314
Balance at April 30, 2017	12	P 4,427,009,132	(P 988,150,025)	(P 61,531,716)	P 2,273,150,025	P 1,343,086,493	P 3,616,236,518	P 6,993,563,909
Balance at May 1, 2015		P 953,984,448	(P 988,150,025)	P 122,458,347	P 6,273,150,025	P 34,593,976	P 6,307,744,001	P 6,396,036,771
Reversal of appropriation during the year		-	-	-	(4,000,000,000)	4,000,000,000	-	-
Appropriated for stock dividends distributable		-	-	-	3,473,024,684	(3,473,024,684)	-	-
Total comprehensive income for the year		-	-	(149,178,753)	-	613,828,577	613,828,577	464,649,824
Balance at April 30, 2016	12	P 953,984,448	(P 988,150,025)	(P 26,720,406)	P 5,746,174,709	P 1,175,397,869	P 6,921,572,578	P 6,860,686,595

See Notes to Financial Statements.

AUG 09 2018

BERJAYA PHILIPPINES INC.
[A Subsidiary of Berjaya Lottery Management (HK) Limited]
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED ARPIL 30, 2018, 2017 AND 2016
(Amounts in Philippine Pesos)

	Notes	2018	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		P 461,242,131	P 147,070,195	P 581,067,333
Adjustments for:				
Dividend income	8, 15	(724,296,745)	(186,228,724)	(693,473,677)
Impairment loss on financial assets	6, 8	210,238,322	2,877,999	104,827,207
Interest income	14	(85,526,722)	(98,333,508)	(93,320,803)
Net loss (gain) on sale of available-for-sale (AFS) financial assets	8	54,533,062	(1,181,117)	19,523,036
Foreign currency exchange loss (gain) - net		(47,880,959)	72,320,168	19,260,766
Interest expense	11	19,701,884	11,766,565	3,222,222
Depreciation	10	2,501,204	2,501,204	2,501,204
Operating loss before working capital changes		(109,487,823)	(49,207,218)	(56,392,712)
Decrease (increase) in receivables		680,256,008	(84,541,560)	(478,816,225)
Decrease (increase) in prepayments and other current assets		(3,464,299)	6,964,826	(10,702,142)
Increase in trade and other payables		4,975,342	2,275,139	4,196,827
Cash generated from (used in) operations		572,279,228	(124,508,813)	(541,714,252)
Cash paid for final taxes	16	(32,191)	(50,981)	(37,863)
Net Cash From (Used in) Operating Activities		572,247,037	(124,559,794)	(541,752,115)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of AFS financial assets	8	(578,017,157)	(184,727,645)	(18,940,755)
Cash dividends received	8, 15	514,296,745	341,828,724	537,873,677
Advances granted to subsidiaries and associates	15	(498,887,000)	(23,200,000)	(26,700,000)
Proceeds from sale of AFS financial assets	8	158,659,172	115,820,084	20,435,557
Additional investment in subsidiaries and associates	9	(116,754,087)	(1,020,554,622)	(138,180,000)
Interest received	14	25,842,135	55,381,850	33,788,355
Collections of advances to subsidiaries and associates	15	25,346,412	74,349,587	30,000,000
Net Cash From (Used In) Investing Activities		(469,513,780)	(641,102,022)	438,276,834
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of loans	11, 21	(620,833,333)	(216,666,667)	(100,000,000)
Proceeds from loans	11, 21	450,000,000	700,000,000	200,000,000
Advances received from a subsidiary	15, 21	334,319,271	258,348,250	-
Advances paid to a subsidiary	15, 21	(269,785,682)	-	-
Interest paid	11	(19,701,884)	(10,687,798)	(3,222,222)
Net Cash From (Used In) Financing Activities		(126,001,628)	730,993,785	96,777,778
EFFECT OF EXCHANGE RATE CHANGES TO CASH		1,090,506	(12,003,242)	4,730,318
NET DECREASE IN CASH		(22,177,865)	(46,671,273)	(1,967,185)
CASH AT BEGINNING OF YEAR		91,928,910	138,600,183	140,567,368
CASH AT END OF YEAR		P 69,751,045	P 91,928,910	P 138,600,183

Supplemental Information on Non-cash Investing and Financing Activities:

(1) In 2017, the Company reclassified advances for stock subscription to an investment in an associate amounting to P82,283,456 (see Note 9). In 2016, the the Company reclassified P56,000,000 advances into an investment in an associate.

(2) In 2016, the Company recognized dividend income amounting to P693,473,677, of which P155,600,000 remained uncollected as of April 30, 2016. The outstanding dividend receivable was fully collected in 2017. There were no uncollected dividends as at April 30, 2018 and 2017.

(3) On June 6, 2016, the Company's declaration of stock dividends at a rate of 4 common shares for every common share held was approved by the Securities and Exchange Commission and Board of Directors. On July 20, 2016, the Company issued stock dividends of P3,473,024,684 shares at par (see Note 12).

See Notes to Financial Statements.

BERJAYA PHILIPPINES INC.
[A Subsidiary of Berjaya Lottery Management (HK) Limited]
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2018, 2017 AND 2016
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

Berjaya Philippines Inc. (BPI or the Company) was incorporated in the Philippines on October 31, 1924. The Company is organized as a holding company. The Company's shares of stock were listed in the Philippine Stock Exchange on November 29, 1948.

The Company is 74.20% owned as at April 30, 2018 and 2017, by Berjaya Lottery Management (HK) Limited (the Parent Company). The Company's Ultimate Parent Company is Berjaya Corporation Berhad of Malaysia, a publicly listed company in the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at 9th Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City. The Parent Company's registered address is at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong and the Ultimate Parent Company's registered office is at Lot 13-01A, Level 13 (East Wing), Berjaya Times Square, No. 1, Jalan Imbi 55100 Kuala Lumpur, Malaysia.

The financial statements of the Company as at and for the year ended April 30, 2018 (including the comparative financial statements as at and for the years ended April 30, 2017 and 2016) were authorized for issue by the Board of Directors (BOD) on June 18, 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these financial statements are summarized below and in the succeeding pages. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS are adopted by the Financial Reporting Standards Council (FRSC) from the pronouncements issued by the International Accounting Standards Board, and approved by the Philippine Board of Accountancy.

The financial statements have been prepared using the measurement bases specified by PFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

(b) *Presentation of Financial Statements*

The financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements.* The Company presents all items of income, expense and other comprehensive income or loss in a single statement of comprehensive income.

The Company presents a third statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the statement of financial position at the beginning of the preceding period. The related notes to the third statement of financial position are not required to be disclosed.

In 2018, the Company reclassified its loan receivable from Neptune Properties, Inc. (NPI), an associate beginning in 2017, from Receivables account to Advances to Subsidiaries and Associates account in the statements of financial position. The Company restated its prior period financial statements to conform with the current year presentation. The reclassification has no significant impact on the Company's statements of comprehensive income, statements of changes in equity and statements of cash flows.

The Company did not present a third statement of financial position as of May 1, 2016 since NPI was not yet an associate as of such period. Accordingly, loan receivable from NPI was properly classified under Receivables account.

The effects of reclassification in the statement of financial position as of April 30, 2017 are summarized as follows:

	As Previously Reported	Reclassification	As Restated
Changes in assets:			
Receivables	P 1,920,153,756	(P 790,677,694)	P 1,129,476,062
Advances to subsidiaries and associates	868,458,883	790,677,694	1,659,136,577

(c) *Functional and Presentation Currency*

These financial statements are presented in Philippine pesos, the Company's functional and presentation currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the financial statements of the Company are measured using its functional currency, the currency of the primary economic environment in which the Company operates.

2.2 Separate Financial Statements and Investments in Subsidiaries and Associates

These financial statements are prepared as the Company's separate financial statements. The Company also publishes consolidated financial statements which comprise the financial statements of the Company and its subsidiaries.

Subsidiaries are entities over which the Company has control. The Company controls an entity when (i) it has power over the entity, (ii) it is exposed, or has rights to, variable returns from its involvement with the entity, and, (iii) it has the ability to affect those returns through its power over the entity.

The Company reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of controls indicated above.

Associates are those entities over which the Company is able to exert significant influence but which are neither subsidiaries nor interests in a joint venture.

The Company's investments in subsidiaries and associates are accounted for in these separate financial statements at cost, less any impairment loss. If there is objective evidence that the investments in subsidiaries and associates will not be recovered, an impairment loss is provided (see Note 2.12). Impairment loss is measured as the difference between the carrying amount of the investment and the present value of the estimated cash flows discounted at the current market rate of return for similar financial asset. The amount of the impairment loss is recognized in profit or loss.

2.3 Adoption of New and Amended PFRS

(a) Effective in Fiscal Year 2018 that are Relevant to the Company

The Company adopted for the first time the following amendments and annual improvements to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2017, for its annual reporting period beginning May 1, 2017:

PAS 7 (Amendments)	:	Statement of Cash Flows – Disclosure Initiative
PAS 12 (Amendments)	:	Income Taxes – Recognition of Deferred Tax Assets for Unrealized Losses
Annual Improvements to PFRS (2014-2016 Cycle)		
PFRS 12	:	Disclosure of Interests in Other Entities – Scope Clarification on Disclosure of Summarized Financial Information for Interests Classified as Held for Sale

Discussed in the succeeding page are the relevant information about these amendments and improvements.

(i) PAS 7 (Amendments), *Statement of Cash Flows – Disclosure Initiative*. The amendments are designed to improve the quality of information provided to users of financial statements about changes in an entity's debt and related cash flows (and non-cash changes). The amendments require an entity to provide disclosures that enable users to evaluate changes in liabilities arising from financing activities. An entity applies its judgment when determining the exact form and content of the disclosures needed to satisfy this requirement. Moreover, the amendments suggest a number of specific disclosures that may be necessary in order to satisfy the above requirement, including: (a) changes in liabilities arising from financing activities caused by changes in financing cash flows, foreign exchange rates or fair values, or obtaining or losing control of subsidiaries or other businesses; and, (b) a reconciliation of the opening and closing balances of liabilities arising from financing activities in the statement of financial position including those changes identified immediately above.

Management has applied these amendments in the current year and has not disclosed comparative figures as allowed by the transitional provisions. A reconciliation between the opening and closing balances of liabilities arising from financing activities is presented in Note 21.

(ii) PAS 12 (Amendments), *Income Taxes – Recognition of Deferred Tax Assets for Unrealized Losses*. The focus of the amendments is to clarify how to account for deferred tax assets related to debt instruments measured at fair value, particularly where changes in the market interest rate decrease the fair value of a debt instrument below cost. The amendments provide guidance in the following areas where diversity in practice previously existed: (a) existence of a deductible temporary difference; (b) recovering an asset for more than its carrying amount; (c) probable future taxable profit against which deductible temporary differences are assessed for utilization; and, (d) combined versus separate assessment of deferred tax asset recognition for each deductible temporary difference. The application of these amendments did not have an impact on the Company's financial statements.

(iii) Annual Improvements to PFRS 2014-2016 Cycle. Among the improvements, PFRS 12, *Disclosure of Interest in Other Entities*, is relevant to the Company. The amendment clarifies that the disclosure requirements of PFRS 12 applies to interest in other entities classified as held for sale with practical concession in the presentation of summarized financial information. The amendment states that an entity need not present summarized financial information for interests in subsidiaries, associates, or joint ventures that are classified as held for sale. The application of these amendments did not have an impact on the Company's financial statements.

(b) *Effective Subsequent to Fiscal Year 2018 but not Adopted Early*

There are new PFRS, interpretations, amendments, and annual improvements to existing standards effective for annual periods subsequent to fiscal year 2018, which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have an impact on the Company's financial statements:

(i) PFRS 9 (2014), *Financial Instruments* (effective from January 1, 2018). This new standard on financial instruments will replace PAS 39, *Financial Instruments: Classification and Measurement*, and PFRS 9 (2009, 2010 and 2013 versions). This standard contains, among others, the following:

- three principal classification categories for financial assets based on the business model on how an entity is managing its financial instruments;
- an expected credit loss (ECL) model in determining impairment of all financial assets that are not measured at fair value through profit or loss (FVTPL), which generally depends on whether there has been a significant increase in credit risk since initial recognition of a financial asset; and,
- a new model on hedge accounting that provides significant improvements principally by aligning hedge accounting more closely with the risk management activities undertaken by entities when hedging their financial and non-financial risk exposures.

In accordance with the financial asset classification principle of PFRS 9 (2014), a financial asset is classified and measured at amortized cost if the asset is held within a business model whose objective is to hold financial assets in order to collect the contractual cash flows that represent solely payments of principal and interest (SPPI) on the principal outstanding. Moreover, a financial asset is classified and subsequently measured at fair value through other comprehensive income (FVTOCI) if it meets the SPPI criterion and is held in a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets. All other financial assets are measured at FVTPL.

In addition, PFRS 9 (2014) allows entities to make an irrevocable election to present subsequent changes in the fair value of an equity instrument that is not held for trading in other comprehensive income.

The accounting for embedded derivatives in host contracts that are financial assets is simplified by removing the requirement to consider whether or not they are closely related, and, in most arrangements, does not require separation from the host contract.

For liabilities, the standard retains most of the PAS 39 requirements which include amortized cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The standard also requires changes in the fair value of an entity's own debt instruments caused by changes in its own credit quality to be recognized in other comprehensive income rather than in profit or loss.

Based on an assessment of the Company's financial assets and liabilities as at April 30, 2018, which has been limited to the facts and circumstances existing at that date, management has identified the following areas that are expected to be most impacted by the application of PFRS 9 (2014):

- On classification and measurement of the Company's financial assets, since the Company holds most financial assets to collect the associated cash flows, management is currently assessing the underlying types of cash flows to classify financial assets correctly. Management expects the majority of receivables to continue to be accounted for at amortized cost. However, a number of available-for-sale (AFS) financial assets are likely to be measured at FVTOCI as the cash flows are SPPI.

- Loan stocks classified as AFS financial assets and other financial assets are likely to be measured at FVTPL as the cash flows are not SPPI.

- The ECL model will apply to the Company's interest-bearing receivables and advances to subsidiaries and associates. For other financial assets, the Company will apply a simplified model of recognizing lifetime ECL as these items do not have a significant financing component.

- The Company's equity securities, regardless of whether quoted or not, will be measured at fair value with changes in fair value presented either in profit or loss or in other comprehensive income. To present changes in other comprehensive income requires making an irrevocable designation on initial recognition or at the date of transition.

- Most of the financial liabilities of the Company are measured at amortized cost. Upon application of PFRS 9 (2014), management has assessed that the amortized cost classification for most of the financial liabilities will be retained.

(ii) PFRS 15, *Revenue from Contracts with Customers* (effective from January 1, 2018). This standard will replace PAS 18, *Revenue*, and PAS 11, *Construction Contracts*, the related Interpretations on revenue recognition: International Financial Reporting Interpretations Committee (IFRIC) 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreement for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers*, and Standing Interpretations Committee 31, *Revenue – Barter Transactions Involving Advertising Services*. This new standard establishes a comprehensive framework for determining when to recognize revenue and how much revenue to recognize. The core principle in the said framework is for an entity to recognize revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Management has initially assessed that this new standard has no impact on the Company's financial statements as the Company's main source of income is from dividends and interest.

(iii) IFRIC 22, *Foreign Currency Transactions and Advance Consideration – Interpretation on Foreign Currency Transactions and Advance Consideration* (effective from January 1, 2018). The interpretation provides more detailed guidance on how to account for transactions that include the receipt or payment of advance consideration in a foreign currency. The interpretation states that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary asset (arising from advance payment) or liability (arising from advance receipt). If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. Management has initially assessed that this interpretation has no impact on the Company's financial statements.

(iv) Annual Improvements to PFRS 2014-2016 Cycle. Among the improvements, PAS 28 (Amendment), *Investment in Associates – Clarification on Fair Value through Profit or Loss Classification* (effective from January 1, 2018) is relevant to the Company. The amendment clarifies that the option for venture capital organization, mutual funds and other similar entities to elect the fair value through profit or loss classification in measuring investments in associates and joint ventures shall be made at initial recognition, separately for each associate or joint venture. Management has initially assessed that this amendment has no impact on the Company's financial statements.

(v) PAS 28 (Amendment), *Investment in Associates – Long-term Interest in Associates and Joint Venture* (effective from January 1, 2019). The amendment clarifies that the scope exclusion in PFRS 9 (2014) applies only to ownership interests accounted for using the equity method. Thus, the amendment further clarifies that long term interests in an associate or joint venture – to which the equity method is not applied – must be accounted for under PFRS 9 (2014), which shall also include long-term interests that, in substance, form part of the entity's net investment in an associate or joint venture. Management is currently assessing the impact of this amendment on the Company's financial statements.

(vi) PFRS 9 (Amendment), *Financial Instruments – Prepayment Features with Negative Compensation* (effective from January 1, 2019). The amendment clarifies that prepayment features with negative compensation attached to financial instruments may still qualify under the SPPI test. As such, the financial assets containing prepayment features with negative compensation may still be classified at amortized cost or at FVTOCI. Management is currently assessing the impact of this amendment on the Company's financial statements.

(vii) PFRS 16, *Leases* (effective from January 1, 2019). The new standard will eventually replace PAS 17, *Leases.*

For lessees, it requires to account for leases "on-balance sheet" by recognizing a "right-of-use" asset and a lease liability. The lease liability is initially measured as the present value of future lease payments. For this purpose, lease payments include fixed, non-cancellable payments for lease elements, amounts due under residual value guarantees, certain types of contingent payments and amounts due during optional periods to the extent that extension is reasonably certain. In subsequent periods, the "right-of-use" asset is accounted for similar to a purchased asset subject to depreciation or amortization. The lease liability is accounted for similar to a financial liability which is amortized using the effective interest method. However, the new standard provides important reliefs or exemptions for short-term leases and leases of low value assets. If these exemptions are used, the accounting is similar to operating lease accounting under PAS 17 where lease payments are recognized as expenses on a straight-line basis over the lease term or another systematic basis (if more representative of the pattern of the lessee's benefit).

For lessors, lease accounting is similar to PAS 17's. In particular, the distinction between finance and operating leases is retained. The definitions of each type of lease, and the supporting indicators of a finance lease, are substantially the same as PAS 17's. The basic accounting mechanics are also similar, but with some different or more explicit guidance in few areas. These include variable payments, sub-leases, lease modifications, the treatment of initial direct costs and lessor disclosures.

Management is currently assessing the impact of this new standard on the Company's financial statements.

(viii) IFRIC 23, *Uncertainty over Income Tax Treatments* (effective from January 1, 2019). The interpretation provides clarification on the determination of taxable profit, tax bases, unused tax losses, unused tax credits, and tax rates when there is uncertainty over income tax treatments. The core principle of the interpretation requires the Company to consider the probability of the tax treatment being accepted by the taxation authority. When it is probable that the tax treatment will be accepted, the determination of the taxable profit, tax bases, unused tax losses, unused tax credits, and tax rates shall be on the basis of the accepted tax treatment. Otherwise, the Company has to use the most likely amount or the expected value, depending on the surrounding circumstances, in determining the tax accounts identified immediately above. Management is currently assessing the impact of this interpretation on the Company's financial statements.

(ix) Annual Improvements to PFRS 2015-2017 Cycle. Among the improvements, the following amendments which are effective from January 1, 2019 are relevant to the Company but have no impact on the Company's financial statements as these amendments merely clarify existing requirements:

- PAS 12 (Amendments), *Income Taxes – Tax Consequences of Dividends*. The amendments clarify that all income tax consequence of dividend payments should be recognized in profit or loss.

- PAS 23 (Amendments), *Borrowing Costs – Eligibility for Capitalization.* The amendments clarify that any specific borrowing which remains outstanding after the related qualifying asset is ready for its intended purpose, such borrowing will then form part of the entity's general borrowings when calculating the capitalization rate for capitalization purposes.

(x) PFRS 10 (Amendments), *Consolidated Financial Statements*, and PAS 28 (Amendments), *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associates or Joint Venture* (effective date deferred indefinitely). The amendments to PFRS 10 require full recognition in the investor's financial statements of gains or losses arising on the sale or contribution of assets that constitute a business as defined in PFRS 3, *Business Combinations*, between an investor and its associate or joint venture. Accordingly, the partial recognition of gains or losses (i.e., to the extent of the unrelated investor's interests in an associate or joint venture) only applies to those sale or contribution of assets that do not constitute a business. Corresponding amendments have been made to PAS 28 to reflect these changes. In addition, PAS 28 has been amended to clarify that when determining whether assets that are sold or contributed constitute a business, an entity shall consider whether the sale or contribution of those assets is part of multiple arrangements that should be accounted for as a single transaction.

2.4 Financial Assets

Financial assets are recognized when the Company becomes a party to the contractual terms of the financial instrument. Financial assets other than those designated and effective as hedging instruments are classified into the following categories: financial assets at FVTPL, loans and receivables, held-to-maturity investments and AFS financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired.

Regular purchases and sales of financial assets are recognized on their trade date. All financial assets that are not classified as at FVTPL are initially recognized at fair value plus any directly attributable transaction costs. Financial assets carried at FVTPL are initially recorded at fair value and transaction costs related to it are recognized in profit or loss.

A more detailed description of categories of financial assets relevant to the Company is as follows:

(a) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period which are classified as non-current assets.

The Company's financial assets categorized as loans and receivables are presented as Cash, Receivables and Advances to Subsidiaries and Associates in the statement of financial position. Cash represents cash on hand and demand deposits maintained in banks that are unrestricted and readily available for use in the operations of the Company. These generally earn interest at rates based on daily bank deposit rates.

Loans and receivables are subsequently measured at amortized cost using the effective interest method, less impairment loss, if any. Impairment loss is provided when there is objective evidence that the Company will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of impairment loss is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows, (excluding future credit losses that have not been incurred), discounted at the financial asset's original effective interest rate or current effective interest rate determined under the contract if the loan has a variable interest rate.

The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognized in profit or loss.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date of the impairment is reversed. The amount of the reversal is recognized in profit or loss.

(b) AFS Financial Assets

This category includes non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. All of the Company's AFS financial assets are equity securities.

All financial assets within this category are subsequently measured at fair value. Gains and losses from changes in fair value are recognized in other comprehensive income and are reported as part of the Revaluation Reserve in equity. When the financial asset is disposed of or is determined to be impaired, the cumulative fair value gains or losses recognized in other comprehensive income is reclassified from equity to profit or loss and is presented as reclassification adjustment within other comprehensive income.

When the financial asset is disposed of or is determined to be impaired, that is, when there is a significant or prolonged decline in the fair value of the security below its cost, the cumulative fair value gains or losses recognized in other comprehensive income is reclassified from equity to profit or loss and is presented as reclassification adjustment within other comprehensive income even though the financial asset has not been derecognized.

Reversal of impairment losses is recognized in other comprehensive income, except for financial assets that are debt securities which are recognized in profit or loss only if the reversal can be objectively related to an event occurring after the impairment loss was recognized.

All income and expenses, including impairment losses, relating to financial assets that are recognized in profit or loss are presented as part of Other Income (Expenses) in the statement of comprehensive income.

For investments that are actively traded in organized financial markets, fair value is determined by reference to stock exchange-quoted market bid prices at the close of business at the end of the reporting period. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows (such as dividend income) of the underlying net asset base of the investment.

Non-compounding interest, dividend income and other cash flows resulting from holding financial assets are recognized in profit or loss when earned, regardless of how the related carrying amount of financial assets is measured.

The financial assets are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

2.5 Prepayments and Other Assets

Prepayments and other current assets pertain to other resources controlled by the Company as a result of past events. They are recognized in the financial statements when it is probable that the future economic benefits will flow to the entity and the asset has a cost or value that can be measured reliably.

Other recognized assets of similar nature, where future economic benefits are expected to flow to the Company beyond one year after the end of the reporting period (or in the normal operating cycle of the business, if longer), are classified as non-current assets.

2.6 Transportation Equipment

Transportation equipment is stated at cost less accumulated depreciation and any impairment in value. The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Depreciation of transportation equipment is computed on the straight-line basis over its estimated useful life of five years.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.12).

The residual values, estimated useful life and method of depreciation of transportation equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

Transportation equipment, including the related accumulated depreciation and impairment losses, if any, is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year the item is derecognized.

2.7 Financial Liabilities

Financial liabilities, which include Loans Payable, Trade and Other Payables [excluding output value-added tax (VAT) and other taxes payable] and Advances from a Subsidiary, are recognized when the Company becomes a party to the contractual terms of the instrument. All interest-related charges incurred on a financial liability are recognized as an expense in profit or loss in the statement of comprehensive income.

Loans payable are raised for support of both short-term and long-term funding needs. Finance charges are charged to profit or loss on an accrual basis using the effective interest method.

Trade and other payables are recognized initially at their fair values and subsequently measured at amortized cost, using effective interest method for maturities beyond one year, less settlement payments.

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the end of the reporting period (or in the normal operating cycle of the business, if longer), or the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Otherwise, these are presented as non-current liabilities.

Financial liabilities are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss.

2.8 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the resulting net amount, considered as a single financial asset or financial liability, is reported in the statement of financial position when the Company currently has legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The right of set-off must be available at the end of the reporting period, that is, it is not contingent on future event. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy; and must be legally enforceable for both entity and all counterparties to the financial instruments.

2.9 Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the financial statements. On the other hand, any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

2.10 Revenue and Expense Recognition

Revenue comprises dividends, interest income and gain on sale of AFS financial assets, is measured by reference to the fair value of consideration received or receivable by the Company for investments sold, excluding VAT, if any.

Revenue is recognized to the extent that the revenue can be reliably measured; it is probable that the economic benefits will flow to the Company; and, the costs incurred or to be incurred can be measured reliably. In addition, the following specific recognition criteria must also be met before revenue is recognized:

(a) *Dividends* – Revenue is recognized when the Company's right to receive payment is established.

(b) *Interest income* – Revenue is recognized as the interest accrues taking into account the effective yield on the asset.

(c) *Gain on sale of AFS financial assets* – Revenue is recognized when the risks and rewards of ownership of the investments have passed to the buyer.

Cost and expenses are recognized in profit or loss upon utilization of goods or services or at the date they are incurred. All finance costs are reported in profit or loss on accrual basis, except capitalized borrowing costs which are included as part of the cost of the related qualifying asset (see Note 2.13).

2.11 Foreign Currency Transactions and Translation

The accounting records of the Company are maintained in Philippine pesos. Foreign currency transactions during the year are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates.

Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income as part of income or loss from operations.

2.12 Impairment of Non-financial Assets

The Company's transportation equipment, investments in subsidiaries and associates and other non-financial assets are subject to impairment testing whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, assets are tested for impairment either individually or at the cash-generating unit level.

Impairment loss is recognized in profit or loss for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount which is the higher of its fair value less costs to sell and its value in use. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors. Impairment loss is charged pro-rata to other assets in the cash-generating unit.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

2.13 Borrowing Costs

Borrowing costs are recognized as expenses in the period in which they are incurred, except to the extent that they are capitalized. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (i.e., an asset that takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of cost of such asset. The capitalization of borrowing costs commences when expenditures for the asset and borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when substantially all such activities are complete.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

2.14 Income Taxes

Tax expense recognized in profit or loss comprises the sum of current tax and deferred tax not recognized in other comprehensive income or directly in equity, if any.

Current tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the end of the reporting period. They are calculated using the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in profit or loss.

Deferred tax is accounted for using the liability method, on temporary differences at the end of the reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carryforward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Unrecognized deferred tax assets, if any, are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow such deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled provided such tax rates have been enacted or substantively enacted at the end of the reporting period.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Deferred tax assets and deferred tax liabilities are offset if the Company has a legally enforceable right to set-off current tax assets against current tax liabilities and the deferred taxes relate to the same taxation authority.

2.15 Related Party Transactions and Relationships

Related party transactions are transfers of resources, services or obligations between the Company and its related parties, regardless whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Company; (b) associates; and, (c) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

2.16 Equity

Capital stock represents the nominal value of shares that have been issued.

Treasury shares are stated at the cost of reacquiring such shares and are deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of.

Revaluation reserve represents unrealized fair value gains or losses on AFS financial assets.

Retained earnings, the appropriated portion of which is not available for dividend declaration, represent all current and prior period results of operations as reported in the profit or loss section of the statement of comprehensive income, reduced by the amounts of dividends declared.

2.17 Earnings Per Share

Basic earnings per share is determined by dividing the net profit by the weighted average number of common shares subscribed and issued during the year after retroactive adjustment for stock dividend, stock split and reverse stock split declared during the year, if any.

Diluted earnings per share is computed by adjusting the weighted average number of ordinary shares outstanding to assume conversion of dilutive potential shares. Currently, the Company does not have potential dilutive shares outstanding, hence, the diluted earnings per share is equal to the basic earnings per share.

2.18 Events After the End of the Reporting Period

Any post-year-end event that provides additional information about the Company's financial position at the end of the reporting period (adjusting event) is reflected in the financial statements. Post-year-end events that are not adjusting events, if any, are disclosed when material to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Company's financial statements in accordance with PFRS requires management to make judgments and estimates that affect amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

3.1 Critical Management Judgments in Applying Accounting Policies

In the process of applying the Company's accounting policies, management has made judgments presented below, apart from those involving estimation, which have the most significant effect on the amounts recognized in the financial statements.

(a) *Impairment of AFS Financial Assets*

The determination when an investment is other-than-temporarily impaired requires significant judgment. In making this judgment, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

Based on the recent evaluation of information and circumstances affecting the Company's AFS financial assets, management has recognized impairment losses on certain AFS financial assets in 2018 and 2017 as disclosed in Note 8. Future changes in those information and circumstances might significantly affect the carrying amount of the assets.

(b) *Recognition of Provisions and Contingencies*

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition and disclosure of provision and contingencies are discussed in Note 2.9 and disclosure of commitments and contingencies is presented in Note 18.

(c) *Determination of Control, Joint Control or Significant Influence*

Judgment is exercised in determining whether the Company has control, joint control or significant influence over an entity. In assessing each interest over an entity, the Company considers voting rights, representation on the board of directors or equivalent governing body of the investee, participation in policy-making process and all other facts and circumstances, including terms of any contractual arrangement.

3.2 Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period:

(a) *Impairment of Receivables and Advances to Subsidiaries and Associates*

Adequate amount of allowance for impairment is provided for specific and groups of accounts, where objective evidence of impairment exists. The Company evaluates the amount of allowance for impairment based on available facts and circumstances affecting the collectibility of the accounts.

The carrying value of receivables and advances to subsidiaries and associates are shown in Notes 6 and 15, respectively.

(b) Measurement of AFS Financial Assets

The Company carries certain financial assets at fair value, which requires the extensive use of accounting estimates and judgment. In cases when active market quotes are not available, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net base of the instrument. The amount of changes in fair value would differ if the Company utilized different valuation methods and assumptions. Any change in fair value of these financial assets would affect comprehensive income. For investments where fair value is not reliably determinable either through reference of similar instruments or valuation techniques, these are carried at cost.

The carrying value of the Company's AFS financial assets and the amount of fair value changes therein are disclosed in Note 8.

(c) Estimation of the Useful Life of Transportation Equipment

The Company estimates the useful life of transportation equipment based on the period over which this is expected to be available for use. The estimated useful life of the transportation equipment is reviewed periodically and is updated if expectations differ from previous estimate due to physical wear and tear, commercial obsolescence and legal or other limits on the use of this asset.

The carrying amount of the Company's transportation equipment is analyzed in Note 10. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

(d) Impairment of Non-financial Assets

In assessing impairment, management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate (see Note 2.12). Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in those assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

In 2018 and 2017, management has assessed that no impairment loss is required to be recognized on the Company's non-financial assets.

(e) Determination of Realizable Amount of Deferred Tax Assets

The Company reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. The details of the Company's deferred tax assets are disclosed in Note 16.

4. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's risk management is coordinated with its parent company, in close cooperation with the BOD, and focuses on actively securing the Company's short to medium-term cash flows by minimizing the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

The most significant financial risks to which the Company is exposed to are described below and in the succeeding pages.

4.1 Foreign Currency Risk

Most of the Company's transactions are carried out in Philippine pesos, its functional currency. Exposure to currency exchange rates arises from the Company's cash and receivables denominated in United States Dollar (USD), Malaysian Ringgit (MYR), British Pound (GBP) and European Union Euro (EUR).

To mitigate the Company's exposure to foreign currency risk, non-Philippine peso cash flows are monitored.

Foreign currency-denominated financial assets translated into Philippine pesos at the closing rate follow:

	2018			
	USD	**MYR**	**GBP**	**EUR**
Cash	**P 2,992,638**	**P -**	**P 27,514,613**	**P 326,220**
Receivables - net	**-**	**6,148,929**	**479,823,100**	**945,250**
	P 2,992,638	**P 6,148,929**	**P 507,337,713**	**P 1,271,470**

	2017			
	USD	MYR	GBP	EUR
Cash	P 3,931,781	P -	P 5,934,222	P 280,605
Receivables - net	-	11,310,121	1,100,505,935	-
	P 3,931,781	P 11,310,121	P 1,106,440,157	P 280,605

The table presented in the succeeding page illustrates the sensitivity of the Company's profit before tax with respect to changes in Philippine peso against USD, MYR, GBP and EUR exchange rates. These percentages have been determined based on the average market volatility in exchange rates, using standard deviation, in the previous 12 months, estimated at 95.00% level of confidence.

The sensitivity analysis is based on the Company's foreign currency financial instruments held at the end of each reporting period with effect estimated from the beginning of the year.

	2018		2017	
	Reasonably possible change in rate	**Effect in profit before tax**	Reasonably possible change in rate	Effect in profit before tax
PhP - USD	**7.82%**	**P 234,024**	7.69%	P 302,493
PhP - MYR	**9.80%**	**602,595**	11.95%	1,351,041
PhP - GBP	**18.90%**	**95,886,828**	30.14%	333,508,192
PhP - EUR	**18.09%**	**230,009**	17.04%	47,803
		P 96,953,456		P 335,209,529

Exposures to foreign exchange rates vary during the year depending on the volume of foreign currency transactions. Nonetheless, the analysis above is considered to be representative of the Company's currency risk.

4.2 Credit Risk

Credit risk is the risk that a counterparty may fail to discharge an obligation to the Company. The Company is exposed to this risk for various financial instruments arising from granting advances to related parties; placing deposits with banks; and entitlement of dividends from investments.

The Company continuously monitors defaults of its counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. The Company's policy is to deal only with creditworthy counterparties.

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown in the statements of financial position (or in the detailed analysis provided in the notes to financial statements), as summarized below.

	Notes	2018	2017 (As Restated – see Note 2.1)
Cash	5	**P 69,751,045**	P 91,928,910
Receivables	6	**496,010,507**	1,129,476,062
Advances to subsidiaries and associates	15.1	**2,192,361,752**	1,659,136,577
		P 2,758,123,304	P 2,880,541,549

None of the Company's financial assets are secured by collateral or other credit enhancements.

The credit risk for cash is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. Included in the cash are cash in banks which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P500,000 for every depositor per banking institution.

In respect of receivables and advances to associates, the Company is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Company's receivables are actively monitored to avoid significant concentrations of credit risk.

4.3 *Liquidity Risk*

The ability of the Company to finance increases in assets and meet obligations as they become due is extremely important to the Company's operations. The Company's policy is to maintain liquidity at all times. This policy aims to honor all cash requirements on an ongoing basis to avoid raising funds above market rates or through forced sale of assets.

As at April 30, 2018 and 2017, the Company's financial liabilities pertain to loans payable, trade and other payables, excluding tax-related payables, and advances from a subsidiary. Trade and other payables are considered to be current because these are expected to be settled within 12 months from the end of the reporting period.

The table below summarizes the maturity profile of the Company's financial liabilities as at April 30 reflecting the gross cash flows, which may differ to the carrying values of the liabilities at the end of reporting periods.

		2018		
		Current		Non-current
	Notes	Within 6 Months	6 to 12 Months	1 to 3 Years
Trade and other payables		P -	P 226,759	P -
Loans payable	11	82,645,205	81,112,329	272,153,427
Advances from a subsidiary	15.2	-	112,881,839	-
		P 82,645,205	P 194,220,927	P 272,153,427

		2017		
		Current		Non-current
	Notes	Within 6 Months	6 to 12 Months	1 to 3 Years
Trade and other payables		P -	P 1,355,965	P -
Loans payable	11	186,514,041	182,536,986	237,278,025
Advances from a subsidiary	15.2	-	258,348,250	-
		P 186,514,041	P 442,241,201	P 237,278,025

4.4 *Other Price Risk*

The Company's market price risk arises from its investments carried at fair value (financial assets classified as AFS financial assets). It manages its risk arising from changes in market price by monitoring the changes in the market price of the investments.

The observed volatility rates of the fair values of the Company's AFS financial assets held at fair value and their impact on the Company's other comprehensive income (loss) as at April 30, 2018 and 2017 are summarized below and in the succeeding page.

	Observed Volatility Rates		Impact of Increase on Equity		Impact of Decrease on Equity	
	Increase	Decrease	Before tax	After tax	Before tax	After tax
April 30, 2018						
Equity securities:						
Listed in Malaysia	+9.28%	-9.28%	P 84,358,377	P 59,050,864	(P 84,358,377)	(P 59,050,864)
Listed in England	+63.94%	-63.94%	110,819,608	77,573,726	(110,819,608)	(77,573,726)
			P 195,177,985	P136,624,590	(P 195,177,985)	(P 136,624,590)

	Observed Volatility Rates		Impact of Increase on Equity		Impact of Decrease on Equity	
	Increase	Decrease	Before tax	After tax	Before tax	After tax
April 30, 2017						
Equity securities:						
Listed in Malaysia	+22.40%	-22.40%	P 155,994,287	P109,196,001	(P 155,994,287)	(P 109,196,001)
Listed in England	+58.96%	-58.96%	75,711,549	52,998,084	(75,711,549)	(52,998,084)
			P 231,705,836	P162,194,085	(P 231,705,836)	(P 162,194,085)

These volatility rates have been determined based on the average volatility in quoted market price, using standard deviation, in the previous 12 months, estimated at 95.00% level of confidence.

5. CASH

The breakdown of this account is as follows:

	2018	2017
Cash on hand	**P 1,000**	P 1,000
Cash in banks	**69,750,045**	91,927,910
	P 69,751,045	P 91,928,910

Cash in banks are unrestricted and readily available for use in the operations of the Company and generally earn interest at rates based on daily bank deposit rates. Interest income from cash in banks is presented as part of Interest Income under Other Income (Expense) section in the statements of comprehensive income (see Note 14).

6. RECEIVABLES

This account consists of the following:

	Notes	2018	2017 (As Restated – see Note 2.1)
Deposits		**P 395,260,410**	P 971,939,639
Payments for future acquisition of investments	9.2, 15.3	**91,831,035**	12,199,624
Loans receivable		**-**	127,676,799
Others	9.3	**8,919,062**	17,660,000
		P 496,010,507	P 1,129,476,062

Deposits represent amounts provided to a foreign asset management firm engaged in the business of general trading and financial services.

Payments for future acquisition of investments represent deposits made to foreign parties which may be used to acquire investment securities. These include deposits made to Inter-Pacific Securities Sdn Berhad (IPSSB), a related party under common ownership who acts as stockbroker of the Company (see Note 15.3).

In October 2016, the Company granted a loan to H.R. Owen Plc (H.R. Owen), a subsidiary, amounting to 2,000,000GBP (about P127,676,799) for business expansion. The loan is payable in cash on demand subject to interest based on current bank rate. The outstanding balance of the loan as of April 30, 2017 was presented as Loans receivable under Receivables account in the 2017 statement of financial position. Such loan was fully collected in 2018.

Interest income earned from this loan for 2018, 2017 and 2016 is recorded as part of Interest Income under Other Income (Expenses) section in the statements of comprehensive income (see Note 14).

Other receivables pertain to receivables from TF Ventures, Inc. (TF) arising from payment made by the Company on behalf of TF (see Note 9.3).

All of the Company's receivables have been reviewed for indications of impairment. In 2016, certain receivables were found to be impaired; hence, adequate amount of receivable provided with allowance for impairment has been recognized. In 2017, the receivable for which the allowance for impairment was provided was written-off as the counterparty has been dissolved. There were no similar transactions in 2018; hence, no impairment loss was recognized for that period.

7. PREPAYMENTS AND OTHER CURRENT ASSETS

The breakdown of this account is presented below.

	Note	2018	2017
Input VAT	22.1(b)	**P 33,666,817**	P 31,003,369
Prepaid taxes		**25,939,717**	28,112,139
Other prepayments		**4,914,402**	1,941,128
		P 64,520,936	P 61,056,636

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

This account consists of the following financial assets as at April 30:

	2018	2017
Equity securities		
Quoted	**P1,248,845,520**	P 814,669,332
Unquoted	**116,921,250**	77,033,450
Loan stocks	**120,346,028**	85,321,583
Warrants	**14,206,921**	15,496,352
	1,500,319,719	992,520,717
Allowance for impairment	**(300,950,277)**	(90,711,955)
	P1,199,369,442	P 901,808,762

Quoted equity securities include those listed in Malaysia and in England.

In 2018 and 2017, certain equity securities with carrying amount of P116,921,250 and P77,033,450, respectively, are carried at cost as the fair values of these unquoted equity securities are not reliably determinable. Management believes that the cost approximates the fair value of such securities as at April 30, 2018 and 2017.

In 2018 and 2017, the Company disposed certain AFS financial assets at a selling price of P158,659,172 and P115,820,084, respectively. Accordingly, the cumulative fair value gains recognized in other comprehensive income amounting to P9,564,509 in 2017 (nil in 2018) were reclassified from equity to profit or loss and are presented as Reclassification Adjustments to Profit or Loss in the 2017 statement of comprehensive income (see Note 12.5). Net realized loss arising from sale of AFS financial assets amounted to P54,533,062 and P19,523,036 in 2018 and 2016, respectively, and net realized gain of P1,181,117 in 2017, are presented as Net Gain (Loss) on Sale of Available-for-sale Financial Assets under Other Income (Expenses) in the statements of comprehensive income.

The movements of AFS financial assets are as follows:

	Notes	**2018**	2017
Balance at beginning of year		**P 901,808,762**	P 869,409,393
Additions during the year		**578,017,157**	184,727,645
Fair value gains (losses)	12.5, 20.2	**73,700,839**	(44,375,819)
Disposals during the year		**(213,192,234)**	(105,074,458)
Impairment loss		**(140,965,082)**	(2,877,999)
Balance at end of year		**P1,199,369,442**	P 901,808,762

Dividend income from these shares amounted to P23,393,052, P16,228,724 and P13,473,677 in 2018, 2017 and 2016, respectively, and are presented as part of Dividend Income in the statements of comprehensive income.

In 2018, 2017 and 2016, management determined that certain investments were found to be impaired, that is, there is a significant or prolonged decline in the fair value of the securities below cost. Accordingly, impairment loss amounting to P210,238,322 in 2018, P2,877,999 in 2017 and P91,158,267 in 2016, of which P69,273,240 in 2018 and P5,294,045 in 2016 (nil in 2017) has been previously accumulated in equity, was recognized in profit or loss.

A reconciliation of the allowance for impairment at the beginning and end of the reporting periods is shown below.

	2018	2017
Balance at beginning of year	**P 90,711,955**	P 91,158,267
Impairment losses during the year	**210,238,322**	2,877,999
Write-off of investment	**-**	(3,324,311)
Balance at end of year	**P 300,950,277**	P 90,711,955

The fair values of all of the Company's investments, except for those carried at cost which are categorized under Level 3, are categorized under Level 1 in fair value hierarchy, since these have been determined directly by reference to published prices in active markets while those under Level 3 are retained at cost for having no observable market data (see Note 20.2).

9. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

9.1 Investments in Subsidiaries and Associates

The components and carrying values of investments in subsidiaries and associates are as follows:

	% Interest Held		Cost of Investment	
	2018	2017	**2018**	2017
Subsidiaries:				
H.R. Owen	**99%**	98%	**P 2,987,061,398**	P 2,958,323,764
Philippine Gaming Management Corporation (PGMC)	**100%**	100%	**520,000,000**	520,000,000
Perdana Hotel Philippines Inc. (PHPI)	**100%**	100%	**1,000,000**	1,000,000
Floridablanca Enviro Corporation [FEC, formerly Berjaya Enviro Philippines Inc. (BEPI)]	**100%**	100%	**249,993**	249,993
Associates:				
Bermaz Auto Philippines Inc. (BAPI, formerly Berjaya Auto Philippines, Inc.)	**28%**	25%	**203,896,453**	178,380,000
Berjaya Pizza Philippines Inc. (BPPI)	**48%**	48%	**180,400,000**	180,400,000
NPI	**42%**	42%	**82,283,456**	82,283,456
Chailease Berjaya Finance Corporaton (CBFC)	**25%**	-	**62,500,000**	-
Ssangyong Berjaya Motor Philippines, Inc. (SBMPI)	**20%**	20%	**22,500,000**	22,500,000
Perdana Land Philippines Inc. (PLPI)	**40%**	40%	**7,999,997**	7,999,997
Cosway Philippines, Inc. (CPI)	**40%**	40%	**399,996**	399,996
			P 4,068,291,293	P 3,951,537,206

H.R. Owen operates a number of vehicle franchises in the prestige and specialist car market for both sales and aftersales, predominantly in the London area. On September 29, 2016, January 11, 2017 and February 14, 2018, the Company purchased H.R. Owen shares from certain stockholders which amounted to P1,072,654, P956,231,975 and P28,737,634, respectively. The acquisitions resulted to the increase in ownership interest in H.R. Owen. The registered address of H.R. Owen is Melton Court, Old Brompton Road, London SW7 3TD.

PGMC is involved principally in the business of leasing on-line lottery equipment and providing software support. The subsidiary was organized in April 1993 and started commercial operations in February 1995. The registered office and principal place of business of PGMC is located at 9th Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City.

The Company's organization of PHPI and subscription of 40% equity in PLPI are part of the Company's strategy of operating a hotel located in Makati City (see Note 9.3). PHPI and PLPI were incorporated on December 11, 2009 and started commercial operations on May 1, 2010. PHPI's registered office is located at 9th Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City while its principal place of business is located at 7835 Makati Avenue corner Eduque Street, Makati City.

In 2015, the Company's advances to PLPI amounting to P7,600,000 stock subscription was converted into investment upon approval of the Philippine Securities and Exchange Commission (SEC) of PLPI's application for increase in its authorized capital stock. The Company's ownership interest in PLPI remains at 40%. The registered office of PLPI, which is also its principal place of business, is located at 9th Floor, Rufino Pacific Tower, 6784 Ayala Avenue corner V.A. Rufino Street, Makati City.

In April 2017, the Company made a 100% investment in BEPI amounting to P249,993. BEPI was incorporated on April 7, 2017 and is registered to engage in the business of protecting and cleaning the environment. In 2018, BEPI amended its corporate name to FEC as approved by the SEC. As at April 30, 2018, FEC has not yet started commercial operations.

BAPI was incorporated on August 10, 2012. BAPI is presently engaged in purchasing, acquiring, owning, leasing, selling, transferring, encumbering, and generally dealing in all types of new automobiles, trucks, and other motor vehicles and dealing in all types of supplies used by all types of motor vehicles. In April 2016, the Company purchased 5% holdings from an existing stockholder of BAPI resulting to the Company's increase in ownership over BAPI to 35%. In 2017, the Company's effective ownership interest over BAPI decreased to 25% due to issuance of capital stock of BAPI to other stockholders. In 2018, the Company made additional investment in BAPI amounting to P25,516,453 which resulted to the increase in its effective ownership interest over BAPI to 28%.

BPPI was incorporated on July 12, 2010 and started commercial operations on December 10, 2010. BPPI is presently engaged to manufacture, sell, and distribute food and beverages, and to operate, own, franchise, license or deal in restaurant related business operation. In 2017, the Company made additional investment in BPPI amounting to P63,000,000, which resulted to the increase in its effective ownership interest over BPPI from 41% to 48%. BPPI's registered office, which is also its principal place of business, is located at Unit E2902D PSE Center, Exchange Road, Ortigas Complex, Pasig City.

NPI was incorporated on March 8, 1996 to acquire, hold, manage, and dispose of by purchase or sale, exchange, mortgage, lease or in any other manner, conditionally or absolutely, for investment or otherwise, real estate or any interest therein together with or exclusive of their appurtenances. In 2017, the Company's advances to NPI amounting to P82,283,456 for stock subscription was converted into investment upon approval of the SEC of NPI's application for increase in its authorized capital stock. The Company's ownership interest in NPI is 41.46% as at April 30, 2018 and 2017, and considered as an associate starting 2017.

In April 2018, the Company acquired 25% ownership interest in CBFC amounting to P62,500,000. CBFC was incorporated in September 2017 to engage in offering of leasing, installment, factoring, corporate direct loan and other financing services. CBFC started commercial operations in November 2017. CBFC's registered office and principal place of business is located at 5/F San Miguel Building, San Miguel Avenue, Ortigas Center, Pasig City, Metro Manila.

In January 2016, the Company acquired 20% ownership interest in SBMPI. SBMPI was incorporated on July 3, 2015 and is primarily engaged in the sale and distribution of automobiles in the country. SBMPI's registered office and principal place of business is located at 9th Floor, Rufino Pacific Tower, 6784 Ayala Avenue corner V.A. Rufino Street, Makati City.

In 2013, the Company acquired 40% ownership interest in CPI. CPI was incorporated in September 2012 and was primarily established to engage in, operate, conduct and maintain the business of manufacturing, importing, exporting or buying, selling or otherwise dealing in such goods as cosmetics, perfumery, toilet preparation and requisites, disinfectants, detergents, cleaning agents, merchandise commodities, and other articles of consumption, supplies used or employed in or related to the manufacturing of such finished products. As at April 30, 2018, CPI has not yet started its commercial operations. The registered office and principal place of business of CPI is located at 9th Floor, Rufino Pacific Tower, 6784 Ayala Avenue corner V.A. Rufino Street, Makati City.

The tables below and in the succeeding page present the information on financial position and performance of the Company's subsidiaries and associates as at and for the years ended April 30, 2018 and 2017.

	2018			
	Assets	Liabilities	Equity (Capital Deficiency)	Net Profit (Loss)
Subsidiaries:				
H.R. Owen	P10,338,044,026	P 8,352,803,127	P 1,985,240,899	P 282,057,565
PGMC	692,813,229	183,922,550	508,890,679	552,448,256
PHPI	673,452,313	671,181,805	2,270,508	(3,252,779)
FEC	40,083,497	40,020,000	63,497	(186,503)
Associates:				
BAPI	2,795,488,625	1,175,240,723	1,620,247,902	342,245,961
NPI*	1,148,778,113	928,621,887	220,156,226	(32,663,607)
BPPI	168,067,199	522,406,475	(354,339,276)	(77,924,379)
PLPI	975,960,116	570,109,806	405,850,310	297,949,266
SBMPI	68,131,925	20,085,824	48,046,101	(31,011,754)
CBFC	325,746,160	120,341,421	205,404,739	(44,595,261)
CPI	194,815	2,759,496	(2,564,681)	(62,200)
	P17,226,760,018	P12,587,493,114	P 4,639,266,904	P 1,285,004,565

	2017			
	Assets	Liabilities	Equity (Capital Deficiency)	Net Profit (Loss)
Subsidiaries:				
H.R. Owen	P 8,421,660,487	P 6,970,265,760	P 1,451,394,727	P 128,797,084
PGMC	781,045,030	148,469,001	632,576,029	547,405,677
PHPI	694,397,867	689,812,536	4,585,331	(526,788)
FEC	250,000	-	250,000	-
Associates:				
BAPI	2,454,993,018	998,244,921	1,456,748,097	390,410,931
NPI*	1,051,745,927	798,926,095	252,819,832	212,171,196
BPPI	222,277,257	498,590,229	(276,312,972)	(92,600,138)
PLPI	199,264,734	91,363,690	107,901,044	1,548,221
SBMPI	178,614,073	99,556,218	79,057,855	(28,192,497)
CPI	155,515	2,657,996	(2,502,481)	(255,805)
	P14,004,403,908	P10,297,886,446	P 3,706,517,462	P 1,158,757,881

** Consolidated balances of NPI and Sanpiro Realty and Development Corporation, its subsidiary, as at and for the fiscal years ended April 30, 2018 and 2017.*

9.2 Deposits for Future Stock Subscription

On August 16, 2017, the Company made advance payments to the existing minority stockholders of H.R. Owen representing 1.62% ownership interest. On February 14, 2018, total shares transferred to the Company amounted to P28,737,634 and were reclassified as part of Investments in Subsidiaries and Associates account (see Note 9.1). The remaining balance wherein the transfer was still in process as of April 30, 2018 is presented as Payments for future acquisition of investments under Receivables account in the 2018 statement of financial position (see Note 6).

9.3 Memorandum of Agreement (MOA)

In December 2009, the Company entered into a MOA with the stockholders of TF, whereby the stockholders agreed to sell all their interest in TF and to consent to the sale of TF's assets to PHPI and PLPI for a total consideration of P785,000,000. Previously, both the hotel building and land were attached as a lien to an obligation of TF, which was then under court rehabilitation. Subsequently, the court approved the sale of the hotel to PHPI and the land to PLPI together with the settling of the lien over the hotel building and land (see Note 6). Accordingly, in 2010, the Company advanced funds to PHPI for the acquisition of the hotel building. On the other hand, the land was acquired by PLPI through advances from the Company for the amount of P70,000,000 payable in equal installments over eight years. The outstanding balance arising from these transactions amounting to P8,750,000 and P17,500,000 as at April 30, 2018 and 2017, respectively, is presented as part of Others under Receivables account in the statements of financial position (see Note 6).

10. TRANSPORTATION EQUIPMENT

In April 2014, the Company acquired a transportation equipment with cost amounting to P12,507,018. The net book value of the equipment amounted to P2,502,202 and P5,003,406 as at April 30, 2018 and 2017, respectively. Depreciation expense amounted to P2,501,204 in 2018, 2017 and 2016, and is presented as part of Expenses in the statements of comprehensive income.

11. LOANS PAYABLE

In 2016, the Company obtained a secured loan amounting to P200,000,000 which represents the initial drawdown of a P700,000,000 loan facility from a local bank for its working capital requirements. Such loan bears a fixed annual interest based on prevailing market rate and is secured by surety from PGMC and a real estate mortgage over parcels of land owned by PLPI.

Outstanding balance of such loan amounted to P100,000,000 as at April 30, 2016. In 2017, the Company fully paid such loan. Interest expense on this loan amounted to P892,593 and P3,222,222 in 2017 and 2016, respectively, and is presented as part of Interest Expense under Other Income (Expenses) in the 2017 and 2016 statements of comprehensive income. There was no unpaid interest as at April 30, 2017.

In 2017, the Company obtained a secured loan amounting to P700,000,000 from a local bank for its working capital requirements and other purposes. Such loan bears a fixed annual interest based on prevailing market rate and is secured by a real estate mortgage over parcels of land owned by PLPI and a building owned by PHPI. In 2018, the Company fully paid such loan. Interest expense on this loan amounted to P15,171,062 in 2018 and P10,873,972 in 2017 and is presented as part of Interest Expense under Other Income (Expenses) in the 2018 and 2017 statements of comprehensive income. As at April 30, 2017, unpaid interest amounting to P1,078,767 is presented as part of Trade and Other Payables account in the 2017 statement of financial position. There was no unpaid interest as at April 30, 2018.

In 2018, the Company obtained a secured loan amounting to P450,000,000 from a local bank for the repayment of the loan obtained in 2017. Such loan bears a fixed annual interest based on prevailing market rate and is secured by a real estate mortgage over parcels of land owned by PLPI and a building owned by PHPI. Interest expense on this loan amounted to P4,530,822 in 2018 and is presented as part of Interest Expense under Other Income (Expenses) in the 2018 statement of comprehensive income. There was no unpaid interest as at April 30, 2018. The outstanding balance of loans payable amounted to P412,500,000 as at April 30, 2018.

12. EQUITY

12.1 Capital Management Objectives, Policies and Procedures

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern and to provide an adequate return to shareholders by pricing products and services commensurate with the level of risk.

The Company monitors capital on the basis of the carrying amount of equity as presented in the statements of financial position and also evaluates its equity through debt-to-equity ratio.

The Company sets the amount of capital in proportion to its overall financing structure. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

12.2 Capital Stock

As at April 30, 2018 and 2017, the Company has 6,000,000,000 authorized shares with P1 par value, of which 4,427,009,132 shares are issued and outstanding (see Note 12.4).

The details of the Company's capital stock as of April 30 is shown below.

	Number of Shares		Amount	
	2018	2017	**2018**	2017
Common shares – P1 par value				
Authorized:				
Balance at beginning of year	**6,000,000,000**	2,000,000,000	**P 6,000,000,000**	P 2,000,000,000
Increase in capital stock	**-**	4,000,000,000	**-**	4,000,000,000
Balance at end of year	**6,000,000,000**	6,000,000,000	**P 6,000,000,000**	P 6,000,000,000
Issued and outstanding:				
Balance at beginning of year	**4,427,009,132**	953,984,448	**P 4,427,009,132**	P 953,984,448
Stock dividends	**-**	3,473,024,684	**-**	3,473,024,684
Balance at end of year	**4,427,009,132**	4,427,009,132	**P 4,427,009,132**	P 4,427,009,132

As at April 30, 2018 and 2017, there are 142 holders of the Company's total outstanding shares. In November 1948, the Parent Company listed 953,984,448 shares in the PSE. An additional 3,473,024,684 shares were listed in July 2016. The Company's listed shares have a bid price of P5.01 per share and P5.30 per share as at April 30, 2018 and 2017, respectively.

The Company has 126 stockholders owning 100 or more shares each of the Company's capital stock, as at April 30, 2018 and 2017.

12.3 Treasury Shares

The Company's treasury shares represent the cost of 85,728,277 shares bought back by the Company prior to 2014.

The Company's retained earnings is restricted for dividend declaration to the extent of the cost of treasury shares (see Note 12.4).

12.4 Retained Earnings

In 2015, the BOD approved the appropriation of retained earnings amounting to P1,150,000,000 for future investments, expansion and various expenditures which are expected to be carried out within the next two to five years in line with the Company's growth plans.

On October 5, 2015, the Company's BOD approved the following resolutions:

(i) increase in authorized capital stock from P2,000,000,000 divided into 2,000,000,000 shares to P6,000,000,000 divided into 6,000,000,000 shares;

(ii) reversal of P4,000,000,000 previously allocated funds for capital expenditures and corporate expansion back to unrestricted retained earnings; and,

(iii) declaration of stock dividends at a rate of 4 common shares for every common share held to be taken from the increase in authorized capital stock.

Consequently, the Company set apart portion of the unappropriated retained earnings amounting to P3,473,024,684 for distribution of stock dividends.

On May 27, 2016, the Company filed the declaration of stock dividends and the increase in authorized capital stock for approval of the SEC. Subsequently, the SEC approved the increase in authorized capital stock on May 31, 2016. Further, on June 6, 2016, the SEC approved the declaration of stock dividends setting the date of record on June 24, 2016 and the date of payment on July 20, 2016.

Consequently, on July 20, 2016, the Company issued stock dividends of 3,473,024,684 shares at par and the amount of retained earnings previously appropriated was reversed.

There was no cash dividend declaration in 2018, 2017 and 2016.

12.5 Revaluation Reserve

The movement of this account is shown below.

	Note	**2018**	2017
Balance at beginning of year		**(P 61,531,716)**	(P 26,720,406)
Net unrealized fair value gains (losses) on AFS financial assets	8	**73,700,839**	(44,375,819)
Reclassification adjustments:			
Due to impairment of AFS financial assets	8	**69,273,240**	-
Due to disposal of AFS financial assets	8	**-**	9,564,509
Balance at end of year		**P 81,442,363**	(P 61,531,716)

13. OTHER EXPENSES

This account consists of the following:

	2018	2017	2016
Settlement expense	**P 40,269,900**	P -	P -
Bank charges	**3,776,403**	106,473	687,409
Accommodation	**3,138,346**	1,215,834	2,357,990
Representation	**2,177,373**	599,052	3,103,632
Insurance	**845,552**	1,006,806	1,878,806
Communication	**263,690**	2,246	82,077
Advertising	**-**	145,149	108,623
Penalties and surcharges	**-**	-	56,459
Miscellaneous	**1,667,655**	657,611	1,042,811
	P 52,138,919	P 3,733,171	P 9,317,807

Miscellaneous expenses include trainings and seminar, and repairs and maintenance, among others.

14. INTEREST INCOME

Interest income is composed of the following:

	Notes	2018	2017	2016
Cash advances	6, 15.1	**P 59,684,587**	P 50,857,383	P 46,917,263
Foreign deposits	6	**25,543,445**	47,075,760	46,176,604
Cash in banks	5	**298,690**	400,365	226,936
		P 85,526,722	P 98,333,508	P 93,320,803

15. RELATED PARTY TRANSACTIONS

The Company's related parties include its subsidiaries, associates, related parties under common ownership, and officers and employees as described below. The following are the Company's transactions with related parties:

		2018		2017 (As Restated – see Note 2.1)	
	Notes	Amount of Transactions	Outstanding Balance	Amount of Transactions	Outstanding Balance
Subsidiaries:					
Cash advances granted (collected)	15.1	**P 19,000,000**	**P 688,020,377**	(P 72,349,587)	P 669,020,377
Cash advances obtained (paid)	15.2	**334,319,271**	**112,881,839**	258,348,250	258,348,250
Dividend income	15.4	**700,903,693**	**-**	170,000,000	-
Loan granted (collected)	6, 15.5	**(127,676,800)**	**-**	127,676,800	127,676,800
Associates –					
Cash advances granted	15.1	**514,225,175**	**1,504,341,375**	65,747,335	990,116,200
Related parties under common ownership –					
Payments for future acquisition of investment securities	6, 15.3	**(4,977,146)**	**7,222,478**	(60,378,722)	12,199,624

15.1 Advances to Subsidiaries and Associates

The Company grants advances to its subsidiaries and associates for working capital purposes. These advances are unsecured, noninterest-bearing and due on demand, except for the loan granted to BPPI and NPI. The balance of these advances as at April 30, shown as Advances to Subsidiaries and Associates account in the statements of financial position, is shown below.

	2018	2017 (As Restated – see Note 2.1)
Subsidiaries:		
PHPI	**P 648,020,377**	P 669,020,377
FEC	**40,000,000**	-
	688,020,377	669,020,377
Associates:		
NPI	**920,365,229**	790,677,694
PLPI	**373,560,339**	31,775,010
BPPI	**207,692,311**	165,040,000
CPI	**2,723,496**	2,623,496
	1,504,341,375	990,116,200
	P2,192,361,752	P1,659,136,577

The details of these advances are more fully described as follows:

(a) In 2009, the Company granted advances to PHPI and PLPI, as a result of the execution of a MOA, which is part of the Company's strategy to acquire an interest in the operation of a hotel located in Makati City (see Note 9.3). Collections of P72,349,587 were made from PHPI in 2017, while the Company granted additional advances to PLPI amounting to P2,000,000 in 2017. In 2018, additional cash advances, which bear an annual interest rate of 6.00%, were granted by the Company to PLPI amounting to 336,806,800 for the acquisitions of parcels of land. Collections of P21,000,000 and P2,000,000 were also made from PHPI and PLPI, respectively, in 2018.

(b) In 2018 and 2017, the Company made advances to CPI, which amounted to P100,000 and P200,000, respectively. No collections were made on these advances in both years.

(c) In 2011, the Company provided P100,000,000 loan to BPPI, bearing an annual interest rate of 7.00% payable in cash within two years from the borrowing date. The loan is secured by a guaranty from a major stockholder of BPPI. In 2013, the Company extended the term of this loan for an additional three years. The loan was further extended for another three years in 2016 bearing the same terms with the original loan except that the Company now has the discretion to recall the loan any time prior to maturity; hence, the loan is presented under current assets in the statements of financial position. Interest income amounting to P7,000,000 in 2018, 2017 and 2016 is recorded as part of Interest Income in the statements of comprehensive income (see Note 14).

(d) The Company granted cash advances to BPPI amounting to P56,000,000, of which P35,000,000 and P21,000,000 were provided in 2018 and 2017, respectively. The advances bear an annual interest rate of 7.00% and is payable in cash upon demand. Interest income amounting to P812,311 in 2018 (nil in 2017 as the advances were granted at year-end) is recorded as part of Interest Income in the 2018 statement of comprehensive income (see Note 14). Consequently, the Company also made collections from BPPI amounting to P1,000,000 and P2,000,000 in 2018 and 2017, respectively.

(e) Since 2013, the Company has an outstanding loan to NPI, an associate beginning in 2017, amounting to P790,677,694 as of April 30, 2017. The loan is payable in cash to the Company on demand subject to interest based on current bank rate. In 2018, additional loan was advanced to NPI amounting to P86,980,200. Interest income amounting to P39,917,264 in 2018, 2017 and 2016 is recorded as part of Interest Income in the statements of comprehensive income (see Note 14).

(f) In April 2018, the Company granted a loan to FEC amounting to P40,000,000. The loan bears an annual interest rate of 6% and is payable in cash upon demand.

The movements of Advances to Subsidiaries and Associates account are as follows:

	2018	2017 (As restated – see Note 2.1)
Balance at beginning of year	**P1,659,136,577**	P 911,768,470
Interest recognized during the year	**66,114,717**	7,000,000
Additions during the year:		
PLPI	**331,030,258**	2,000,000
NPI	**86,980,200**	790,677,694
FEC	**40,000,000**	-
BPPI	**35,000,000**	21,840,000
CPI	**100,000**	200,000
	2,217,708,164	1,733,486,164
Collections during the year	**(26,000,000)**	(74,349,587)
Balance at end of year	**P2,192,361,752**	P 1,659,136,577

Advances to subsidiaries and associates have been reviewed for indication of impairment. Based on management's assessment, no impairment loss is required to be recognized by the Company.

15.2 Advances from a Subsidiary

In 2017, the Company obtained advances from PGMC amounting to P258,348,250 for working capital requirements and other purposes. The advances are unsecured, noninterest-bearing and payable in cash upon demand or through offsetting arrangements. Outstanding balance as at April 30, 2018 and 2017 amounted to P112,881,839 and P258,348,250, respectively, and is presented as Advances from a Subsidiary in the statements of financial position.

15.3 Payments for Future Acquisition of Investments

The Company deposited funds to IPSSB on client trust basis for future acquisition of investment securities. IPSSB is principally engaged in the business of stock brokerage. Outstanding payments to IPSSB as at April 30, 2018 and 2017 amounted to P7,222,478 and P12,199,624, respectively, and are presented as part of Payments for future acquisition of investments under the Receivables account in the statements of financial position (see Note 6).

15.4 Dividends

The Company recognized dividend income amounting to P650,000,000, P170,000,000 and P680,000,000 arising from the declaration of cash dividends by PGMC in 2018, 2017 and 2016, respectively. Consequently, the Company received the cash dividends of P440,000,000, P325,600,000 and P524,400,000 in 2018, 2017 and 2016, respectively. The Company also recognized dividend income amounting to P50,903,693 arising from the declaration of cash dividends by BAPI in 2018. There was no outstanding dividend receivable as at April 30, 2018 and 2017.

15.5 Loans

The loans of BPPI from a certain financial institution amounting to P220,000,000 as at April 30, 2018 and P240,000,000 as at April 30, 2017 are secured by the Company.

The loans obtained by the Company amounting to P450,000,000 and P700,000,000 in 2018 and 2017, respectively, are secured by real estate mortgage over parcels of land owned by PLPI and a building owned by PHPI (see Note 11).

15.6 Key Management Personnel Compensation

There are no expenses recognized for employee benefits since the Company's accounting and administrative activities are being handled by a subsidiary at no cost to the Company.

16. INCOME TAXES

The components of tax income as reported in profit or loss are presented below.

	2018	2017	2016
Current tax expense:			
Minimum corporate income tax (MCIT) at 2%	**P 2,172,422**	P -	P 2,226,455
Final tax at 20% and 7.5%	**32,191**	50,981	37,863
Regular corporate income tax (RCIT) at 30%	**-**	4,583,464	-
Tax benefit from application of unrecognized MCIT	**-**	(4,583,464)	-
	2,204,613	50,981	2,264,318
Deferred tax income relating to the origination and reversal of temporary differences	**(48,707,209)**	(20,669,410)	(35,025,562)
	(P 46,502,596)	(P 20,618,429)	(P 32,761,244)

The reconciliation of tax on pretax profit computed at the applicable statutory rates to tax income reported in profit or loss is as follows:

	2018	2017	2016
Tax on pretax profit at 30%	P 138,372,639	P 44,121,059	P174,320,200
Adjustment for income subjected to lower income tax rates	(57,416)	(54,196)	(22,754)
Tax effects of:			
Non-taxable income	(210,271,108)	(51,000,000)	(204,000,000)
Non-deductible operating expenses	24,089,308	876,024	3,058,727
Unrecognized excess MCIT	1,363,981	-	2,226,455
Application of unrecognized net operating loss carry over (NOLCO)	-	(9,977,852)	(8,343,872)
Application of unrecognized MCIT	-	(4,583,464)	-
	(P 46,502,596)	(P 20,618,429)	(P 32,761,244)

The net deferred tax asset relates to the following as at April 30, 2018 and 2017:

	Statements of Financial Position		Statements of Comprehensive Income		
	2018	2017	2018	2017	2016
Unrealized foreign exchange gains (losses)	P 3,538,106	P 17,902,394	P 14,364,288	(P 19,806,010)	(P 3,577,400)
Impairment losses	98,195,559	35,124,062	(63,071,497)	(863,400)	(31,448,162)
Deferred Tax Income			(P 48,707,209)	(P 20,669,410)	(P 35,025,562)
Net Deferred Tax Asset	P 101,733,665	P 53,026,456			

The Company is subject to MCIT which is computed at 2% of gross income, as defined under the tax regulations, or RCIT, whichever is higher. The computed RCIT amounted to P808,441, P4,583,464 and nil in 2018, 2017 and 2016, respectively.

In 2018 and 2017, the management has taken a conservative position of not recognizing additional deferred tax asset arising from MCIT since its recoverability and utilization is unlikely at this time based on the assessment of management.

The details of the Company's excess MCIT, which can be applied against RCIT, are as follows:

Year Incurred	Amount	Applied: Prior Year	Applied: Current Year	Expired	Balance	Expiry Date
2018	P 1,363,981	P -	P -	P -	P 1,363,981	2021
2016	2,226,455	-	-	-	2,226,455	2019
2015	2,924,057	(876,129)	-	(2,047,928)	-	
	P 6,514,493	(P 876,129)	P -	(P 2,047,928)	P 3,590,436	

In 2018 and 2017, the Company opted to continue claiming itemized deductions in computing its income tax due.

17. EARNINGS PER SHARE

The earnings per share of the Company is presented below.

	2018	2017	2016
Net profit	**P 507,744,727**	P 167,688,624	P 613,828,577
Divided by weighted average number of outstanding shares	**4,341,280,855**	4,341,280,855	4,341,280,855
Earnings per share	**P 0.12**	P 0.04	P 0.14

There were no potentially dilutive instruments in 2018, 2017 and 2016.

18. COMMITMENTS AND CONTINGENCIES

There are commitments and contingent liabilities that arise in the normal course of the Company's operations that are not reflected in the accompanying financial statements. As at April 30, 2018, management is of the opinion that losses, if any, from these items will not have a material effect on the Company's financial statements.

19. CATEGORIES, FAIR VALUES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

19.1 Carrying Amounts and Fair Value by Category

The carrying amounts and fair values of the categories of financial assets and financial liabilities presented in the statements of financial position are shown below.

		2018		2017 (As Restated – see Note 2.1)	
	Notes	**Carrying Amounts**	**Fair Values**	Carrying Amounts	Fair Values
Financial assets					
Loans and receivables:					
Cash	5	**P 69,751,045**	**P 69,751,045**	P 91,928,910	P 91,928,910
Receivables	6	**496,010,507**	**496,010,507**	1,129,476,062	1,129,476,062
Advances to subsidiaries and associates	15.1	**2,192,361,752**	**2,183,365,196**	1,659,136,577	1,654,005,797
		P 2,758,123,304	**P2,749,126,748**	P 2,880,541,549	P 2,875,410,769
AFS financial assets	8	**P 1,199,369,442**	**P1,199,369,442**	P 901,808,762	P 901,808,762
Financial liabilities					
Financial liabilities at amortized costs:					
Loans payable	11	**P 412,500,000**	**P 405,183,403**	P 583,333,333	P 578,473,399
Advances from a subsidiary	15	**112,881,839**	**112,881,839**	258,348,250	258,348,250
Trade and other payables		**226,759**	**226,759**	1,355,965	1,355,965
		P 525,608,598	**P 518,292,001**	P 843,037,548	P 838,177,614

See Notes 2.4 and 2.7 for a description of the accounting policies for each category of financial instruments. A description of the Company's risk management objectives and policies for financial instruments is provided in Note 4.

19.2 Offsetting of Financial Assets and Financial Liabilities

The Company has not set-off financial instruments in 2018 and 2017 and does not have relevant offsetting arrangements. Currently, financial assets and financial liabilities are settled on a gross basis; however, each party to the financial instrument (particularly related parties) will have the option to settle all such amounts on a net basis in the event of default of the other party through approval by both parties.

20. FAIR VALUE MEASUREMENT AND DISCLOSURE

20.1 Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurements*, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

20.2 Financial Instruments Measured at Fair Value

Quoted equity securities, loan stocks and warrants classified as AFS financial assets are included in Level 1 as their prices are derived from quoted prices in active market that the entity can access at the measurement date except for certain securities measured at cost.

The fair value of these shares increased by P73,700,839 in 2018 and decreased by P44,375,819 and P163,685,750 in 2017 and 2016, respectively. This was presented as Net Unrealized Fair Value Gains on Available-for-sale Financial Assets under Other Comprehensive Income (Loss) of the statements of comprehensive income.

Certain equity securities with carrying amount of P116,921,250 and P77,033,450 are carried at cost as at April 30, 2018 and 2017.

The Company has no financial liabilities measured at fair value as at April 30, 2018 and 2017. There were no transfers across the levels of the fair value hierarchy in both years.

20.3 Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed

The Company's financial instruments measured at amortized cost include financial assets such as cash, receivables and advances to subsidiaries and associates (see Note 2.4). These also include financial liabilities such as loans payable, advances from a subsidiary and trade and other payables (see Note 2.7). As at April 30, 2018, management considers that the carrying amounts of these financial instruments are equal to or approximate their fair value; hence, no fair value hierarchy is presented.

21. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Presented below is the reconciliation of the Company's liabilities arising from financing activities, which includes both cash and non-cash changes.

	Loans Payable (see Note 11)	Advances from a Subsidiary (see Note 15)	Total
Balance as of April 30, 2017	P 583,333,333	P 258,348,250	P 841,681,583
Cash flows from financing services:			
Additional borrowings	450,000,000	334,319,271	784,319,271
Repayment of borrowings	(620,833,333)	(269,785,682)	(796,299,744)
Non-cash financing activity – Offsetting with dividends receivable	-	(210,000,000)	(210,000,000)
Balance as of April 30, 2018	**P 412,500,000**	**P 112,881,839**	**P 619,701,110**

22. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

Presented below and in the succeeding pages are the supplementary information which are required by the Bureau of Internal Revenue (BIR) under its existing revenue regulations to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS.

22.1 Requirements Under Revenue Regulations (RR) No. 15-2010

The information on taxes, duties and license fees paid or accrued during the taxable year required under RR No. 15-2010 are as follows:

(a) Output VAT

In 2018, the Company declared output VAT amounting to P321,429 from interest earned from its advances to related parties. The related output VAT was offset against input VAT [see Note 22.1(b)].

(b) *Input VAT*

The movements in Input VAT for the year ended April 30, 2018 are summarized below.

Balance at beginning of year	P 31,003,369
Services rendered by non-residents	2,018,128
Domestic purchases of services	939,400
Domestic purchases of goods other than capital goods	27,349
Applied against output VAT	(321,429)
Balance at end of year	P 33,666,817

Total input VAT as at April 30, 2018 is presented as Input VAT under Prepayments and Other Current Assets account in the 2018 statement of financial position (see Note 7).

(c) *Taxes on Importation*

The Company has not paid or accrued any customs' duties and taxes on goods imported as it has no importation for the year ended April 30, 2018.

(d) *Documentary Stamp Tax*

The Company paid P6,121,372 documentary stamp tax (DST) for the year ended April 30, 2018 on the advances made to related parties and availment of loan. This was presented as part of Taxes and licenses under Expenses in the 2018 statement of comprehensive income [see Note 22.1(f)].

(e) *Excise Tax*

The Company did not have any transactions in 2018, which are subject to excise tax.

(f) *Taxes and Licenses*

The details of Taxes and Licenses account in the 2018 statement of comprehensive income are broken down as follows:

	Note	
DST	22.1(d)	P 6,121,372
Registration fees		2,233,120
Listing fees		2,006,000
Municipal license and permits		1,084,521
Community tax		12,700
Others		100
		P 11,457,813

(g) Withholding Taxes

The details of total withholding taxes for the year ended April 30, 2018 are shown below.

Expanded	P 1,802,631
Final	4,891,629
	P 6,694,260

There are no transactions subject to withholding taxes on compensation in 2018.

(h) Deficiency Tax Assessments and Tax Cases

As at April 30, 2018, the Company does not have any final deficiency tax assessments from the BIR nor does it have tax cases outstanding or pending in courts or bodies outside of the BIR in any of the open taxable years.

22.2 Requirements Under RR No. 19-2011

RR No. 19-2011 requires schedules of taxable revenues and other non-operating income, costs of sales and services, itemized deductions and other significant tax information, to be disclosed in the notes to financial statements.

The amounts of taxable revenues and income, and deductible costs and expenses presented below are based on relevant tax regulations issued by the BIR, hence, may not be the same as the amounts of revenues reflected in the 2018 statement of comprehensive income.

(a) Taxable Revenues

The Company recorded dividend income amounted to P23,393,052 for the fiscal year ended April 30, 2018 which is subject to RCIT.

(b) Deductible Cost of Services

The Company has no deductible cost of services under regular tax rate for the fiscal year ended April 30, 2018.

(c) Taxable Non-operating and Other Income

The Company's taxable non-operating and other income recognized in 2018 pertains only to interest income amounting to P85,228,031.

(d) *Itemized Deductions*

The amounts of itemized deductions for the fiscal year ended April 30, 2018 are as follows:

Net loss on sale of AFS financial assets	P 54,533,062
Interest	19,603,316
Taxes and licenses	11,457,813
Professional fees	8,511,236
Bank charges	3,776,403
Accommodation	3,138,346
Transportation and travel	2,246,163
Representation and entertainment	1,086,211
Insurance	845,552
Communication, light and water	263,690
Sponsorships	219,855
Miscellaneous	244,632
	P105,926,279

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Report of Independent Auditors to Accompany Supplementary Information Required by the Securities and Exchange Commission Filed Separately from the Basic Financial Statements

The Board of Directors and Stockholders
Berjaya Philippines Inc.
[A Subsidiary of Berjaya Lottery Management (HK) Limited]
9th Floor, Rufino Pacific Tower
6784 Ayala Avenue, Makati City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of Berjaya Philippines Inc. for the year ended April 30, 2018, on which we have rendered our report dated June 18, 2018. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The following applicable supplementary information are presented for purposes of additional analysis in compliance with the requirements of the Securities Regulation Code Rule 68, as amended, and are not a required part of the basic financial statements prepared in accordance with Philippine Financial Reporting Standards:

a. Reconciliation of Retained Earnings Available for Dividend Declaration;

b. Schedule of Philippine Financial Reporting Standards and Interpretations Adopted by the Securities and Exchange Commission and the Financial Reporting Standards Council as at April 30, 2018; and,

c. Map Showing the Relationship Between and Among the Company and its Related Parties.

Such supplementary information are the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

By: **Romualdo V. Murcia III**
Partner

CPA Reg. No. 0095626
TIN 906-174-059
PTR No. 6616014, January 3, 2018, Makati City
SEC Group A Accreditation
Partner - No. 0628-AR-3 (until Nov. 29, 2019)
Firm - No. 0002-FR-5 (until Mar. 26, 2021)
BIR AN 08-002511-22-2016 (until Oct. 3, 2019)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2018)

June 18, 2018

Berjaya Philippines Inc.
[A Subsidiary of Berjaya Lottery Management (HK) Limited]
9th Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City
(Amounts in Philippine Pesos)

Reconciliation of Retained Earnings Available for Dividend Declaration
For the Year Ended April 30, 2018

Unappropriated Retained Earnings at Beginning of Year, as Reported in the Audited Financial Statements		P 1,343,086,493
Prior Years' Outstanding Reconciling Items, net of tax		
Unrealized foreign currency gain	(66,020,035)	
Deferred tax income	(20,669,410)	
Impairment loss	90,711,955	4,022,510
Unappropriated Retained Earnings Available for Dividend Declaration at Beginning of Year, as Adjusted		1,347,109,003
Net Profit Actually Earned during the Year		
Net profit per audited financial statements	507,744,727	
Unrealized foreign currency gain	(47,880,959)	
Deferred tax income	(63,071,497)	
Impairment loss	210,238,322	607,030,593
Unappropriated Retained Earnings Available for Dividend Declaration at End of Year		**P 1,954,139,596**

The Company plans to appropriate portions of available retained earnings for business expansions within three to five years.

BERJAYA PHILIPPINES INC.
[A Subsidiary of Berjaya Lottery Management (HK) Limited]
Schedule of Philippine Financial Reporting Standards and Interpretations Adopted by the Securities and Exchange Commission and the Financial Reporting Standards Council as at April 30, 2018

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements		✓		
Conceptual Framework Phase A: Objectives and Qualitative Characteristics		✓		
Practice Statement Management Commentary				✓
Philippine Financial Reporting Standards (PFRS)				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✓		
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters	✓		
	Amendments to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters	✓		
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters	✓		
	Amendments to PFRS 1: Government Loans	✓		
	Amendments to PFRS 1: Deletion of Short-term Exemptions	✓		
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
	Amendments to PFRS 2: Classification and Measurement of Share-based Payment Transactions *(effective January 1, 2018)*			✓
PFRS 3 (Revised)	Business Combinations	✓		
	Amendment to PFRS 3: Remeasurement of Previously Held Interests in a Joint Operation *(effective January 1, 2019)*			✓
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PFRS 4: Applying PFRS 9, *Financial Instruments*, with PFRS 4, *Insurance Contracts** *(effective January 1, 2018)*			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Transition	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures – Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures* *(effective when PFRS 9 is first applied)*			✓
PFRS 8	Operating Segments	✓		
PFRS 9	Financial Instruments (2014)* *(effective January 1, 2018)*			✓
	Amendments to PFRS 9: Prepayment Features with Negative Compensation* *(effective January 1, 2019)*			✓
PFRS 10	Consolidated Financial Statements			✓
	Amendments to PFRS 10: Transition Guidance			✓
	Amendments to PFRS 10: Investment Entities			✓
	Amendments to PFRS 10: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* *(effective date deferred indefinitely)*			✓
	Amendments to PFRS 10: Investment Entities – Applying the Consolidation Exception			✓
PFRS 11	Joint Arrangements			✓
	Amendments to PFRS 11: Transition Guidance			✓
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations			✓
	Amendment to PFRS 11: Remeasurement of Previously Held Interests in a Joint Operation *(effective January 1, 2019)*			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PFRS 12	Disclosure of Interests in Other Entities	✓		
	Amendments to PFRS 12: Transition Guidance	✓		
	Amendments to PFRS 12: Investment Entities	✓		
	Amendments to PFRS 10: Investment Entities – Applying the Consolidation Exception	✓		
PFRS 13	Fair Value Measurement	✓		
PFRS 14	Regulatory Deferral Accounts	✓		
PFRS 15	Revenue from Contracts with Customers* *(effective January 1, 2018)*			✓
PFRS 16	Leases* *(effective January 1, 2019)*			✓
PFRS 17	Insurance Contracts* *(effective January 1, 2021)*			✓
Philippine Accounting Standards (PAS)				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	✓		
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Amendments to PAS 1: Disclosure Initiative	✓		
PAS 2	Inventories			✓
PAS 7	Statement of Cash Flows	✓		
	Amendments to PAS 7: Disclosure Initiative	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events After the Reporting Period	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendments to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
	Amendments to PAS 12 - Recognition of Deferred Tax Assets for Unrealized Losses	✓		
	Amendment to PAS 12 - Tax Consequences of Dividends* *(effective January 1, 2019)*			✓
PAS 16	Property, Plant and Equipment	✓		
	Amendments to PAS 16: Bearer Plants	✓		
	Amendments to PAS 16: Clarification of Acceptable Methods of Depreciation and Amortization	✓		
PAS 17	Leases			✓
PAS 18	Revenue	✓		
PAS 19 (Revised)	Employee Benefits			✓
	Amendments to PAS 19: Defined Benefit Plans - Employee Contributions			✓
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendments: Net Investment in a Foreign Operation	✓		
PAS 23 (Revised)	Borrowing Costs	✓		
	Amendment to PAS 23: Eligibility for Capitalization	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Revised)	Separate Financial Statements	✓		
	Amendments to PAS 27: Investment Entities	✓		
	Amendments to PAS 27: Equity Method in Separate Financial Statements**	✓		
PAS 28 (Revised)	Investments in Associates and Joint Ventures	✓		
	Amendments to PFRS 10: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture *(effective date deferred indefinitely)*			✓
	Amendments to PAS 28: Investment Entities - Applying the Consolidation Exception	✓		
	Amendment to PAS 28: Measurement of Investment in Associates at Fair Value through Profit or Loss *(effective January 1, 2018)*			✓
	Amendment to PAS 28: Long-term Interest in Associates and Joint Venture *(effective January 1, 2019)*			✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	✓		
	Amendments to PAS 32: Classification of Rights Issues	✓		
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PAS 33	Earnings Per Share	✓		
PAS 34	Interim Financial Reporting			✓
PAS 36	Impairment of Assets	✓		
	Amendment to PAS 36: Recoverable Amount Disclosures for Non-financial Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets			✓
	Amendments to PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization			✓
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions	✓		
	Amendments to PAS 39: The Fair Value Option	✓		
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition	✓		
	Amendments to Philippine Interpretation IFRIC 9 and PAS 39: Embedded Derivatives	✓		
	Amendments to PAS 39: Eligible Hedged Items	✓		
	Amendments to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting	✓		
PAS 40	Investment Property			✓
	Amendment to PAS 40: Reclassification to and from Investment Property* (*effective January 1, 2018*)			✓
PAS 41	Agriculture			✓
	Amendments to PAS 41: Bearer Plants			✓
Philippine Interpretations - International Financial Reporting Interpretations Committee (IFRIC)				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease			✓
IFRIC 5	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities Arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29, Financial Reporting in Hyperinflationary Economies			✓
IFRIC 9	Reassessment of Embedded Derivatives**	✓		
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives**	✓		
IFRIC 10	Interim Financial Reporting and Impairment			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC - 14, Prepayments of a Minimum Funding Requirement and their Interaction			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners**	✓		
IFRIC 18	Transfers of Assets from Customers**			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments**	✓		
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies			✓
IFRIC 22	Foreign Currency Transactions and Advance Consideration (*effective January 1, 2018*)			✓
IFRIC 23	Uncertainty Over Income Tax Treatments (effective *January 1, 2019*)			✓

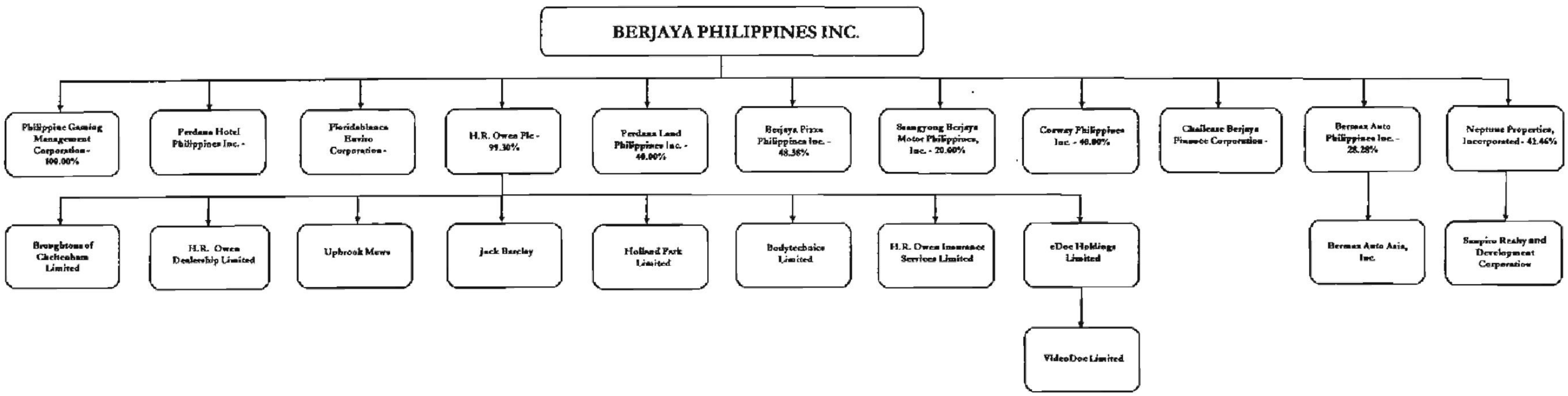
PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
Philippine Interpretations - Standing Interpretations Committee (SIC)				
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-15	Operating Leases - Incentives			✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders**	✓		
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease**			✓
SIC-29	Service Concession Arrangements: Disclosures			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services**	✓		
SIC-32	Intangible Assets - Web Site Costs			✓

* These standards will be effective for periods subsequent to fiscal year 2018 and are not early adopted by the Company.

** These standards have been adopted in the preparation of financial statements but the Company has no significant transactions covered in both years presented.

Berjaya Philippines Inc. and Subsidiaries
(A Subsidiary of Berjaya Lottery Management (HK) Limited)
9th Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City
(Amounts in Philippine Pesos)

Map Showing the Relationship Between and Among the Company and its Related Parties
April 30, 2018



108132018002972

SECURITIES AND EXCHANGE COMMISSION

SECBuilding,EDSA,Greenhills,MandaluyongCity,MetroManila,Philippines
Tel:(632) 726-0931 to 39 Fax:(632) 725-5293 Email: mis@sec.gov.ph

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Industry Classification	
Company Type	Stock Corporation

Document Information

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Document Type	Consolidated FS - Publicly Held
Document Code	PHFS2
Period Covered	April 30, 2018
No. of Days Late	0
Department	CFD
Remarks	

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SECURITIES AND EXCHANGE COMMISSION

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Industry Classification	
Company Type	Stock Corporation

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Document ID	108132018002973
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Document Code	FS-C
Period Covered	April 30, 2018
No. of Days Late	0
Department	CRMD
Remarks	

BERJAYA

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Berjaya Philippines, Inc. And Subsidiaries** is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended April 30, 2018 and 2017, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the **Berjaya Philippines, Inc. And Subsidiaries** ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the **Berjaya Philippines, Inc. And Subsidiaries** or to cease operations, or has no realistic alternative to do so.

The Board of Directors is responsible for overseeing the **Berjaya Philippines, Inc. And Subsidiaries** financial reporting process.

The Board of Directors reviews and approves the financial statements, including the schedules attached therein, and submits the same to the stockholders.

Punongbayan & Araullo, the independent auditors appointed by the stockholders, has audited the financial statements of the **Berjaya Philippines, Inc. And Subsidiaries** in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

Tan Sri Dr. Ibrahim Bin Saad
Chairman

Wong Ee Coln
President

Tan Eng Hwa
Treasurer

BERJAYA PHILIPPINES INC.
9/F Rufino Pacific Tower 6784 Ayala Ave., Cor. V.A. Rufino St., Makati City
Tel. No.: (632) 811-0668 * Fax No.: (632) 811-0538

MAY 30 2018

SUBSCRIBED AND SWORN TO BEFORE ME this _____ day of __________ 2018, by the following who exhibited to me their government issued identification cards during business hours.

Name	Tax Identification No.
Tan Sri Dr Ibrahim Bin Saad	313-386-574
Wong Ee Coln	486-058-206
Tan Eng Hwa	204-172-228

Doc No. 60
Page No. 67
Book No. 747
Series of 2018

RUBEN T.M. RAMIREZ
NOTARY PUBLIC
UNTIL DEC 31, 2019
IBP NO. 017527/11 12-17 CY 2019
ROLL NO. 28947/MCLE 4 / 6-19-12
PTR NO. MKT 6007723/1-3-18 APPT NO. M-127

COVER SHEET
for
AUDITED FINANCIAL FINANCIAL STATEMENTS

SEC Registration Number

P	R	E		W	A	R		4	7	6

COMPANY NAME

BERJAYA PHILIPPINES INC.
AND SUBSIDIARIES

PRINCIPAL OFFICE *(No./Street/Barangay/City/Town)Province)*

9TH FLOOR RUFINO PACIFIC TOWER
6784 AYALA AVENUE MAKATI CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-A	SEC	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
blaw@attglobal.net	811-0668	

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
142	Any day in October	APRIL 30

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
TAN ENG HWA	tanenghwa@gmail.com		

Contact Person's Address

9th Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City

Note 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2: All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

BERJAYA

CERTIFICATION

Securities and Exchange Commission
SEC Building
EDSA, Greenhills
Mandaluyong

Gentlemen:

In compliance with Memorandum Circular No. 02 March 12, 2001, issued by Securities and Exchange Commission (SEC), requiring the submission by registered corporations of SEC reportorial requirements, we submit herewith the Consolidated Audited Financial Statements (CAFS) diskette for **BERJAYA PHILIPPINES, INC. & SUBSIDIARIES** for the years ended **April 30, 2018 and 2017** consisting of the following:

Table 1.	Balance Sheets
Table 2.	Income Statements / (Profit and Loss Statement) and Retained Earnings Statement
Table 2b.	Statement of Cash Flows

I certify that the CAFS diskette of the Company contains the basic and material data in the hard copies of the financial statements of the Company for the years ended April 30, 2018 and 2017.

TAN ENG HWA
Treasurer

MAY 30 2018

SUBSCRIBED AND SWORN to before me this ______ day of __________, 2018, at MAKATI CITY, with affiant exhibiting to me his Tax Identification No. 204-172-228

NOTARY PUBLIC

RUBEN T. M. RAMIREZ
NOTARY PUBLIC
UNTIL DEC. 31, 2019
IBP NO. 017527/11-15-17 / CY 2019
ROLL NO. 26947/MCLE 4 / 6-15-12
TR NO. MKT 6607729/1-3-18 APPT NO. M-127

Book No. 57:
Doc. No. 12:
Page No. 747:
Series of 2018

BERJAYA PHILIPPINES INC.
9/F Rufino Pacific Tower 6784 Ayala Ave., Cor. V.A. Rufino St., Makati City
Tel. No.: (632) 811-0668 * Fax No.: (632) 811-0538

COVER SHEET

S.E.C. Registration Number

BERJAYA PHILIPPINES INC.
AND SUBSIDIARIES

(Company's Full Name)

9F RUFINO PACIFIC TOWER
6784 AYALA AVE. MAKATI CITY

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

Atty. Jose A. Bernas	811-0668
Contact Person	Company Telephone Number

04	30	PHFS		
Month	Day	FORM TYPE	Month	Day
Fiscal Year			Annual Meeting	

Secondary License Type, If Applicable

SEC

Dept Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings (in '000)

Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

Control No.:
Form Type: PHFS (rev 2006)

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: BERJAYA PHILIPPINES INC. AND SUBSIDIARIES
CURRENT ADDRESS: 9F RUFINO PACIFIC TOWER, 6784 AYALA AVE., MAKATI CITY
TEL. NO.: 811-0668 FAX NO.: 811-0538
COMPANY TYPE : INVESTMENT COMPANY OPERATION PSIC: 66910

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Balance Sheet

FINANCIAL DATA	2018 (in P'000)	2017 (in P'000)
A. ASSETS (A.1 + A.2 + A.3 + A.4 + A.5 + A.6 + A.7 + A.8 + A.9 + A.10)	17,497,367	14,755,462
A.1 Current Assets (A.1.1 + A.1.2 + A.1.3 + A.1.4 + A.1.5)	10,950,135	9,305,823
A.1.1 Cash and cash equivalents (A.1.1.1 + A.1.1.2 + A.1.1.3)	1,195,177	1,060,851
A.1.1.1 On hand	440	474
A.1.1.2 In domestic banks/entities	1,194,737	1,060,377
A.1.1.3 In foreign banks/entities		
A.1.2 Trade and Other Receivables (A.1.2.1 + A.1.2.2)	2,620,625	2,659,123
A.1.2.1 Due from domestic entities (A.1.2.1.1 + A.1.2.1.2 + A.1.2.1.3 + A.1.2.1.4)	133,755	106,842
A.1.2.1.1 Due from customers (trade)	138,038	195,107
A.1.2.1.2 Due from related parties		
A.1.2.1.3 Others, specify (A.1.2.1.3.1 + A.1.2.1.3.2)	14,064	(75,619)
A.1.2.1.3.1 Advances to officers and employees	4,761	5,084
A.1.2.1.3.2 Other receivables	9,304	(80,703)
A.1.2.1.4 Allowance for doubtful accounts (negative entry)	(18,347)	(12,647)
A.1.2.2 Due from foreign entities, specify (A.1.2.2.1 + A.1.2.2.2 + A.1.2.2.3 + A.1.2.2.4)	2,486,870	2,552,282
A.1.2.2.1 Deposits	1,171,695	1,364,337
A.1.2.2.2 Payments for future acquisition of investments	91,831	12,200
A.1.2.2.3 Receivable from supplier	452,347	437,446
A.1.2.2.4 Advances to officers and employees	21,752	8,439
A.1.2.2.5 Due from customers (trade)	663,761	568,910
A.1.2.2.6 Other receivables	85,484	160,949
A.1.2.2.5 Allowance for doubtful accounts (negative entry)		
A.1.3 Inventories (A.1.3.1 + A.1.3.2 + A.1.3.3 + A.1.3.4 + A.1.3.5 + A.1.3.6)	5,062,653	4,127,528
A.1.3.1 Vehicles	4,963,942	4,040,055
A.1.3.2 Parts and components	246,543	199,656
A.1.3.3 Spare parts and accessories	22,314	14,761
A.1.3.4 Work-in-progress	31,271	48,083
A.1.3.5 Hotel supplies	5,173	5,840
A.1.3.6 Others, specify (A.1.3.6.1 + A.1.3.6.2)		
A.1.3.6.1 Allowance for inventory write down	(206,591)	(180,867)
A.1.3.6.2		
A.1.4 Financial Assets other than Cash/Receivables/Equity investments (A.1.4.1 + A.1.4.2 + A.1.4.3 + A.1.4.4 + A.1.4.5 + A.1.4.6)		
A.1.4.1 Financial Assets at Fair Value through Profit or Loss - issued by domestic entities: (A.1.4.1.1 + A.1.4.1.2 + A.1.4.1.3 + A.1.4.1.4 + A.1.4.1.5)		
A.1.4.1.1 National Government		
A.1.4.1.2 Public Financial Institutions		
A.1.4.1.3 Public Non-Financial Institutions		
A.1.4.1.4 Private Financial Institutions		
A.1.4.1.5 Private Non-Financial Institutions		
A.1.4.2 Held to Maturity Investments - issued by domestic entities: (A.1.4.2.1 + A.1.4.2.2 + A.1.4.2.3 + A.1.4.2.4 + A.1.4.2.5)		
A.1.4.2.1 National Government		
A.1.4.2.2 Public Financial Institutions		
A.1.4.2.3 Public Non-Financial Institutions		
A.1.4.2.4 Private Financial Institutions		
A.1.4.2.5 Private Non-Financial Institutions		

NOTE:

This special form is applicable to Investment Companies and Publicly-held Companies (enumerated in Section 17.2 of the Securities Regulation Code (SRC), except banks and insurance companies). As a supplemental form to PHFS, it shall be used for reporting Consolidated Financial Statements of Parent corporations and their subsidiaries.

Domestic corporations are those which are incorporated under Philippine laws or branches/subsidiaries of foreign corporations that are licensed to do business in the Philippines where the center of economic interest or activity is within the Philippines. On the other hand, foreign corporations are those that are incorporated abroad, including branches of Philippine corporations operating abroad.

Financial Institutions are corporations principally engaged in financial intermediation, facilitating financial intermediation, or auxiliary financial services. Non-Financial institutions refer to corporations that are primarily engaged in the production of market goods and non-financial services.

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: BERJAYA PHILIPPINES INC. AND SUBSIDIARIES

CURRENT ADDRESS: 9F RUFINO PACIFIC TOWER, 6784 AYALA AVE., MAKATI CITY

TEL. NO.: 811-0668 FAX NO.: 811-0538

COMPANY TYPE : INVESTMENT COMPANY OPERATION PSIC: 66910

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Balance Sheet

FINANCIAL DATA	2018 (in P'000)	2017 (in P'000)
A.1.4.3 Loans and Receivables - issued by domestic entities: (A.1.4.3.1 + A.1.4.3.2 + A.1.4.3.3 + A.1.4.3.4 + A.1.4.3.5)		
A.1.4.3.1 National Government		
A.1.4.3.2 Public Financial Institutions		
A.1.4.3.3 Public Non-Financial Institutions		
A.1.4.3.4 Private Financial Institutions		
A.1.4.3.5 Private Non-Financial Institutions		
A.1.4.4 Available-for-sale financial assets - issued by domestic entities: (A.1.4.4.1 + A.1.4.4.2 + A.1.4.4.3 + A.1.4.4.4 + A.1.4.4.5)		
A.1.4.4.1 National Government		
A.1.4.4.2 Public Financial Institutions		
A.1.4.4.3 Public Non-Financial Institutions		
A.1.4.4.4 Private Financial Institutions		
A.1.4.4.5 Private Non-Financial Institutions		
A.1.4.5 Financial Assets issued by foreign entities: (A.1.4.5.1+A.1.4.5.2+A.1.4.5.3+A.1.4.5.4)		
A.1.4.5.1 Financial Assets at fair value through profit or loss		
A.1.4.5.2 Held-to-maturity investments		
A.1.4.5.3 Loans and Receivables		
A.1.4.5.4 Available-for-sale financial assets		
A.1.4.6 Allowance for decline in market value (negative entry)		
A.1.5 Other Current Assets (state separately material items) (A.1.5.1 + A.1.5.2 + A.1.5.3)	2,071,680	1,458,320
A.1.5.1 Advances to associate	1,515,841	990,024
A.1.5.2 Prepaid expenses	244,726	322,411
A.1.5.3 Prepaid taxes, input VAT and creditable withholding taxes	205,400	80,442
A.1.5.4 Refundable deposits and advance rental	62,926	43,074
A.1.5.5 Advances to suppliers	33,554	7,966
A.1.5.6 Other current assets	9,233	14,404
A.1.5.7 Allowance for impairment (negative entry)	0	0
A.2 Property, plant, and equipment (A.2.1 + A.2.2 + A.2.3 + A.2.4 + A.2.5 + A.2.6 + A.2.7+ A.2.8)	1,768,324	1,885,117
A.2.1 Land	93,617	83,502
A.2.2 Building and improvements including leasehold improvement	2,100,473	2,190,496
A.2.3 Machinery and equipment (on hand and in transit)	2,272,886	2,207,365
A.2.4 Transportation/motor vehicles, automotive equipment, autos and trucks, and delivery equipment	78,588	65,741
A.2.5 Others, specify (A.2.5.1 + A.2.5.2 + A.2.5.3 + A.2.5.4 + A.2.5.5)	48,067	45,182
A..2.5.1 Furniture and fixture	48,067	45,182
A..2.5.2		
A..2.5.3		
A..2.5.4		
A..2.5.5		
A.2.6 Appraisal increase, specify (A.2.6.1 + A.2.6.2 + A.2.6.3 + A.2.6.4 + A.2.6.5)		
A..2.6.1		
A..2.6.2		
A..2.6.3		
A..2.6.4		
A..2.6.5		
A.2.7 Accumulated Depreciation (negative entry)	(2,825,309)	(2,707,170)
A.2.8 Impairment Loss or Reversal (if loss, negative entry)		
A.3 Investments accounted for using the equity method (A.3.1 + A.3.2 + A.3.3 + A.3.4)		
A.3.1 Equity in domestic subsidiaries/affiliates		
A.3.2 Equity in foreign branches/subsidiaries/affiliates		
A.3.3 Others, specify (A.3.3.1 + A.3.3.2 + A.3.3.3 + A.3.3.4 + A.3.3.5)		
A.3.3.1		
A.3.3.2		
A.3.3.3		
A.3.3.4		
A.3.3.5		
A.4 Investment Property		
A.5 Biological Assets		
A.6 Intangible Assets	1,977,995	1,806,956
A.6.1 Major item/s, specify (A.6.1.1 + A.6.1.2)	1,977,995	1,806,956
A.6.1.1 Goodwill	1,977,995	1,806,956
A.6.1.2		
A.6.2 Others, specify (A.6.2.1 + A.6.2.2)		
A.6.2.1		
A.6.2.2		
A.7 Assets Classified as Held for Sale		
A.8 Assets included in Disposal Groups Classified as Held for Sale		

Control No.:
Form Type: PHFS (rev 2006)

SPECIAL FORM FOR CONSOLIDATED FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: BERJAYA PHILIPPINES INC. AND SUBSIDIARIES
CURRENT ADDRESS: 9F RUFINO PACIFIC TOWER, 6784 AYALA AVE., MAKATI CITY
TEL. NO.: 811-0668 FAX NO.: 811-0538
COMPANY TYPE: INVESTMENT COMPANY OPERATION PSIC: 66910

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Balance Sheet

FINANCIAL DATA	2018 (in P'000)	2017 (in P'000)
A.9 Long-term receivables (net of current portion) (A.9.1 + A.9.2 + A.9.3)		
A.9.1 From domestic entities, specify (A.9.1.1 + A.9.1.2 + A.9.1.3)		
A.9.1.1		
A.9.1.2		
A.9.1.3		
A.9.2 From foreign entities, specify (A.9.2.1 + A.9.2.2 + A.9.2.3)		
A.9.2.1		
A.9.2.2		
A.9.2.3		
A.9.3 Allowance for doubtful accounts, net of current portion (negative entry)		
A.10 Other Assets (A.10.1 + A.10.2 + A.10.3 + A.10.4 + A.10.5)	2,800,913	1,757,566
A.10.1 Deferred charges - net of amortization		
A.10.2 Deferred Income Tax	113,537	66,716
A.10.3 Advance/Miscellaneous deposits		
A.10.4 Others, specify (A.10.4.1 + A.10.4.2 + A.10.4.3 + A.10.4.4+A.10.4.5)	2,687,376	1,690,850
A.10.4.1 Available-for-sale financial assets	1,199,369	901,809
A.10.4.2 Investment in associates	978,436	642,726
A.10.4.3 Advances to an associate	0	0
A.10.4.4 Investment Property	460,167	141,609
A.10.4.5 Post-employment benefit asset	46,185	0
A.10.4.6 Other non-current assets	3,217	4,706
A.10.5 Allowance for write-down of deferred charges/bad accounts (negative entry)	0	0
B. LIABILITIES (B.1 + B.2 + B.3 + B.4 + B.5)	8,995,106	7,550,375
B.1 Current Liabilities (B.1.1 + B.1.2 + B.1.3 + B.1.4 + B.1.5 + B.1.6 + B.1.7)	8,426,950	7,104,042
B.1.1 Trade and Other Payables to Domestic Entities (B.1.1.1 + B.1.1.2 + B.1.1.3 + B.1.1.4 + B.1.1.5 + B.1.1.6)	686,497	887,008
B.1.1.1 Loans/Notes Payables		
B.1.1.2 Trade Payables	37,660	35,043
B.1.1.3 Payables to Related Parties	946	513
B.1.1.4 Advances from Directors, Officers, Employees and Principal Stockholders		0
B.1.1.5 Accruals, specify material items (B.1.1.5.1 + B.1.1.5.2 + B.1.1.5.3)	387,662	315,638
B.1.1.5.1 Accrued expenses	387,662	314,559
B.1.1.5.2 Accrued interest payable	0	1,079
B.1.1.5.3		
B.1.1.6 Others, specify (B.1.1.6.1 + B.1.1.6.2 + B.1.1.6.3)	260,229	535,815
B.1.1.6.1 Advances from customers	0	0
B.1.1.6.2 Withholding taxes payable	42,865	40,327
B.1.1.6.3 Liability on stock vehicles	0	0
B.1.1.6.4 Management fee payable	19,947	20,223
B.1.1.6.4 Deferred output vat	35,478	174,161
B.1.1.6.4 Other payables	138,760	278,455
B.1.1.6.5 Deferred Income	23,180	22,649
B.1.2 Trade and Other Payables to Foreign Entities (specify) (B.1.2.1 + B.1.2.2 + B.1.2.3)	3,341,292	2,275,839
B.1.2.1 Trade Payables	1,269,384	990,495
B.1.2.2 Advances from customers	2,071,908	1,285,344
B.1.2.3		
B.1.3 Provisions		
B.1.4 Financial Liabilities (excluding Trade and Other Payables and Provisions) (B.1.4.1 + B.1.4.2 + B.1.4.3 + B.1.4.4 + B.1.4.5)	4,297,761	3,861,157
B.1.4.1 Loans payable and borrowings	4,297,761	3,861,157
B.1.4.2		
B.1.4.3		
B.1.4.4		
B.1.4.5		
B.1.5 Liabilities for Current Tax	101,400	80,038
B.1.6 Deferred Tax Liabilities		
B.1.7 Others, specify (If material, state separately; indicate if the item is payable to public/private or financial/non-financial institutions) (B.1.7.1 + B.1.7.2 + B.1.7.3 + B.1.7.4 + B.1.7.5 + B.1.7.6)		
B.1.7.1 Dividends declared and not paid at balance sheet date		
B.1.7.2 Acceptances Payable		
B.1.7.3 Liabilities under Trust Receipts		
B.1.7.4 Portion of Long-term Debt Due within one year		
B.1.7.5 Deferred Income		
B.1.7.6 Any other current liability in excess of 5% of Total Current Liabilities, specify:		
B.1.7.6.1		
B.1.7.6.2		
B.1.7.6.3		

Control No.:
Form Type: PHFS (rev 2006)

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: BERJAYA PHILIPPINES INC. AND SUBSIDIARIES
CURRENT ADDRESS: 9F RUFINO PACIFIC TOWER, 6784 AYALA AVE., MAKATI CITY
TEL. NO.: 811-0668 FAX NO.: 811-0538
COMPANY TYPE : INVESTMENT COMPANY OPERATION PSIC: 66910

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Balance Sheet

FINANCIAL DATA	2018 (In P'000)	2017 (In P'000)
B.2 Long-term Debt - Non-current Interest-bearing Liabilities (B.2.1 + B.2.2 + B.2.3 + B.2.4 + B.2.5)	400,669	367,394
B.2.1 Domestic Public Financial Institutions	400,669	367,394
B.2.2 Domestic Public Non-Financial Institutions		
B.2.3 Domestic Private Financial Institutions		
B.2.4 Domestic Private Non-Financial Institutions		
B.2.5 Foreign Financial Institutions		
B.3 Indebtedness to Affiliates and Related Parties (Non-Current)	17,893	0
B.4 Liabilities Included in the Disposal Groups Classified as Held for Sale		
B.5 Other Liabilities (B.5.1 + B.5.2)	149,595	78,940
B.5.1 Deferred Tax	62,244	41,821
B.5.2 Others, specify (B.5.2.1 + B.5.2.2 + B.5.2.3 + B.5.2.4 + B.5.2.5)	87,351	37,119
B.5.2.1 Post-employment benefit obligation	23,366	37,119
B.5.2.2 Provision for Losses	63,985	0
B.5.2.3		
B.5.2.4		
B.5.2.5		
C. EQUITY (C.3 + C.4 + C.5 + C.6 + C.7 + C.8 + C.9+C.10)	8,502,261	7,205,086
C.1 Authorized Capital Stock (no. of shares, par value and total value; show details) (C.1.1+C.1.2+C.1.3)	0	0
C.1.1 Common shares		
C.1.2 Preferred Shares		
C.1.3 Others		
C.2 Subscribed Capital Stock (no. of shares, par value and total value) (C.2.1 + C.2.2 + C.2.3)		
C.2.1 Common shares		
C.2.2 Preferred Shares		
C.2.3 Others		
C.3 Paid-up Capital Stock (C.3.1 + C.3.2)	0	0
C.3.1 Common shares		
C.3.2 Preferred Shares		
C.4 Additional Paid-in Capital / Capital in excess of par value / Paid-in Surplus		
C.5 Minority Interest	18,062	19,157
C.6 Others, specify (C.6.1 + C.6.2 + C.6.3)	8,484,199	7,185,929
C.6.1 Attributable to owners of parent company	8,484,199	7,185,929
C.6.2		
C.6.3		
C.7 Appraisal Surplus/Revaluation Increment in Property/Revaluation Surplus		
C.8 Retained Earnings (C.8.1 + C.8.2)	0	0
C.8.1 Appropriated		
C.8.2 Unappropriated		
C.9 Head / Home Office Account (for Foreign Branches only)		
C.10 Cost of Stocks Held in Treasury (negative entry)		
TOTAL LIABILITIES AND EQUITY (B + C)	17,497,367	14,755,462

Control No.:
Form Type: PHFS (rev 2006)

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: BERJAYA PHILIPPINES INC. AND SUBSIDIARIES

CURRENT ADDRESS: 9F RUFINO PACIFIC TOWER, 6784 AYALA AVE., MAKATI CITY

TEL. NO.: 811-0668 FAX NO.: 811-0538

COMPANY TYPE : INVESTMENT COMPANY OPERATION PSIC: 66910

If these are based on consolidated financial statements, please so indicate in the caption.

Table 2. Income Statement

FINANCIAL DATA	2018 (in P'000)	2017 (in P'000)	
A. REVENUE / INCOME (A.1 + A.2 + A.3)	31,170,796	28,827,210	
A.1 Net Sales or Revenue / Receipts from Operations (manufacturing, mining,utilities, trade, services, etc.) (from Primary Activity)	30,827,418	28,501,621	
A.2 Share in the Profit or Loss of Associates and Joint Ventures accounted for	167,064	129,813	
A.3 Other Revenue (A.3.1 + A.3.2 + A.3.3 + A.3.4 + A.3.5)			
A.3.1 Rental Income from Land and Buildings			
A.3.2 Receipts from Sale of Merchandise (trading) (from Secondary Activity)			
A.3.3 Sale of Real Estate or other Property and Equipment			
A.3.4 Royalties, Franchise Fees, Copyrights (books, films, records, etc.)			
A.3.5 Others, specify (A.3.5.1 + A.3.5.2 + A.3.5.3 + A.3.5.4 + A.3.5.5 + A.3.5.6 + A.3.5.7 + A.3.5.8)			
A.3.5.1			
A.3.5.2			
A.3.5.3			
A.3.5.4			
A.3.5.5			
A.3.5.6			
A.3.5.7			
A.3.5.8			
A.4 Other Income (non-operating) (A.4.1 + A.4.2 + A.4.3 + A.4.4)	176,314	195,776	
A.4.1 Interest Income	110,278	106,989	
A.4.2 Dividend Income	23,393	16,229	
A.4.3 Gain / (Loss) from selling of Assets, specify (A.4.3.1 + A.4.3.2 + A.4.3.3 + A.4.3.4)	(54,533)	1,181	
A.4.3.1 Gain (loss) on sale of available-for-sale financial assets	(54,533)	1,181	
A.4.3.2 Gain on sale of property and equipment	0	0	
A.4.3.3			
A.4.3.4			
A.4.4 Others, specify (A.4.4.1 + A.4.4.2 + A.4.4.3 + A.4.4.4)	97,177	71,378	
A.4.4.1 Gain / (Loss) on Foreign Exchange	47,934	0	
A.4.4.2 Remeasurement of gain on reclassification of AFS	0	0	
A.4.4.3 Excess 7% standard input vat over actual input vat	0	0	
A.4.4.4 Income from forfeited customer deposits	0	0	
A.4.4.5 Others	49,243	71,378	
B. COST OF GOODS SOLD (B.1 + B.2 + B.3)			
B.1 Cost of Goods Manufactured (B.1.1 + B.1.2 + B.1.3 + B.1.4 + B.1.5)			
B.1.1 Direct Material Used			
B.1.2 Direct Labor			
B.1.3 Other Manufacturing Cost / Overhead			
B.1.4 Goods in Process, Beginning			
B.1.5 Goods in Process, End (negative entry)			
B.2 Finished Goods, Beginning			
B.3 Finished Goods, End (negative entry)			
C. COST OF SALES (C.1 + C.2 + C.3)			
C.1 Purchases			
C.2 Merchandise Inventory, Beginning			
C.3 Merchandise Inventory, End (negative entry)			
D. GROSS PROFIT (A - B - C)	31,170,796	28,827,210	

NOTE: Pursuant to SRC Rule 68.1 (as amended in Nov. 2005), for fiscal years ending December 31, 2005 up to November 30, 2006, a comparative format of only two (2) years may be filed to give temporary relief for covered companies as the more complex PFRSs will be applied for the first time in these year end periods. After these first time applications, the requirement of three (3) year comparatives shall resume for year end reports beginning December 31, 2006 and onwards.

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SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

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CURRENT ADDRESS: 9F RUFINO PACIFIC TOWER, 6784 AYALA AVE., MAKATI CITY
TEL. NO.: 811-0668 FAX NO.: 811-0538
COMPANY TYPE : INVESTMENT COMPANY OPERATION PSIC: 66910

If these are based on consolidated financial statements, please so indicate in the caption.

Table 2. Income Statement

FINANCIAL DATA	2018 (in P'000)	2017 (in P'000)	
E. OPERATING EXPENSES (E.1 + E.2 + E.3 + E.4)	29,659,858	27,494,341	
E.1 Selling or Marketing Expenses			
E.2 Administrative Expenses			
E.3 General Expenses			
E.4 Other Expenses, specify (E.4.1 + E.4.2 + E.4.3 + E.4.4 + E.4.5 + E.4.6 + E.4.7 + E.4.8 + E.4.9 + E.4.10)	29,659,858	27,494,341	
E.4.1 Cost of vehicles sold	22,439,750	21,428,579	
E.4.2 Bodyshop repairs and parts	2,347,773	1,881,987	
E.4.3 Salaries and employee benefits	1,881,686	1,732,125	
E.4.4 Rental	357,030	321,414	
E.4.5 Professional fees	306,546	343,849	
E.4.6 Depreciation and amortization	268,631	228,712	
E.4.7 Maintenance of computer equipment	133,430	112,225	
E.4.8 Taxes and licenses	176,980	175,438	
E.4.9 Telecommunication	127,891	100,217	
E.4.10 Communication, light and water	99,234	78,750	
E.4.11 Transportation and travel	83,244	26,322	
E.4.12 Representation and entertainment	38,121	47,705	
E.4.13 Charitable contributions	21,942	73,033	
E.4 14 Food and beverages	13,270	12,354	
E.4.15 Others	1,364,330	931,632	
F. FINANCE COSTS (F.1 + F.2 + F.3 + F.4 + F.5)	402,112	348,700	
F.1 Interest on Short-Term Promissory Notes			
F.2 Interest on Long-Term Promissory Notes			
F.3 Interest on bonds, mortgages and other long-term loans			
F.4 Amortization			
F.5 Other interests, specify (F.5.1 + F.5.2 + F.5.3 + F.5.4 + F.5.5)	402,112	348,700	
F.5.1 Interest expense	155,705	141,815	
F.5.2 Bad debts expense	210,238	2,878	
F.5.3 Bank charges	36,169	32,924	
F.5.4 Foreign currency losses- net	0	71,998	
F.5.5 Loss on deemed disposal of investment	0	99,084	
G. NET INCOME (LOSS) BEFORE TAX (D - E - F)	1,108,826	984,168	
H. INCOME TAX EXPENSE (negative entry)	(312,460)	(280,075)	
I. INCOME(LOSS) AFTER TAX	796,366	704,093	
J. Amount of (i) Post-Tax Profit or Loss of Discontinued Operations; and (ii) Post-Tax Gain or Loss Recognized on theMeasurement of Fair Value less Cost to Sell or on the Disposal of the Assets or Disposal Group(s) constituting the Discontinued Operation (if any)			
J.1			
J.2			
K. PROFIT OR LOSS ATTRIBUTABLE TO MINORITY INTEREST	10,541	30,025	
L PROFIT OR LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	785,625	674,068	
M. EARNINGS (LOSS) PER SHARE			
M.1 Basic	0.181	0.155	
M.2 Diluted			

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TEL. NO.: 811-0668 FAX NO.: 811-0538
COMPANY TYPE INVESTMENT COMPANY OPERATION PSIC: 66910

If these are based on consolidated financial statements, please so indicate in the caption.

Table 3. Cash Flow Statements

FINANCIAL DATA	2018 (in P'000)	2017 (in P'000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Income (Loss) Before Tax and Extraordinary Items	1,108,826	984,168	
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities			
Depreciation	268,631	228,712	
Amortization specify			
Others, specify: Dividend income	(23,393)	(16,229)	
Remeasurement gain of available-for-sale financial assets	0	0	
Net gain on sale of available-for-sale financial assets	54,533	(1,181)	
Interest expense	155,705	141,815	
Interest income	(110,278)	(106,989)	
Unrealized foreign currency loss(gain)	(47,934)	71,998	
Equity share in net losses(income) of associates	(167,064)	(129,813)	
Gain on disposal of propert and equipment	(563)	(3,395)	
Bad debts expense	0	0	
Impairment loss on AFS financial assets	210,238	2,878	
Loss on deemed disposal of investment	0	99,084	
Provision for losses	63,985	0	
Write-down of Property, Plant, and Equipment			
Changes in Assets and Liabilities:			
Decrease (Increase) in:			
Trade and other receivables	1,157,891	(216,365)	
Inventories	(935,124)	374,995	
Other non-current assets	1,489	(354)	
Others, specify:			
Increase (Decrease) in:			
Prepayments and other current assets	(88,330)	(22,233)	
Post-employment benefit asset	(46,185)	0	
Trade and other payables	862,073	(409,043)	
Post-employment benefit obligation	31,553	(10,820)	
Others, specify: Cash paid for income taxes	(341,628)	(209,033)	
A. Net Cash Provided by (Used in) Operating Activities (sum of above rows)	2,154,424	778,197	
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase) Decrease in Long-Term Receivables			
(Increase) Decrease in Investment			
Reductions/(Additions) to Property, Plant, and Equipment	(268,210)	(198,604)	
Others, specify Acquisition of available-for-sale financial assets/investment in associates	(820,574)	(1,205,030)	
Cash dividends received	74,297	16,229	
Proceeds from sale of available-for-sale financial assets	158,659	106,256	
Collection from associates	3,000	2,000	
Payments to previous stockholders of H.R. Owen		0	
Interest received	51,247	67,915	
Acquisition of business	0	0	
Additional advances granted to associates	(469,623)	(31,040)	
Proceeds from disposal of property and equipment	949	4,123	
Acquisition of investment property	0	(132,720)	
B. Net Cash Provided by (Used in) Investing Activities (sum of above rows)	(1,270,256)	(1,370,872)	
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Bank loans and borrowings	638,827	987,273	
Long-term Debt			
Issuance of Securities			
Others, specify:			
Payments of:			
(Loans and Bank Borrowings)	(1,228,786)	(216,667)	
(Long-term Debt)			
(Stock Subscriptions)			
Others, specify (negative entry):			
Interest paid	(155,529)	(139,856)	
Acquisition of treasury shares			
Dividends paid to minority interest	0	0	
C. Net Cash Provided by (Used in) Financing Activities (sum of above rows)	(745,489)	630,750	
D. Effect of Exchange Rate Changes to Cash and Cash Equivalents	(4,353)	(11,657)	
NET INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C)	134,327	26,419	
Cash and Cash Equivalents			
Beginning of year	1,060,851	1,034,432	
Beginning balance from newly acquired subsidiary	0	0	
End of year	1,195,177	1,060,851	

NOTE: Pursuant to SRC Rule 68.1 (as amended in Nov. 2005), for fiscal years ending December 31, 2005 up to November 30, 2006, a comparative format of only two (2) years may be filed to give temporary relief for covered companies as the more complex PFRSs will be applied for the first time in these year end periods. After these first time applications, the requirement of three (3) year comparatives shall resume for year end reports beginning December 31, 2006 and onwards.

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CURRENT ADDRESS: 9F RUFINO PACIFIC TOWER, 6784 AYALA AVE., MAKATI CITY
TEL. NO.: 811-0668 FAX NO.: 0
COMPANY TYPE: INVESTMENT COMPANY OPERATION PSIC: 66910

If these are based on consolidated financial statements, please so indicate in the caption.

Table 4. Statement of Changes in Equity

FINANCIAL DATA	Capital Stock	Treasury Shares	Revaluation Reserve	Other Reserves	Translation Adjustment	Retained Earnings		Non-controlling Interest	TOTAL
(Amount in P'000)						Appropriated	Unappropriated		
A. Balance, 2016	953,984	(988,150)	(26,506)	(14,578)	(37,410)	5,246,287	2,195,843	335,890	7,665,361
A.1 Correction of Error(s)									
A.2 Changes in Accounting Policy									
B. Restated Balance									
C. Surplus									
C.1 Surplus (Deficit) on Revaluation of Properties									
C.2 Surplus (Deficit) on Revaluation of Investments									
C.3 Currency Translation Differences									0
C.4 Other Surplus (specify)									
C.4.1 Net unrealized fair value losses									0
C.4.2 Non-controlling interest in acquired subsidiary									0
C.4.3 Change in equity share in a subsidiary									0
C.4.4 Actuarial gain on remeasurement			(5,919)					(44)	(5,963)
C.4.5 Net unrealized fair value losses			(44,376)						(44,376)
C.4.6 Reclassification adjustments			9,565						9,565
C.4.7 Translation adjustment					(127,715)			(38,576)	(166,291)
C.4.8 Effect of change in percentage ownership over a				(649,165)				(308,137)	(957,302)
D. Net Income (Loss) for the Period							674,068	30,025	704,093
E. Dividends (negative entry)	3,473,025					0	(3,473,025)	0	0
F. Appropriation for (specify)									
F.1 Reversal of appropriation						(3,473,025)	3,473,025		0
F.2 Appropriation during the year									0
F.3									
F.4									
F.5									
G. Issuance of Capital Stock									
G.1 Common Stock									
G.2 Preferred Stock									
G.3 Additional treasury shares acquired									
H. Balance, 2017	4,427,009	(988,150)	(67,236)	(663,742)	(165,125)	1,773,263	2,869,911	19,157	7,205,086
H.1 Correction of Error (s)									
H.2 Changes in Accounting Policy									
I. Restated Balance									
J. Surplus									
J.1 Surplus (Deficit) on Revaluation of Properties									
J.2 Surplus (Deficit) on Revaluation of Investments									
J.3 Currency Translation Differences									0
J.4 Other Surplus (specify)									
J.4.1 Non-controlling interest in acquired subsidiary									0
J.4.2 Change in equity share in a subsidiary									0
J.4.3 Actuarial gain on remeasurement			36,372					222	36,594
J.4.4 Net unrealized fair value losses			73,701						73,701
J.4.5 Gain on revaluation of investment property			32,048					226	32,048
J.4.5 Reclassification adjustments			69,273						69,273
J.4.6 Translation adjustment					314,852			2,851	317,703
J.4.7 Effect of change in percentage ownership over a				(13,802)				(14,936)	(28,738)
K. Net Income (Loss) for the Period							785,825	10,541	796,366
L. Dividends (negative entry)						0	0		0
M. Appropriation for (specify)									
M.1 Reversal of appropriation						0	0		0
M.2 Appropriation during the year									0
M.3									
M.4									
M.5									
N. Issuance of Capital Stock									
N.1 Common Stock									
N.2 Preferred Stock									
N.3 Others									
O. Balance, 2018	4,427,009	(988,150)	144,158	(677,544)	149,727	1,773,263	3,655,736	18,062	8,502,034

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TEL. NO.: 811-0668 FAX NO.: #VALUE!
COMPANY TYPE : INVESTMENT COMPANY OPERATION PSIC: 66910

If these are based on consolidated financial statements, please so indicate in the caption.

Table 5. Details of Income and Expenses, by source

(applicable to corporations transacting with foreign corporations/entities)

FINANCIAL DATA	2018 (in P'000)	2017 (in P'000)	
A. REVENUE / INCOME (A.1 + A.2)	31,003,732	28,697,397	
A.1 Net Sales or Revenue / Receipts from Operations (manufacturing, mining,utilities, trade, services, etc.) (from Primary Activity) (A.1.1 +A.1.2)	30,827,418	28,501,621	
A.1.1 Domestic	1,771,596	1,745,647	
A.1.2 Foreign	29,055,821	26,755,974	
A.2 Other Revenue (A.2.1 +A.2.2)	176,314	195,776	
A.2.1 Domestic	230,848	194,595	
A.2.2 Foreign, specify (A.2.2.1+A.2.2.2+ A.2.2.3+ A.2.2.4+ A.2.2.5+ A.2.2.6+ A.2.2.7+ A.2.2.8+A.2.2.9+A.2.2.10)	(54 533)	1,181	
A.2.2.1 Gain on sale of available-for-sale financial assets - BPI	(54,533)	1,181	
A.2.2.2 Remeasurement of gain on reclassification of AFS - BPI	0	0	
A.2.2.3 Interest Income - HRO	0	0	
A.2.2.4 Other Income - HRO	0	0	
A.2.2.5			
A.2.2.6			
A.2.2.7			
A.2.2.8			
A.2.2.9			
A.2.2.10			
B. EXPENSES (B.1 + B.2)	30,061,970	27,843,041	
B.1 Domestic	30,061,970	27,843,041	
B.2 Foreign, specify (B.2.1+B.2.2+B.2.3+B.2.4+B.2.5+B.2.6+B.2.7+B.2.8+B.2.9+B.2.10)	0	0	
B.2.1 Finance Cost - HRO			
B.2.2 Operating Expenses - New Subsidiary - HRO			
B.2.3 Expenses incurred in relation to HRO offer - BPI			
B.2.4		0	
B.2.5		0	
B.2.6		0	
B.2.7		0	
B.2.8		0	
B.2.9		0	
B.2.10.		0	

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Consolidated Financial Statements and
Independent Auditors' Report

Berjaya Philippines Inc. and Subsidiaries

April 30, 2018 and 2017

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Report of Independent Auditors

The Board of Directors and the Stockholders
Berjaya Philippines Inc. and Subsidiaries
[A Subsidiary of Berjaya Lottery Management (HK) Limited]
9th Floor, Rufino Pacific Tower
6784 Ayala Avenue, Makati City

Opinion

We have audited the consolidated financial statements of Berjaya Philippines Inc. and subsidiaries (the Group), which comprise the consolidated statements of financial position as at April 30, 2018 and 2017, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended April 30, 2018, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at April 30, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended April 30, 2018 in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audits of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(a) Impairment Assessment of Goodwill and Dealership Rights

Description of the Matter

Under Philippine Accounting Standards (PAS) 36, *Impairment of Assets*, the Group is required to annually test the amount of goodwill and intangible assets with indefinite useful life for impairment. As at April 30, 2018, goodwill and dealership rights with indefinite useful life amounted to P1.9 billion. This annual impairment test was significant to our audit because the amounts of goodwill and dealership rights are material to the consolidated financial statements. In addition, management's assessment process is highly judgmental and is based on significant assumptions, specifically in determining the fair value less costs to sell (which uses current transaction prices) and the value-in-use (which uses a certain discount rate and cash flows projections) of the identified cash-generating units over which goodwill and dealership rights were allocated. The assumptions used by management are generally affected by expected future market and economic conditions.

The Group's policy on impairment assessment of goodwill and dealership rights with indefinite useful life is more fully described in Note 2 to the consolidated financial statements while the carrying amount of goodwill and dealership rights and the value-in-use of the cash-generating units to which the intangible assets were allocated are presented in Note 14.

How the Matter was Addressed in the Audit

Our audit procedures to address the risk of material misstatement relating to the goodwill and dealership rights with indefinite useful life included, among others, the following:

- Evaluating the reasonableness of assumptions and methodology used in determining the value-in-use of cash-generating units attributable to goodwill and dealership rights, which include the discount rate, growth rate and cash flow projections, by comparing them to external and historical data; and,

- Performing sensitivity analysis on the calculation to determine whether a reasonably possible change in assumptions could cause the carrying amount of the cash-generating units to exceed the recoverable amount.

(b) Revenue Recognition on Sale of Vehicles

Description of the Matter

Revenue recognition from the sale of vehicles amounting to P29.1 billion was significant to our audit as it accounts for 94% of total revenues of the Group. The Group recognizes revenue from sale of vehicles when the risks and rewards of ownership have passed to the buyer.

The Group's policy on recognition of revenue from sale of vehicles is presented in Note 2 to the consolidated financial statements.

How the Matter was Addressed in the Audit

Our audit procedures to address the risk of material misstatement relating to revenue recognition on sale of vehicles included, among others, the following:

- Updating our understanding of the Group's revenue recognition policy, revenue processes and controls over the recognition and measurement of revenues;

- Reviewing the relevant vehicle dealership agreements;

- Testing the relevant controls over the revenue recognition process;

- Testing the recognition and measurement of revenue on a sample basis by examining supporting deal files of recorded sale transactions; and,

- Testing the appropriateness of revenue cut-off.

(c) Existence and Valuation of Vehicle Inventories

Description of the Matter

The Group holds vehicle inventories amounting to P4.8 billion, net of allowance for inventory writedown, which represents 27% of the consolidated total assets. Under PAS 2, *Inventories*, the Group is required to measure its inventories at the lower of cost or net realizable value (NRV). The net realizable value of vehicle inventories depends on certain factors such as brand, model and parts, among others. Due to the materiality of the amount of vehicle inventories and the complexity of the process of determining the net realizable value, we considered this as significant to our audit.

How the Matter was Addressed in the Audit

Our audit procedures to address the risk of material misstatement relating to the existence and valuation of vehicle inventories included, among others, the following:

On existence of vehicle inventories:

- Observing the physical inventory count procedure; and,

- Performing a physical count test, on a sample basis, to test the quantities of inventory items as of the reporting date.

On valuation of vehicle inventories:

- Testing the recorded unit cost of a sample of inventories by examining supporting documentation;

- Engaging a valuation expert to provide fair value of a sample of inventory and testing the competency of such expert; and,

- Testing the appropriateness of application of the lower of cost or NRV.

Material Uncertainty Related to Going Concern

As discussed in Note 1 to the consolidated financial statements, PGMC, a subsidiary within the Group, has an existing Equipment Lease Agreement (ELA) with Philippine Charity Sweepstake Office (PCSO) which will expire in August 2018.

On June 11, 2012, PGMC filed an application for the issuance of a Writ of Preliminary Injunction against PCSO before the Makati Regional Trial Court docketed as Civil Case Number 12-530. The application asserted an exclusive territorial right of PGMC to lease lottery equipment in Luzon and requested the Makati Regional Trial Court to restrain PCSO from leasing lotto terminals to other competitor companies for PCSO's use in Luzon. The proceedings led to the execution of the Interim Settlement wherein PGMC and PCSO agreed to submit to arbitration the issue on the exclusivity of the lotto operations in Luzon and to maintain status quo until the arbitration is terminated.

On March 12, 2014, PGMC filed a request for arbitration at the International Chamber of Commerce court asserting its exclusive rights under the 1995 ELA and its amendments.

On August 13, 2015, a Supplemental and Status Quo Agreement was signed by both parties, and thereby, the term of ELA is extended for another three years from August 22, 2015.

On February 23, 2018, the Arbitral Tribunal rendered a Final Award in favor of PCSO.

On March 26, 2018, PGMC filed a Petition to Vacate the Final Award with the Makati Regional Trial Court. The Petition is still pending as of April 30, 2018.

As PGMC's sole source of revenue is from the ELA, the expiration of the agreement casts a significant doubt as to PGMC's ability to continue as a going concern if the period of the lease agreement with PCSO will not be extended beyond the expiration date. PGMC is a significant component of the Group as its operations account for 66% of the consolidated net income of the Group.

Currently, PGMC is in discussion with PCSO where PCSO is requesting to maintain the status quo until August 2020. Management is currently arranging an agreement with PCSO to formalize the maintenance of the status quo and the extension of the ELA until August 2020. When formalized and implemented, the extension will be consistent with the agreement to maintain the status quo until the arbitration is final. It will effectively maintain the lease agreement until August 2020.

In connection with our audits, we have conducted sufficient procedures to verify the validity and reasonableness of management's representation. Accordingly, PGMC's financial statements have been prepared and carried over to the consolidated financial statements of the Group assuming PGMC will continue as a going concern entity which contemplates the realization of assets and the settlement of liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Group's Securities and Exchange Commission (SEC) Form 17-A, which we obtained prior to the date of the auditors' report, and the Group's SEC Form 20-IS (Definitive Information Statement) and Annual Report, which are expected to be made available to us after that date, for the year ended April 30, 2018, but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control.

- Obtain and understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness if the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the 2018 audit resulting in this independent auditors' report is Romualdo V. Murcia III.

PUNONGBAYAN & ARAULLO

By: Romualdo V. Murcia III
Partner

CPA Reg. No. 0095626
TIN 906-174-059
PTR No. 6616014, January 3, 2018, Makati City
SEC Group A Accreditation
Partner - No. 0628-AR-3 (until Nov. 29, 2019)
Firm - No. 0002-FR-5 (until Mar. 26, 2021)
BIR AN 08-002511-22-2016 (until Oct. 3, 2019)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2018)

July 27, 2018

BERJAYA PHILIPPINES INC. AND SUBSIDIARIES
[A Subsidiary of Berjaya Lottery Management (HK) Limited]
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
APRIL 30, 2018 AND 2017
(Amounts in Philippine Pesos)

	Notes	2018	2017 (As Restated — see Note 2)
A S S E T S			
CURRENT ASSETS			
Cash and cash equivalents	7	P 1,195,177,294	P 1,060,850,712
Trade and other receivables - net	8	2,620,625,259	2,659,123,454
Inventories - net	9	5,062,652,502	4,127,528,185
Advances to associates	13, 22	1,515,841,109	990,024,321
Prepayments and other current assets	10	555,838,830	468,295,952
Total Current Assets		10,950,134,994	9,305,822,624
NON-CURRENT ASSETS			
Available-for-sale financial assets - net	11	1,199,369,442	901,808,762
Property and equipment - net	12	1,768,323,852	1,885,117,390
Investment property	15	460,167,243	141,608,573
Investments in associates	13	978,436,158	642,726,373
Intangible assets - net	14	1,977,995,204	1,806,955,751
Deferred tax assets - net	24	113,537,342	66,716,137
Post-employment benefit asset	20	46,185,495	-
Other non-current assets		3,217,271	4,706,098
Total Non-current Assets		6,547,232,007	5,449,639,084
TOTAL ASSETS		P 17,497,367,001	P 14,755,461,708
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade and other payables	17	P 4,027,789,372	P 3,162,847,113
Loans payable and borrowings	18	4,297,760,596	3,861,157,068
Income tax payable		101,399,903	80,037,505
Total Current Liabilities		8,426,949,871	7,104,041,686
NON-CURRENT LIABILITIES			
Trade and other payables	17	17,892,850	-
Loans payable and borrowings	18	400,668,588	367,393,973
Provision for losses	28	63,985,202	-
Deferred tax liabilities - net	24	62,243,900	41,820,538
Post-employment benefit obligation	20	23,365,892	37,119,233
Total Non-current Liabilities		568,156,432	446,333,744
Total Liabilities		8,995,106,303	7,550,375,430
EQUITY	23		
Attributable to owners of the Parent Company			
Capital stock		4,427,009,132	4,427,009,132
Treasury shares - at cost		(988,150,025)	(988,150,025)
Revaluation reserves		144,158,758	(67,236,203)
Translation adjustment		149,727,044	(165,125,003)
Other reserves		(677,544,362)	(663,742,273)
Retained earnings		5,428,998,625	4,643,173,814
		8,484,199,172	7,185,929,442
Attributable to non-controlling interest		18,061,526	19,156,836
Total Equity		8,502,260,698	7,205,086,278
TOTAL LIABILITIES AND EQUITY		P 17,497,367,001	P 14,755,461,708

See Notes to Consolidated Financial Statements.

BERJAYA PHILIPPINES INC. AND SUBSIDIARIES
(A Subsidiary of Berjaya Lottery Management (HK) Limited)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED APRIL 30, 2018, 2017 AND 2016
(Amounts in Philippine Pesos)

	Notes	2018	2017	2016
REVENUES				
Sale of vehicles	2	P 25,009,110,092	P 23,401,950,448	P 21,564,656,054
Servicing and bodyshop	2	4,046,711,176	3,354,023,706	3,210,215,857
Rental	2, 6	1,642,234,495	1,601,472,285	1,580,259,448
Hotel operations	2	129,361,779	144,174,590	146,454,055
		30,827,417,542	28,501,621,029	26,501,585,414
COSTS AND OPERATING EXPENSES				
Cost of vehicles sold	2	22,439,750,254	21,428,578,970	19,647,391,744
Bodyshop repairs and parts	2	2,347,772,987	1,881,987,340	1,772,942,701
Salaries and employee benefits	20	1,881,685,967	1,732,125,153	1,625,215,210
Rental	22, 28	357,030,160	321,414,367	330,015,723
Professional fees	22	306,546,421	343,848,983	371,719,301
Depreciation and amortization	12, 14	268,630,768	228,711,501	238,359,344
Taxes and licenses		176,979,717	175,438,204	148,931,177
Maintenance of computer equipment	22	133,429,881	112,224,603	78,435,458
Telecommunication		127,890,927	100,216,958	100,308,008
Communication, light and water		99,233,928	78,750,000	71,436,528
Transportation and travel		83,244,097	26,321,899	46,480,923
Representation and entertainment		38,121,450	47,704,942	19,262,134
Charitable contributions		21,941,930	73,033,081	-
Food and beverages		13,269,858	12,353,624	12,790,863
Others	19	1,364,329,729	931,631,792	1,083,950,209
		29,659,858,074	27,494,341,417	25,547,239,323
OPERATING PROFIT		1,167,559,468	1,007,279,612	954,346,091
OTHER INCOME (CHARGES)				
Finance costs and other charges	21	(402,112,359)	(348,699,921)	(289,124,450)
Equity share in net income of associates	13	167,064,254	129,812,560	55,765,755
Finance income	21	181,604,913	123,217,395	112,062,855
Net gain (loss) on sale of available-for-sale (AFS) financial assets	11	(54,533,062)	1,181,117	(19,523,036)
Others	19	49,242,614	71,377,695	117,725,227
		(58,733,640)	(23,111,154)	(23,093,649)
PROFIT BEFORE TAX		1,108,825,828	984,168,458	931,252,442
TAX EXPENSE	24	312,460,228	280,075,461	224,926,333
NET PROFIT		796,365,600	704,092,997	706,326,109
OTHER COMPREHENSIVE INCOME (LOSS)				
Item that will not be reclassified subsequently to profit or loss				
Gain on revaluation of property and equipment transferred to investment property - net of tax	15	32,274,979	-	-
Actuarial gain (loss) on remeasurement of post-employment benefit obligation - net of tax	20	36,594,136	(5,963,139)	6,342,575
		68,869,115	(5,963,139)	6,342,575
Items that will be reclassified subsequently to profit or loss				
Translation adjustment	2	317,703,260	(166,291,262)	(446,469)
Net unrealized fair value gains (losses) on AFS financial assets	11, 23	73,700,839	(44,375,819)	(163,685,750)
Reclassification adjustments to profit or loss				
Due to impairment of AFS financial assets	11, 23	69,273,240	-	5,294,045
Due to disposal of AFS financial assets	11, 23	-	9,564,509	9,212,952
		460,677,339	(201,102,572)	(149,625,222)
TOTAL COMPREHENSIVE INCOME		P 1,325,912,054	P 497,027,286	P 563,043,462
Balance carried forward		P 1,325,912,054	P 497,027,286	P 563,043,462

	Note		2018		2017		2016
Balance brought forward		P	1,325,912,054	P	497,027,286	P	563,043,462
Net profit attibutable to:							
Owners of the Parent Company		P	785,824,811	P	674,067,840	P	678,320,666
Non-controlling interest			10,540,789		30,025,157		28,005,443
		P	796,365,600	P	704,092,997	P	706,326,109
Total comprehensive income attributable to:							
Owners of the Parent Company		P	1,312,071,819	P	505,623,045	P	533,614,365
Non-controlling interest			13,840,235	(	8,595,759)		29,429,097
		P	1,325,912,054	P	497,027,286	P	563,043,462
Earnings Per Share - Basic and Diluted	25	P	0.18	P	0.16	P	0.16

See Notes to Consolidated Financial Statements.

BERJAYA PHILIPPINES INC. AND SUBSIDIARIES
(A Subsidiary of Berjaya Lottery Management (HK) Limited)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED APRIL 30, 2018, 2017 AND 2016
(Amounts in Philippine Pesos)

		Attributable to Owners of the Parent Company										
							Retained Earnings					
	Notes	Capital Stock	Treasury Shares	Revaluation Reserves	Other Reserves	Translation Adjustment	Appropriated	Unappropriated	Total	Total	Non-controlling Interest	Total
Balance at May 1, 2017	23	P 4,427,009,132	(P 988,150,025)	(P 67,236,203)	(P 663,742,273)	(P 165,125,003)	P 1,773,262,552	P 2,869,911,262	P 4,643,173,814	P 7,185,929,442	P 19,156,836	P 7,205,086,278
Net profit for the year		-	-	-	-	-	-	785,824,811	785,824,811	785,824,811	10,540,789	796,365,600
Effect of change in percentage ownership over a subsidiary		-	-	-	(13,802,089)	-	-	-	-	(13,802,089)	(14,935,545)	(28,737,634)
Actuarial gain on remeasurement of post-employment benefit obligation - net of tax	20, 23	-	-	36,371,828	-	-	-	-	-	36,371,828	222,308	36,594,136
Net unrealized fair value losses on available-for-sale financial assets	11, 23	-	-	73,700,839	-	-	-	-	-	73,700,839	-	73,700,839
Gain on revaluation of property and equipment transferred to investment property - net of tax	15	-	-	32,049,054	-	-	-	-	-	32,049,054	225,925	32,274,979
Reclassification adjustments to profit or loss	11, 23	-	-	69,273,240	-	-	-	-	-	69,273,240	-	69,273,240
Translation adjustment		-	-	-	-	314,852,047	-	-	-	314,852,047	2,851,213	317,703,260
Total equity at April 30, 2018	23	P 4,427,009,132	(P 988,150,025)	P 144,158,758	(P 677,544,362)	P 149,727,044	P 1,773,262,552	P 3,655,736,073	P 5,428,998,625	P 8,484,199,172	P 18,061,526	P 8,502,260,698
Balance at May 1, 2016	23	P 953,984,448	(P 988,150,025)	(P 26,506,235)	(P 14,577,611)	(P 37,410,176)	P 5,246,287,236	P 2,195,843,422	P 7,442,130,658	P 7,329,471,059	P 335,890,074	P 7,665,361,133
Issuance of stock dividends	23	3,473,024,684	-	-	-	-	-	(3,473,024,684)	(3,473,024,684)	-	-	-
Net profit for the year		-	-	-	-	-	-	674,067,840	674,067,840	674,067,840	30,025,157	704,092,997
Reversal of prior year appropriation	23	-	-	-	-	-	(3,473,024,684)	3,473,024,684	-	-	-	-
Effect of change in percentage ownership over a subsidiary		-	-	-	(649,164,662)	-	-	-	-	(649,164,662)	(308,137,479)	(957,302,141)
Actuarial gain on remeasurement of post-employment benefit obligation - net of tax	20, 23	-	-	(5,918,658)	-	-	-	-	-	(5,918,658)	(44,481)	(5,963,139)
Net unrealized fair value losses on available-for-sale financial assets	11, 23	-	-	(44,375,819)	-	-	-	-	-	(44,375,819)	-	(44,375,819)
Reclassification adjustments to profit or loss	11, 23	-	-	9,564,509	-	-	-	-	-	9,564,509	-	9,564,509
Translation adjustment		-	-	-	-	(127,714,827)	-	-	-	(127,714,827)	(38,576,435)	(166,291,262)
Total equity at April 30, 2017	23	P 4,427,009,132	(P 988,150,025)	(P 67,236,203)	(P 663,742,273)	(P 165,125,003)	P 1,773,262,552	P 2,869,911,262	P 4,643,173,814	P 7,185,929,442	P 19,156,836	P 7,205,086,278
Balance at May 1, 2015	23	P 953,984,448	(P 988,150,025)	P 118,103,909	(P 14,577,611)	(P 37,314,019)	P 6,053,262,552	P 710,547,440	P 6,763,809,992	P 6,795,856,694	P 306,460,977	P 7,102,317,671
Net profit for the year		-	-	-	-	-	-	678,320,666	678,320,666	678,320,666	28,005,443	706,326,109
Reversal of prior year appropriation	23	-	-	-	-	-	(4,280,000,000)	4,280,000,000	-	-	-	-
Appropriated for stock dividends distributable	23	-	-	-	-	-	3,473,024,684	(3,473,024,684)	-	-	-	-
Actuarial gain on remeasurement of post-employment benefit obligation - net of tax	20, 23	-	-	4,568,609	-	-	-	-	-	4,568,609	1,773,966	6,342,575
Net unrealized fair value losses on available-for-sale financial assets	11, 23	-	-	(163,685,750)	-	-	-	-	-	(163,685,750)	-	(163,685,750)
Reclassification adjustments to profit or loss	11, 23	-	-	14,506,997	-	-	-	-	-	14,506,997	-	14,506,997
Translation adjustment		-	-	-	-	(96,157)	-	-	-	(96,157)	(350,312)	(446,469)
Total equity at April 30, 2016	23	P 953,984,448	(P 988,150,025)	(P 26,506,235)	(P 14,577,611)	(P 37,410,176)	P 5,246,287,236	P 2,195,843,422	P 7,442,130,658	P 7,329,471,059	P 335,890,074	P 7,665,361,133

See Notes to Consolidated Financial Statements.

BERJAYA PHILIPPINES INC. AND SUBSIDIARIES
[A Subsidiary of Berjaya Lottery Management (HK) Limited]
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED APRIL 30, 2018, 2017 AND 2016
(Amounts in Philippine Pesos)

	Notes	2018	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		P 1,108,825,828	P 984,168,458	P 931,252,442
Adjustments for:				
Depreciation and amortization	12, 14	268,630,768	228,711,501	238,359,344
Impairment loss on available-for-sale financial assets	11, 21	210,238,322	2,877,999	91,158,267
Equity share in net income of associates	13	(167,064,254)	(129,812,560)	(55,765,755)
Interest expense	21	155,704,879	141,814,994	117,419,526
Interest income	21	(110,277,860)	(106,988,671)	(98,589,178)
Provision for losses	19, 28	63,985,202	-	-
Net loss (gain) on sale of available-for-sale financial assets	11	54,533,062	(1,181,117)	19,523,036
Unrealized foreign currency losses (gains) - net	21	(47,934,001)	71,998,410	19,077,234
Dividend income	11, 21	(23,393,052)	(16,228,724)	(13,473,677)
Net gain on disposal of property and equipment	12, 19	(562,738)	(3,395,202)	(1,438,383)
Loss on deemed disposal of investment	21	-	99,084,160	-
Operating income before working capital changes		1,512,686,156	1,271,049,248	1,247,522,856
Decrease (increase) in trade and other receivables		1,157,890,918	(216,364,742)	(677,316,226)
Decrease (increase) in inventories		(935,124,317)	374,995,295	193,381,641
Increase in prepayments and other current assets		(88,329,942)	(22,232,774)	(261,843,848)
Increase in post-employment benefit asset		(46,185,495)	-	-
Decrease (increase) in other non-current assets		1,488,827	(353,780)	(1,291,789)
Increase (decrease) in trade and other payables		862,072,666	(409,043,275)	725,460,956
Increase (decrease) in post-employment benefit obligation		31,553,227	(10,820,430)	(97,405)
Cash generated from operations		2,496,052,040	987,229,541	1,225,816,185
Cash paid for income taxes		(341,627,768)	(209,032,684)	(247,128,579)
Net Cash From Operating Activities		2,154,424,272	778,196,857	978,687,606
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of available-for-sale financial assets	11	(578,017,157)	(184,727,645)	(18,940,755)
Additional advances granted to associates	22	(469,622,710)	(31,040,000)	(34,540,000)
Acquisitions of property and equipment	12	(268,210,461)	(198,603,905)	(786,030,748)
Acquisition of additional investment in subsidiary and associates	13	(242,557,235)	(1,020,302,141)	(138,180,000)
Proceeds from sale of available-for-sale financial assets	11	158,659,172	106,255,575	20,435,557
Cash dividends received	11	74,296,745	16,228,724	13,473,677
Interest received		51,246,862	67,914,648	46,041,842
Collections of advances to associates	22	3,000,000	2,000,000	3,000,000
Proceeds from disposal of property and equipment	12	948,917	4,123,232	1,794,990
Acquisitions of investment property	15	-	(132,720,106)	-
Acquisition of subsidiary and business unit	14	-	-	(186,492,817)
Net Cash Used in Investing Activities		(1,270,255,867)	(1,370,871,618)	(1,079,438,254)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of bank loans	18	(1,228,786,160)	(216,666,667)	(100,000,000)
Proceeds from bank loans	18	638,826,550	987,272,800	200,000,000
Interest paid		(155,528,994)	(139,855,973)	(115,636,846)
Net Cash From (Used in) Financing Activities		(745,488,604)	630,750,160	(15,636,846)
EFFECT OF EXCHANGE RATE CHANGES TO CASH AND CASH EQUIVALENTS		(4,353,219)	(11,656,807)	4,913,849
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		134,326,582	26,418,593	(111,473,645)
Balance carried forward		P 134,326,582	P 26,418,593	(P 111,473,645)

		2018		2017		2016
Balance brought forward	P	134,326,582	P	26,418,593	(P	111,473,645)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		1,060,850,712		1,034,432,119		1,145,905,764
CASH AND CASH EQUIVALENTS AT END OF YEAR	P	1,195,177,294	P	1,060,850,712	P	1,034,432,119

Supplemental Information on Non-cash Financing and Investing Activities:

1 In 2018, the Company reclassified certain property amounting to P256,346,568 from Property and Equipment account to Investment Property account due to change in use of the property (see Notes 12 and 15).

2 In 2018, the Group acquired certain leasehold improvements for a total consideration of P12,827,844. As at April 30, 2018, P1,775,938 remains outstanding (see Note 12).

3 In 2017, the Parent Company reclassified advances for stock subscription to an investment in an associate amounting to P82,283,456 (see Notes 8 and 13). In 2016, the Parent Company also reclassified P56,000,000 advances into an investment in an associate (see Note 22).

4 On June 6, 2016, the Parent Company's declaration of stock dividends at a rate of 4 common shares for every common share held was approved by the Securities and Exchange Commission and Board of Directors. On July 20, 2016, the Parent Company issued stock dividends of P3,473,024,684 shares at par (see Note 23).

See Notes to Consolidated Financial Statements.

(Amounts in Philippine Pesos)

1. CORPORATE MATTERS

1.1 Incorporation and Operations

Berjaya Philippines Inc. (BPI or the Parent Company) was incorporated in the Philippines on October 31, 1924. The Parent Company is organized as a holding company. The Parent Company's shares of stock were listed in the Philippine Stock Exchange on November 29, 1948.

On June 2, 2010, the Parent Company's Board of Directors (BOD) approved the Parent Company's change in corporate name from Prime Gaming Philippines, Inc. to Berjaya Philippines Inc. The application for change in name was approved by the Philippine Securities and Exchange Commission (SEC) on June 11, 2010.

The Parent Company is 74.20% owned by Berjaya Lottery Management (HK) Limited (BLML) as at April 30, 2018 and 2017. The Parent Company's ultimate parent company is Berjaya Corporation Berhad of Malaysia, a publicly listed company in the Main Market of Bursa Malaysia Securities Berhad.

The registered office of BPI is located at 9[th] Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City. BLML's registered address is at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong and the ultimate parent company's registered office is at Lot13-01A, Level 13 (East Wing), Berjaya Times Square, No. 1, Jalan Imbi 55100 Kuala Lumpur, Malaysia.

1.2 Subsidiaries and Associates

The Parent Company holds ownership interest in the following active entities as at April 30:

Subsidiaries/Associates	Short Name	Explanatory Notes	Effective % of Ownership 2018	2017
Subsidiaries:				
Leasing –				
Philippine Gaming Management Corporation	PGMC	*(a)*	**100.00%**	100.00%
Services:				
Perdana Hotel Philippines Inc.	PHPI	*(b)*	**100.00%**	100.00%
Floridablanca Enviro Corporation [formerly Berjaya Enviro Philippines Inc. (BEPI)]	FEC	*(c)*	**100.00%**	100.00%

Subsidiaries/Associates	Short Name	Explanatory Notes	Effective % of Ownership 2018	2017
Subsidiaries:				
Motor Vehicle Dealership:				
H.R. Owen Plc	H.R. Owen	*(d)*	**99.30%**	98.38%
Broughtons of Cheltenham Limited		*(e)*	**99.30%**	98.38%
H.R. Owen Dealership Limited		*(e)*	**99.30%**	98.38%
Jack Barclay Limited		*(e)*	**99.30%**	98.38%
Holland Park Limited	Holland Park	*(e)*	**99.30%**	98.38%
Bodytechnics Limited	Bodytechnics	*(e)*	**99.30%**	98.38%
Upbrook Mews Limited	Upbrook Mews	*(e)*	**99.30%**	98.38%
eDoc Holdings Limited	eDoc Holdings	*(e)*	**99.30%**	-
H.R. Owen Insurance Services Limited	H.R.O. Insurance	*(e)*	**59.58%**	59.03%
Associates:				
Berjaya Pizza Philippines Inc.	BPPI	*(f)*	**48.38%**	48.38%
Neptune Properties, Incorporated	NPI	*(g)*	**41.46%**	41.46%
Sanpiro Realty and Development Corporation	SRDC	*(g)*	**41.46%**	41.46%
Perdana Land Philippines Inc.	PLPI	*(h)*	**40.00%**	40.00%
Cosway Philippines Inc.	CPI	*(i)*	**40.00%**	40.00%
Bermaz Auto Philippines Inc. (formerly Berjaya Auto Philippines, Inc.)	BAPI	*(j)*	**28.28%**	25.48%
Chailease Berjaya Finance Corporation	CBFC	*(k)*	**25.00%**	-
Ssangyong Berjaya Motor Philippines Inc.	SBMPI	*(l)*	**20.00%**	20.00%
VideoDoc Limited	Videodoc	*(m)*	**20.01%**	-

(a) PGMC is involved principally in the business of leasing on-line lottery equipment and providing software support. PGMC was organized in April 1993 in the Philippines and started commercial operations in February 1995. The registered office and principal place of business of PGMC is located at 9th Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City.

(b) PHPI was incorporated in the Philippines on December 11, 2009 primarily to manage and/or operate hotels or other buildings, and to sell, lease or otherwise dispose of the same; to own, lease, and operate one or more hotels, and all adjuncts and accessories thereto. PHPI started its commercial operations on May 1, 2010. PHPI's registered office is located at 9th Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City while its principal place of business is located at 7835 Makati Avenue corder Eduque Street, Makati City.

(c) In April 2017, the Group made a 100% investment in BEPI amounting to P249,993. BEPI was incorporated on April 7, 2017 and is registered to engage in the business of protecting and cleaning the environment. In 2018, BEPI amended its corporate name to FEC as approved by the SEC. As at April 30, 2018, FEC has not yet started commercial operations.

(d) In October 2013, the Group gained control over H.R. Owen through acquisition of additional shares. H.R. Owen, incorporated in England, operates a number of vehicle franchises in the prestige and specialist car market for both sales and aftersales, predominantly in the London area. H.R. Owen is an investment holding company that provides group services to its trading subsidiaries that operate H.R. Owen's motor vehicle dealerships and other allied subsidiaries as discussed under (e). On September 29, 2016, January 11, 2017 and February 14, 2018, the Group purchased H.R. Owen shares from certain stockholders which amounted to P1,072,654, P956,231,975 and P28,737,634, respectively. The acquisitions resulted to the increase in ownership interest in H.R. Owen. The registered address of H.R. Owen is Melton Court, Old Brompton Road, London SW7 3TD.

(e) These are subsidiaries of H.R. Owen, which were incorporated and are currently operating in England and Wales. The subsidiaries of H.R. Owen, except Holland Park, Bodytechnics, Upbrook Mews, H.R.O. Insurance and eDoc Holdings, are engaged in luxury motor vehicle retail. Holland Park and Bodytechnics provide aftersales services. Upbrook Mews is engaged in operating leased properties, H.R.O. Insurance operates as an insurance broker while eDoc Holdings is a holding company.

(f) BPPI was organized as part of BPI's strategy to acquire an interest in a chain of restaurants. BPPI was incorporated on July 12, 2010 in the Philippines and started commercial operations on December 10, 2010. In 2016, BPI reclassified advances to BPPI to Investments in Associates account resulting to an increase in ownership over BPPI to 41.40%. In 2017, the Group made additional investment in BPPI amounting to P63,000,000, which resulted to the increase in its effective ownership interest over BPPI from 41.40% to 48.38%. BPPI's registered office, which is also its principal place of business, is located at Unit E2902D PSE Center, Exchange Road, Ortigas Complex, Pasig City.

(g) NPI was incorporated on March 8, 1996 to acquire, hold, manage, and dispose of by purchase or sale, exchange, mortgage, lease or in any other manner, conditionally or absolutely, for investment or otherwise, real estate or any interest therein together with or exclusive of their appurtenances. NPI has a wholly owned subsidiary, SRDC, which was incorporated in the Philippines to engage in the real estate business or otherwise deal in real estate development. In 2017, the Group reclassified the advances to NPI for future stock subscription to Investment in Associates account amounting to P82,283,456 representing 41.46% effective ownership interest and was considered as an associate starting 2017. The registered address of NPI, which is also its principal place of business, is at 9th Floor Rufino Pacific Tower, 6784 Ayala Avenue, Makati City. SRDC's registered address, which is also its principal place of business, is located at Units 209-210, Atrium of Makati, Makati Avenue, Makati City.

(h) PLPI was incorporated in the Philippines primarily to acquire, hold, develop and dispose of, by purchase or sale, exchange, mortgage, lease or in any other manner, real estate or any interest therein, either together with or exclusive of their appurtenances. PLPI started its commercial operations on May 1, 2010. The registered office of PLPI, which is also its principal place of business, is located at 9th Floor, Rufino Pacific Tower, 6784, Ayala Avenue, Makati City.

(i) CPI was incorporated in the Philippines on September 28, 2012 to engage primarily in the wholesale of various products. As at April 30, 2018, CPI has not yet started its commercial operations. The registered office and principal place of business of CPI is located at 9th Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City.

(j) BAPI was incorporated on August 10, 2012 and started commercial operations on January 1, 2013. BAPI is primarily to engaged in purchasing, acquiring, owning, leasing, selling, transferring, encumbering, and generally dealing in all types of new automobiles, trucks, and other motor vehicles and dealing in all types of supplies used by all types of motor vehicles. In 2017, the Group's effective ownership interest over BAPI decreased to 25.48% due to issuance of capital stock of BAPI to other stockholders. In 2018, the Group made additional investment in BAPI amounting to P25,516,453 which resulted to the increase in its effective ownership interest over BAPI to 28.28%. BAPI's registered office address and principal place of business is at the 9th Floor Rufino Pacific Tower, 6784 Ayala Avenue, Makati City.

(k) In April 2018, BPI acquired 25% ownership interest in CBFC amounting to P62,500,000. CBFC was incorporated in September 2017 to engage in offering of leasing, installment, factoring, corporate direct loan and other financing services. CBFC started commercial operations in November 2017. CBFC's registered address and principal place of business is located at 5/F 45 San Miguel Building, San Miguel Avenue, Ortigas Center, Pasig City, Metro Manila.

(l) SBMPI was incorporated on July 3, 2015 and started commercial operations on April 1, 2016. SBMPI is licensed by the SEC to engage in the business of purchasing, acquiring, owning, selling, transferring, encumbering and generally dealing in all types of new automobiles, trucks and other motor vehicles and all types of supplies used by all types of motor vehicles. In fiscal year 2016, BPI subscribed 22,500,000 shares of SBMPI at P1 par value per share. SBMPI's registered office and principal place of business is located at 9th Floor, Rufino Pacific Tower, 6784 Ayala Avennue, Makati City.

(m) In August 2017, H.R. Owen, through eDoc Holdings, acquired 20.15% ownership interest in VideoDoc amounting to GBP1,850,000. VideoDoc was incorporated in July 2014 to engage in the business of providing online health consultations and private care service to patients. VideoDoc's registered office and principal place of business is located at International House, 1-6 Yarmouth Place, London, England, W1J 7BU.

1.3 Status of Operations of PGMC

In 1995, PGMC entered into an Equipment Lease Agreement (ELA) with Philippine Charity Sweepstakes Office (PCSO) on which PGMC will lease out lotto equipment to PCSO for a period of eight years.

The ELA was renewed for another eight years expiring in August 2012. On June 11, 2012, PGMC filed an application for the issuance of a Writ of Preliminary Injunction against PCSO before the Makati Regional Trial Court docketed as Civil Case Number 12-530. The application asserted an exclusive territorial right of PGMC to lease lottery equipment in Luzon and requested the Makati Regional Trial Court to restrain PCSO from leasing lotto terminals to other competitor companies for PCSO's use in Luzon. The proceedings led to the execution of the Interim Settlement wherein PGMC and PCSO agreed to submit to arbitration the issue on the exclusivity of the lotto operations in Luzon and to maintain status quo until the arbitration is terminated.

On March 12, 2014, PGMC filed a request for arbitration at the International Chamber of Commerce court asserting its exclusive rights under the 1995 ELA and its amendments. On February 23, 2018, the Arbitral Tribunal rendered a Final Award in favor of PCSO. The Arbitral Tribunal ordered PGMC to pay all of PCSO's reasonable costs and expenses amounting to P53,592,202 and to reimburse US$200,000 to PCSO for the share in the advance costs paid by PCSO. A provision was recognized and presented as Provision for Losses in the 2018 consolidated statement of financial position (see Note 28.3).

On March 26, 2018, PGMC filed a Petition to Vacate the Final Award with the Makati Regional Trial Court. The Petition is still pending as of April 30, 2018. Based on the assessment of management, PGMC will prevail in the appeal considering that the International Arbitral Tribunal recognized in its decision that "there is perhaps something to be said for PGMC's submissions on the conduct of the Parties – which spans over fifteen years – evincing an apparent understanding that PGMC enjoyed a de facto preferred supplier or exclusive supplier status in Luzon". Further, based on Article 1371 of the Civil Code, the contemporaneous and subsequent acts of the parties shall be considered in order to judge their intention whether PCSO has given PGMC an exclusive supplier status in Luzon. PGMC also argued that the International Arbitral Tribunal exceeded its authority when it awarded attorney's fees, costs and damages in favor of PCSO since PGMC was not aware of the amount of damages claimed by PCSO. Considering the appeal processes that will precede, it is likely that the litigation will not be decided with finality until after 2020.

As PGMC's sole source of revenue is from the ELA, the expiration of the agreement casts a significant doubt as to PGMC's ability to continue as a going concern if the period of the lease agreement with PCSO will not be extended beyond the expiration date.

Currently, PGMC is in discussion with PCSO requesting to maintain the status quo until August 2020. Management is currently arranging an agreement with PCSO to formalize the maintenance of the status quo and extension of the ELA until August 2020. When formalized and implemented, the extension will be consistent with the agreement to maintain the status quo until the arbitration is final. It will also effectively maintain the lease agreement until August 2020.

1.4 Approval of Consolidated Financial Statements

The consolidated financial statements of the Group as at and for the year ended April 30, 2018 (including the comparative consolidated financial statements as at April 30, 2017 and for the years ended April 30, 2017 and 2016) were authorized for issue by the BOD on July 27, 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarized below and in the succeeding pages. These policies have been consistently applied to all years presented, unless otherwise stated.

2.1 Basis of Preparation of Consolidated Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS are adopted by the Financial Reporting Standards Council (FRSC) from the pronouncements issued by the International Accounting Standards Board, and approved by the Philippine Board of Accountancy.

The consolidated financial statements have been prepared using the measurement bases specified by PFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

(b) Presentation of Consolidated Financial Statements

The consolidated financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Group presents all items of income and expenses and other comprehensive income in a single consolidated statement of comprehensive income.

The Group presents a third consolidated statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the consolidated statement of financial position at the beginning of the preceding period. The related notes to the third consolidated statement of financial position are not required to be disclosed.

In 2018, the Group reclassified its loan receivable from NPI, an associate beginning in 2017, from Trade and Other Receivables account to Advances to Associates account in the consolidated statement of financial position. The Group restated its prior period consolidated financial statements to conform with the current year presentation.

In 2018, the Group also reclassified certain balances from Prepayments and Other Current Assets account to Trade and Other Receivables account in the 2017 consolidated statement of financial position to conform with the current year presentation.

The reclassifications have no impact on the Group's consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows. The Group did not present a third consolidated statement of financial position as of May 1, 2016 since NPI was not yet an associate as of such period. Accordingly, loan receivable from NPI was properly classified under Trade and Other Receivables account.

The effects of reclassifications in the consolidated statement of financial position as of April 30, 2017 are summarized as follows:

	As Previously Reported	Reclassification	As Restated
Changes in assets:			
Trade and other receivables	P 3,110,667,500	(P 451,544,046)	P 2,659,123,454
Advances to associates	199,346,627	790,677,694	990,024,321
Prepayments and other current assets	807,429,600	(339,133,648)	468,295,952

(c) Functional and Presentation Currency

These consolidated financial statements are presented in Philippine pesos, the Group's functional and presentation currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the consolidated financial statements of the Group are measured using its functional currency (see Note 2.19). Functional currency is the currency of the primary economic environment in which the Group operates.

2.2 Adoption of New and Amended PFRS

(a) Effective in Fiscal Year 2018 that are Relevant to the Group

The Group adopted for the first time the following amendments and annual improvements to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2017, for its annual reporting period beginning May 1, 2017:

PAS 7 (Amendments)	:	Statement of Cash Flows – Disclosure Initiative
PAS 12 (Amendments)	:	Income Taxes – Recognition of Deferred Tax Assets for Unrealized Losses
Annual Improvements to PFRS (2014-2016 Cycle)		
PFRS 12	:	Disclosure of Interest in Other Entities – Scope Clarification on Disclosure of Summarized Financial Information for Interests Classified as Held-for-Sale

Discussed in the succeeding page are the relevant information about these amendments and improvements.

(i) PAS 7 (Amendments), *Statement of Cash Flows – Disclosure Initiative.* The amendments are designed to improve the quality of information provided to users of financial statements about changes in an entity's debt and related cash flows (and non-cash changes). The amendments require an entity to provide disclosures that enable users to evaluate changes in liabilities arising from financing activities. An entity applies its judgment when determining the exact form and content of the disclosures needed to satisfy this requirement. Moreover, the amendments suggest a number of specific disclosures that may be necessary in order to satisfy the above requirement, including: (a) changes in liabilities arising from financing activities caused by changes in financing cash flows, foreign exchange rates or fair values, or obtaining or losing control of subsidiaries or other businesses; and, (b) a reconciliation of the opening and closing balances of liabilities arising from financing activities in the consolidated statement of financial position including those changes identified immediately above.

Management has applied these amendments in the current year and has not disclosed comparative figures as allowed by the transitional provisions. A reconciliation between the opening and closing balances of liabilities arising from financing activities, which includes both cash and non-cash changes, are presented in Note 18.3.

(ii) PAS 12 (Amendments), *Income Taxes – Recognition of Deferred Tax Assets for Unrealized Losses.* The focus of the amendments is to clarify how to account for deferred tax assets related to debt instruments measured at fair value, particularly where changes in the market interest rate decrease the fair value of a debt instrument below cost. The amendments provide guidance in the following areas where diversity in practice previously existed: (a) existence of a deductible temporary difference; (b) recovering an asset for more than its carrying amount; (c) probable future taxable profit against which deductible temporary differences are assessed for utilization; and, (d) combined versus separate assessment of deferred tax asset recognition for each deductible temporary difference. The application of these amendments had no impact on the Group's consolidated financial statements.

(iii) Annual Improvements to PFRS 2014-2016 Cycle. Among the improvements, PFRS 12, *Disclosure of Interest in Other Entities*, is relevant to the Group. The amendment clarifies that the disclosure requirements of PFRS 12 applies to interest in other entities classified as held-for-sale with practical concession in the presentation of summarized financial information. The amendment states that an entity need not present summarized financial information for interests in subsidiaries, associates, or joint ventures that are classified as held-for-sale. The application of these amendments did not have an impact on the Group's consolidated financial statements.

(b) *Effective Subsequent to Fiscal Year 2018 but not Adopted Early*

There are new PFRS, amendments, interpretations and annual improvements to existing standards effective for annual periods subsequent to fiscal year 2018, which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have significant impact on the Group's consolidated financial statements:

(i) PFRS 9 (2014), *Financial Instruments* (effective from January 1, 2018). This new standard on financial instruments will replace PAS 39, *Financial Instruments: Recognition and Measurement*, and PFRS 9 (2009, 2010 and 2013 versions). This standard contains, among others, the following:

- three principal classification categories for financial assets based on the business model on how an entity is managing its financial instruments;

- an expected credit loss (ECL) model in determining impairment of all financial assets that are not measured at fair value through profit or loss (FVTPL), which generally depends on whether there has been a significant increase in credit risk since initial recognition of a financial asset; and,

- a new model on hedge accounting that provides significant improvements principally by aligning hedge accounting more closely with the risk management activities undertaken by entities when hedging their financial and non-financial risk exposures.

In accordance with the financial asset classification principle of PFRS 9 (2014), a financial asset is classified and measured at amortized cost if the asset is held within a business model whose objective is to hold financial assets in order to collect the contractual cash flows that represent solely payments of principal and interest (SPPI) on the principal outstanding. Moreover, a financial asset is classified and subsequently measured at fair value through other comprehensive income (FVTOCI) if it meets the SPPI criterion and is held in a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets. All other financial assets are measured at FVTPL.

In addition, PFRS 9 (2014) allows entities to make an irrevocable election to present subsequent changes in the fair value of an equity instrument that is not held for trading in other comprehensive income.

The accounting for embedded derivatives in host contracts that are financial assets is simplified by removing the requirement to consider whether or not they are closely related, and, in most arrangements, does not require separation from the host contract.

For liabilities, the standard retains most of the PAS 39 requirements which include amortized cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The standard also requires changes in the fair value of an entity's own debt instruments caused by changes in its own credit quality to be recognized in other comprehensive income rather than in profit or loss.

Based on an assessment of the Group's financial assets and liabilities as at April 30, 2018, which has been limited to the facts and circumstances existing at that date, management has identified the following areas that are expected to be most impacted by the application of PFRS 9 (2014):

- On classification and measurement of the Group's financial assets, since the Group holds most financial assets to collect the associated cash flows, management is currently assessing the underlying types of cash flows to classify financial assets correctly. Management expects that majority of the Group's trade and other receivables will continue to be accounted for at amortised cost. However, a number of available-for-sale (AFS) financial assets are likely to be measured at fair value through other comprehensive income as the cash flows are SPPI.

- Loan stocks classified as AFS financial assets and other financial assets are likely to be measured at fair value through profit or loss as the cash flows are not SPPI.

- The ECL model will apply to the Group's interest-bearing receivables and advances to associates. For other financial assets, the Group will apply a simplified model of recognizing lifetime ECL as these items do not have a significant financing component.

- The Group's equity securities, regardless of whether quoted or not, will be measured at fair value with changes in fair value presented either in profit or loss or in other comprehensive income. To present changes in other comprehensive income requires making an irrevocable designation on initial recognition or at the date of transition.

- Most of the financial liabilities of the Group are measured at amortized cost. Upon application of PFRS 9 (2014), management has assessed that the amortized cost classification for most of the financial liabilities will be retained.

(ii) PFRS 15, *Revenue from Contracts with Customers* (effective from January 1, 2018). This standard will replace PAS 18, *Revenue*, and PAS 11, *Construction Contracts*, the related Interpretations on revenue recognition: International Financial Reporting Interpretations Committee (IFRIC) 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreement for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers*, and Standing Interpretations Committee 31, *Revenue – Barter Transactions Involving Advertising Services*. This new standard establishes a comprehensive framework for determining when to recognize revenue and how much revenue to recognize. The core principle in the said framework is for an entity to recognize revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Based on an assessment and comprehensive study of the Group's revenue streams as at April 30, 2018, which has been limited to the facts and circumstances existing at that date, management determined that its significant sources of revenues pertain to rentals from lease of on-line lottery equipment, maintenance and repair services, and telecommunication and integration services, revenue from motor distribution and dealership operations, and revenue from hotel operations.

Rental income is covered under PAS 17, *Leases*. Further, the Group's ELA does not contain non-lease components; hence, the Group does not expect the application of PFRS 15 to have an impact in its consolidated financial statements.

In relation to room revenues which are covered by PFRS 15, the Group's performance obligation is to transfer goods or services to a customer which often include bundle of services including supplying goods to be used within the hotel premises.

Revenue from distributions and dealership operations are recognized when all the risks and rewards of ownership have been transferred to the customer or upon completion of the agreed work.

The significant financing component of deposits received from customers for purchase of motor vehicles shall be accounted for when determining the transaction price of the motor vehicle sales.

(iii) IFRIC 22, *Foreign Currency Transactions and Advance Consideration – Interpretation on Foreign Currency Transactions and Advance Consideration* (effective from January 1, 2018). The interpretation provides more detailed guidance on how to account for transactions that include the receipt or payment of advance consideration in a foreign currency. The interpretation states that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary asset (arising from advance payment) or liability (arising from advance receipt). If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. Management has initially assessed that this interpretation has no impact on the Group's consolidated financial statements.

(iv) Annual Improvements to PFRS 2014-2016 Cycle. Among the mprovements, PAS 28 (Amendment), *Investment in Associates – Clarification on Fair Value through Profit or Loss Classification* (effective from January 1, 2018) is relevant to the Group. The amendment clarifies that the option for venture capital organization, mutual funds and other similar entities to elect the fair value through profit or loss classification in measuring investments in associates and joint ventures shall be made at initial recognition, separately for each associate or joint venture. Management has initially assessed that this amendment has no impact on the Group's consolidated financial statements.

(v) PAS 28 (Amendment), *Investment in Associates – Long-term Interest in Associates and Joint Venture* (effective from January 1, 2019). The amendment clarifies that the scope exclusion in PFRS 9 (2014) applies only to ownership interests accounted for using the equity method. Thus, the amendment further clarifies that long-term interests in an associate or joint venture – to which the equity method is not applied – must be accounted for under PFRS 9 (2014), which shall also include long-term interests that, in substance, form part of the entity's net investment in an associate or joint venture. Management is currently assessing the impact of this amendment on the Group's consolidated financial statements.

(vi) PFRS 9 (Amendment), *Financial Instruments – Prepayment Features with Negative Compensation* (effective from January 1, 2019). The amendment clarifies that prepayment features with negative compensation attached to financial instruments may still qualify under the SPPI test. As such, the financial assets containing prepayment features with negative compensation may still be classified at amortized cost or at FVTOCI. Management is currently assessing the impact of this amendment on the Group's consolidated financial statements.

(vii) PFRS 16, *Leases* (effective from January 1, 2019). The new standard will eventually replace PAS 17.

For lessees, it requires to account for leases "on-balance sheet" by recognizing a "right-of-use" asset and a lease liability. The lease liability is initially measured as the present value of future lease payments. For this purpose, lease payments include fixed, non-cancellable payments for lease elements, amounts due under residual value guarantees, certain types of contingent payments and amounts due during optional periods to the extent that extension is reasonably certain. In subsequent periods, the "right-of-use" asset is accounted for similar to a purchased asset subject to depreciation or amortization. The lease liability is accounted for similar to a financial liability which is amortized using the effective interest method. However, the new standard provides important reliefs or exemptions for short-term leases and leases of low value assets. If these exemptions are used, the accounting is similar to operating lease accounting under PAS 17 where lease payments are recognized as expenses on a straight-line basis over the lease term or another systematic basis (if more representative of the pattern of the lessee's benefit).

For lessors, lease accounting is similar to PAS 17's. In particular, the distinction between finance and operating leases is retained. The definitions of each type of lease, and the supporting indicators of a finance lease, are substantially the same as PAS 17's. The basic accounting mechanics are also similar, but with some different or more explicit guidance in few areas. These include variable payments, sub-leases, lease modifications, the treatment of initial direct costs and lessor disclosures.

Management is currently assessing the impact of this new standard on the Group's consolidated financial statements.

(viii) IFRIC 23, *Uncertainty over Income Tax Treatments* (effective from January 1, 2019). The interpretation provides clarification on the determination of taxable profit, tax bases, unused tax losses, unused tax credits, and tax rates when there is uncertainty over income tax treatments. The core principle of the interpretation requires the Group to consider the probability of the tax treatment being accepted by the taxation authority. When it is probable that the tax treatment will be accepted, the determination of the taxable profit, tax bases, unused tax losses, unused tax credits, and tax rates shall be on the basis of the accepted tax treatment. Otherwise, the Group has to use the most likely amount or the expected value, depending on the surrounding circumstances, in determining the tax accounts identified immediately above. Management is currently assessing the impact of this interpretation on the Group's consolidated financial statements.

(ix) Annual Improvements to PFRS 2015-2017 Cycle. Among the improvements, the following amendments which are effective from January 1, 2019 are relevant to the Group but have no impact on the Group's consolidated financial statements as these amendments merely clarify existing requirements:

- PAS 12 (Amendments), *Income Taxes – Tax Consequences of Dividends*. The amendments clarify that all income tax consequence of dividend payments should be recognized in profit or loss.

- PAS 23 (Amendments), *Borrowing Costs – Eligibility for Capitalization*. The amendments clarify that any specific borrowing which remains outstanding after the related qualifying asset is ready for its intended purpose, such borrowing will then form part of the entity's general borrowings when calculating the capitalization rate for capitalization purposes.

(x) PFRS 10 (Amendments), *Consolidated Financial Statements*, and PAS 28 (Amendments), *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associates or Joint Venture* (effective date deferred indefinitely). The amendments to PFRS 10 require full recognition in the investor's financial statements of gains or losses arising on the sale or contribution of assets that constitute a business as defined in PFRS 3, *Business Combinations*, between an investor and its associate or joint venture. Accordingly, the partial recognition of gains or losses (i.e., to the extent of the unrelated investor's interests in an associate or joint venture) only applies to those sale or contribution of assets that do not constitute a business. Corresponding amendments have been made to PAS 28 to reflect these changes. In addition, PAS 28 has been amended to clarify that when determining whether assets that are sold or contributed constitute a business, an entity shall consider whether the sale or contribution of those assets is part of multiple arrangements that should be accounted for as a single transaction.

2.3 Basis of Consolidation

The Group's consolidated financial statements comprise the accounts of the Parent Company and its subsidiaries as enumerated in Note 1, after the elimination of intercompany transactions. All intercompany assets, liabilities, equity, income, expenses and cash flows relating to transactions between entities under the Group, are eliminated in full on consolidation. Unrealized profits and losses from intercompany transactions that are recognized in assets are also eliminated in full. Intercompany losses that indicate impairment are recognized in the consolidated financial statements.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting principles.

(a) Investments in Subsidiaries

Subsidiaries are all entities (including structured entities, if any) over which the Group has control. The Group controls an entity when it is has the power over the investee, it is exposed, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date the Group obtains control.

The Parent Company reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of controls indicated above. Accordingly, entities are deconsolidated from the date that control ceases.

The acquisition method is applied to account for acquired subsidiaries. This requires recognizing and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group, if any. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred and subsequent change in the fair value of contingent consideration is recognized directly in profit or loss.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any existing equity interest in the acquiree over the acquisition-date fair value of the identifiable net assets acquired is recognized as goodwill (see Note 2.12). If the consideration transferred is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly as gain in profit or loss.

(b) Investments in Associates

Associates are those entities over which the Parent Company is able to exert significant influence but not control and which are neither subsidiaries nor interests in a joint arrangement. Investments in associates are initially recognized at cost and subsequently accounted for using the equity method from the date on which the entity becomes an associate.

Acquired investment in associate is subject to the purchase method of accounting. Goodwill represents the excess of acquisition cost over the fair value of the Parent Company's share of the identifiable net assets over the acquire at the date of acquisition. Any goodwill or fair value adjustment attributable to the Parent Company's share in the associate is included in the amount recognized as Investment in associates account.

All subsequent changes to the ownership interest in the equity of the associates are recognized in the Group's carrying amount of the investments. Changes resulting from the profit or loss generated by the associates are credited or charged against the Equity Share in Net Income (Losses) of Associates account in the consolidated statement of comprehensive income.

Impairment loss is provided when there is objective evidence that the investment in an associate will not be recovered (see Note 2.18).

Changes resulting from other comprehensive income of the associates or items recognized directly in the associates' equity are recognized in other comprehensive income or equity of the Parent Company, as applicable. However, when the Parent Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Parent Company does not recognize further losses, unless it has commitments, incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profit, the investor resumes recognizing its share of those profits only after its share of the profits exceeds the accumulated share of losses that has previously not been recognized.

Distributions received from the associates are accounted for as a reduction of the carrying value of the investment.

(c) Transactions with Non-controlling Interests

The Group transactions with non-controlling interests that do not result to loss of control are accounted for as equity transaction – that is, as transaction with the owners of the Group with their capacity as owners. The difference between any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary is recognized in equity. Disposals of equity investments to non-controlling interests result in gains and losses that are also recognized in equity.

When the Group ceases to have control over a subsidiary, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amount previously recognized in other comprehensive income in respect of that entity is accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

The Parent Company holds interest in various subsidiaries and associates as presented in Notes 1.2 and 13.

2.4 Financial Assets

Financial assets are recognized when the Group becomes a party to the contractual terms of the financial instrument. Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories: financial assets at FVTPL, loans and receivables, held-to-maturity (HTM) investments and AFS financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired.

Regular purchases and sales of financial assets are recognized on their trade date. All financial assets that are not classified as at FVTPL are initially recognized at fair value plus any directly attributable transaction costs. Financial assets carried at FVTPL are initially recorded at fair value and transaction costs related to it are recognized in profit or loss.

A more detailed description of categories of financial assets relevant to the Group is as follows:

(a) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the end of each reporting period which are classified as non-current assets.

The Group's financial assets categorized as loans and receivables are presented as Cash and Cash Equivalents, Trade and Other Receivables, Advances to Associates and Refundable deposits under Prepayments and Other Current Assets account in the consolidated statement of financial position. Cash and cash equivalents are defined as cash on hand, demand deposits and short-term, highly liquid investments with original maturities of three months or less, readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Loans and receivables are subsequently measured at amortized cost using the effective interest method, less impairment loss, if any. Impairment loss is provided when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the impairment loss is determined as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the financial asset's original effective interest rate or current effective interest rate determined under the contract if the loan has a variable interest rate.

The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognized in profit or loss.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date of the impairment is reversed. The amount of the reversal is recognized in the profit or loss.

(b) AFS Financial Assets

This category includes non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. They are included in non-current assets under the Available-for-Sale Financial Assets account in the consolidated statement of financial position unless management intends to dispose of the investment within 12 months from the end of the reporting period.

All financial assets within this category are subsequently measured at fair value. Gains and losses from changes in fair value are recognized in other comprehensive income and are reported as part of Revaluation Reserves account in equity, except for interest and dividend income which are recognized in profit or loss.

When the financial asset is disposed of or is determined to be impaired, the cumulative fair value gains or losses recognized in other comprehensive income is reclassified from equity to profit or loss and is presented as reclassification adjustment within other comprehensive income even though the financial asset has not been derecognized.

Reversal of impairment losses is recognized in other comprehensive income, except for financial assets that are debt securities which are recognized in profit or loss only if the reversal can be objectively related to an event occurring after the impairment loss was recognized.

All income and expenses, including impairment losses, relating to financial assets that are recognized in profit or loss are presented as part of Finance Income or Finance Costs and Other Charges account in the consolidated statement of comprehensive income.

For investments that are actively traded in organized financial markets, fair value is determined by reference to stock exchange-quoted market bid prices at the close of business at the end of the reporting period. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows (such as dividend income) of the underlying net asset base of the investment.

Non-compounding interest, dividend income and other cash flows resulting from holding financial assets are recognized in profit or loss when earned, regardless of how the related carrying amount of financial assets is measured.

The financial assets are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

2.5 Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined using specific identification for vehicles, moving average cost method for spare parts and accessories and first-in, first-out method for all other inventories. The cost of inventories include all costs directly attributable to acquisitions, such as the purchase price, import duties and other taxes that are not subsequently recoverable from taxing authorities.

Vehicles on consignment from manufacturers are included in inventories when substantially all of the principal benefits and inherent risks rest with the Group. The corresponding consignment liability after deducting any deposits is included under Loans Payable and Borrowings, as manufacturers' vehicle stocking loans.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion, if any, and the estimated costs necessary to make the sale. Net realizable value of spare parts inventory is the current replacement cost while the net realizable value of vehicles is fair value less estimated cost to sell.

2.6 Prepayments and Other Assets

Prepayments and other assets pertain to other resources controlled by the Group as a result of past events. They are recognized in the consolidated financial statements when it is probable that the future economic benefits will flow to the entity and the asset has a cost or value that can be measured reliably.

Other recognized assets of similar nature, where future economic benefits are expected to flow to the Group beyond one year after the end of the reporting period (or in the normal operating cycle of the business, if longer), are classified as non-current assets.

2.7 Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization and any impairment in value.

The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized; expenditures for repairs and maintenance are charged to expense as incurred.

Computers and on-line lottery equipment are depreciated on a straight-line basis over the shorter of eight years or the remaining term of the lease agreement with PCSO.

Leasehold improvements are amortized over the shorter of the lease term or estimated useful lives of the improvements.

Depreciation on all other classes of property and equipment, except for land which is not subject to depreciation, is computed using the straight-line basis over the estimated useful lives of the assets as follows:

Buildings	50 years
Workshop equipment	5-10 years
Office furniture, fixtures and equipment	5 years
Communication equipment	5 years
Hotel and kitchen equipment and utensils	5 years
Transportation equipment	3-5 years

Construction in progress represents properties under construction and is stated at cost. The account is not depreciated until such time that the assets are completed and available for use.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.18).

Fully depreciated and amortized assets are retained in the accounts until they are no longer in use and no further charge for depreciation and amortization is made in respect of those assets.

The residual values, estimated useful lives and method of depreciation and amortization of property and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

An item of property and equipment, including the related accumulated depreciation, amortization and impairment loss, is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period the item is derecognized.

2.8 Investment Property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. This account also includes property held for undetermined use.

Investment property is accounted for under the fair value model. It is revalued annually and is presented in the consolidated statement of financial position at its market value.

Any gain or loss resulting from either a change in the fair value or the sale of an investment property is immediately recognized in profit or loss in the consolidated statement of comprehensive income.

Investment property is derecognized upon disposal or when permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in profit or loss in the year of retirement or disposal.

Expenditures incurred after the investment property have been put into operations, such as repairs and maintenance costs, are normally charged to profit or loss in the period in which the costs are incurred.

Transfers are made to investment properties when, and only when, there is a change in use evidenced by ending of owner occupation, commencement of an operating lease to another party or ending of construction or development.

When an owner-occupied property is transferred to investment property due to change in use, the property is revaluaed at the date of transfer. Any difference between the revalued amount and the carrying amount of the property is recognized in other comprehensive income and in equity under Revaluation Reserves account. When the property is disposed, the amount recognized under Revaluation Reserves is transferred directly to Retained Earnings.

2.9 Intangible Assets

Intangible assets include goodwill, dealership rights and customer relationship which are accounted for under the cost model. The costs of dealership rights and customer relationship were determined using a valuation approach based on estimated economic benefits of these assets over multiple time periods.

Goodwill and dealership rights have indefinite useful lives; hence, these are not amortized, but are reviewed for impairment at least annually (see Notes 2.12 and 2.18). Customer relationship is amortized over the estimated useful life of 10 years.

When these assets are retired or otherwise disposed of, the cost and the related accumulated impairment in value are removed from the accounts. Any resulting gain or loss is credited to or charged against current operations.

2.10 Financial Liabilities

Financial liabilities, which pertain to Trade and Other Payables (except for tax-related liabilities) and Loans Payable and Borrowings, are recognized when the Group becomes a party to the contractual terms of the instrument. All interest-related charges incurred on a financial liability are recognized as an expense in profit or loss under the Finance Costs and Other Charges account in the consolidated statement of comprehensive income.

Financial liabilities are recognized initially at their fair values and subsequently measured at amortized cost, using effective interest method for maturities beyond one year, less settlement payments.

Loans payable and borrowings are raised for support of long-term funding of operations and vehicle stock financing. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to profit or loss except for any capitalized borrowing cost, on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that these are not settled in the period in which they arise.

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the end of the reporting period (or in the normal operating cycle of the business, if longer), or the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Otherwise, these are presented as non-current liabilities.

Financial liabilities are derecognized from the consolidated statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss.

2.11 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the resulting net amount, considered as a single financial asset or financial liability, is reported in the consolidated statement of financial position when there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The right of set-off must be available at the end of the reporting period, that is, it is not contingent on future event. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy; and, must be legally enforceable for both entity and all counterparties to the financial instruments.

2.12 Business Combination

Business acquisitions are accounted for using the acquisition method of accounting.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed (see Note 2.18).

For the purpose of impairment testing, goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The cash-generating units or groups of cash-generating units are identified according to operating segment.

Gains and losses on the disposal of an interest in a subsidiary include the carrying amount of goodwill relating to it.

If the business combination is achieved in stages, the acquirer is required to remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognize the resulting gain or loss, if any, in the profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect the new information obtained about facts and circumstances that existed as at the acquisition date and, if known, would have affected the measurement of the amounts recognized as at that date. During the measurement period, the acquirer shall also recognize additional assets or liabilities if new information obtained about facts and circumstances that existed as of those assets and liabilities as at the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as at that date. The measurement period ends as soon as the acquirer receives the information it was seeking about facts and circumstances that existed as at the acquisition date or learns that more information is not obtainable. However, the measurement period shall not exceed one year from the acquisition date.

2.13 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's Strategic Steering Committee (SSC), its chief operating decision-maker. The SSC is responsible for allocating resources and assessing performance of the operating segments.

In identifying its operating segments, management generally follows the Group's products and service lines as disclosed in Note 5, which represent the main products and services provided by the Group.

Each of these operating segments is managed separately as each of these service lines requires different technologies and other resources as well as marketing approaches. All inter-segment transfers are carried out at arm's length prices.

The measurement policies the Group uses for segment reporting under PFRS 8, *Operating Segments*, are the same as those used in its consolidated financial statements.

In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

2.14 Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the consolidated financial statements. Similarly, probable inflows of economic benefits to the Group that do not yet meet the recognition criteria of an asset are considered contingent assets; hence, are not recognized in the consolidated financial statements. On the other hand, any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

2.15 Equity

Capital stock represents the nominal value of shares that have been issued.

Treasury shares are shares reacquired by the Parent Company and are stated at the cost of reacquiring such shares. These are deducted from equity until the shares are cancelled, reissued or disposed of.

Revaluation reserves represent unrealized fair value gains and losses on AFS financial assets, accumulated actuarial gains and losses arising from remeasurement of post-employment benefit obligation, and revaluation surplus arising from transfers of owner-occupied properties to investment property, net of tax.

Other reserves represent the gain or loss on change in equity share in a subsidiary.

Translation adjustments represent the adjustments resulting from the translation of foreign-currency denominated financial statements of a foreign subsidiary into the Group's functional and presentation currency.

Retained earnings, the appropriated portion of which is not available for dividend declaration, represent all current and prior period results of operations as reported in the profit or loss section of the consolidated statement of comprehensive income, reduced by the amounts of dividends declared.

2.16 Revenue and Expense Recognition

Revenue comprises revenue from sales of goods and rendering of services measured by reference to the fair value of consideration received or receivable by the Group for goods sold and services rendered, excluding value-added tax (VAT).

Revenue is recognized to the extent that the revenue can be reliably measured; it is probable that the economic benefits will flow to the Group; and, the costs incurred or to be incurred can be measured reliably. The specific recognition criteria presented below must also be met before revenues are recognized.

(a) *Rental revenue from lease of on-line lottery equipment, maintenance and repair services, and telecommunication and integration services* – Revenue is recognized when services to the customer were performed based on certain percentages of gross receipts from lottery ticket sales.

(b) *Revenue from motor distribution and dealership operations* – Revenue from distributions and dealership operations is recognized as follows:

   (i) *Sale of vehicles, parts and accessories* – Revenue is recognized when substantially all the risks and rewards of ownership have been transferred to the customer.

   (ii) *Servicing and bodyshop sales* – Revenue is recognized on completion of the agreed work.

(c) *Revenue from hotel operations* – Revenue from hotel operations is categorized as follows:

   (i) *Room revenues* – Revenue is recognized when the services are rendered.

   (ii) *Sale of food, beverages and others* – Revenue is recognized upon delivery to and receipt of goods by the customer.

(d) *Interest income* – Revenue is recognized as the interest accrues taking into account the effective yield on the asset.

(e) *Dividends* – Revenue is recognized when the right to receive payments is established.

(f) *Other income* – Revenue is recognized as the excess standard input VAT over actual input VAT on transactions with the government.

Costs and expenses are recognized in profit or loss upon utilization of the goods or services or at the date these are incurred. All finance costs are reported in profit or loss on an accrual basis, except capitalized borrowing costs which are included as part of the cost of the related qualifying asset (see Note 2.22).

2.17 Leases

The Group accounts for its leases as follows:

(a) *Group as Lessee*

   Leases which do not transfer to the Group substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments (net of any incentive received from the lessor) are recognized as expense in profit or loss on a straight-line basis over the lease term. Associated costs, such as repairs and maintenance and insurance, are expensed as incurred.

(b) *Group as Lessor*

Lease which do not transfer to the lessee substantially all the risks and benefits of ownership of the asset are classified as operating lease. Lease income from operating lease is recognized in profit or loss equivalent to a certain percentage of the gross receipts from all PCSO's ticket sales subject to an annual minimum fee as prescribed in the ELA with PCSO.

The Group determines whether an arrangement is, or contains, a lease based on the substance of the arrangement. It makes an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

2.18 Impairment of Non-financial Assets

The Group's inventories, property and equipment, investments in associates, intangible assets with finite lives, and other non-financial assets are subject to impairment testing. Goodwill and dealership rights are tested for impairment at least annually. All other individual assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, assets are tested for impairment either individually or at the cash-generating unit level.

Impairment loss is recognized in profit or loss for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amounts which is the higher of its fair value less costs to sell and its value in use. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

All assets, except goodwill, are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist and the carrying amount of the asset is adjusted to the recoverable amount resulting in the reversal of the impairment loss.

2.19 Foreign Currency Transactions and Translation

(a) *Transactions and Balances*

Except for H.R. Owen which uses the British Pounds (GBP) as its functional currency, the accounting records of the Group are maintained in Philippine pesos. Foreign currency transactions during the year are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates.

Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized under Other Income (Charges) section in the consolidated statement of comprehensive income.

(b) Translation of Financial Statements of Foreign Subsidiaries

The operating results and financial position of H.R. Owen, which are measured in GBP, its functional currency, are translated to Philippine pesos, the Group's functional currency, as follows:

(i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;

(ii) Income and expenses for each profit or loss account are translated at the monthly average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and,

(iii) All resulting exchange differences are recognized in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in H.R. Owen are recognized as Translation Adjustment in the consolidated statement of comprehensive income. As this entity is not a wholly owned subsidiary, the translation adjustments are allocated between the Parent Company's shareholders and minority interest. When a foreign operation is partially disposed of or sold, such exchange differences are recognized in the consolidated statement of comprehensive income as part of gains or loss on sale.

Goodwill arising on the acquisition of a foreign entity is treated as asset of the foreign entity and translated at closing rate on each of the reporting date.

The translation of the financial statements into Philippine pesos should not be construed as a representation that the GBP amounts could be converted into Philippine peso amounts at the translation rates or at any other rates of exchange.

2.20 Related Party Transactions and Relationships

Related party transactions are transfers of resources, services or obligations between the Group and its related parties, regardless whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Group; (b) associates; (c) individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the Group and close members of the family of any such individual; and, (d) the Group's post-employment plans.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

2.21 Employee Benefits

The Group provides post-employment benefits to employees through defined benefit plans, as well as various defined benefit contribution plans, and other employee benefits which are recognized as follows:

(a) Post-employment Defined Benefit Plan

A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of post-employment plan remains with the Group, even if plan assets for funding the defined benefit plan have been acquired. Plan assets may include assets specifically designated to a long-term benefit fund, as well as qualifying insurance policies.

The Group's defined benefit post-employment plan covers all regular full-time employees. PGMC's pension plan is tax-qualified, noncontributory and administered by a trustee while H.R. Owen's pension plan operates on a pre-funded basis and is also administered by a trustee. PHPI, on the other hand, has an unfunded, non-contributory post-employment plan.

The liability recognized in the consolidated statement of financial position for a defined benefit plan is the present value of the defined benefit obligation (DBO) at the end of the reporting period less the fair value of plan assets. The DBO is calculated annually by independent actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows using a discount rate derived from the interest rates of a zero coupon government bond that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related post-employment liability.

Remeasurements, comprising of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions and the return on plan assets (excluding amount included in net interest) are reflected immediately in the consolidated statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they arise. Net interest is calculated by applying the discount rate at the beginning of the period, taking account of any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments. Net interest is reported as part of Finance Costs and Other Charges or Finance Income account in the consolidated statement of comprehensive income. Past service costs are recognized immediately in profit or loss in the period of a plan amendment or curtailment.

(b) Post-employment Defined Contribution Plans

A defined contribution plan is a post-employment plan under which the Group pays fixed contributions into an independent entity. The Group has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognized in respect of defined contribution plans are expensed as they fall due. Liabilities or assets may be recognized if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short-term nature.

(c) Compensated Absences

Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the end of the reporting period. They are included in the Trade and Other Payables account of the consolidated statement of financial position at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

2.22 Borrowing Costs

For financial reporting purposes, borrowing costs are recognized as expenses in the period in which they are incurred, except to the extent that they are capitalized. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (i.e., an asset that takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of the cost of such asset. The capitalization of borrowing costs commences when expenditures for the asset and borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when substantially all such activities are complete.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

For income tax purposes, interest and other borrowing costs are charged to expense when incurred.

2.23 Income Taxes

Tax expense recognized in profit or loss comprises the sum of current tax and deferred tax not recognized in other comprehensive income or directly in equity, if any.

Current tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the end of reporting period. They are calculated using the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in profit or loss.

Deferred tax is accounted for using the liability method on temporary differences at the end of the reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carry forward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deferred income tax asset can be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow such deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled provided such tax rates have been enacted or substantively enacted at the end of the reporting period.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable income will be available to allow all or part of the deferred tax asset to be utilized.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted, that is, when the investment property is depreciable and is held within the business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Deferred tax assets and deferred tax liabilities are offset if the Group has a legally enforceable right to set-off current tax assets against current tax liabilities and the deferred taxes relate to the same entity and the same taxation authority.

2.24 Earnings Per Share

Basic earnings per share (EPS) is computed by dividing net profit attributable to equity holders of the Parent Company by the weighted average number of shares issued and outstanding, adjusted retroactively for any stock dividend, stock split or reverse stock split declared during the current period.

Diluted EPS is computed by adjusting the weighted average number of ordinary shares outstanding to assume conversion of dilutive potential shares (see Note 25).

2.25 Events After the End of the Reporting Period

Any post-year-end event that provides additional information about the Group's consolidated financial position at the end of the reporting period (adjusting event) is reflected in the consolidated financial statements. Post-year-end events that are not adjusting events, if any, are disclosed when material to the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements in accordance with PFRS requires management to make judgments and estimates that affect the amounts reported in the consolidated financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately vary from these estimates.

3.1 Critical Management Judgments in Applying Accounting Policies

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimation, which have the most significant effect on the amounts recognized in the consolidated financial statements:

(a) Impairment of AFS Financial Assets

The determination when an investment is other-than-temporarily impaired requires significant judgment. In making this judgment, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

Based on the recent evaluation of information and circumstances affecting the Group's AFS financial assets, management has recognized impairment losses on certain AFS financial assets in 2018, 2017 and 2016 as disclosed in Note 11. Future changes in those information and circumstances might significantly affect the carrying amount of the assets.

(b) Distinction Between Operating and Finance Leases

The Group has entered into various lease agreements. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities. As of April 30, 2018 and 2017, management determined that the Group's current lease agreements are operating leases.

(c) Amortization of Leasehold Improvement

The Group constructed an improvement over the leased premises under an operating lease agreement with the lessor. Critical judgment was exercised by management in determining the amortization period of the improvement. Policy adopted by the the Group is discussed in Note 2.7.

(d) Determining Control, Joint Control or Significant Influence

Judgment is exercised in determining whether the Group has control, joint control or significant influence over an entity. In assessing each interest over an entity, the Group considers voting rights, representation on the board of directors or equivalent governing body of the investee, participation in policy-making process and all other facts and circumstances, including terms of any contractual arrangement.

(e) Distinction Between Investment Property and Owner-managed Property

The Group determines whether a property qualifies as investment property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. In 2018, the Group transferred certain owner-managed property to investment property due to a change in use, evidenced by the end of owner-occupation and commencement of an operating lease to another party. The details of the Group's investment property are disclosed in Note 15.

(f) Recognition of Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition and disclosure of provision and contingencies are discussed in Note 2.14 and relevant disclosures of commitments and contingencies are presented in Note 28.

3.2 Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period:

(a) Impairment of Trade and Other Receivables and Advances to Associates

Adequate amount of allowance for impairment is provided for specific and groups of accounts, where objective evidence of impairment exists. The Group evaluates the amount of allowance for impairment based on available facts and circumstances affecting the collectability of the accounts, including, but not limited to, the length of the Group's relationship with the counterparties, the counterparties' current credit status, average age of accounts, collection experience and historical loss experience. The methodology and assumptions used in estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

The carrying value of trade and other receivables and its analysis of allowance for impairment and the carrying value of advances to associates are shown in Notes 8 and 13, respectively.

(b) Measurement of AFS Financial Assets

The Group carries certain financial assets at fair value, which requires the extensive use of accounting estimates and judgment. In cases when active market quotes are not available, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net base of the instrument. The amount of changes in fair value would differ if the Group utilized different valuation methods and assumptions. Any change in fair value of these financial assets would affect comprehensive income. For investments where fair value is not reliably determinable either through reference of similar instruments or valuation techniques, these are carried at cost.

The carrying value of the Group's AFS financial assets and the amount of fair value changes therein are disclosed in Note 11.

(c) *Estimation of Useful Lives of Property and Equipment and Customer Relationship*

The Group estimates the useful lives of property and equipment and customer relationship based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment and customer relationship are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

Based on management's assessment as at April 30, 2018 and 2017, there is no change in estimated useful lives of property and equipment and customer relationship during those years (see Notes 12 and 14).

On the other hand, management assessed that the acquired dealership rights resulting from the acquisition of H.R. Owen have indefinite useful lives as management has the intention and capacity to renew the dealership agreements with manufacturers indefinitely and that the Group will benefit from the use of such dealership rights over the foreseeable future (see Note 14). Further, these agreements were in effect for a long period (i.e., 70 to 80 years ago for Bentley dealership agreements and prior to 1990 for Ferrari and Lamborghini dealership agreements) and that there has been no compelling challenge to maintain the agreements historically.

The carrying amounts of property and equipment and customer relationship are analyzed in Notes 12 and 14, respectively.

Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

(d) *Fair Value Measurement of Investment Property*

The Group's investment property is carried at fair value at the end of the reporting period. The fair value is determined by reference to market-based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and seller in an arm's length transaction as at the valuation date. Such amount is influenced by different factors including the location and specific characteristics of the property (e.g., size, features, and capacity), quantity of comparable properties available in the market, and economic condition and behavior of the buying parties. A significant change in these elements may affect prices and the value of the assets.

The purchase price of the Group's investment property acquired in 2018 and 2017 approximates its fair value as at April 30, 2018 and 2017. The details of the Group's investment property are disclosed in Note 15.

(e) *Valuation of Financial Assets Other than Trade and Other Receivables and Advances to Associates*

The Group carries certain financial assets at fair value, which requires the extensive use of accounting estimates and judgment. In cases when active market quotes are not available, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net base of the instrument.

The carrying values of AFS financial assets and the amounts of fair value changes recognized on those assets are disclosed in Note 11.

(f) Determination of Net Realizable Value of Inventories

In determining the net realizable value of inventories, management takes into account the most reliable evidence available at the dates the estimates are made. The Group's inventories are affected by certain factors which may cause inventory obsolescence. Moreover, future realization of the carrying amounts of inventories as presented in Note 9 is affected by price changes in different market segments in which the Group operates. Both aspects are considered key sources of estimation uncertainty and may cause significant adjustments to the Group's inventories within the next reporting period.

The amount of allowance for inventory writedown made by management are based on, among others, age and status of inventories and the Group's past experience. The net realizable value of inventories and analysis of allowance for inventory writedown are presented in Note 9.

(g) Business Combinations

On initial recognition, the assets and liabilities of the acquired business and the consideration paid for them are included in the consolidated financial statements at their fair values. In measuring fair value, management uses estimates of future cash flows and discount rates. Any subsequent change in these estimates would affect the amount of goodwill if the change qualifies as a measurement period adjustment. Any other change would be recognized in profit or loss in the subsequent period.

During the measurement period, the management shall recognize adjustments to the provisional amounts as if the accounting for the business combination had been completed at the acquisition date. Thus, management shall revise comparative information for prior periods presented in financial statements as needed, in accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors.*

(h) Impairment of Goodwill and Dealership Rights

The Group follows the guidance of PAS 36, *Impairment of Assets*, on determining when goodwill and dealership rights with indefinite life are impaired. This determination requires significant judgment. In making this judgment, the Group evaluates the recoverable amount of the intangible assets by analyzing the value in use, based on an internal discounted cash flow evaluation, of the cash-generating units to which these intangible assets are allocated.

Though management believes that the assumptions used in the estimation of the recoverable amount are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations. Management's assessment on impairment of goodwill and dealership rights is disclosed in Note 14.

(i) Determination of Realizable Amount of Deferred Tax Assets

The Group reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Management assessed that the deferred tax assets recognized as at April 30, 2018 and 2017 will be fully utilized in the coming years. The carrying amount of deferred tax assets as at those dates is disclosed in Note 24.

(j) Estimation of Impairment of Non-financial Assets Other than Goodwill and Dealership Rights

In assessing impairment, management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate (see Note 2.18). Though management believes that the assumptions used in the estimation of fair values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

There were no impairment losses required to be recognized in 2018, 2017 and 2016 based on management's assessment.

(k) Valuation of Post-employment Defined Benefit Obligations

The determination of the Group's obligation and cost of post-employment defined benefit is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, discount rates, expected rate of return on plan assets, salary rate increase, and employee turnover. A significant change in any of these actuarial assumptions generally affect the recognized expense, other comprehensive income or losses and the carrying amount of post-employment defined benefit obligation.

The amounts of post-employment benefit obligation and expense and an analysis of the movements in the estimated present value of post-employment benefit obligation are presented in Note 20.

4. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks in relation to financial instruments. The Group's financial assets and financial liabilities by category are summarized in Note 26. The main types of risks are market risk, credit risk and liquidity risk.

The Group's risk management is carried out in close cooperation with the BOD, and focuses on actively securing the Group's short to medium-term cash flows by minimizing the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most relevant financial risks to which the Group is exposed to are described below and in the succeeding pages.

4.1 Market Risk

The Group is exposed to market risk through its use of financial instruments and specifically to interest rate risk, foreign currency risk and certain other price risk which result from both its operating, investing and financing activities.

(a) Interest Rate Risk

The Group's policy is to minimize interest rate cash flow risk exposures on cash and cash equivalents and long-term financing. As at April 30, 2018 and 2017, the Group is exposed to changes in market interest rates through short-term placements included as part of Cash and Cash Equivalents account and stocking loans of H.R. Owen presented as Loans Payable and Borrowings, which are subject to variable interest rates, in the consolidated statements of financial position (see Notes 7 and 18).

The Group keeps placements with fluctuating interest at a minimum while H.R. Owen's stocking loans are secured at any time by fixed and floating charges on stocks of new and demonstrator cars and commercial vehicles held. As such, management believes that its exposure to interest rate risk is immaterial.

(b) Foreign Currency Risk

Except for H.R. Owen whose functional currency is GBP, most of the Group's transactions are carried out in Philippine pesos, its functional currency. Exposures to currency exchange rates arise from the Group's overseas purchases, which are primarily denominated in United States Dollars (USD). The Group also holds USD, GBP, Malaysian Ringgit (MYR) and European Union Euro (EUR) denominated cash and cash equivalents and receivables. Further, the Group has AFS financial assets denominated in MYR and GBP. There were no foreign currency-denominated financial liabilities as at April 30, 2018 and 2017.

To mitigate the Group's exposure to foreign currency risk, non-Philippine peso cash flows are monitored.

Foreign currency denominated financial assets, translated into Philippine pesos at the closing rate are as follows:

		2018		2017
Php - USD	**P**	**10,718,010**	P	6,881,074
Php - MYR		**6,148,929**		11,310,121
Php - GBP		**507,337,713**		978,763,357
Php - EUR		**1,271,470**		280,605

The table presented below illustrates the sensitivity of the Group's profit before tax with respect to changes in Philippine peso against USD, MYR, GBP and EUR exchange rates. These percentages have been determined based on the average market volatility in exchange rates, using standard deviation, in the previous 12 months, estimated at 95.00% level of confidence. The sensitivity analysis is based on the Group's foreign currency financial instruments held at the end of each reporting period with effect estimated from the beginning of the year.

	2018		2017	
	Reasonably possible change in rate	**Effect in profit before tax**	Reasonably possible change in rate	Effect in profit before tax
PhP - USD	**7.82%**	**P 838,148**	7.69%	P 529,155
PhP - MYR	**9.80%**	**602,595**	11.95%	1,351,559
PhP - GBP	**18.90%**	**95,886,828**	30.14%	294,999,276
PhP - EUR	**18.09%**	**230,009**	17.04%	47,815
		P 97,557,580		P 296,927,805

Exposures to foreign exchange rates vary during the year depending on the volume of foreign currency transactions. Nonetheless, the analysis above is considered to be representative of the Group's currency risk.

(c) Other Price Risk

The Group's market price risk arises from its investments carried at fair value (financial assets classified as AFS financial assets). The Group manages exposure to price risk by monitoring the changes in the market price of the investments and at some extent, diversifying the investment portfolio in accordance with the limit set by management.

The observed volatility rates of the fair values of the Group's AFS financial assets held at fair value and their impact on the Group's other comprehensive income (loss) as at April 30, 2018 and 2017 are summarized below.

	Observed Volatility Rates		Impact of Increase on Equity		Impact of Decrease on Equity	
	Increase	Decrease	Before tax	After tax	Before tax	After tax
April 30, 2018						
Equity securities:						
Listed in Malaysia	+9.28%	-9.28%	P 84,358,377	P 59,050,864	(P 84,358,377)	(P 59,050,864)
Listed in England	+63.94%	-63.94%	110,819,608	77,573,725	(110,819,608)	(77,573,725)
			P 195,177,985	P136,624,589	(P 195,177,985)	(P 136,624,589)
April 30, 2017						
Equity securities:						
Listed in Malaysia	+22.40%	-22.40%	P 155,994,287	P109,196,001	(P 155,994,287)	(P 109,994,287)
Listed in England	+58.96%	-58.96%	75,711,549	52,998,084	(75,711,549)	(52,998,084)
			P 231,705,836	P162,194,085	(P 231,705,836)	(P 162,194,085)

These volatility rates have been determined based on the average volatility in quoted market price, using standard deviation, in the previous 12 months, estimated at 95.00% level of confidence.

4.2 Credit Risk

Credit risk is the risk that a counterparty may fail to discharge an obligation to the Group. The Group is exposed to this risk for various financial instruments arising from granting loans and selling goods and services to customers; granting advances to associates; and, placing deposits with banks, lessors and utility companies.

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. The Group's policy is to deal only with creditworthy counterparties. In addition, for a significant proportion of sales, advance payments are received to mitigate credit risk.

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown in the consolidated statements of financial position or in the detailed analysis provided in the notes to the consolidated financial statements, as summarized below.

	Notes	2018	2017 (As Restated – see Note 2.1)
Cash and cash equivalents	7	**P 1,195,177,294**	P 1,060,850,712
Trade and other receivables – net	8	**2,620,625,259**	2,659,123,454
Advances to associates	13	**1,515,841,109**	990,024,321
Prepayments and other current assets	10	**50,906,435**	30,004,048
Other non-current assets		**3,217,271**	4,706,098
		P 5,385,767,368	P 4,744,708,633

None of the Group's financial assets are secured by collateral or other credit enhancements, except for cash and cash equivalents as described below

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(a) Cash and Cash Equivalents

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. Included in the cash and cash equivalents are cash in local banks and short-term placements, which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P500,000 for every depositor per banking institution.

(b) Trade and Other Receivables – net and Advances to Associates

The Group's trade receivables as at April 30, 2018 and 2017 are due mainly from customers of H.R. Owen and from PCSO. The Group maintains policies that require appropriate credit checks to be completed on potential customers prior to delivery of goods and services. On-going credit checks are periodically performed on the Group's existing customers to ensure that the credit limits remain at appropriate levels.

The Group mitigates the concentration of its credit risk from its receivables from PCSO by regularly monitoring the age of its receivables from PCSO and ensuring that collections are received within the agreed credit period. These objectives, policies and strategies are consistently applied in the previous year up to the current year. In addition, the risk is reduced to the extent that PCSO has no history of significant defaults and none of the past due receivables are impaired as at the end of the reporting period.

In respect to trade receivables from the customers of H.R. Owen and other receivables and advances to associates, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group's receivables are actively monitored to avoid significant concentrations of credit risk.

H.R. Owen's trade receivables that are past due but not impaired as at April 30 are as follows:

	2018	2017
Not more than 30 days	**P 14,242,709**	P 11,423,626
31 to 90 days	**49,527,409**	11,339,870
	P 63,770,118	P 22,763,496

(c) Prepayments and Other Current Assets and Other Non-current Assets

The refundable deposits of the Group presented as part of Prepayments and Other Current Assets account and Other Non-Current Assets account in the consolidated statements of financial position pertain to security deposits made to various lessors and utility companies which the Group is not exposed to significant credit risk.

4.3 Liquidity Risk

The ability of the Group to finance increases in assets and meet obligations as they become due is extremely important to the Group's operations. The Group's policy is to maintain liquidity at all times. This policy aims to honor all cash requirements on an on-going basis to avoid raising funds above market rates or through forced sale of assets.

Liquidity risk is also managed by borrowing with a spread of maturity periods. The Group has significant fluctuations in short-term borrowings due to industry-specific factors. The Group mitigates any potential liquidity risk through maintaining substantial unutilized banking and used vehicle stocking loan facilities. As at April 30, 2018 and 2017, the Group had undrawn floating rate borrowing facilities of P3,070,413,060 and P2,164,121,760, respectively, represented by used and demonstrator vehicle stocking loans, all of which would be repayable on demand. Further, the Parent Company has undrawn loan facility of P250,000,000 and P500,000,000 from a local commercial bank as at April 30, 2018 and 2017, respectively.

As at April 30, 2018 and 2017, the Group's financial liabilities pertain to Trade and Other Payables (except those tax-related liabilities) and Loans Payable and Borrowings (inclusive of future interest). Trade and other payables and loans payable and borrowings are expected to be settled from 12 months to 5 years from the end of each reporting period.

The table below summarizes the maturity profile of the Company's financial liabilities as at April 30 reflecting the gross cash flows, which may differ to the carrying values of the liabilities at the end of reporting periods.

		2018		
		Current	**Non-current**	
	Notes	**Within One Year**	**1 to 5 Years**	**More than 5 Years**
Trade and other payables	17	P 3,949,446,398	P 17,892,850	P -
Loans payable and borrowings	18	4,415,212,145	335,544,216	78,679,335
		P 8,364,658,543	P 353,437,066	P 78,679,335

		2017		
		Current	Non-current	
	Notes	Within One Year	1 to 5 Years	More than 5 Years
Trade and other payables	17	P 2,948,358,922	P -	P -
Loans payable and borrowings	18	3,967,987,022	341,973,001	32,717,180
		P 6,916,345,944	P 341,973,001	P 32,717,180

5. SEGMENT REPORTING

5.1 Business Segments

The Group is organized into different business units based on its products and services for purposes of management assessment of each unit. In identifying its operating segments, management generally follows the Group's four service lines. The Group is engaged in the business of Leasing, Services, Holdings and Investments and Motor Vehicle Dealership. Presented below is the basis of the Group in reporting to its SSC for its strategic decision-making activities.

(a) The Leasing segment pertains to the lease of on-line lottery equipment, maintenance and repair services, and telecommunication and integration services rendered by the Group to PCSO.

(b) The Services segment pertains to the hotel operations of PHPI.

(c) Holdings and Investments segment relates to gains (losses) on disposal of investments and share in net gains (losses) of associates.

(d) The Motor Vehicle Dealership segment pertains to the luxury motor vehicle retailers and provision of aftersales services of H.R. Owen.

5.2 Segment Assets and Liabilities

Segment assets are allocated based on their physical location and use or direct association with a specific segment. Segment assets include all operating assets used by a segment and consist principally of operating cash, receivables, advances, inventories and property and equipment, net of allowances and provisions. Similar to segment assets, segment liabilities are also allocated based on their use or direct association with a specific segment. Segment liabilities include all operating liabilities and consist principally of accounts, taxes currently payable and accrued liabilities.

5.3 Intersegment Transactions

Segment revenues, expenses and performance include sales and purchases between business segments. Such sales and purchases are eliminated in consolidation.

The Group's operating businesses are organized and managed separately according to the nature of segment accounting policies which are the same as the policies described in Note 2.

5.4 Analysis of Segment Information

The tables below and in the succeeding pages present revenue and profit information regarding business segments for the years ended April 30, 2018, 2017 and 2016, and certain assets and liabilities information regarding industry segments as at April 30, 2018 and 2017.

	2018					
	Leasing	Services	Holding and Investments	Motor Vehicle Dealership	Elimination	Consolidated
Revenues:						
External	P 1,677,543,185	P 133,755,424	P 344,558,934	P 29,069,471,780	P -	P 31,225,329,323
Inter-segment	-	-	513,145,492	-	(513,145,492)	-
Total revenues	P 1,677,543,185	P 133,755,424	P 857,704,426	P29,069,471,780	(P 513,145,492)	P 31,225,329,323
Expenses:						
External	P 922,316,313	P 137,601,740	P 396,462,295	P28,660,123,147	P -	P 30,116,503,495
Inter-segment	-	-	-	699,826	(699,826)	-
Total expenses	P 922,316,313	P 137,601,740	P 396,462,295	P28,660,822,973	(P 699,826)	P 30,116,503,495
Profit (loss) before tax	P 755,226,872	(P 3,846,316)	P 461,242,131	P 408,648,807	(P 512,445,666)	P 1,108,825,828
Net profit (loss)	P 522,448,256	(P 3,439,282)	P 507,744,727	P 282,057,565	(P 512,445,666)	P 796,365,600
Segment assets	P 692,813,229	P 713,535,809	P 8,194,540,847	P10,338,044,026	(P 2,441,566,910)	P 17,497,367,001
Segment liabilities	P 183,922,550	P 711,201,805	P 550,258,132	P 8,352,803,127	(P 803,079,311)	P 8,995,106,303
Other segment items:						
Capital expenditures	P 17,109,172	P 14,022,352	P -	P 238,854,875	P -	P 269,986,399
Depreciation and amortization	P 21,401,034	P 21,755,205	P 2,501,204	P 222,973,325	P -	P 268,630,768

	2017					
	Leasing	Services	Holding and Investments	Motor Vehicle Dealership	Elimination	Consolidated
Revenues:						
External	P 1,648,911,479	P 150,496,554	P 243,144,496	P 26,784,657,267	P -	P 28,827,209,796
Inter-segment	-	-	173,940,119	-	(173,940,119)	-
Total revenues	P 1,648,911,479	P 150,496,554	P 417,084,615	P26,784,657,267	(P 173,940,119)	P 28,827,209,796
Expenses:						
External	P 854,783,410	P 150,159,120	P 239,286,020	P26,598,812,788	P -	P 27,843,041,338
Inter-segment	-	-	-	3,940,119	(3,940,119)	-
Total expenses	P 854,783,410	P 150,159,120	P 239,286,020	P26,602,752,907	(P 3,940,119)	P 27,843,041,338
Profit before tax	P 794,128,069	P 337,434	P 177,798,595	P 181,904,360	(P 170,000,000)	P 984,168,458
Net profit (loss)	P 547,405,677	(P 526,788)	P 198,417,024	P 128,797,084	(P 170,000,000)	P 704,092,997
Segment assets	P 781,045,030	P 694,647,867	P 7,852,974,022	P 8,421,660,487	(P 2,994,865,698)	P 14,755,461,708
Segment liabilities	P 148,469,001	P 689,812,536	P 859,410,113	P 6,970,265,760	(P 1,117,581,980)	P 7,550,375,430

	2017					
	Leasing	Services	Holding and Investments	Motor Vehicle Dealership	Elimination	Consolidated
Other segment items:						
Capital expenditures	P 47,898,706	P 3,870,368	P -	P 146,834,831	P -	P 198,603,905
Depreciation and amortization	P 5,045,627	P 28,853,083	P 2,501,204	P 192,311,587	P -	P 228,711,501

	2016					
	Leasing	Services	Holding and Investments	Motor Vehicle Dealership	Elimination	Consolidated
Revenues:						
External	P 1,638,353,797	P 151,136,550	P 162,560,235	P24,835,088,669	P -	P 26,787,139,251
Inter-segment	-	-	680,000,000	-	(680,000,000)	-
Total revenues	P 1,638,353,797	P 151,136,550	P 842,560,235	P24,835,088,669	(P 680,000,000)	P 26,787,139,251
Expenses:						
External	P 781,841,990	P 147,280,989	P 205,727,147	P24,721,036,683	P -	P 25,855,886,809
Inter-segment	-	-	-	-	-	-
Total expenses	P 781,841,990	P 147,280,989	P 205,727,147	P24,721,036,683	P -	P25,855,886,809
Profit before tax	P 856,511,807	P 3,855,561	P 636,833,088	P 114,051,986	(P 680,000,000)	P 931,252,442
Net profit	P 613,846,986	P 2,758,074	P 669,594,332	P 100,126,717	(P 680,000,000)	P 706,326,109
Segment assets	P 564,967,154	P 769,750,002	P 6,975,061,212	P 9,060,906,438	(P 1,773,752,099)	P 15,596,932,707
Segment liabilities	P 306,293,471	P 764,923,829	P 114,374,617	P 7,645,126,716	(P 899,147,059)	P 7,931,571,574
Other segment items:						
Capital expenditures	P 12,509,631	P 1,322,305	P -	P 772,198,812	P -	P 786,030,748
Depreciation and amortization	P 43,016,075	P 30,449,519	P 2,501,204	P 162,392,546	P -	P 238,359,344

Currently, the Group's operation has two geographical segments: London, England for the motor dealership segment and Philippines for all other segments.

5.5 Reconciliations

Presented below and in the succeeding page is a reconciliation of the Group's segment information to the key financial information presented in its consolidated financial statements.

	2018	2017	2016
Revenues			
Total segment revenues	**P 31,738,474,815**	P 29,001,149,915	P 27,467,139,251
Elimination of intersegment revenues	**(513,145,492)**	(173,940,119)	(680,000,000)
Revenues as reported in profit or loss	**P 31,225,329,323**	P 28,827,209,796	P 26,787,139,251
Profit or loss			
Segment profit before tax	**P 1,621,271,494**	P 1,154,168,458	P 1,611,252,442
Elimination of intersegment revenues	**(513,145,492)**	(173,940,119)	(680,000,000)
Elimination of intersegment expenses	**699,826**	3,940,119	-
Profit before tax as reported in profit or loss	**P 1,108,825,828**	P 984,168,458	P 931,252,442

	2018	2017
Assets		
Segment assets	**P 19,938,933,911**	P 17,750,327,406
Elimination of intercompany accounts	**(2,441,566,910)**	(2,994,865,698)
Total assets as reported in the consolidated statements of financial position	**P 17,497,367,001**	P 14,755,461,708
Liabilities		
Segment liabilities	**P 9,798,185,614**	P 8,667,957,410
Elimination of intercompany accounts	**(803,079,311)**	(1,117,581,980)
Total liabilities as reported in the consolidated statements of financial position	**P 8,995,106,303**	P 7,550,375,430

6. CONTRACTS WITH PCSO

PGMC is a party to the ELA with PCSO covering the lease of PGMC's on-line lottery equipment (see Notes 1.2 and 12) to PCSO under certain conditions. Under the ELA, PGMC is entitled to fees equal to a certain percentage of the gross receipts from all PCSO on-line lottery operations (the ticket sales) within a specified territory subject to an annual minimum fee as prescribed in the ELA. PGMC's revenues are derived from the ELA with PCSO.

In addition, PGMC has an agreement with PCSO whereby PGMC agreed to provide maintenance and repair services on the equipment under the ELA. This agreement runs concurrently with the ELA. Any extension or termination of the ELA by PCSO will have a similar effect on this agreement.

On August 13, 2015, a Supplemental and Status Quo Agreement was signed by both parties, and thereby, the term of ELA is extended for another three years. Currently, PGMC is in discussion with PCSO requesting to maintain the status quo until August 2020. Management is currently arranging an agreement with PCSO to formalize the extension of the ELA until August 2020.

Fees, maintenance and repair services, telecommunication and integration services revenues recognized by PGMC from the foregoing ELA and related agreements amounted to P1,642,234,495, P1,601,472,285, and P1,580,259,448 in 2018, 2017 and 2016, respectively, and are presented as Rental under the Revenues section of the consolidated statements of comprehensive income (see Note 28.2). The related receivables amounting to P134,980,641 and P159,974,088 as at April 30, 2018 and 2017, respectively, are shown as part of Trade receivables under Trade and Other Receivables account in the consolidated statements of financial position (see Note 8).

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

	2018	2017
Cash on hand and in banks	P 948,341,348	P 886,267,519
Short-term placements	246,835,946	174,583,193
	P1,195,177,294	P 1,060,850,712

Cash in banks generally earn interest based on daily bank deposit rates. Short-term placements have an average maturity of 30 days and average annual effective interest ranging from 1.50% to 2.25% in 2018, and 0.75% to 1.50% in both 2017 and 2016 (see Note 21.1).

8. TRADE AND OTHER RECEIVABLES

This account is composed of the following:

	Notes	2018	2017 (As Restated – see Note 2.1)
Trade receivables	6	P 801,798,625	P 764,017,517
Deposits		1,171,695,083	1,364,337,218
Payments for future acquisition of investments	22.3	91,831,035	12,199,624
Manufacturer's bonuses		452,346,630	437,445,806
Due from related parties	22.9	21,752,409	8,439,435
Advances to officers and employees	22.12	4,760,526	5,083,970
Other receivables	16	94,788,208	80,246,782
		2,638,972,516	2,671,770,352
Allowance for impairment		(18,347,257)	(12,646,898)
		P2,620,625,259	P2,659,123,454

Trade receivables are usually due within 60 days and do not bear any interest.

Deposits represent amounts provided to a foreign asset management firm engaged in the business of general trading and financing services.

Payments for future acquisition of investments represent deposits made to foreign parties for future acquisition of investment securities. These include deposits made to Inter-Pacific Securities Sdn Berhad (IPSSB), a related party under common ownership who acts as stockbroker of the Parent Company (see Note 22.3).

Manufacturer's bonuses pertain to incentives received by H.R. Owen from its customers for the sale of vehicles and related parts, and various services rendered such as marketing event support and promotions.

Other receivables include receivables from TF Ventures, Inc. (TF) arising from payment made by the Group on behalf of TF (see Note 16).

All of the Group's trade and other receivables have been reviewed for indications of impairment. Certain receivables were found to be impaired; hence, adequate amounts of allowance for impairment have been recognized accordingly.

A reconciliation of the allowance for impairment at the beginning and end of fiscal years 2018 and 2017 is shown below.

	2018	2017
Balance at beginning of year	**P 12,646,898**	P 32,123,034
Provision during the year	**5,600,337**	-
Translation adjustment	**1,769,067**	(1,314,159)
Write-off during the year	**(1,669,045)**	(18,161,977)
Balance at end of year	**P 18,347,257**	P 12,646,898

9. INVENTORIES

The composition of this account are shown below.

	2018	2017
At cost:		
Vehicles	**P3,724,603,211**	P2,923,521,725
Parts and components	**195,755,294**	153,099,741
Work in progress	**31,270,833**	48,083,466
Spare parts and accessories	**22,314,001**	14,760,988
Hotel supplies	**5,173,062**	5,840,189
	3,979,116,401	3,145,306,109
At net realizable value:		
Vehicles	**1,239,338,951**	1,116,532,836
Parts and components	**50,787,710**	46,555,940
	1,290,126,661	1,163,088,776
Allowance for inventory write down	**(206,590,560)**	(180,866,700)
	1,083,536,101	982,222,076
	P5,062,652,502	P4,127,528,185

Certain vehicles are carried at net realizable value which is lower than their cost. An analysis of the movements in allowance for inventory writedown is presented below.

	2018	2017
Balance at beginning of year	**P 180,866,700**	P 135,820,397
Additional provision during the year	**3,659,802**	52,855,932
Translation adjustment	**22,064,058**	(7,809,629)
Balance at end of year	**P 206,590,560**	P 180,866,700

The additional provision in 2018 and 2017 is presented as part of Cost of vehicles sold under Cost and Operating Expenses account in the consolidated statements of comprehensive income.

10. PREPAYMENTS AND OTHER CURRENT ASSETS

The details of this account are as follows:

	Note	2018	2017
Prepaid expenses		**P 244,725,787**	P 322,410,568
VAT recoverable		**136,410,508**	-
Refundable deposits		**50,906,435**	30,004,048
Input VAT		**39,445,598**	49,089,004
Advances to suppliers		**33,554,422**	7,966,115
Prepaid taxes		**25,939,717**	28,112,139
Advance rental	22.10	**12,020,000**	13,070,000
Creditable withholding tax		**3,603,722**	3,240,421
Other current assets		**9,232,641**	14,403,657
		P 555,838,830	P 468,295,952

Prepaid expenses include subscriptions, refurbishment costs, maintenance expenses, license and support arrangements, prepaid insurance, benefits and advertising which are expected to be realized in the next reporting period.

VAT recoverable pertains to the excess of input tax over output tax on sale of vehicles which the Group can reclaim under the tax laws in the United Kingdom (UK).

11. AVAILABLE-FOR-SALE FINANCIAL ASSETS

This account consists of the following financial assets as at April 30:

	2018	2017
Equity securities:		
Quoted	**P1,248,845,520**	P 814,669,332
Not quoted	**116,921,250**	77,033,450
Quoted debt securities	**120,346,028**	85,321,583
Others	**14,206,921**	15,496,352
	1,500,319,719	992,520,717
Allowance for impairment	**(300,950,277)**	(90,711,955)
	P1,199,369,442	P 901,808,762

Quoted equity securities include those listed in Malaysia and in England.

Certain equity securities with carrying amount of P116,921,250 and P77,033,450 in 2018 and 2017, respectively, are carried at cost as the fair values of these unquoted equity securities are not reliably determinable (see Note 27.2). Management believes that the cost approximates the fair value of such securities as at April 30, 2018 and 2017.

In 2018 and 2017, the Group disposed certain AFS financial assets at a selling price of P158,659,172 and P106,255,575, respectively. Accordingly, the cumulative fair value losses recognized in other comprehensive income amounting to P9,564,509 in 2017 (nil in 2018) were reclassified from equity to profit or loss and are presented as Reclassification Adjustments to Profit or Loss in the 2018 and 2017 consolidated statements of comprehensive income (see Note 23.4). Net realized loss arising from sale of AFS financial assets amounted to P54,533,062 and P19,523,036 in 2018 and 2016, respectively, and net realized gain of P1,181,117 in 2017 are presented as Net Gain (Loss) on Sale of Available-for-sale Financial Assets under Other Income (Charges) in the consolidated statements of comprehensive income.

The movements of AFS financial assets follow:

	2018	2017
Balance at beginning of year	**P 901,808,762**	P 869,409,393
Additions during the year	**578,017,157**	184,727,645
Fair value gains (losses)	**73,700,839**	(44,375,819)
Disposals during the year	**(213,192,234)**	(105,074,458)
Impairment losses	**(140,965,082)**	(2,877,999)
Balance at end of year	**P1,199,369,442**	P 901,808,762

Dividend income from these shares amounted to P23,393,052, P16,228,724, and P13,473,677 in 2018, 2017, and 2016, respectively, and are presented as part of Finance Income under Other Income (Charges) section in the consolidated statements of comprehensive income (see Note 21.1).

In 2018, 2017 and 2016, management determined that certain investments were found to be impaired, that is, there is a significant or prolonged decline in the fair value of the securities below cost. Accordingly, impairment loss amounting to P210,238,322 in 2018, P2,877,999 in 2017 and P91,158,267 in 2016, of which P69,273,240 in 2018 and P5,294,045 in 2016 (nil in 2017) has been previously accumulated in equity, was recognized in profit or loss.

A reconciliation of the allowance for impairment at the beginning and end of the reporting periods is shown below.

	2018	2017
Balance at beginning of year	**P 90,711,955**	P 91,158,267
Impairment losses during the year	**210,238,322**	2,877,999
Write-off of investment	**-**	(3,324,311)
Balance at end of year	**P 300,950,277**	P 90,711,955

In 2017, certain investments with an allowance for impairment of P3,324,311 were written-off as the investee has been dissolved.

The fair values of all of the Group's investments, except for those carried at cost, which are categorized under Level 3, are categorized under Level 1 in fair value hierarchy, since these have been determined directly by reference to published prices in active markets and retained at cost for having no observable market data (see Note 27.2).

12. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of property and equipment at the beginning and end of fiscal years 2018 and 2017 are shown below.

	Computers and On-line Lottery Equipment	Buildings	Transportation Equipment	Workshop Equipment	Office Furniture, Fixtures and Equipment	Hotel and Kitchen Equipment and Utensils	Communication Equipment	Leasehold improvements	Land	Construction in Progress	Total
April 30, 2018											
Cost	P 1,501,969,726	P 720,291,386	P 78,588,331	P 754,311,812	P 48,067,482	P 12,822,617	P 3,782,238	P 1,380,181,970	P 93,617,473	P -	P 4,593,633,035
Accumulated depreciation and amortization	(1,467,261,907)	(112,607,332)	(51,291,459)	(437,468,354)	(40,735,517)	(11,274,552)	(3,676,737)	(700,993,325)	-	-	(2,825,309,183)
Net carrying amount	P 34,707,819	P 607,684,054	P 27,296,872	P 316,843,458	P 7,331,965	P 1,548,065	P 105,501	P 679,188,645	P 93,617,473	P -	P 1,768,323,852
April 30, 2017											
Cost	P 1,501,060,111	P 954,450,637	P 65,740,851	P 689,587,568	P 45,182,027	P 12,935,363	P 3,782,237	P 1,236,045,533	P 83,502,415	P -	P 4,592,286,742
Accumulated depreciation and amortization	(1,455,057,067)	(101,217,243)	(45,898,668)	(383,043,870)	(38,657,848)	(11,078,715)	(3,628,452)	(668,587,489)		-	(2,707,169,352)
Net carrying amount	P 46,003,044	P 853,233,394	P 19,842,183	P 306,543,698	P 6,524,179	P 1,856,648	P 153,785	P 567,458,044	P 83,502,415	P -	P 1,885,117,390
May 1, 2016											
Cost	P 1,462,780,058	P 720,291,386	P 53,839,230	P 632,908,760	P 42,748,557	P 12,418,584	P 3,782,237	P 1,309,362,470	P 89,396,781	P 264,584,956	P 4,592,113,019
Accumulated depreciation and amortization	(1,457,004,319)	(83,704,927)	(44,224,760)	(320,637,660)	(36,426,225)	(10,047,274)	(3,580,166)	(634,726,994)	-	-	(2,590,352,325)
Net carrying amount	P 5,775,739	P 636,586,459	P 9,614,470	P 312,271,100	P 6,322,332	P 2,371,310	P 202,071	P 674,635,476	P 89,396,781	P 264,584,956	P 2,001,760,694

The reconciliation of the carrying amounts at the beginning and end of fiscal years 2018 and 2017, of property and equipment is shown below.

	Computers and On-line Lottery Equipment	Buildings	Transportation Equipment	Workshop Equipment	Office Furniture, Fixtures and Equipment	Hotel and Kitchen Equipment and Utensils	Communication Equipment	Leasehold improvements	Land	Construction in Progress	Total
Balance at May 1, 2017 net of accumulated depreciation and amortization	P 46,003,044	P 853,233,394	P 19,842,183	P 306,543,698	P 6,524,179	P 1,856,648	P 153,785	P 567,458,044	P 83,502,415	P -	P1,885,117,390
Additions	1,440,983	-	20,752,190	76,362,175	3,439,813	201,563	-	167,789,675	-	-	269,986,399
Disposals	(3,000)	-	(6,000)	(340,179)	(18,000)	(19,000)	-	-	-	-	(386,179)
Transfers (see Note 15)	-	(256,346,568)	-	-	-	-	-		-	-	(256,346,568)
Depreciation and amortization charges for the year	(12,733,208)	(17,085,225)	(14,143,671)	(98,677,116)	(2,614,027)	(491,146)	(48,284)	(118,786,629)	-	-	(264,579,306)
Translation adjustment	-	27,882,453	852,170	32,954,880	-	-	-	62,727,555	10,115,058	-	134,532,116
Balance at April 30, 2018 net of accumulated depreciation and amortization	P 34,707,819	P 607,684,054	P 27,296,872	P 316,843,458	P 7,331,965	P 1,548,065	P 105,501	P 679,188,645	P 93,617,473	P -	P1,768,323,852
Balance at May 1, 2016 net of accumulated depreciation and amortization	P 5,775,739	P 636,586,459	P 9,614,470	P 312,271,100	P 6,322,332	P 2,371,310	P 202,071	P 674,635,476	P 89,396,781	P 264,584,956	P2,001,760,694
Additions	42,176,753	-	15,260,030	89,494,861	2,433,470	516,779	-	48,722,012	-	-	198,603,905
Disposals	(22,000)	(699,030)	(6,000)	-	-	-	-	(1,000)	-	-	(728,030)
Reclassifications	-	252,303,661	-	12,281,295	-		-	-	-	(264,584,956)	-
Depreciation and amortization charges for the year	(1,927,448)	(17,447,373)	(5,009,312)	(85,069,985)	(2,231,623)	(1,031,441)	(48,286)	(110,723,058)	-	-	(223,488,526)
Translation adjustment	-	(17,510,323)	(17,005)	(22,433,573)	-	-	-	(45,175,386)	(5,894,366)	-	(91,030,653)
Balance at April 30, 2017 net of accumulated depreciation and amortization	P 46,003,044	P 853,233,394	P 19,842,183	P 306,543,698	P 6,524,179	P 1,856,648	P 153,785	P 567,458,044	P 83,502,415	P -	P1,885,117,390
Balance at May 1, 2015 net of accumulated depreciation and amortization	P 41,946,263	P 651,037,724	P 9,689,243	P 204,926,151	P 3,529,313	P 4,060,466	P 250,357	P 427,574,426	P 89,343,937	P -	P1,432,357,880
Property and equipment of new subsidiary	-	-	-	9,845,257	-	-	-	9,435,306	-	-	19,280,563
Additions	1,061,944	-	5,917,641	169,119,575	5,261,368	313,176	-	339,772,088	-	264,584,956	786,030,748
Disposals	(12,000)	-	-	(180,088)	-	-	-	-	-	-	(192,088)
Depreciation and amortization charges for the year	(37,220,468)	(14,451,265)	(5,992,414)	(72,505,128)	(2,468,349)	(2,002,332)	(48,286)	(103,671,102)	-		(238,359,344)
Translation adjustment	-	-	-	1,065,333	-	-	-	1,524,758	52,844		2,642,935
Balance at April 30, 2016 net of accumulated depreciation and amortization	P 5,775,739	P 636,586,459	P 9,614,470	P 312,271,100	P 6,322,332	P 2,371,310	P 202,071	P 674,635,476	P 89,396,781	P 264,584,956	P2,001,760,694

Workshop equipment includes fixtures and fittings utilized for bodyshop works.

Construction in progress pertains to buildings and leased properties undergoing renovation. The total cost was reclassified to the appropriate accounts upon completion in 2017.

The Group recognized gain on disposal of certain property and equipment totaling P562,738, P3,395,202, and P1,438,383 in 2018, 2017 and 2016, respectively, and are presented as part of Other Income under Other Income (Charges) section in the consolidated statements of comprehensive income (see Note 19.1).

The cost of fully depreciated assets still being used in operations as at April 30, 2018 and 2017, amounted to P1,617,372,841 and P1,572,231,317, respectively.

13. INVESTMENTS IN AND ADVANCES TO ASSOCIATES AND NON-CONTROLLING INTEREST

13.1 Breakdown of Carrying Values

The components of the carrying values (amounts in thousands of pesos) of investments in associates are shown below. These investments are accounted for under the equity method in the consolidated financial statements of the Group:

	Notes	PLPI	BPPI	BAPI	CPI	SBMPI	NPI (As restated – see Note 2)	CBFC	VideoDoc	Total
April 30, 2018										
Investment:										
Acquisition costs:										
Beginning balance		P 8,000	P 180,400	P 178,380	P 400	P 22,500	P 82,283	P -	P -	P 471,963
Additional investment	1.2	-	-	25,516	-	-	-	62,500	125,803	213,819
Translation adjustment		-	-	-	-	-	-	-	P 6,604	6,604
		8,000	180,400	203,896	400	22,500	82,283	62,500	132,407	692,386
Deduction of interest in associate – Loss on deemed disposal	21.2	-	-	(99,084)	-	-	-	-	-	(99,084)
Dividend income		-	-	(50,904)	-	-	-	-	-	(50,904)
Accumulated equity share in net profit (losses):										
Share in net profit (losses) in prior years		35,228	(180,400)	333,077	(400)	(5,638)	87,981	-	-	269,848
Share in net profit (losses) during the year		119,180	-	89,038	-	(6,202)	(13,557)	-	(21,394)	167,065
Share in other comprehensive income during the year		-	-	31	-	-	-	-	-	31
Translation adjustment		-	-	-	-	-	-	-	(906)	(906)
		154,408	(180,400)	422,146	(400)	(11,840)	74,424	-	(22,300)	436,038
Total investments in associates		162,408	-	476,054	-	10,660	156,707	62,500	110,107	978,436
Advances	22.1	373,749	207,692	-	2,724	-	920,365	-	11,311	1,515,841
		P 536,157	P 207,692	P 476,054	P 2,724	P 10,660	P 1,077,072	P 62,500	P 121,418	P 2,494,277
April 30, 2017										
Investment:										
Acquisition costs:										
Beginning balance		P 8,000	P 117,400	P 178,380	P 400	P 22,500	P -	P -	P -	P 326,680
Reclassification		-	-	-	-	-	82,283	-	-	82,283
Additional investment	1.2	-	63,000	-	-	-	-	-	-	63,000
		8,000	180,400	178,380	400	22,500	82,283	-	-	471,963
Deduction of interest in associate – Loss on deemed disposal	21.2	-	-	(99,084)	-	-	-	-	-	(99,084)
Accumulated equity share in net profit (losses):										
Share in net profit (losses) in prior years		34,609	(117,400)	223,226	(400)	-	-	-	-	140,035
Share in net profit (losses) during the year		618	(63,000)	109,851	-	(5,638)	87,981	-	-	129,812
		35,227	(180,400)	333,077	(400)	(5,638)	87,981	-	-	269,847
Total investments in associates		43,227	-	412,373	-	16,862	170,264	-	-	642,726
Advances	22.1	31,683	165,040	-	2,623	-	790,678	-	-	990,024
		P 74,910	P 165,040	P 412,373	P 2,623	P 16,862	P 960,942	P -	P -	P 1,632,750

The accumulated equity share in net profit (losses) relates to the Group's equity in the net income or loss of its associates.

In 2017, NPI became an associate of the Group due to reclassification of certain advances for future stock subscription to an investment in associate [see Note 2.1(g)].

Starting 2014, the Group ceased to recognize further losses of BPPI and CPI and carried the related investments at nil in the consolidated statements of financial position as a result of the accumulated share in net losses recognized to the extent of the original cost of the investments [see Note 2.3(b)]. In 2018, the unrecognized share in net losses over BPPI and CPI amounted to P37,699,815 and P24,880, respectively. In 2017 and 2016, the Group recognized share in net losses of BPPI equivalent to the additional investment made during those years (see Note 22.1). There was no additional investment in 2018. The cumulative unrecognized share in net losses over BPPI and CPI amounted to P41,982,444 and P1,025,876, respectively in 2018, while P4,233,317 and P1,000,996, respectively in 2017.

13.2 Summarized Financial Information

Significant financial information as at and for the years ended April 30 is presented as follows:

	2018			
	Assets	**Liabilities**	**Equity (Capital Deficiency)**	**Net Profit (Loss)**
BAPI	P 2,795,488,625	P 1,175,240,723	P 1,620,247,902	P 342,245,961
NPI	1,148,778,113	928,621,887	220,156,226	(32,663,607)
PLPI	975,960,116	570,109,806	405,850,310	297,949,266
CBFC	325,746,160	120,341,421	205,404,739	(44,595,261)
BPPI	168,067,199	522,406,475	(354,339,276)	(77,924,379)
SBMPI	68,131,925	20,085,824	48,046,101	(31,011,754)
VideoDoc	6,527,844	26,429,051	(19,901,207)	(106,172,265)
CPI	194,815	2,759,496	(2,564,681)	(62,200)
	P 5,488,894,797	**P 3,365,994,683**	**P 2,122,900,114**	**P 347,765,761**

	2017			
	Assets	Liabilities	Equity (Capital Deficiency)	Net Profit (Loss)
BAPI	P 2,454,993,018	P 998,244,921	P 1,456,748,097	P 390,410,931
NPI	1,051,745,927	798,926,095	252,819,832	212,171,196
BPPI	222,277,258	498,590,229	(276,312,972)	(92,600,138)
PLPI	199,264,734	91,363,690	107,901,044	1,548,221
SBMPI	178,614,073	99,556,218	79,057,855	(28,192,497)
CPI	155,515	2,657,996	(2,502,481)	(255,805)
	P 4,107,050,525	P 2,489,339,149	P 1,617,711,376	P 483,081,908

13.3 Subsidiary with Material Non-controlling Interest

Non-controlling interest (NCI) pertains to equity share of minority holders over H.R. Owen. As at April 30, 2018 and 2017, minority holders held 0.70% and 1.62%, respectively, interest over H.R. Owen. Profit allocated to NCI amounted to P10,540,789 and P30,025,157 respectively. There were no dividends paid to NCI in 2018 and 2017.

The summarized financial position of H.R. Owen, before intragroup eliminations, as at April 30 is shown below.

	2018	2017
Assets	**P10,338,044,026**	P 8,421,660,487
Liabilities	**P 8,352,803,127**	P 6,970,265,760
Equity	**1,985,240,899**	1,451,394,727
	P10,338,044,026	P 8,421,660,487

The summarized financial performance and cash flows of H.R. Owen, before intragroup eliminations, for the years ended April 30, 2018 and 2017 is shown below.

	2018	2017
Revenues	**P29,055,821,268**	P 26,775,974,154
Net profit	**282,057,565**	129,903,676
Other comprehensive income	**64,033,285**	2,745,754
Net cash from (used in):		
operating activities	**1,056,904,039**	434,164,958
investing activities	**(658,687,944)**	(533,433,670)
financing activities	**(436,943,397)**	287,272,800
Net cash outflow	**(P 38,727,302)**	(P 188,004,088)

14. INTANGIBLE ASSETS

The compositions of this account as at April 30 are shown below.

	2018	2017
Goodwill	**P 1,205,393,035**	P 1,114,063,397
Dealership rights	**740,580,624**	660,563,886
Customer relationship	**32,021,545**	32,328,468
	P 1,977,995,204	P 1,806,955,751

The reconciliation of the carrying amounts of intangible assets at the beginning and end of fiscal years 2018 and 2017 is shown below.

	Goodwill	Dealership Rights	Customer Relationship	Total
Balance at May 1, 2017	P 1,114,063,397	P 660,563,886	P 32,328,468	P 1,806,955,751
Amortization	-	-	(4,051,462)	(4,051,462)
Translation adjustment	91,329,638	80,016,738	3,744,539	175,090,915
Balance at April 30, 2018	**P 1,205,393,035**	**P 740,580,624**	**P 32,021,545**	**P 1,977,995,204**
Balance at May 1, 2016	P 1,167,284,328	P 707,192,546	P 40,323,373	P 1,914,800,247
Amortization	-	-	(5,222,975)	(5,222,975)
Translation adjustment	(53,220,931)	(46,628,660)	(2,771,930)	(102,621,521)
Balance at April 30, 2017	P 1,114,063,397	P 660,563,886	P 32,328,468	P 1,806,955,751

Goodwill primarily relates to growth expectations arising from operational efficiencies and synergies that will be achieved by combining the resources, skills and expertise of the individual components of the Group.

Dealership rights were determined as separately identifiable intangible assets acquired separately from the net assets of H.R. Owen. The dealership rights pertain to agreements with various luxury car manufacturers which authorized H.R. Owen to sell new and used cars as well as provide after-sale services across England.

Goodwill and dealership rights have indefinite useful lives, thus, not subject to amortization but would require an annual test for impairment. Goodwill and dealership rights are subsequently carried at cost less accumulated impairment losses.

The Group monitors goodwill and dealership rights with indefinite useful lives on the cash-generating units to which these assets were allocated. An analysis of the value-in-use and the amount of intangible assets allocated to such groups of cash-generating units is presented as follows (amounts in millions of pesos):

	2018				2017			
	Allocated Intangible Assets	**Value in Use**	**Terminal Growth Rate**	**Discount Rate**	Allocated Intangible Assets	Value in Use	Terminal Growth Rate	Discount Rate
Goodwill:								
Body Technics	**P 127.1**	**P 170.3**	**1.00%**	**11.84%**	P 113.3	P 127.5	1.00%	11.84%
Bentley	**606.9**	**1,065.3**	**1.00%**	**11.84%**	541.3	322.8	1.00%	11.84%
Aston Martin	**55.5**	**830.8**	**1.00%**	**11.84%**	49.5	29.3	1.00%	11.84%
Lamborghini	**37.3**	**1,817.9**	**1.00%**	**11.84%**	33.3	857.6	1.00%	11.84%
Ferrari	**18.5**	**1,226.8**	**1.00%**	**11.84%**	16.5	540.6	1.00%	11.84%
PGMC	**360.1**	**1,103.6**	-	**4.40%**	360.2	1,534.9	-	3.86%
Dealership rights:								
Bentley	**324.6**	**1,065.3**	**1.00%**	**11.84%**	289.5	322.8	1.00%	11.84%
Ferrari	**270.8**	**1,226.8**	**1.00%**	**11.84%**	241.6	540.6	1.00%	11.84%
Lamborghini	**145.2**	**1,817.9**	**1.00%**	**11.84%**	129.5	857.6	1.00%	11.84%

The value-in-use of each group of cash-generating unit was determined using five-year cash flow projections and extrapolating cash flows beyond the projection period using a steady terminal growth rate. The discount rates and growth rates are the key assumptions used by management in determining the value-in-use of the cash-generating units. Based on management's analysis, no impairment is required to be recognized on goodwill and dealership rights with indefinite useful lives.

Management has also determined that a reasonably possible change in the key assumptions used would not cause the carrying value of the cash-generating units to exceed their respective value-in-use.

Customer relationship pertains to the association of Bodytechnics with its insurers and franchised garages. Customer relationship is amortized over the estimated useful life of 10 years. No impairment loss was recognized at end of the periods presented based on management's assessment.

15. INVESTMENT PROPERTY

In 2017, the Group acquired certain residential property amounting to 2,218,235GBP (about P132,720,106), which is classified by the Group as investment property. The translated amount of investment property as at April 30, 2017 amounted to P141,608,573. There were minimal changes in the fair value of the investment property in 2018, thus, the fair value of investment property approximates its carrying amount as at April 30, 2018 and 2017.

In 2018, the Group ceased to occupy and leased out a property with a carrying amount of 3,581,690GBP (about P256,346,568) that have been previously classified as Buildings under Property and Equipment account in the consolidated statements of financial position (see Note 12). The property was revalued to fair value of 4,125,000GBP (about P295,232,025) at the date of transfer and the Group recognized gain, net of related deferred tax, amounting to 450,948GBP (about P32,274,979) which is presented under Other Comprehensive Income (Loss) in the 2018 consolidated statement of comprehensive income. The fair value of investment property approximates its carrying amount as at April 30, 2018 due to the proximity of the purchase date to the reporting date (see Note 27.4).

The Group has not yet earned rental income from investment property in 2018 and 2017. Real estate taxes on investment property amounting to P12,506,600 and P13,408,602 were recognized as direct operating expenses in 2018 and 2017, respectively.

16. MEMORANDUM OF AGREEMENT AND DEED OF ASSIGNMENTS

In December 2009, the Parent Company entered into a Memorandum of Agreement (MOA) with the stockholders of TF, whereby the stockholders agreed to sell all their interest in TF and to consent to the sale of TF's assets to PHPI and PLPI for a total consideration of P785,000,000.

Previously, both the hotel building and land were attached as a lien to an obligation of TF, which was then under court rehabilitation. Subsequently, the court approved the sale of the hotel to PHPI and the land to PLPI together with the settling of the lien over the hotel building and land. Accordingly in 2010, the Parent Company advanced funds to PHPI for the acquisition of the hotel building. On the other hand, the land was acquired by PLPI for an amount of P70,000,000 payable in equal installments over eight years (see Note 22.1). The outstanding balance of P8,750,000 and P17,500,000 as at April 30, 2018 and 2017, respectively, is presented as part of Other receivables under Trade and Other Receivables account in the consolidated statements of financial position (see Note 8).

17. TRADE AND OTHER PAYABLES

This account consists of the following:

	Notes	2018	2017
Current:			
Trade payables	22.5, 22.6	**P1,307,044,834**	P 1,025,537,981
Advances from customers		**2,071,907,790**	1,285,343,581
Accrued expenses		**387,661,634**	314,559,038
Withholding taxes payable		**42,865,450**	40,327,109
Deferred output VAT		**35,477,524**	174,161,012
Deferred income		**23,179,615**	22,648,754
Management fee payable	22.4	**19,947,000**	20,223,000
Due to related parties	22.8	**945,621**	512,644
Accrued interest payable	18.1	**-**	1,078,767
Other payables		**138,759,904**	278,455,227
		4,027,789,372	3,162,847,113
Non-current –			
Advances from a director	22.12	**17,892,850**	-
		P4,045,682,222	P 3,162,847,113

Advances from customers pertain to amounts received as deposits in anticipation of future sale of vehicles before title passes to the customer.

Accrued expenses include unpaid salaries and wages, commissions, utilities, supplies, and other operating expenses of the Group.

18. LOANS PAYABLE AND BORROWINGS

This account consists of the following:

	Notes	2018	2017
Current:			
Vehicle stocking loans	18.2	**P4,132,408,531**	P 3,230,268,108
Bank loans	18.1	**165,352,065**	630,888,960
		4,297,760,596	3,861,157,068
Non-current –			
Bank loans	18.1	**400,668,588**	367,393,973
		P4,698,429,184	P 4,228,551,041

18.1 Bank Loans

In 2016, the Parent Company obtained a secured loan amounting to P200,000,000 which represents the initial drawdown of a P700,000,000 loan from a local bank for its working capital requirements. Such loan bears a fixed annual interest based on prevailing market rate and is secured by surety from PGMC and a real estate mortgage over parcels of land owned by PLPI. Outstanding balance of such loan amounted to P100,000,000 as at April 30, 2016. In 2017, the Parent Company fully paid such loan. Interest expense on this loan amounted to P892,593 and P3,222,222 in 2017 and 2016, respectively, and is presented as part of Finance Costs and Other Charges under Other Income (Charges) section in the 2017 and 2016 consolidated statements of comprehensive income (see Note 21.2). There was no unpaid interest as at April 30, 2017.

In 2017, the Parent Company obtained a secured loan amounting to P700,000,000 from a local bank for its working capital requirements and other purposes. Such loan bears a fixed annual interest based on prevailing market rate and is secured by a real estate mortgage over parcels of land owned by PLPI and a building owned by PHPI. Outstanding balance of such loan amounted to P583,333,333 as at April 30, 2017, which was fully paid in 2018. Interest expense on this loan amounted to P15,171,062 in 2018 and P10,873,972 in 2017 and is presented as part of Finance Costs and Other Charges under Other Income (Charges) section in the 2018 and 2017 consolidated statements of comprehensive income. As at April 30, 2017, unpaid interest amounting to P1,078,767 is presented as Accrued interest payable under Trade and Other Payables account in the 2017 consolidated statement of financial position (see Note 17). There was no unpaid interest as at April 30, 2018.

In 2018, the Parent Company obtained a secured loan amounting to P450,000,000 from a local bank for the repayment of the loan obtained in 2017. Such loan bears a fixed annual interest based on prevailing market rate and is secured a real estate mortgage over parcels of land owned by PLPI and a building owned by PHPI. Outstanding balance of such loan amounted to P412,500,000 as at April 30, 2018. Interest expense on this loan amounted to P4,530,822 in 2018 and is presented as part of Finance Costs and Other Charges under Other Income (Charges) section in the 2018 consolidated statement of comprehensive income. There was no unpaid interest as at April 30, 2018.

H.R. Owen has an outstanding loan from a financial institution, which bears a fixed annual interest based on prevailing market rate. Outstanding balance of such loan amounted to P153,520,653 and P414,949,600 as at April 30, 2018 and 2017. Interest expense on this loan amounted to P6,584,312, P6,985,961, and P7,293,309 in 2018, 2017 and 2016, respectively, and is presented as part of Finance Costs and Other Charges under Other Income (Charges) section in the consolidated statements of comprehensive income (see Note 21.2).

18.2 Vehicle Stocking Loans

Manufacturers' vehicle stocking loans and other loans amounting to P2,790,867,267 and P1,660,520,737 as at April 30, 2018 and 2017, respectively, are all at variable, floating commercial rates of interest. These are secured at any time by fixed and floating charges on stocks of new and demonstrator cars and commercial vehicles held. Other third party vehicle stocking loans amounting to P1,341,541,264 and P1,569,747,371 as at April 30, 2018 and 2017, respectively, are secured by fixed and floating charges on stocks of used cars.

Finance costs incurred related to H.R. Owen's vehicle stocking loans amounted to P125,897,184, P113,605,472, and P112,066,288 in 2018, 2017 and 2016, respectively, and are presented as part of Finance Costs and Other Charges under Other Income (Charges) section in the consolidated statements of comprehensive income (see Note 21.2).

18.3 Reconciliation of Liabilities Arising from Loans Payable

Presented below is the reconciliation of the Group's liabilities arising from bank loans, which include both cash and non-cash changes.

Balance at beginning of year	P 998,282,933
Cash flows from financing activities:	
Additional borrowings	638,826,550
Repayment of borrowings	(1,228,786,160)
Non-cash financing activity –	
Translation adjustment	157,697,330
Balance at end of year	**P 566,020,653**

19. OTHER INCOME AND EXPENSES

19.1 Other Income

Other income consists of the following:

	Note	**2018**	2017	2016
Excess of 7% standard input VAT over actual input VAT related to revenues with the PCSO		**P 33,281,621**	P 42,288,155	P 55,140,463
Net gain on disposal of property and equipment	12	**562,738**	3,395,202	1,438,383
Gain on reversal of impairment loss		**-**	1,528,706	-
Manufacturer support		**-**	-	27,866,840
Miscellaneous		**15,398,255**	24,165,632	33,279,541
		P 49,242,614	P 71,377,695	P 117,725,227

Income from excess of 7% standard input VAT over actual input VAT consists of the excess of 7% standard input VAT over actual input VAT on purchases related to revenues with the PCSO.

In 2016, manufacturer support pertains to a one-time gain related to the amount received by H.R. Owen from a manufacturer as an incentive for dealing vehicles in London. There is no similar transaction in 2018 and 2017.

Miscellaneous income include rental income from sublease of certain properties and unutilized service charge income attributable to the management.

19.2 Other Operating Expenses

Other operating expenses account is composed of the following:

	Notes	2018	2017	2016
Advertising and promotions		**P 817,362,588**	P 501,254,805	P 704,742,326
Stationery and office supplies		**169,241,143**	80,069,728	115,556,592
Repairs and maintenance		**82,398,570**	59,148,974	76,637,025
Insurance		**71,489,082**	72,211,800	65,853,705
Provision for losses	1.3, 28.3	**63,985,202**	-	-
Settlement expense		**40,269,900**	-	-
Outside services		**26,992,477**	65,341,730	28,399,991
Hotel supplies		**5,797,533**	10,499,974	9,519,342
Membership fees, dues and subscription		**5,501,787**	4,128,426	5,354,910
Security services		**4,472,635**	4,382,365	4,177,485
Commissions		**3,324,694**	5,343,632	5,304,884
Laundry		**2,924,039**	3,018,579	3,209,739
Computer supplies		**1,592,079**	1,990,233	1,623,632
Sponsorships		**869,498**	10,257,708	1,249,968
Miscellaneous expenses		**68,108,502**	113,983,838	62,320,610
		P 1,364,329,729	P 931,631,792	P 1,083,950,209

Miscellaneous expenses include gas and oil, store supplies consumable and vehicle storage.

20. EMPLOYEE BENEFITS

20.1 Salaries and Employee Benefits

Details of salaries and employee benefits are presented below.

	2018	2017	2016
Short-term employee benefits:			
Salaries	**P 1,630,881,738**	P 1,494,502,837	P1,399,044,914
Social security cost	**184,115,759**	173,518,187	159,611,204
Fringe benefits	**13,298,854**	12,772,112	10,016,282
Bonuses	**11,873,020**	12,797,871	17,408,151
Compensated absences	**2,413,900**	2,690,502	2,199,779
Health benefits	**1,184,958**	1,271,995	1,251,341
Others	**17,494,445**	16,201,595	16,763,236
	1,861,262,674	1,713,755,099	1,606,294,907
Post-employment benefits:			
Defined benefit plan	**7,385,839**	8,696,218	7,132,699
Defined contribution plan	**13,037,454**	9,673,836	11,787,604
	20,423,293	18,370,054	18,920,303
	P 1,881,685,967	P 1,732,125,153	P1,625,215,210

20.2 Post-employment Defined Benefit Obligation

(a) Characteristics of Defined Benefit Plan

PGMC maintains a tax-qualified, non-contributory post-employment plan covering all regular full-time employees. PHPI, on the other hand, has an unfunded, non-contributory post-employment defined benefit plan covering all regular full-time employees; while H.R. Owen's retirement benefit plan administered by a trustees operates on a pre-funded basis.

(b) Explanation of Amounts Presented in the Consolidated Financial Statements

Actuarial valuations are made annually to update the post-employment benefit costs and the amount of contributions. All amounts presented below and in the succeeding pages are based on the actuarial valuation report obtained from independent actuaries in 2018 and 2017.

The amounts relating to the Group's post-employment benefit obligation (asset) recognized in the consolidated statements of financial position are as follows:

	2018	2017
Present value of the obligation	**P 965,848,887**	P 927,419,911
Fair value of plan assets	**(988,668,490)**	(890,300,678)
	(P 22,819,603)	P 37,119,233

These are presented in the consolidated statements of financial position at gross amounts for each defined benefit plan.

The movements in present value of the post-employment defined benefit obligation recognized in the books are as follows:

	2018	2017
Balance at beginning of year	**P 927,419,911**	P 845,937,277
Translation adjustment	**105,940,841**	(49,916,995)
Liabilities extinguished on settlement	**(41,635,499)**	-
Actuarial gain	**(38,605,589)**	137,924,064
Current service and interest costs	**34,534,465**	36,140,906
Benefits paid	**(21,805,242)**	(42,665,341)
Balance at end of year	**P 965,848,887**	P 927,419,911

The movements in the fair value of plan assets are presented below.

	2018	2017
Balance at beginning of year	P 890,300,678	P 805,138,451
Translation adjustment	105,547,404	(49,999,559)
Assets distributed on settlement	(41,148,532)	-
Interest income	25,407,007	25,485,667
Employer's contribution	22,411,544	22,373,112
Benefits paid by the plan	(21,805,242)	(42,665,341)
Return on plan assets	6,770,082	129,834,566
Actuarial gain	1,185,549	133,782
Balance at end of year	P 988,668,490	P 890,300,678

The plan assets consist of the following:

	2018	2017
Cash in banks	P 4,436,471	P 7,219,671
Equity securities	664,909,901	587,711,632
Debt securities	310,052,949	292,433,907
Unit investment trust funds	5,009,394	2,829,788
Government bonds	4,259,765	84,195
Miscellaneous receivables	10	21,485
	P 988,668,490	P 890,300,678

Cash in banks includes deposit to a trustee bank and a special deposit account with Bangko Sentral ng Pilipinas. The fair values of the above plan asssets, except for miscellaneous receivables which is at Level 3, are determined based on quoted market prices in active markets and are classified as Level 1 of the fair value hierarchy.

The plan assets do not comprise any of the Group's own financial instruments or any of its assets occupied and/or used in its operations.

The components of amounts recognized in profit or loss and in other comprehensive income in respect of the defined benefit post-employment plan are as follows:

	2018	2017	2016
Reported in consolidated profit or loss:			
Current service costs	P 7,872,806	P 8,696,218	P 7,132,699
Net interest costs	1,254,652	1,959,021	2,004,242
Settlement gain	(486,967)	-	-
	P 8,640,491	P 10,655,239	P 9,136,941

	2018	2017	2016
Reported in consolidated other comprehensive income:			
Remeasurement gains (losses) arising from changes in:			
Demographic assumptions	**P 27,900,536**	(P 15,641,238)	P 44,765,779
Financial assumptions	**12,024,139**	(137,733,728)	1,850,492
Experience adjustments	**(1,319,086)**	12,563,794	5,359,505
Return on plan assets	**7,955,631**	132,782,636	(44,047,523)
Share in OCI of an associate	**31,480**	-	-
Tax effect	**(9,998,564)**	2,065,397	(1,585,678)
	P 36,594,136	(P 5,963,139)	P 6,342,575

Current service cost including settlement gain is allocated and presented as part of Salaries and Employee Benefits under Costs and Operating Expenses section in the consolidated statements of comprehensive income. The net interest cost is included in Finance Costs and Other Charges under Other Income (Charges) section in the consolidated statements of comprehensive income (see Note 21.2).

Settlement gain on the exercise of enhance transfer value is presented as part of Salaries and Employee Benefits under Costs and Operating Expenses section in the consolidated statements of comprehensive income (see Note 20.1).

Amounts recognized in other comprehensive income were included within items that will not be reclassified subsequently to profit or loss.

In determining the amounts of the defined post-employment benefit obligation, the discount rate used by the Group ranges from 2.70% to 6.37% in 2018, 2.70% to 5.08% in 2017, and 3.50% to 5.11% in 2016.

(c) Risks Associated with the Retirement Plan

The plan exposes the Group to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

(i) Investment and Interest Risks

The present value of the defined benefit obligation is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of a reference government bonds will increase the plan obligation. However, this will be partially offset by an increase in the return on the plan's investments in debt securities and if the return on plan asset falls below this rate, it will create a deficit in the plan. Currently, majority of the plan asset has been invested in equity and debt securities.

(ii) Longevity and Salary Risks

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of the plan participants both during their employment and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

(d) *Other Information*

The information on the sensitivity analysis for certain significant actuarial assumptions, the Group's asset-liability matching strategy, and the timing and uncertainty of future cash flows related to the retirement plan are described below and in the succeeding page.

(i) Sensitivity Analysis

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the defined benefit obligation as at April 30:

	Maximum Impact on Post-employment Defined Benefit Obligation		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
2018			
Salary rate	**+/- 1.00%**	**P 4,694,695**	**P 4,694,695**
Discount rate	**+/- 1.00%**	**(4,014,745)**	**4,014,745**
Turn-over rate	**+/-10.00%**	**(17,045)**	**17,045**
2017			
Salary rate	+/- 1.00%	P 5,622,880	P 5,622,880
Discount rate	+/- 1.00%	(4,821,295)	4,821,295
Turn-over rate	+/-10.00%	(30,317)	30,317

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation recognized in the consolidated statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

(ii) Asset-liability Matching Strategies

PGMC, through its BOD, envisions that the investment positions shall be managed in accordance with its asset-liability matching strategy to achieve that long-term investments are in line with the obligations under the retirement scheme. This aims to match the plan assets to the retirement obligations by investing in equities and maintaining cash and cash equivalents that match the benefit payments as they fall due and in the appropriate currency.

There are no asset-liability matching strategies currently being used by H.R. Owen's retirement plan.

(iii) Funding Arrangements and Expected Contributions

The undiscounted expected benefit payment from the plan is expected to be paid more than 15 years from the reporting date. The weighted average duration of the defined benefit obligation at the end of the reporting period is 15 years.

The best estimate of contribution to be paid by H.R. Owen to the plan for the fiscal year 2019 is P14,767,542.

20.3 Post-employment Defined Contribution Plan

(a) Characteristics of Defined Contribution Plan

H.R. Owen operates a small number of defined contribution pension schemes which are administered by trustees. The contributions recognized in respect of defined contribution plans are expensed as they fall due.

In 2018, 2017 and 2016, post-employment benefit expense for the defined contribution plans amounted to P13,058,071, P9,673,836, and P11,787,604, respectively, and is presented as part of Salaries and Employee Benefits under Costs and Operating Expenses section in the consolidated statements of comprehensive income (see Note 20.1).

21. FINANCE INCOME AND FINANCE COSTS

The components of this account follow:

21.1 Finance Income

	Notes	2018	2017	2016
Interest income	7, 22.1	**P110,277,860**	P106,988,671	P 98,589,178
Foreign currency gains – net		**47,934,001**	-	-
Dividend income	11	**23,393,052**	16,228,724	13,473,677
		P 181,604,913	P123,217,395	P 112,062,855

21.2 Finance Costs and Other Charges

	Notes	2018	2017	2016
Interest expense	18, 20	**P155,704,879**	P141,814,994	P 117,419,526
Impairment losses	11	**210,238,322**	2,877,999	111,478,534
Bank charges		**36,169,158**	32,924,358	41,149,156
Loss on deemed disposal of investment	13	-	99,084,160	-
Foreign currency losses – net		-	71,998,410	19,077,234
		P402,112,359	P348,699,921	P 289,124,450

22. RELATED PARTY TRANSACTIONS

The significant transactions of the Group with related parties are described below.

Related Party Category	Notes	Amount of Transactions 2018	Amount of Transactions 2017	Amount of Transactions 2016	Outstanding Balance Receivable (Payable) 2018	Outstanding Balance Receivable (Payable) 2017
Associates:						
Cash advances granted	13.1, 22.1	**P 469,622,710**	P 31,040,000	P 34,540,000	**P 1,515,841,109**	P 990,024,321
Advances for stock subscription	22.2	**-**	(82,283,456)	(26,000,000)	**-**	-
Related party under common ownership:						
Payments for future acquisition of investment securities	8, 22.3	**(4,977,146)**	(60,378,722)	(41,240,000)	**7,222,478**	12,199,624
Management services	8, 22.4	**-**	1,491,243	8,992,211	**21,752,409**	-
Purchase of spare parts and accessories	17, 22.5	**1,440,983**	12,941,389	11,226,954	**(94,132)**	(560,214)
Software support services	22.7	**20,370,965**	19,343,632	18,535,298	**-**	-
Rental	22.10	**6,250,000**	6,000,000	6,000,000	**-**	-
Share in allocated expenses	17, 22.8	**432,977**	329,392	(366,081)	**945,621**	512,644
Payment for certain expenses (net)	8, 22.9	**(87,547)**	348,752	29,760	**-**	87,547
Advance rental	10, 22.10	**(1,070,000)**	1,070,000	-	**12,020,000**	13,070,000
Vehicle services	22.9	**-**	10,307,111	-	**8,351,965**	-
Stockholders –						
Purchase of inventories	17, 22.6	**-**	299,923,200	8,472,687,812	**-**	(70,222,240)
Directors, officers and employees:						
Key management compensation	22.11	**85,114,299**	82,795,789	107,477,108	**-**	-
Advances	8, 22.12	**(332,506)**	(377,784)	1,166,105	**4,760,526**	5,083,970
Sale of vehicles	22.12	**79,581,808**	-	40,725,445	**-**	-
Loan obtained	22.12	**17,892,850**	-	-	**17,892,850**	-
Entity owned by a key management personnel –						
Management services	17, 22.4	**71,655,000**	76,083,000	85,910,000	**19,947,000**	20,223,000
Others –						
Deposits	22.15	**384,037,094**	255,708,180	139,689,400	**776,434,674**	392,397,580

Unless otherwise stated, advances granted to related parties are unsecured, noninterest-bearing and are payable in cash upon demand. These advances have been reviewed for impairment. Based on management's assessment, no impairment loss is required to be recognized.

22.1 Advances to Associates

The Group grants advances to its associates for working capital purposes. These advances are unsecured, noninterest-bearing and due on demand, except for the loan granted to BPPI, NPI and VideoDoc. The balances of these advances, presented as Advances to Associates account in the consolidated statements of financial position as at April 30, are shown below.

	2018	2017 (As Restated – see Note 2.1)
NPI	**P 920,365,229**	P 790,677,694
PLPI	**373,749,072**	31,683,131
BPPI	**207,692,311**	165,040,000
VideoDoc	**11,311,001**	-
CPI	**2,723,496**	2,623,496
	P 1,515,841,109	P 990,024,321

Since 2013, the Parent Company has an outstanding unsecured loan to NPI, an associate beginning in 2017, amounting to P790,677,694 as of April 30, 2017. The loan is payable in cash to the Parent Company on demand subject to interest based on current bank rate. In 2018, additional loan was advanced to NPI amounting to P86,980,200. Interest income amounting to P39,917,264 in 2018, 2017 and 2016 is recorded as part of Finance Income in the consolidated statements of comprehensive income (see Note 21.1).

In 2009, the Parent Company granted advances to PLPI as a result of the execution of a MOA, which is part of the Group's strategy to acquire an interest in the operation of a hotel located in Makati City (see Note 16). In 2018, additional cash advances, which bear an annual interest rate of 6.00%, were granted by the Group to PLPI amounting to P336,806,800 for the acquisitions of parcels of land. Collections of P2,000,000 were also made from PLPI in 2018.

In 2018 and 2017, the Parent Company made advances to CPI for its pre-operating activities which amounted to P100,000 and P200,000, respectively.

In 2011, the Parent Company provided P100,000,000 loan to BPPI, bearing an annual interest rate of 7.00% payable in cash within two years from the borrowing date. The loan is secured by a guaranty from a major stockholder of BPPI. In 2013, the Parent Company extended the term of this loan for an additional three years. The loan was further extended for another three years in 2016 bearing the same terms with the original loan except that the Parent Company now has the discretion to recall the loan any time prior to maturity; hence, the loan is presented under current assets in the consolidated statements of financial position. Interest income amounting to P7,000,000 in 2018, 2017 and 2016 is recorded as part of Finance Income in the consolidated statements of comprehensive income (see Note 21.1).

The Parent Company granted cash advances to BPPI amounting to P56,000,000, of which P35,000,000 and P21,000,000 were provided in 2018 and 2017, respectively. The advances bear an annual interest rate of 7.00% and is payable in cash upon demand. Interest income amounting to P812,311 in 2018 (nil in 2017 as the advances were granted at year-end) is recorded as part of Finance Income in the 2018 consolidated statement of comprehensive income. Consequently, the Parent Company also made collections from BPPI amounting to P1,000,000 and P2,000,000 in 2018 and 2017, respectively.

In 2018, the Group also provided 150,000GBP (equivalent to P10,735,710) unsecured loan to VideoDoc, bearing an annual interest rate of 8.00% payable on each interest payment date from the borrowing date. Interest income amounting to P575,291 is recorded as part of Finance Income in the 2018 consolidated statement of comprehensive income (see Note 21.1).

The movements of Advances to Associates account recognized in the books are as follows:

	Note	2018	2017 (As Restated – see Note 2.1)
Balance at beginning of year		**P 990,024,321**	P 170,306,627
Interest recognized during the year		**64,970,620**	7,000,000
Additions during the year:			
PLPI		**331,030,258**	2,000,000
NPI		**86,980,200**	790,677,694
BPPI		**35,000,000**	21,840,000
VideoDoc		**10,735,710**	-
CPI		**100,000**	200,000
		1,518,841,109	992,024,321
Collections during the year		**(3,000,000)**	(2,000,000)
Balance at end of year	13	**P 1,515,841,109**	P 990,024,321

22.2 Advances for Stock Subscription

In 2017, the Parent Company's outstanding advances for stock subscription to NPI as at April 30, 2016 were reclassified as part of Investments in Associates account which represent 41.46% effective ownership interest; hence, obtaining significant influence over NPI. There was no similar transaction in 2018.

22.3 Payments for Future Acquisition of Investments

The Group deposited funds to IPSSB on client-trust basis for future acquisition of investment securities. IPSSB, a related party under common ownership, is principally engaged in the business of stock brokerage. Outstanding balance of deposits to IPSSB for future acquisition of investments as at April 30, 2018 and 2017 amounted to P7,222,478 and P12,199,624, respectively, and are presented as part of Payments for future acquisition of investments under Trade and Other Receivables account in the consolidated statements of financial position (see Note 8). These advance payments are noninterest-bearing and collectible in cash upon demand of the Group.

22.4 Management Service Agreement

Total management fees paid to an entity owned by a key management personnel of the Group based on Management Services Agreement amounted to P71,655,000, P76,083,000, and P85,910,000 in 2018, 2017 and 2016, respectively, and are shown as part of Professional Fees under Costs and Other Operating Expenses section in the consolidated statements of comprehensive income. The net outstanding liability arising from this transaction amounted to P19,947,000 and P20,223,000 as at April 30, 2018 and 2017, respectively, and is presented as Management fee payable under the Trade and Other Payables account in the consolidated statements of financial position (see Note 17). The payable arising from this transaction is unsecured, noninterest-bearing and payable in cash within a year.

In 2017, Berjaya Sports Toto Berhad, a related party under common ownership, invoiced a total of P1,491,243 to the Group for the provision of management consultancy services, which is presented as part of Professional Fees under Costs and Other Operating Expenses section in the 2017 consolidated statement of comprehensive income. There was no outstanding liability arising from this transaction as at April 30, 2018 and 2017.

22.5 Purchase of Goods and Services

The Group made purchases of imported spare parts and accessories of on-line lottery equipment from International Lottery Totalizator System (ILTS). The outstanding payable related to this transaction amounted to P94,132 and P560,214 as at April 30, 2018 and 2017, respectively, and is presented as part of Trade payables under Trade and Other Payables account in the consolidated statements of financial position (see Note 17). The outstanding balance is unsecured, noninterest-bearing and payable in cash within a year.

22.6 Purchase of Inventories

In 2017, Bentley Motors Limited (Bentley Motors) held 26.3% ownership of H.R. Owen. Accordingly, Bentley Motors had been deemed to be a related party throughout the fiscal year ended April 30, 2017. In the normal course of business, the Group purchased a total value of vehicles and parts from Bentley Motors amounting to P299,923,200 in 2017. As at April 30, 2017, outstanding payable to Bentley Motors amounted to P70,222,240, and is presented as part of Trade payables under Trade and Other Payables account in the 2017 consolidated statement of financial position (see Note 17). The payable arising from this transaction is unsecured, noninterest-bearing and payable in cash within a year. There are no such related party transactions for 2018 since the H.R. Owen shares were disposed by Bentley Motors during fiscal year ended April 30, 2017.

22.7 Software Support Services Agreement

The Group entered into a Software Support Services Agreement (Software Agreement) with Sports Toto Malaysia Sdn. Bhd. (STMSB), a related party under common ownership, for the maintenance of the Group's on-line lottery equipment. The Software Agreement is automatically renewed annually unless terminated by either party. In 2018, 2017 and 2016, the Group recognized royalty expenses arising from the transaction amounting to P20,370,965, P19,343,632, and P18,535,298, respectively, and are presented as part of Maintenance of Computer Equipment under Costs and Other Operating Expenses account in the consolidated statements of comprehensive income. The Group has no outstanding payable arising from this transaction as at April 30, 2018 and 2017.

22.8 Due to a Related Party

Berjaya Resorts Management Services Sdn Bhd (Berjaya Resorts), a related party under common ownership, allocates costs and expenses to the Group related to advertising and promotion, among others. The outstanding allocated expenses are presented as part of Due to related parties under Trade and Other Payables account in the consolidated statements of financial position (see Note 17). The payable arising from this transaction is unsecured, noninterest-bearing and payable in cash upon demand.

The details of the Group's transactions with Berjaya Resorts are presented below.

	2018	2017
Balance at beginning of year	**P 512,644**	P 183,252
Expenses incurred during the year	**5,306,844**	4,499,510
Payments made during the year	**(4,873,867)**	(4,170,118)
Balance at end of year	**P 945,621**	P 512,644

22.9 Due from Other Related Parties

In 2016, the Group paid certain expenses in behalf of Taaras Beach & Spa Resort (Taaras), a related party under common ownership. Total outstanding advances as at April 30, 2017, presented as Due from related parties under Trade and Other Receivables account in the 2017 statement of financial position, has been fully collected in 2018. The details of the Group's transactions with Taaras are presented below.

	2018	2017
Balance at beginning of year	**P 87,547**	P 135,929
Collections during the year	**(87,547)**	(48,382)
Balance at end of year	**P -**	P 87,547

In 2018 and 2017, H.R. Owen provided vehicle related services to STMSB. The total amount of income recognized in both 2018 and 2017 is presented as part of Servicing and bodyshop under Revenues in the consolidated statements of comprehensive income. The outstanding amount collectible from STMSB amounted to P21,752,409 and P8,351,978 as at April 30, 2018 and 2017, respectively and are presented as part of Due from related parties under Trade and Other Receivables – net in the consolidated statements of financial position (see Note 8).

22.10 Lease Agreement with PLPI

In 2012, the Group and PLPI amended its existing lease agreement making the lease term good for one year for an annual rental of P6,000,000 but renewable annually, at the option of the lessee, for a maximum of 25 years. On July 1, 2017, the lease was amended, making the annual rental to P6,250,000, with all other terms being retained.

Total rent expense related to this lease agreement amounted to P6,250,000 in 2018 and P6,000,000 in both 2017 and 2016, and is presented as part of Rental account in the consolidated statements of comprehensive income. The Group also has advance rental to PLPI amounting to P12,020,000 and P13,070,000 as at April 30, 2018 and 2017, respectively, which are presented as Advance rental under Prepayments and Other Current Assets account in the consolidated statements of financial position (see Note 10).

22.11 Key Management Personnel Compensation

The details of key management personnel compensation (from vice-president and up) are as follows:

	2018	2017	2016
Short-term benefits	**P 81,046,700**	P 81,795,680	P 105,073,156
Post-employment benefits	**4,067,599**	1,000,109	2,403,952
	P 85,114,299	P 82,795,789	P 107,477,108

Director emoluments in 2018, 2017 and 2016 amounted to P4,350,000, P3,950,000, and P4,000,000, respectively, and are presented as part of Professional Fees under Costs and Other Operating Expenses section in the consolidated statements of comprehensive income. There were no outstanding payable relating to this compensation as at April 30, 2018 and 2017.

22.12 Transactions with Officers and Employees

In the normal course of business, the Group grants interest-bearing advances to its officers and employees. Outstanding advances to officers and employees amounted to P4,760,526 and P5,083,970 as at April 30, 2018 and 2017, respectively, and are presented as Advances to officers and employees under Trade and Other Receivables account in the consolidated statements of financial position (see Note 8).

In 2018, the Group obtained a 5-year, interest-bearing loan from a director of a subsidiary amounting to 250,000GBP (equivalent to P17,892,850). The loan, which is payable in cash upon maturity on May 4, 2022, bears interest at a rate of 1% above Bank of England base rate per annum. The outstanding balance of the loan amounting to P17,892,850 is presented as part of the non-current portion of Trade and Other Payables account in the 2018 consolidated statement of financial position (see Note 17). There was no similar loan obtained in 2017.

In the normal course of business, the Group sold vehicles amounting to P79,581,808 to directors in 2018 (nil in 2017). There was no outstanding balance arising from this transaction as at April 30, 2018. Furthermore, total deposits of P7,157,140 are held by the Group from the directors for future vehicle purchases and is presented as part of Trade and Other Payables account in the 2018 consolidated statement of financial position.

22.13 Loan Guarantee

The loans of BPPI from a certain financial institution amounting to P220,000,000 and P240,000,000 as at April 30, 2018 and 2017, respectively, are secured by the Parent Company (see Note 28.4).

22.14 Retirement Plan

The details of the contributions of the Parent Company and benefits paid out by the plan is presented in Note 20.2.

The retirement plan neither provides any gurantee or surety for any obligation of the Group nor its investments covered by any restrictions or liens.

22.15 Deposits

A foreign subsidiary company has placements, inclusive of interest receivable, amounting to P776,434,674 and P392,397,580, as at April 30, 2018 and 2017, respectively, with a foreign asset management firm of which a director of the foreign subsidiary company has an interest. These placements are presented as part of Deposits under Trade and Other Receivables account in the consolidated statements of financial position (see Note 8).

22.16 Related Party Transactions that are Eliminated in the Consolidated Financial Statements

The following are the related party transactions (amounts and balances) that are eliminated in the consolidated financial statements:

(a) Advances to Subsidiaries

In 2009, the Parent Company granted advances to PHPI as a result of the execution of a MOA, which is part of the Group's strategy to acquire an interest in the operation of a hotel located in Makati City. The outstanding balance as at April 30, 2018 and 2017 amounted to P648,020,377 and P669,020,377, respectively.

In October 2016, the Parent Company granted a loan to H.R. Owen amounting to 2,000,000GBP (about P127,676,800) for business expansion. The loan remained outstanding as at April 30, 2017 and was fully paid in June 2017.

In April 2018, the Parent Company granted a loan to FEC amounting to P40,000,000. The loan bears an annual interest rate of 6% and is payable in cash upon demand.

(b) Advances from a Subsidiary

In 2017, the Parent Company obtained advances from PGMC amounting to P258,348,250 for working capital requirements and other purposes. The advances are unsecured, noninterest-bearing and payable in cash upon demand, or through offsetting arrangements. Outstanding balance as at April 30, 2018 and 2017 amounted to P112,881,839 and P258,348,250, respectively.

(c) Dividends from a Subsidiary

The Parent Company recognized dividend income amounting to P650,000,000, P170,000,000 and P680,000,000 arising from the declaration of dividends by PGMC in 2018, 2017 and 2016, respectively. Consequently, the Parent Company received the cash dividends of P440,000,000, P325,600,000 and P524,000,000 in 2018, 2017 and 2016, respectively. There was no dividend receivable as at April 30, 2018 and 2017.

23. EQUITY

23.1 Capital Management Objectives, Policies and Procedures

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to shareholders by pricing products and services commensurate with the level of risk.

The Group sets the amount of capital in proportion to its overall financing structure. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

The Group monitors capital on the basis of the carrying amount of equity as presented on the face of the consolidated statements of financial position and also evaluates its capital in terms of debt-to-equity ratio as shown below.

	2018	2017
Total liabilities	**P 8,995,106,303**	P7,550,375,430
Total equity	**8,502,260,698**	7,205,086,278
Debt-to-equity ratio	**1.06 : 1.00**	1.05 : 1.00

23.2 Capital Stock

As at April 30, 2018 and 2017, the Parent Company has 6,000,000,000 authorized shares with P1 par value, of which 4,427,009,132 shares are issued (see Note 23.5).

The details of the Parent Company's capital stock as at April 30 is shown below.

	Number of Shares		**Amount**	
	2018	2017	**2018**	2017
Common shares – P1 par value				
Authorized:				
Balance at beginning of year	**6,000,000,000**	2,000,000,000	**P 6,000,000,000**	P 2,000,000,000
Increase in capital stock	**-**	4,000,000,000	**-**	4,000,000,000
Balance at end of year	**6,000,000,000**	6,000,000,000	**P 6,000,000,000**	P 6,000,000,000
Issued and outstanding:				
Balance at beginning of year	**4,427,009,132**	953,984,448	**P 4,427,009,132**	P 953,984,448
Stock dividends	**-**	3,473,024,684	**-**	3,473,024,684
Balance at end of year	**4,427,009,132**	4,427,009,132	**P 4,427,009,132**	P 4,427,009,132

As at April 30, 2018 and 2017, there are 142 holders of the Parent Company's total outstanding shares. In November 1948, the Parent Company listed 953,984,448 shares in the Philippine Stock Exchange (PSE). An additional 3,473,024,684 shares were listed in July 2016. The Parent Company's listed shares are bid at P5.01 per share and P5.30 per share as at April 30, 2018 and 2017, respectively.

The Parent Company has 126 stockholders owning 100 or more shares each of the Parent Company's capital stock, as at April 30, 2018 and 2017.

23.3 Treasury Shares

The Parent Company's treasury shares represent the cost of 85,728,277 shares bought back by the Parent Company prior to 2014.

The Parent Company's retained earnings is restricted for dividend declaration to the extent of the cost of treasury shares (see Note 23.5).

23.4 Revaluation Reserves

The movements of Revaluation Reserves follow:

	Note	2018	2017	2016
Revaluation of AFS				
Balance at beginning of year		(P 61,531,716)	(P 26,720,406)	P 122,458,347
Net unrealized fair value losses on AFS financial assets	11	73,700,839	(44,375,819)	(163,685,750)
Reclassification adjustments:				
Due to impairment of AFS financial asset	11	69,273,240	-	5,294,045
Due to disposal of AFS financial asset	11	-	9,564,509	9,212,952
Balance at end of year		81,442,363	(61,531,716)	(26,720,406)
Measurement of post-employment benefits				
Balance at beginning of year		(5,704,487)	214,171	(4,354,438)
Net actuarial gain (loss) on remeasurement of post-employment benefit obligation – net of tax		36,340,348	(2,745,754)	6,342,575
Actuarial gain (loss) attributable to minority interest		31,480	(3,172,904)	(1,773,966)
Balance at end of year		30,667,341	(5,704,487)	214,171
Revaluation surplus				
Balance at beginning of year		-	-	-
Fair value adjustment on property and equipment transferred to investment properties		32,049,054	-	-
Balance at end of year		32,049,054	-	-
		P 144,158,758	(P 67,236,203)	(P 26,506,235)

23.5 Retained Earnings

In 2015, the BOD of the Parent Company approved the appropriation of retained earnings amounting to P1,150,000,000 for future investments, expansion and various expenditures which are expected to be carried out within the next two to five years in line with the Group's growth plans.

On October 5, 2015, the Parent Company's BOD approved the following resolutions:

(i) increase in authorized capital stock from P2,000,000,000 divided into 2,000,000,000 shares to P6,000,000,000 divided into 6,000,000,000 shares;

(ii) reversal of P4,000,000,000 previously allocated funds for capital expenditures and corporate expansion back to unrestricted retained earnings; and,

(iii) declaration of stock dividends at a rate of 4 common shares for every common share held to be taken from the increase in authorized capital stock.

Consequently, the Parent Company set apart portion of the unappropriated retained earnings amounting to P3,473,024,684 for distribution of stock dividends.

On May 27, 2016, the Parent Company filed the declaration of stock dividends and the increase in authorized capital stock for approval of the SEC. Subsequently, the SEC approved the increase in authorized capital stock on May 31, 2016. Further, on June 6, 2016 the SEC approved the declaration of stock dividends setting the date of record on June 24, 2016 and the date of payment on July 20, 2016.

Consequently on July 20, 2016, the Parent Company issued stock dividends of 3,473,024,684 shares at par and the amount of retained earnings previously appropriated was reversed.

There was no cash dividend declaration by the Parent Company in 2018, 2017 and 2016.

24. CURRENT AND DEFERRED TAXES

The components of tax expense relating to profit or loss and other comprehensive income follow:

	2018	2017	2016
Reported in profit or loss:			
Current tax expense:			
Regular corporate income tax (RCIT) at 30% and 22.5%	**P357,431,332**	P303,686,910	P257,896,593
Minimum corporate income tax (MCIT)	**2,959,486**	711,912	2,957,475
Final tax on passive income at 20% and 7.5%	**241,592**	466,008	410,643
Tax benefit from application of unrecognized MCIT	**-**	(4,583,464)	-
	360,632,410	300,281,366	261,264,711
Deferred tax income relating to the origination, reversal of temporary differences, and unused tax losses	**(48,172,182)**	(20,205,905)	(36,338,378)
	P312,460,228	P280,075,461	P224,926,333
Reported in other comprehensive income –			
Deferred tax expense (income) relating to origination and reversal of temporary differences	**P 16,609,042**	(P 692,361)	(P 2,405,814)

The reconciliation of tax on pre-tax income computed at the applicable statutory rates to tax expense reported in profit or loss follows:

	2018	2017	2016
Tax on pretax income at 30%	**P 332,647,749**	P295,250,537	P279,375,733
Adjustments for:			
Income subjected to lower income tax rates	**(45,114,674)**	(18,550,194)	(11,726,542)
Application of optional standard deduction (OSD)	**6,313,079**	8,637,545	(14,160,275)
Tax effects of:			
Non-taxable income	**(59,914,208)**	(39,381,155)	(16,711,348)
Non-deductible expenses	**44,328,475**	33,413,052	12,880,331
Fixed-asset differences	**18,054,561**	15,491,908	-
Adjustments to current tax for prior years	**13,801,504**	749,808	(18,614,074)
Unrecognized MCIT	**1,363,981**	(4,583,464)	2,226,455
Remeasurement of deferred tax asset due to change in UK tax rate	**686,642**	(1,749,552)	-
Expiration of MCIT	**240,321**	774,828	-
Unrecognized net operating loss carry over (NOLCO)	**52,798**	-	-
NOLCO	**-**	(9,977,852)	(8,343,947)
Tax expense reported in the consolidated profit or loss	**P 312,460,228**	P280,075,461	P224,926,333

The deferred tax assets and liabilities as at April 30 presented in the consolidated statements of financial position relate to the following:

	2018	2017
Deferred tax assets – net:		
Impairment loss	**P 98,195,559**	P 35,124,062
Post-employment benefit obligation	**5,925,292**	9,285,513
Unamortized past service cost	**5,860,135**	4,461,563
Unrealized foreign currency losses – net	**3,556,356**	17,844,999
	P113,537,342	P 66,716,137
Deferred tax liabilities – net:		
Rolled-over and held over capital gains	**P 58,255,756**	P 46,663,062
Post-employment benefit obligation	**6,088,729**	(2,078,786)
Depreciation in excess of capital allowance	**(3,864,856)**	(5,856,790)
Advance rental	**3,606,000**	3,606,000
MCIT	**(2,229,995)**	(1,683,253)
Capitalized direct cost	**1,333,429**	1,365,178
NOLCO	**(860,045)**	(537,945)
Other short-term timing differences	**(71,571)**	347,281
Security deposit	**(57,458)**	(46,739)
Unrealized foreign currency gains	**43,911**	42,530
	P 62,243,900	P 41,820,538

The deferred tax income reported in the consolidated statements of comprehensive income is shown below.

	Consolidated Profit or Loss		
	2018	2017	2016
Deferred tax income:			
Impairment losses	**(P 63,071,497)**	(P 863,400)	(P 31,448,162)
Unrealized foreign currency gain (loss) – net	**14,290,024**	(19,757,139)	(3,247,043)
Depreciation in excess of capital allowance	**2,591,662**	-	-
Post-employment benefit obligation	**1,412,748**	2,840,702	(1,528,875)
Unamortized past service cost	**(1,398,571)**	(2,602,133)	(616,889)
Rolled-over and held-over capital gains	**(643,040)**	-	-
MCIT	**(546,742)**	62,916	(731,020)
NOLCO	**(322,100)**	-	(537,945)
Capitalized direct cost	**(31,749)**	(31,748)	(31,748)
Security deposit	**(10,719)**	(14,700)	1,051,248
Advance rental	-	159,597	769,688
Pre-operating expenses	-	-	(17,632)
Other short-term timing differences	**(442,198)**	-	-
	(P 48,172,182)	(P 20,205,905)	(P 36,338,378)

	Consolidated Other Comprehensive Income		
	2018	2017	2016
Deferred tax expense (income):			
Post-employment benefit obligation	**P 9,998,564**	(P 692,361)	(P 2,405,814)
Investment property	**6,610,478**	-	-
	P 16,609,042	(P 692,361)	(P 2,405,814)

The details of the Group's NOLCO and MCIT, which can be applied against taxable income and RCIT, respectively, follow:

Year Incurred	Amount	Applied – Prior Year	Applied – Current Year	Expired	Balance	Expiry Date
NOLCO						
2018	P 1,177,578	P -	P -	P -	P 1,177,578	2021
2016	1,793,151	-	-	-	1,793,151	2019
	P 2,970,729	P -	P -	P -	P 2,970,729	
MCIT						
2018	P 2,150,234	P -	P -	P -	P 2,150,234	2021
2017	711,912	-	-	-	711,912	2020
2016	2,957,475	-	-	-	2,957,475	2019
2015	3,164,378	(876,129)	-	(2,288,249)	-	
	P 8,983,999	(P 879,129)	P -	(P 2,288,249)	P 5,819,621	

The Group's NOLCO and MCIT pertain to the Parent Company and PHPI. In 2018 and 2017, the management has taken a conservative position of not recognizing additional deferred tax assets arising from NOLCO and MCIT since their recoverability and utilization are unlikely at this time based on the assessment of management.

In 2018 and 2017, the Parent Company, PHPI and FEC opted to claim itemized deductions, while PGMC continued claiming OSD.

Taxation of H.R. Owen is in accordance with the tax laws of UK. The standard rate of corporate tax in the UK was reduced to 19.00% for the years starting April 1, 2017, 2018 and 2019, which was substantively enacted in April 2015. A law was enacted on September 2016 which further reduces the corporate tax to 17% for the year starting April 1, 2020. Consequently, deferred tax assets and liabilities arising from transactions of H.R. Owen have been calculated at 17.00% of the gross sum on the basis that they are expected to unwind after April 1, 2020.

25. EARNINGS PER SHARE

The earnings per share of the Group is presented below.

	2018	2017	2016
Net profit attributable to owners of the Parent Company	**P 785,824,811**	P 674,067,840	P 678,320,666
Divided by weighted average number of outstanding shares	**4,341,280,855**	4,341,280,855	4,341,280,855
Earnings per share	**P 0.18**	P 0.16	P 0.16

The Group has no potentially dilutive instruments; thus, basic and dilutive earnings per share are the same.

26. CATEGORIES, FAIR VALUES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

26.1 Carrying Amounts and Fair Values by Category

The carrying amounts and fair values of the categories of financial assets and financial liabilities presented in the consolidated statements of financial position are shown below.

		2018		2017 (As Restated – see Note 2.1)	
	Notes	**Carrying Amounts**	**Fair Values**	Carrying Amounts	Fair Values
Financial Assets					
Loans and receivables:					
Cash and cash equivalents	7	**P 1,195,177,294**	**P 1,195,177,294**	P 1,060,850,712	P 1,060,850,712
Trade and other receivables - net	8	**2,620,625,259**	**2,620,625,259**	2,659,123,454	2,659,123,454
Advances to associates	22.1	**1,515,841,109**	**1,515,841,109**	990,024,321	990,024,321
Prepayments and other current assets	10	**50,906,435**	**50,906,435**	30,004,048	30,004,048
Other non-current assets		**3,217,271**	**3,217,271**	4,706,098	4,706,098
		P 5,385,787,368	**P 5,385,767,368**	P 4,744,708,633	P 4,744,708,633
AFS financial assets - net	11	**P 1,199,369,442**	**P 1,199,369,442**	P 901,808,762	P 901,808,762
Financial Liabilities					
Financial liabilities at amortized cost:					
Trade and other payables	17	**P 3,967,339,248**	**P 3,967,339,248**	P 1,856,934,874	P 1,856,934,874
Loans payable and borrowings	18	**4,698,429,184**	**4,709,005,437**	4,228,551,041	4,223,691,107
		P 8,665,768,432	**P 8,676,344,685**	P 6,085,485,915	P 6,080,625,981

See Notes 2.4 and 2.10 for a description of the accounting policies for each category of financial instruments. A description of the Group's risk management objectives and policies for financial instruments is provided in Note 4.

26.2 Offsetting of Financial Assets and Financial Liabilities

Currently, financial assets and financial liabilities are settled on a gross basis; however, each party to the financial instrument (particularly related parties) will have the option to settle all such amounts on a net basis through approval by both parties' BOD and stockholders or upon instruction by the Parent Company.

27. FAIR VALUE MEASUREMENT AND DISCLOSURES

27.1 Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement*, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels:

(a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;

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

(c) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Parent Company uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

27.2 Financial Instruments Measured at Fair Value

Quoted equity securities, debt securities and others classified as AFS financial assets are included in Level 1 as their prices are derived from quoted prices in active market that the entity can access at the measurement date, except for certain equity securities with carrying amount of P116,921,250 and P77,033,450, which are carried at cost as at April 30, 2018 and 2017, respectively (see Note 11).

The fair value of these shares increased by P73,700,839 in 2018 and decreased by P44,375,819 and P163,685,750 in 2017 and 2016, respectively. This was presented as Net Unrealized Fair Value Gains on Available-for-sale Financial Assets under Other Comprehensive Income (Loss) of the consolidated statements of comprehensive income.

The Group has no financial liabilities measured at fair value as at April 30, 2018 and 2017. There were no transfers across the levels of the fair value hierarchy in both years.

27.3 Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed

The table below shows the fair value hierarchy of the Group's classes of financial assets and financial liabilities measured at fair value in the consolidated statements of financial position on a recurring basis as at April 30, 2018 and 2017:

	2018			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Cash and cash equivalents	P 1,195,177,294	P -	P -	P 1,195,177,294
Trade and other receivables	-	-	2,620,625,259	2,620,625,259
Advances to associates	-	-	1,515,841,109	1,515,841,109
Prepayments and other current assets	-	-	50,906,435	50,906,435
Other non-current assets	-	-	3,217,271	3,217,271
	P 1,195,177,294	P -	P 4,190,590,074	P 5,385,767,368
Financial liabilities:				
Trade and other payables	P -	P -	P 3,967,339,248	P 3,967,339,248
Loans payable and borrowings	-	-	4,709,005,437	4,709,005,437
	P -	P -	P 8,676,344,685	P 8,676,344,685

	2017 (As Restated – see Note 2.1)			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Cash and cash equivalents	P 1,060,850,712	P -	P -	P 1,060,850,712
Trade and other receivables	-	-	2,659,123,454	2,659,123,454
Advances to associates	-	-	990,024,321	990,024,321
Prepayments and other current assets	-	-	30,004,048	30,004,048
Other non-current assets	-	-	4,706,098	4,706,098
	P 1,060,850,712	P -	P 3,683,857,921	P 4,744,708,633
Financial liabilities:				
Trade and other payables	P -	P -	P 1,856,934,874	P 1,856,934,874
Loans payable and borrowings	-	-	4,223,691,107	4,223,691,107
	P -	P -	P 6,080,625,981	P 6,080,625,981

27.4. Investment Property Measured at Fair Value

The fair value of the Group's investment property (see Note 15) are determined on the basis of the appraisals performed by an independent appraiser with appropriate qualifications. In estimating the fair value of the land, management takes into account the market participant's ability to generate economic benefits by using the assets in their highest and best use. Based on management's assessment, the best use of the Group's non-financial assets indicated above is their commercial utility.

The Level 3 fair value of land was derived using the market comparable approach that reflects the recent transaction prices for similar properties in nearby locations adjusted for differences in key attributes. Under this approach, when sales prices of comparable land in close proximity are used in the valuation of the subject property with no adjustment on the price, fair value is included in Level 2. On the other hand, if the observable recent prices of the reference properties were adjusted for differences in key attributes such as property size, zoning, and accessibility, the fair value is included in Level 3. The most significant input into this valuation approach is the price per square meter, hence, the higher the price per square meter, the higher the fair value. There were no transfers into or out of Level 3 fair value hierarchy in both years.

28. COMMITMENTS AND CONTINGENCIES

The following are the significant commitments and contingencies involving the Group:

28.1 Operating Lease Commitments – PGMC, PHPI and H.R. Owen as Lessees

PGMC and H.R. Owen lease its office and dealership spaces, respectively, under lease agreements from certain lessors, which will expire at various dates from 2017 to 2018. Other lease agreements by H.R. Owen are due until 2027. The lease agreements also provide for renewal options upon mutual consent of both parties.

In 2012, PHPI and PLPI amended its existing lease agreement making the lease term good for one year for an annual rental in 2012 of P6,000,000 but renewable annually for a maximum of 25 years at the option of the lessee. On July 1, 2017, the lease was amended, making the annual rental to P6,250,000, with all the other terms being retained.

Future minimum rental payable related to these leases as at April 30 are as follows:

	2018	2017
Within one year	**P 341,617,786**	P 384,890,523
After one year but not more than five years	**1,144,442,757**	1,046,810,401
More than five years	**1,139,036,501**	1,229,742,273
	P2,625,097,044	P 2,661,443,197

Rental expense arising from these leases amounted to P357,030,160, P321,414,367, and P330,015,723 in 2018, 2017 and 2016, respectively, and is presented as part of Rental under Costs and Other Operating Expenses section in the consolidated statements of comprehensive income.

H.R. Owen's total future minimum lease payments due later than five years as shown in the preceding page include P184,729,935 relating to two properties, which are sub-leased to third parties. Of this amount, P177,769,831 relates to a sub-lease for a single property, which is of the same duration as the Group's own lease, while the sub-lease for the remaining properties, amounting to future minimum lease payments of P6,960,104, can be terminated by the third party on six months' written notice.

28.2 Operating Lease Commitments – PGMC as Lessor

PGMC entered into an ELA with PCSO covering the lease of its on-line lottery equipment for a period of three years under certain conditions. Rental income derived from ELA amounted to P1,642,234,495, P1,601,472,285, and P1,580,259,448 in 2018, 2017 and 2016, respectively, and are recognized as Rental under Revenues in the consolidated statements of comprehensive income (see Note 6).

28.3 Injunction Case Filed

On June 11, 2012, PGMC filed an application for the issuance of a Writ of Preliminary Injunction against PCSO and subsequently filed a request for arbitration at the International Chamber of Commerce court on March 12, 2014.

The Arbitral Tribunal has rendered a Final Award on February 23, 2018 ordering PGMC to pay all of PCSO's reasonable costs and expenses in the arbitration. A provision was recognized and presented as Provision for Losses in the 2018 consolidated statement of financial position.

On March 26, 2018, PGMC filed a Petition to Vacate Final Award. As at April 30, 2018, the petition is still pending with the regional trial court.

28.4 Surety Agreement

In 2018 and 2017, the Parent Company acted as a surety in favor of a certain financial institution to the loan obtained by BPPI for the latter's working capital requirements (see Note 22.13).

28.5 Contracts

In December 2009, the Group entered into a MOA with the stockholders of TF, whereby the stockholders agreed to sell all their interest in TF and to agree to consent the sale of TF's assets for a total consideration of P785,000,000.

28.6 Others

There are other commitments, guarantees, litigations and contingent liabilities that arise in the normal course of the Group's operations which are not reflected in the consolidated financial statements. As at April 30, 2018, management is of the opinion that losses, if any, from these commitments and contingencies will not have material effect on the Group's consolidated financial statements.

P&A
Grant Thornton

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Report of Independent Auditors to Accompany Supplementary Information Required by the Securities and Exchange Commission Filed Separately from the Basic Consolidated Financial Statements

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The Board of Directors and the Stockholders
Berjaya Philippines Inc. and Subsidiaries
[A Subsidiary of Berjaya Lottery Management (HK) Limited]
9th Floor, Rufino Pacific Tower
6784 Ayala Avenue, Makati City

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Berjaya Philippines Inc. and subsidiaries (the Group) for the year ended April 30, 2018, on which we have rendered our report dated July 27, 2018. Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The applicable supplementary information (see List of Supplementary Information) is presented for purposes of additional analysis in compliance with the requirements of Securities Regulation Code Rule 68, as amended, and is not a required part of the basic consolidated financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information is the responsibility of the Group's management. The 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.

PUNONGBAYAN & ARAULLO

By: **Romualdo V. Murcia III**
Partner

CPA Reg. No. 0095626
TIN 906-174-059
PTR No. 6616014, January 3, 2018, Makati City
SEC Group A Accreditation
Partner - No. 0628-AR-3 (until Nov. 29, 2019)
Firm - No. 0002-FR-5 (until Mar. 26, 2021)
BIR AN 08-002511-22-2016 (until Oct. 3, 2019)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2018)

July 27, 2018

Berjaya Philippines Inc. and Subsidiaries
List of Supplementary Information
April 30, 2018

Berjaya Philippines Inc. and Subsidiaries
SEC Released Amended SRC Rule 68
Annex 68-E
Schedule A - Financial Assets
April 30, 2018

Name of Issuing Entity and Association of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Statement of Financial Position	Income Received and Accrued
AVAILABLE-FOR-SALE FINANCIAL ASSETS			
Equity securities	95,474,043	P 1,365,766,770	P 23,393,052
Debt securities	40,330,000	120,346,028	1,494,035
Others	6,000,000	14,206,921	-
	141,804,043	1,500,319,719	24,887,087
Allowance for impairment	-	(300,950,277)	-
Total	**141,804,043**	**P 1,199,369,442**	**P 24,887,087**

Berjaya Philippines Inc. and Subsidiaries
SEC Released Amended SRC Rule 68
Annex 68-E
Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
April 30, 2018

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Deductions			Balance at End of Period
			Amounts Collected	Amounts Reclassified	Amounts Written off	
Related Parties:						
Berjaya Pizza Philippines Inc.	P 165,040,000	P 43,652,311	(P 1,000,000)	P -	P -	P 207,692,311
Inter-Pacific Securities Sdn Berbad	12,199,623	601,807,358	(606,784,503)	-	-	7,222,478
Sports Toto Malaysia Sdn. Bhd	8,351,978	13,400,431	-	-	-	21,752,409
Perdana Land Philippines Inc.	31,683,131	344,065,941	(2,000,000)	-	-	373,749,072
Cosway Philippines Inc.	2,623,496	100,000	-	-	-	2,723,496
Taaras Bench & Spa Resort	87,547	-	(87,547)	-	-	-
Neptune Properties, Incorporated	790,677,694	129,687,535	-	-	-	920,365,229
VideoDoc Limited	-	11,311,001	-	-	-	11,311,001
Total	**P 1,010,663,469**	**P 1,144,024,577**	**(P 609,872,050)**	**P -**	**P -**	**P 1,544,815,996**

Berjaya Philippines Inc. and Subsidiaries
SEC Released Amended SRC Rule 68
Annex 68-E
Schedule C - Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements
April 30, 2018

			Deductions		Ending Balance		
Name and Designation of Debtor	**Balance at Beginning of Period**	**Additions**	**Amounts Collected**	**Amounts Written off**	**Current**	**Non-current**	**Balance at End of Period**
Perdana Hotel Philippines Inc.	P 669,020,377	P -	(P 21,000,000)	P -	P 648,020,377	P -	P 648,020,377
H.R. Owen Plc	127,676,800	-	(127,676,800)	-	-	-	-
Total	**P 796,697,177**	**P -**	**(P 148,676,800)**	**P -**	**P 648,020,377**	**P -**	**P 648,020,377**

Berjaya Philippines Inc. and Subsidiaries
SEC Released Amended SRC Rule 68
Annex 68-E
Schedule D - Intangible Assets - Other Assets
April 30, 2018

Description	Balance at Beginning of Period	Additions at Cost	Deductions		Other Changes -Additions (Deductions)	Balance at End of Period
			Charged to Cost and Expenses	Charged to Other Accounts		
Intangible Assets:						
Goodwill	P 1,114,063,397	P -	P -	P -	P 91,329,638	P 1,205,393,035
Dealership rights	660,563,886	-	-	-	80,016,738	740,580,624
Customer relationship	32,328,468	-	(4,051,462)	-	3,744,539	32,021,545
Total	**P 1,806,955,751**	**P -**	**(P 4,051,462)**	**P -**	**P 175,090,915**	**P 1,977,995,204**

Berjaya Philippines Inc. and Subsidiaries
SEC Released Amended SRC Rule 68
Annex 68-E
Schedule E - Long-term Debt
April 30, 2018

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount Shown under Caption "Current Portion of Long-term Debt" in Relation to Statement of Financial Position	Amount Shown under Caption "Long-term Debt" in Relation to Statement of Financial Position
Loans Payable	P 566,020,653	P 165,352,065	P 400,668,588

Berjaya Philippines Inc. and Subsidiaries
SEC Released Amended SRC Rule 68
Annex 68-E
Schedule F - Indebtedness to Related Parties (Long-term Loans from Related Companies)
April 30, 2018

Name of Related Party	Amount Authorized by Indenture	Balance at Beginning of Period	Balance at End of Period

NOT APPLICABLE
The Group has no indebtedness to related parties as at April 30, 2018.

Berjaya Philippines Inc. and Subsidiaries
SEC Released Amended SRC Rule 68
Annex 68-E
Schedule G - Guarantees of Securities of Other Issuers
April 30, 2018

Name of Issuing Entity of Securities Guaranteed by the Company for which this Statement is Filed	Title of Issue of Each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owned by Person for which this Statement is Filed	Nature of Guarantee
Berjaya Pizza Philippines Inc. (BPPI)*	Loan	P 220,000,000	P 220,000,000	Corporate guarantee

** The loans of BPPI from a certain local financial institution are secured by Berjaya Philippines Inc.*

Berjaya Philippines Inc. and Subsidiaries
SEC Released Amended SRC Rule 68
Annex 68-E
Schedule H - Capital Stock
April 30, 2018

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding as shown under the Related Balance Sheet Caption	Number of Shares Reserved for Options, Warrants, Conversion and Other Rights	Number of Shares Held by		
				Related Parties	Directors, Officers and Employees	Others
Common shares - P1 par value	6,000,000,000	4,341,280,855	-	3,831,443,430	981	509,836,444

BERJAYA PHILIPPINES INC. AND SUBSIDIARIES
[A Subsidiary of Berjaya Lottery Management (HK) Limited]
Schedule of Philippine Financial Reporting Standards and Interpretations
Adopted by the Securities and Exchange Commission and the
Financial Reporting Standards Council as at April 30, 2018

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements		✓		
Conceptual Framework Phase A: Objectives and Qualitative Characteristics		✓		
Practice Statement Management Commentary				✓
Philippine Financial Reporting Standards (PFRS)				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✓		
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters	✓		
	Amendments to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters	✓		
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters	✓		
	Amendments to PFRS 1: Government Loans	✓		
	Amendments to PFRS 1: Deletion of Short-term Exemptions	✓		
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
	Amendments to PFRS 2: Classification and Measurement of Share-based Payment Transactions* *(effective January 1, 2018)*			✓
PFRS 3 (Revised)	Business Combinations	✓		
	Amendment to PFRS 3: Remeasurement of Previously Held Interests in a Joint Operation* *(effective January 1, 2019)*			✓
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PFRS 4: Applying PFRS 9, *Financial Instruments*, with PFRS 4, *Insurance Contracts** *(effective January 1, 2018)*			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Transition	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures – Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures* *(effective when PFRS 9 is first applied)*			✓
PFRS 8	Operating Segments	✓		
PFRS 9	Financial Instruments (2014)* *(effective January 1, 2018)*			✓
	Amendments to PFRS 9: Prepayment Features with Negative Compensation* *(effective January 1, 2019)*			✓
PFRS 10	Consolidated Financial Statements	✓		
	Amendments to PFRS 10: Transition Guidance	✓		
	Amendments to PFRS 10: Investment Entities	✓		
	Amendments to PFRS 10: Investment Entities – Applying the Consolidation Exception	✓		
	Amendments to PFRS 10: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* *(effective date deferred indefinitely)*			✓
PFRS 11	Joint Arrangements			✓
	Amendments to PFRS 11: Transition Guidance			✓
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations			✓
	Amendment to PFRS 11: Remeasurement of Previously Held Interests in a Joint Operation* *(effective January 1, 2019)*			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PFRS 12	Disclosure of Interests in Other Entities	✓		
	Amendments to PFRS 12: Transition Guidance	✓		
	Amendments to PFRS 12: Investment Entities	✓		
	Amendments to PFRS 10: Investment Entities – Applying the Consolidation Exception	✓		
PFRS 13	Fair Value Measurement	✓		
PFRS 14	Regulatory Deferral Accounts			✓
PFRS 15	Revenue from Contracts with Customers* *(effective January 1, 2018)*			✓
PFRS 16	Leases* *(effective January 1, 2019)*			✓
PFRS 17	Insurance Contracts* *(effective January 1, 2021)*			✓
Philippine Accounting Standards (PAS)				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	✓		
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Amendments to PAS 1: Disclosure Initiative	✓		
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
	Amendments to PAS 7: Disclosure Initiative	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events After the Reporting Period	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendments to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
	Amendments to PAS 12 - Recognition of Deferred Tax Assets for Unrealized Losses	✓		
	Amendment to PAS 12 - Tax Consequences of Dividends* *(effective January 1, 2019)*			✓
PAS 16	Property, Plant and Equipment	✓		
	Amendments to PAS 16: Bearer Plants	✓		
	Amendments to PAS 16: Clarification of Acceptable Methods of Depreciation and Amortization	✓		
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19 (Revised)	Employee Benefits	✓		
	Amendments to PAS 19: Defined Benefit Plans - Employee Contributions	✓		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendments: Net Investment in a Foreign Operation	✓		
PAS 23 (Revised)	Borrowing Costs	✓		
	Amendment to PAS 23: Eligibility for Capitalization	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans	✓		
PAS 27 (Revised)	Separate Financial Statements			✓
	Amendments to PAS 27: Investment Entities			✓
	Amendments to PAS 27: Equity Method in Separate Financial Statements			✓
PAS 28 (Revised)	Investments in Associates and Joint Ventures	✓		
	Amendments to PAS 28: Investment Entities - Applying the Consolidation Exception	✓		
	Amendments to PFRS 10: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* *(effective date deferred indefinitely)*			✓
	Amendment to PAS 28: Measurement of Investment in Associates at Fair Value through Profit or Loss* *(effective January 1, 2018)*			✓
	Amendment to PAS 28: Long-term Interest in Associates and Joint Venture* *(effective January 1, 2019)*			✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	✓		
	Amendments to PAS 32: Classification of Rights Issues	✓		
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PAS 33	Earnings Per Share	✓		
PAS 34	Interim Financial Reporting			✓
PAS 36	Impairment of Assets	✓		
	Amendment to PAS 36: Recoverable Amount Disclosures for Non-financial Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets	✓		
	Amendments to PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization	✓		
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions	✓		
	Amendments to PAS 39: The Fair Value Option	✓		
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition	✓		
	Amendments to Philippine Interpretation IFRIC 9 and PAS 39: Embedded Derivatives	✓		
	Amendments to PAS 39: Eligible Hedged Items	✓		
	Amendments to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting	✓		
PAS 40	Investment Property	✓		
	Amendment to PAS 40: Reclassification to and from Investment Property* (*effective January 1, 2018*)			✓
PAS 41	Agriculture			✓
	Amendments to PAS 41: Bearer Plants			✓
Philippine Interpretations - International Financial Reporting Interpretations Committee (IFRIC)				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	✓		
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓		
IFRIC 5	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities Arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29, Financial Reporting in Hyperinflationary Economies			✓
IFRIC 9	Reassessment of Embedded Derivatives**	✓		
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives**	✓		
IFRIC 10	Interim Financial Reporting and Impairment	✓		
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC - 14, Prepayments of a Minimum Funding Requirement and their Interaction			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments**	✓		
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies			✓
IFRIC 22	Foreign Currency Transactions and Advance Consideration* (*effective January 1, 2018*)			✓
IFRIC 23	Uncertainty Over Income Tax Treatments* (effective *January 1, 2019*)			✓

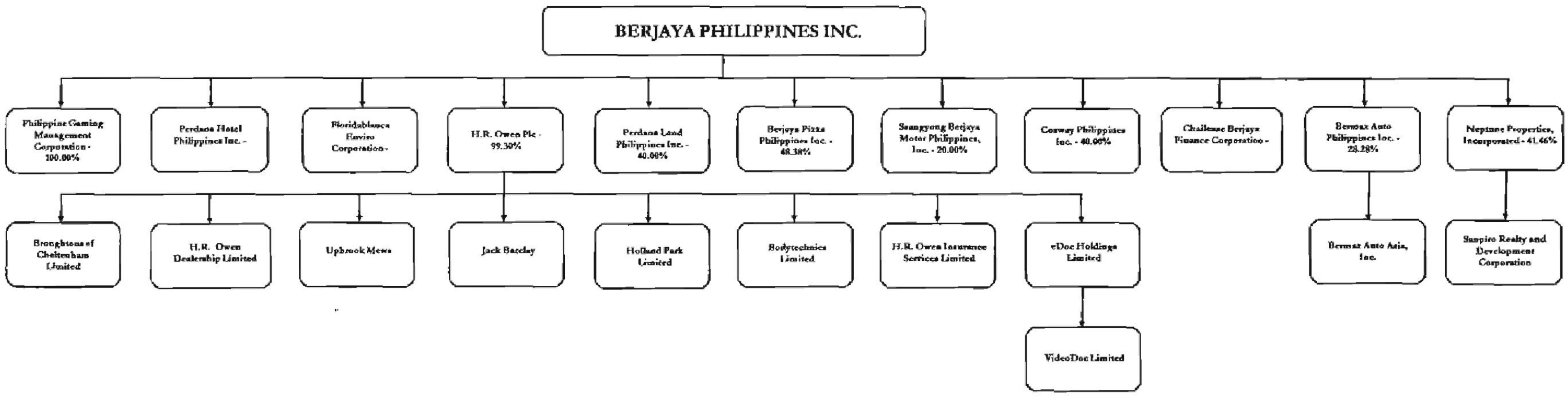
PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
Philippine Interpretations - Standing Interpretations Committee (SIC)				
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-15	Operating Leases - Incentives			✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders**	✓		
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease**	✓		
SIC-29	Service Concession Arrangements: Disclosures			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services**	✓		
SIC-32	Intangible Assets - Web Site Costs	✓		

* These standards will be effective for periods subsequent to fiscal year 2018 and are not early adopted by the Group.

** These standards have been adopted in the preparation of consolidated financial statements but the Group has no significant transactions covered in both years presented.

Berjaya Philippines Inc. and Subsidiaries
(A Subsidiary of Berjaya Lottery Management (HK) Limited)
9th Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City
(Amounts in Philippine Pesos)

Map Showing the Relationship Between and Among the Company and its Related Parties
April 30, 2018



Berjaya Philippines Inc.
[A Subsidiary of Berjaya Lottery Management (HK) Limited]
9th Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City
(Amounts in Philippine Pesos)

Reconciliation of Retained Earnings Available for Dividend Declaration
For the Year Ended April 30, 2018

Unappropriated Retained Earnings at Beginning of Year, as Reported in the Audited Financial Statements		P 1,343,086,493
Prior Years' Outstanding Reconciling Items, net of tax		
Unrealized foreign currency gain	(66,020,035)	
Deferred tax income	(20,669,410)	
Impairment loss	90,711,955	4,022,510
Unappropriated Retained Earnings Available for Dividend Declaration at Beginning of Year, as Adjusted		1,347,109,003
Net Profit Actually Earned during the Year		
Net profit per audited financial statements	507,744,727	
Unrealized foreign currency gain	(47,880,959)	
Deferred tax income	(63,071,497)	
Impairment loss	210,238,322	607,030,593
Unappropriated Retained Earnings Available for Dividend Declaration at End of Year		**P 1,954,139,596**

The Company plans to appropriate portions of available retained earnings for business expansions within three to five years.

Berjaya Philippines Inc. and Subsidiaries
[A Subsidiary of Berjaya Lottery Management (HK) Limited]
9th Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City
(Amounts in Philippine Pesos)

Financial Indicators
April 30, 2018

Financial Indicators	Computation 2018	Computation 2017	Ratio 2018	Ratio 2017
Quick ratio				
Cash and cash equivalents + Trade and other receivables - net + Advances to associates	5,331,643,662	4,370,864,839	0.63	0.62
Total Current Liabilities	8,426,949,871	7,104,041,686		
Current/liquidity ratio				
Total Current Assets	10,950,134,994	9,305,822,624	1.30	1.31
Total Current Liabilities	8,426,949,871	7,104,041,686		
Debt-to-equity ratio				
Total Liabilities	8,995,106,303	7,550,375,430	1.06	1.05
Total Equity	8,502,260,698	7,205,086,278		
Debt-to-assets ratio				
Total Liabilities	8,995,106,303	7,550,375,430	0.51	0.51
Total Assets	17,497,367,001	14,755,461,708		
Equity-to-assets ratio				
Total Equity	8,502,260,698	7,205,086,278	0.49	0.49
Total Assets	17,497,367,001	14,755,461,708		
Return on assets				
Net Profit	796,365,600	704,092,997	0.05	0.05
Total Assets	17,497,367,001	14,755,461,708		
Return on equity				
Net Profit	796,365,600	704,092,997	0.09	0.10
Total Equity	8,502,260,698	7,205,086,278		
Earnings per share				
Net Profit Attributable to Owners of the Parent Company	785,824,811	674,067,840	0.18	0.16
Weighted Average Number of Outstanding Common Shares	4,341,280,855	4,341,280,855		

Securities and Exchange Commission
PHILIPPINES

Securities and Exchange Commission
Electronic Records Management Division
4 MAY 30 2018
RECEIVED SUBJECT TO REVIEW OF FORM AND CONTENTS
ICTD

SEC FORM – I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended **30 April 2018**

2. SEC Identification Number **476** 3. BIR Tax Identification No. **001-289-374**

4. Exact name of issuer as specified in its charter **Berjaya Philippines Inc.**

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

6. (SEC Use Only)
   Industry Classification Code:

7. **9/F Rufino Pacific Tower, 6784 Ayala Avenue, cor. V.A. Rufino St., Makati City**
   Address of principal office

   Postal Code

8. **(632) 811-0668**
   Issuer's telephone number, including area code

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

.	INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT		
	COMPLIANT/NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
The Board's Governance Responsibilities			
Principle 1: The company should be headed by a competent, working board to foster the long-term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long-term best interests of its shareholders and other stakeholders.			
Recommendation 1.1			
1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	compliant	Provide information or link/reference to a document containing information on the following: 1. Academic qualifications, industry knowledge, professional experience, expertise and relevant trainings of directors 2. Qualification standards for directors to facilitate the selection of potential nominees and to serve as benchmark for the evaluation of its performance	The resumé of the directors as found in the Issuer's Annual Report and Definitive Information Statement are self explanatory.
2. Board has an appropriate mix of competence and expertise.	compliant		The current under SEC 17-C which covers the names of the directors elected during the latest annual meeting will show that the Board is composed of executive and non-executive members.
3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.	compliant		The resumé of the directors as found in the Issuer's Annual Report and Definitive Information Statement are self explanatory.
Recommendation 1.2			
1. Board is composed of a majority of non-executive directors.	compliant	Identify or provide link/reference to a document identifying the directors and the type of their directorships	This information is found in the Corporation's Annual Report and Definitive Information Statement.
Recommendation 1.3			

1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.	Not compliant	Provide link or reference to the company's Board Charter and Manual on Corporate Governance relating to its policy on training of directors.	Not found in the Revised Manual on Corporate Governance but directors and officers attend seminars, on an annual basis.
2. Company has an orientation program for first time directors.	Non compliant	Provide information or link/reference to a document containing information on the orientation program and trainings of directors for the previous year, including the number of hours attended and topics covered.	Corporation is too small to provide an orientation for first time directors.
3. Company has relevant annual continuing training for all directors	compliant		Directors and officers of the Corporation attend seminars on an annual basis, hosted by providers accredited by the SEC.
Recommendation 1.4			
1. Board has a policy on board diversity.	Non compliant	Provide information on or link/reference to a document containing information on the company's board diversity policy. Indicate gender composition of the board.	We are not that big a company.
Optional: Recommendation 1.4			
1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives.		Provide information on or link/reference to a document containing the company's policy and measureable objectives for implementing board diversity. Provide link or reference to a	

		progress report in achieving its objectives.	
Recommendation 1.5			
1. Board is assisted by a Corporate Secretary.	compliant	Provide information on or link/reference to a document containing information on the Corporate Secretary, including his/her name, qualifications, duties and functions.	The Corporate Secretary is Mr. Jose A. Bernas, the managing partner at Bernas Law Offices. He is tasked with calling meetings, preparing minutes, keeping the books of the corporation in order, keeping the company seal, etc. The Corporate Secretary's duties, qualifications etc are listed in the By-Laws of the Corporation.
2. Corporate Secretary is a separate individual from the Compliance Officer.	compliant		
3. Corporate Secretary is not a member of the Board of Directors.	compliant		In the submitted Current Report under SEC Form 17-C dated 4 October 2017, the names of the directors and officers of the Corporation are enumerated. It can be seen there that the Corporate Secretary is not a member of the Board.
4. Compliance Officer attends training/s on corporate governance.	compliant	Provide information on or link/reference to a document containing information on the corporate governance training attended, including number of hours and topics covered.	The third paragraph of 2.1.3 of the Issuer's "Revised Manual on Corporate Governance" states : "The Compliance Officer and his or her alternate shall not be a member of the Board and should annually attend a training on corporate governance." Further, the compliance officer Marie Lourdes Sia-Bernas attended the Corporate Governance & AMLA Seminar conducted by the Philippine Corporate Enhancement & Governance, Inc. on 24 November 2017 at the Dusit Thani Hotel on the following topics: (i) Updates on Corporate Governance Regulatory Developments in 2016 & Pointers to Ensure Effective Corporate Governance;

			(ii) Corporate Risk Management (iii) Compliance with the Anti-Money Laundering Law
Principle 2: The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders.			
Recommendation 2.1			
1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.	Compliant	Provide information or reference to document containing information on how the directors performed their duties (can include board resolutions, minutes of meeting)	The affected directors would excuse themselves and not take any part in the discussion and voting if they were interlocking directors with another company.
Recommendation 2.2.			
1. Board has a clearly defined and updated vision, mission and core values.	compliant	Indicate or provide link/reference to a document containing the company's vision, mission, and core values. Indicate frequency of review of the vision, mission and core values.	2.2.1.2 of the Revised Manual of Corporate Governance states: The Board shall formulate the corporation's vision, mission, strategic objective, policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance.
2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture.	compliant	Provide information on or link/reference to a document containing information on the strategy execution process.	As a holding company, the Board makes wise decisions in where to invest. For example, the Corporation's investments in H.R. Owen Plc in London, 7-11 Malaysia Holdings Berhad in Malaysia, and Bermaz Auto Philippines Inc. in the Philippines have proven to be profitable for the Issuer.

Recommendation 2.3			
1. Board is headed by a competent and qualified Chairperson.	compliant	Provide information or reference to a document containing information on the Chairperson, including his/her name and qualifications	The Chairman of the Corporation is Tan Sri Ibrahim Bin Saad. He was a former Ambassador of Malaysia to the Philippines, a former member of Parliament in Malaysia, was the head of the Ministry of Education once, among other positions, and completed his studies in Wisconsin in the United States.
Recommendation 2.4			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	compliant	Disclose and provide information or link/reference to a document containing information on the company's succession planning policies and programs and its implementation.	2.2.1.3 of the Revised Manual on Corporate Governance x x x "Adopt an effective succession planning program for management."
2. Board adopts a policy on the retirement for directors and key officers.	compliant		The SEC Memorandum on the maximum term limits of directors were routed to all directors.
Recommendation 2.5			
1. Board aligns the remuneration of key officers and board members with long-term interests of the company.	Not applicable	Provide information on or link/reference to a document containing information on the company's remuneration policy and its implementation, including the relationship between remuneration and performance.	The company does not have employees.
2. Board adopts a policy specifying the relationship between remuneration and performance.	No applicable		The company does not have employees
3. Directors do not	compliant		

participate in discussions or deliberations involving his/her own remuneration.			
Optional: Recommendation 2.5			
1. Board approves the remuneration of senior executives.	Not applicable	Provide proof of board approval	There are no senior executives. There is no employee
2. Company has measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interest, such as claw back provision and deferred bonuses.	Not applicable	Provide information on or link/reference to a document containing measurable standards to align performance-based remuneration with the long-term interest of the company.	There is no employee.
Recommendation 2.6			
1. Board has a formal and transparent board nomination and election policy.	compliant	Provide information or reference to a document containing information on the company's nomination and election policy and process and its implementation, including the criteria used in selecting new directors, how the shortlisted candidates and how it encourages nominations from shareholders.	2.8 of the Revised Manual on Corporate Governance
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	compliant		2.8 in the Revised Manual on Corporate Governance
3. Board nomination and election policy includes how the company accepted nominations from minority	compliant		The Issuer has not received any nomination from minority shareholders to date.

shareholders.		Provide proof if minority shareholders have a right to nominate candidates to the board. Provide information if there was an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.	
4. Board nomination and election policy includes how the board shortlists candidates.	compliant		The candidates are reviewed based on integrity, experience, and potential contribution to the Issuer as a director.
5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.	compliant		The Issuer has not however received any nomination from the minority stockholders.
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	compliant		The Nomination Committee reviews the qualifications of the candidates.
Optional: Recommendation to 2.6			
1. Company uses professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors.		Identify the professional search firm used or other external sources of candidates	
Recommendation 2.7			
1. Board has overall	compliant	Provide information on or	The Board self checks itself on these matters. Interlocking

responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.		reference to a document containing the company's policy on related party transaction, including policy on review and approval of significant RPTs Identify transactions that were approved pursuant to the policy.	directors excuse themselves when the need arises. Independent directors ensure arms length transactions if a RPT arises. Sec. 2.2.1.3 of the Revised Manual on Corporate Governance imposes upon the Board to : "Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions;"
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	compliant		The Board self checks itself on these matters. Interlocking directors excuse themselves when the need arises. Independent directors ensure arms length transactions if a RPT arises
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	compliant		The company is not that big and there was no RPT for the year.
Supplement to Recommendations 2.7			
1. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions according to those that are considered *de minimis* or transactions that need not be reported	Not applicable	Provide information on a materiality threshold for RPT disclosure and approval, if any. Provide information on RPT categories.	Did not arise

or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPTs within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.			
2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings.	Not applicable	Provide information on voting system, if any.	Did not arise
Recommendation 2.8			
1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	Not applicable	Provide information on or reference to a document containing the Board's policy and responsibility for approving the selection of management. Identity the Management team appointed.	No Management Team. No employee
2. Board is primarily responsible for assessing the performance of	Not applicable	Provide information on or reference to a document containing the Board's policy	No Management Team. No employee

Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).		and responsibility for assessing the performance of management. Provide information on the assessment process and indicate frequency of assessment of performance.	
Recommendation 2.9			
1. Board establishes an effective performance management framework that ensures that Management's performance is at par with the standards set by the Board and Senior Management.	Not applicable	Provide information on or link/reference to a document containing the Board's performance management framework for management and personnel.	No personnel. No senior management.
2. Board establishes an effective performance management framework that ensure that personnel's performance is at par with the standards set by the Board and Senior Management.	Not applicable.		No personnel. No senior management.
Recommendation 2.10			
1. Board oversees that an appropriate internal control system is in place.	compliant	Provide information on or link/reference to a document showing the Board's responsibility for overseeing	The corporation is not that big so this responsibility lies with the Board as a whole

2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	compliant	that an appropriate internal control system is in place and what is included in the internal control system	Same as above
3. Board approves the Internal Audit Charter.	compliant		Same as above
Recommendation 2.11			
1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.		Provide information on or link/reference to a document showing the Board's oversight responsibility on the establishment of a sound enterprise risk management framework and how the board was guided by the framework. Provide proof of effectiveness of risk management strategies, if any.	The Board as a whole has responsibility for this as provided in Sec. 2.2.1.3 of the Revised Manual on Corporate Governance which states : "Identify key risk areas and key performance indicators and monitor these factors with due diligence;"
2. The risk management framework guides the board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.			
Recommendation 2.12			
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying	compliant	Provide link to the company's website where the Board Charter is disclosed.	www.berjaya.com.ph

out its fiduciary role.			
2. Board Charter serves as a guide to the directors in the performance of their functions.	compliant		The role of the directors are indicated in the Revised Manual on Corporate Governance.
3. Board Charter is publicly available and posted on the company's website.	compliant		www.berjaya.com.ph
Additional Recommendation to Principle 2			
1. Board has a clear insider trading policy.	Not compliant	Provide information on or link/reference to a document showing company's insider trading policy.	The Issuer's stocks are not actively traded.
Optional: Principle 2			
1. Company has a policy on granting loans to directors, either forbidding the practice or ensuring that the transaction is conducted at arm's length basis and at market rates.		Provide information on or link/reference to a document showing company's policy on granting loans to directors, if any.	
2. Company discloses the types of decision requiring board of director's approval.		Indicate the types of decision requiring board of directors' approval and where there are disclosed.	
Principle 3: Board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly			

with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.			
Recommendation 3.1			
1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	compliant	Provide information or link/reference to a document containing information on all the board committees established by the company.	The Issuer's charter provides for an Audit Committee, and a Nomination Committee
Recommendation 3.2			
1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.	compliant	Provide information or link/reference to a document containing information on the Audit Committee, including its functions. Indicate if it is the Audit Committee's responsibility to recommend the appointment and removal of the company's external auditor.	Revised Manual on Corporate Governance 2.6 **Audit Committee** 2.6.1. The audit committee shall be composed of at least three (3) members of the Board, one (1) of whom shall be an independent director. Each member shall have adequate understanding at least or competence at most of the company's financial management systems and environment. 2.6.2. Functions of the Audit Committee : • Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations; • Provide oversight over Management's activities in managing credit, market,

			liquidity, operational, legal, and other risks of the corporation. This function includes regular receipt from Management of information on risk exposures and risk management activities; • Perform oversight functions over its internal and external auditors. It ensures that the internal and external auditors act independently from each other, and that both are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions; • Review the annual internal audit plan to ensure its conformity with the objective of the corporation. This plan includes audit scope, resources and budget necessary to implement it; • Prior to commencement of audit, discuss with the external auditor the nature, scope and expenses of audit, and ensure proper coordination If more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts; • Organize, if practicable or necessary, an internal audit department, and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal; • Monitor and evaluate the adequacy and effectiveness of the corporation's internal

			control system, including financial reporting control and information technology security; • Review the reports submitted by the internal and external auditors; • Review the quarterly, half-year and annual financial statements before their submission to the Board, with particular focus on the following matters: (i) any change in accounting policies and practices (ii) major judgmental areas (iii) significant adjustments resulting from the audit (iv) going concern assumptions (v) compliance with accounting standards (vi) compliance with tax, legal and regulatory requirements • Coordinate, monitor and facilitate compliance with laws, rules and regulations that are applicable to financial matters; • Evaluate and determine the non-audit work, if any, or the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the corporation's overall consultancy expenses; • The Committee shall disallow any non-

			audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the corporation's annual report; • Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the Audit Committee; • The Audit Committee shall ensure that, in the performance of the work of the Internal Auditor, he shall be free from interference by outside parties; • For Philippine branches or subsidiaries of foreign corporations covered by this Code, the Internal Auditor is preferably independent of the Philippine operations and reports to the regional or corporate headquarters. • Under its supervision, the formulation of rules and procedures on financial reporting and internal control in accordance with the following guidelines: (a) The extent of responsibility in the preparation of the financial statements, with the corresponding delineation of the responsibilities that pertain to the external auditor, should be clearly explained; (b) An effective system of internal control that will ensure the integrity of the financial reports and

				protection of the assets of the corporation should be maintained; (c) On the basis of the approved audit plans, internal audit examinations should cover, at the minimum, the evaluation of the adequacy and effectiveness of control that cover the corporation's governance, operations and information systems, including reliability and integrity of financial and operational information effectiveness and efficiency of operations, protection of assets, and compliance with contracts, laws, rules and regulations. (d) The corporation should consistently comply with the financial reporting requirements of the Commission; (e) The external auditor should be rotated or changed every five (5) years or earlier, or the signing partner of the external auditing firm assigned to the corporation, should be changed with the same frequency. The annual report should include significant risk exposures, control issues and such other matters as may be deemed necessary or requested by the Board and Management.

2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.	compliant	Provide information or link/reference to a document containing information on the members of the Audit Committee, including their qualifications and type of directorship.	Revised Manual on Corporate Governance 2.6 **Audit Committee** 2.6.1. The audit committee shall be composed of at least three (3) members of the Board, one (1) of whom shall be an independent director. Each member shall have adequate understanding at least or competence at most of the company's financial management systems and environment Contained in the Annual Report and Definitive Information Statement
3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	compliant	Provide information or link/reference to a document containing information on the background, knowledge, skills, and/or experience of the members of the Audit Committee.	
4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	compliant	Provide information or link/reference to a document containing information on the Chairman of the Audit Committee	Current Report on SEC Form 17-C dated 4 October 2017
Supplement to Recommendation 3.2			
1. Audit Committee approves all non-audit services conducted by the external auditor.	compliant	Provide proof that the Audit Committee approved all non-audit services conducted by the external auditor.	
2. Audit Committee conducts regular meetings and dialogues with the	compliant	Provide proof that the Audit Committee conducted regular meetings and	There have been three meetings to date between the Audit Committee and the external auditors Punongbayan & Araullo, held at the Berjaya Hotel along Makati Avenue

external audit team without anyone from management present.		dialogues with the external audit team without anyone from management present.	corner Eduque Street, Makati City.
Optional: Recommendation 3.2			
1. Audit Committee meet at least four times during the year.		Indicate the number of Audit Committee meetings during the year and provide proof	
2. Audit Committee approves the appointment and removal of the internal auditor.		Provide proof that the Audit Committee approved the appointment and removal of the internal auditor.	
Recommendation 3.3			
1. Board establishes a Corporate Governance Committee tasked to assist the Board in performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.	Not applicable	Provide information or reference to a document containing information on the Corporate Governance Committee, including its functions. Indicate if the Committee undertook the process of identifying the quality of directors aligned with the company's strategic direction, if applicable.	Issuer is a small corporation, and our Manual on Corporate Governance does not provide for one.
2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.	Not applicable	Provide information or link/reference to a document containing information on the members of the Corporate Governance	Issuer is a small corporation, and our Manual on Corporate Governance does not provide for the creation of a Corporate Governance Committee.

		Committee, including their qualifications and type of directorship.	
3. Chairman of the Corporate Governance Committee is an independent director.	compliant		Issuer is a small corporation, and our Manual on Corporate Governance does not provide for the creation of a Corporate Governance Committee.
Optional: Recommendation 3.3			
1. Corporate Governance Committee meet at least twice during the year.		Indicate the number of Corporate Governance Committee meetings held during the year and provide proof thereof.	
Recommendation 3.4			
1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.	Not applicable	Provide information or link/reference to a document containing information on the Board Risk Oversight Committee (BROC), including its functions.	Issuer is a small corporation, and our Manual on Corporate Governance does not provide for the creation of a Risk Oversight Committee.
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	Not applicable	Provide information or link/reference to a document containing information on the members of the BROC, including their qualifications and type of directorship	Issuer is a small corporation, and our Manual on Corporate Governance does not provide for the creation of a Risk Oversight Committee.

3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	Not applicable	Provide information or link/reference to a document containing information on the Chairman of the BROC.	Issuer is a small corporation, and our Manual on Corporate Governance does not provide for the creation of a Risk Oversight Committee.
4. At least one member of the BROC has relevant through knowledge and experience on risk and risk management.	Not applicable	Provide information or link/reference to a document containing information on the background, skills, and/or experience of the members of the BROC.	Issuer is a small corporation, and our Manual on Corporate Governance does not provide for the creation of a Risk Oversight Committee.
Recommendation 3.5			
1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.	Not applicable	Provide information or link/reference to a document containing information on the Related Party Transactions (RPT) Committee, including its functions.	Issuer is a small corporation, and our Manual on Corporate Governance does not provide for the creation of a Related Party Transactions Committee. Besides, the current Board is able to deal with RPT if it arises.
2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.	Not applicable	Provide information or link/reference to a document containing information on the members of the RPT Committee, including their qualifications and type of directorship.	Issuer is a small corporation, and our Manual on Corporate Governance does not provide for the creation of a Related Party Transactions Committee. Besides, the current Board is able to deal with RPT if it arises.
Recommendation 3.6			
1. All established committees have a Committee Charter stating in plain terms their	Not compliant	Provide information on or link/reference to the company's committee charters, containing all the	

respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.		required information, particularly the functions of the Committee that is necessary for performance evaluation purposes.	
2. Committee Charters provide standards for evaluating the performance of the Committees.	Not compliant		
3. Committee Charters were fully disclosed on the company's website.	Not compliant	Provide link to company's website where the Committee Charters are disclosed.	
Principle 4: To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.			
Recommendation 4.1			
1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.	compliant	Provide information or link/reference to a document containing information on the process and procedure for tele/videoconferencing board and/or committee meetings. Provide information or link/reference to a document containing information on the attendance and participation of directors to Board, Committee and	Attendance in Meetings – total of 36 meetings held Tan Sri Dr. Ibrahim Bin Saad 34/36 Wong Ee Coln 34/36 Seow Swee Pin 35/36 Jaime Y. Ladao 35/36 George T. Yang 34/36 Jimmy S. Soo 34/36 Tan Eng Hwa 36/36

		shareholders' meetings.	
2. The directors review meeting materials for all Board and Committee meetings.	compliant		When available, paperwork or reports relevant to the Agenda is sent to the directors when a Notice of meeting is sent.
3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	compliant	Provide information or link/reference to a document containing information on any questions raised or clarification/explanation sought by the directors.	Questions are propounded on each and every investment to be made, and how the subsidiaries are doing.
Recommendation 4.2			
1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company.	Non compliant	Disclose if the company has a policy setting the limit of board seats that a non-executive director can hold simultaneously. Provide information or reference to a document containing information on the directorships of the company's directors in both listed and non-listed companies.	There is none. The Issuer is a small corporation, is not actively traded, and is not very demanding of the time of its directors.
Recommendation 4.3			
1. The directors notify the company's board before accepting a directorship in another company.	Not applicable	Provide copy of written notification to the board or minutes of board meeting wherein the matter was	This is not required by the Issuer.

		discussed.	
Optional: Principle 4			
1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.			
2. Company schedules board of directors' meetings before the start of the financial year.			
3. Board of directors meet at least six times during the year.		Indicate the number of board meetings during the year and provide proof	
4. Company requires as minimum quorum of at least 2/3 for board decisions.		Indicate the required minimum quorum for board decisions	
Principle 5: The board should endeavor the exercise an objective and independent judgment on all corporate affairs.			
Recommendation 5.1			
1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher.	Compliant to the extent of 2	Provide information or link/reference to a document containing information on the number of independent directors in the board.	There are 7 directors, 2 of which are independent.
Recommendation 5.2			
1. The independent	compliant	Provide information or	

directors possess all the qualifications and none of the disqualifications to hold the positions.		link/reference to a document containing information on the qualifications of the independent directors.	
Supplement to Recommendation 5.2			
1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.	compliant	Provide link/reference to a document containing information that directors are not constrained to vote independently.	"2.2.1.2. General Responsibility A director's office is one of trust and confidence. He shall act in a manner characterized by transparency, accountability and fairness. The Board is responsible for fostering the long term success of the corporation, and in sustaining the competitiveness and profitability thereof in a manner consistent with its corporate objectives and the best interest of its stockholders."
Recommendation 5.3			
1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).	compliant	Provide information or link/reference to a document showing the years IDs have served as such.	This is found in the Definitive Information Statement
2. The company bars an independent director from serving in such capacity after the term limit of nine years.	compliant	Provide information or link/reference to a document containing information on the company's policy on term limits for its independent director.	This is yet to happen
3. In the instance that the	Not applicable	Provide reference to the	This has not happened

company retains on independent director in the same capacity after nine years, the board provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting.		meritorious justification and proof of shareholders' approval during the annual shareholders' meeting.	
Recommendation 5.4			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	compliant	Identify the company's Chairman of the Board and Chief Executive Officer	Chairman – Tan Sri Dr. Ibrahim Saad President or CEO – Wong Ee Coln
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	complaint	Provide information or link/reference to a document containing information on the roles and responsibilities of the Chairman of the Board and Chief Executive Officer. Identify the relationship of Chairman and CEO.	The By-Laws contains an itemized list on their duties The Corporate Governance Manual as well… "2.4 **The Chair and Chief Executive Officer** 2.4.1. The roles of Chair and CEO should, as much as practicable, be separate to foster an appropriate balance of power, increased accountability and better capacity for independent decision-making by the Board. 2.4.2. A clear delineation of functions should be made between the Chair and CEO upon their election. 2.4.3. If the positions of Chair and CEO are

			unified, the proper checks and balances should be laid down to ensure that the Board gets the benefit of independent views and perspectives."
Recommendation 5.5			
1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.	compliant	Provide information or link/reference to a document containing information on a lead independent director and his roles and responsibilities, if any. Indicate if Chairman is independent.	The Chairman is an independent director. He holds nominal shares which does not even reach 1% of the Corporation'
Recommendation 5.6			
1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.	compliant	Provide proof of abstention, if this was the case	An interlocking director would recuse himself from participating tee
Recommendation 5.7			
1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present.	Not compliant	Provide proof and details of said meeting, if any. Provide information on the frequency and attendees of meetings.	There are only 7 directors and no employees. All the directors meet together as much as possible

2. The meetings are chaired by the lead independent director.			
Optional: Principle 5			
1. None of the directors is a former CEO of the company in the past 2 years.		Provide name/s of company CEO for the past 2 years	The assessment is taken up in a board meeting
Principle 6: The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.			
Recommendation 6.1			
1. Board conducts an annual self-assessment of its performance as a whole.	compliant	Provide proof of self-assessment conducted for the whole board, the individual members, the Chairman and the Committees	
2. The Chairman conducts a self-assessment of his performance.	compliant		
3. The individual members conduct a self-assessment of their performance.	compliant		
4. Each committee conducts a self-assessment of its performance.	compliant		
5. Every three years, the assessments are supported by an external facilitator.	Non compliant	Identify the external facilitator and provide proof of use of an external facilitator.	

Optional Recommendation 6.2			
1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees.		Provide information or link/reference to a document containing information on the system of the company to evaluate the performance of the board, individual directors and committees, including a feedback mechanism form shareholders.	
2. The system allows for a feedback mechanism from the shareholders.			
Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.			
Recommendation 7.1			
1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.	compliant	Provide information on or link/reference to the company's Code of Business Conduct and Ethics.	2.3 **Norms of Conduct of a Director** 2.3.1. A director shall at all times – • Conduct fair business transactions with the corporation, and ensure that his personal interest does not conflict with the interest of the corporation. • Devote time and attention necessary to properly and effectively perform his duties and responsibilities. • Act judiciously, exercise independent judgment and observe confidentiality

			• Have a working knowledge of or engage counsel to advise him of the statutory and regulatory requirements that affect the corporation, including its articles of incorporation, by-laws, the rules and regulations of the Commission and, where applicable, the requirements of relevant regulatory agencies.
2. The Code is properly disseminated to the Board, senior management and employees.	Not applicable	Provide information on or discuss how the company disseminated the Code to its Board, senior management and employees.	There are no employees
3. The Code is disclosed and made available to the public through the company website.		Provide a link to the company's website where the Code of Business Conduct and Ethics is posted/disclosed.	www.Berjaya.com.ph
Supplement to Recommendation 7.1			
1. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.		Provide information on or link/reference to a document containing information on the company's policy and procedure on curbing and penalizing bribery	
Recommendation 7.2			
1. Board ensures the proper		Provide proof of	

and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.		implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies.	
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.		Indicate who are required to comply with the Code of Business Conduct and Ethics and any findings on non-compliance.	
Disclosure and Transparency			
Principle 8: The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.			
Recommendation 8.1			
1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.	compliant	Provide information on or link/reference to the company's disclosure policies and procedures including reports distributed/made available to shareholders and other stockholders	4.1. The reports or disclosures required under this Manual shall be prepared and submitted to the Commission by the responsible Committee or officer through the Corporation's Compliance Officer; 4.2. All material information, i.e., anything that could potentially affect share price, shall be publicly and timely disclosed. Such information shall include earnings results, acquisition or disposition of assets, off-balance sheet transactions, if any, related party transactions, board changes to ownership, collective direct and indirect remuneration of the Board and Management.

			4.3. All disclosed information shall be released via the approved stock exchange procedure for company announcements as well as through the annual report. 4.4. The Board shall commit at all times to disclose material information dealings. It shall cause the filing of all required information for the interest of the shareholders.
Supplement to Recommendations 8.1			
1. Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period.	compliant	Indicate the number of days within which the consolidated and interim reports were published, distributed or made available form the end of the fiscal year and end of the reporting period, respectively.	The Consolidated and Interim Reports are necessary attachments to the Annual Report which is available to stockholders. The Definitive Information Statement likewise contains the Consolidated financial statements and is mailed to all stockholders of record 15 business days prior to the annual stockholders' meeting
2. Company discloses in its annual report the principal risks associated with the identity of the company's	compliant	Provide link or reference to the company's annual report where the following are disclosed:	**5. SHAREHOLDERS' BENEFIT** The company recognizes that the most cogent proof

controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.		1. principal risks to minority shareholders associated with the identity of the company's controlling shareholders; 2. cross-holdings among company affiliates; and 3. any imbalances between the controlling shareholders' voting power and overall equity position in the company.	of good corporate governance is that which is visible to the eyes of its investors. Therefore the following provisions are issued for the guidance of all internal and external parties concerned, as governance covenant between the company and all its investors:
Recommendation 8.2			
1. Company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within three business days.	compliant	Provide information on or link/reference to the company's policy requiring directors and officers to disclose their dealings in the company's share. Indicate actual dealings of directors involving the corporation's shares including their nature, number/percentage and date of transaction.	All SEC Memorandum Circulars relevant to directors are disseminated to directors.
2. Company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within three business days.	compliant		All SEC Memorandum Circulars relevant to directors are disseminated to directors.

Supplement to Recommendation 8.2			
1. Company discloses the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This includes the disclosure of the company's purchase of its shares form the market (e.g. share buy-back program).	compliant	Provide information on or link/reference to the shareholdings of directors, management and top 100 shareholders. Provide link or reference to the company's Conglomerate Map.	Top 100 shareholders are a necessary inclusion in the Annual Report which is available to all stockholders. The Annual Report is also available both at the Issuer's website and at the PSE.
Recommendation 8.3			
1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interests that might affect their judgment.	compliant	Provide link or reference tot eh directors' academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended.	These information are available in the Annual Report and the Information Statement
2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	compliant	Provide link or reference to the key officers' academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended.	These information are available in the Annual Report and the Information Statement

Recommendation 8.4			
1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.	compliant	Disclose or provide link/reference to the company policy and practice for setting board remuneration.	2.2.1.5. Remuneration of Directors and Officers The levels of remuneration of the corporation should be sufficient to be able to attract and retain the services of qualified and competent directors and officers. A portion of the remuneration of executive directors may be structured or be based on corporate and individual performance.
2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.	compliant	Disclose or provide link/reference to the company policy and practice for determining executive remuneration	Same as above
3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	compliant	Provide breakdown of director remuneration and executive compensation, particularly the remuneration of the CEO.	This is included in the audited financial statements
Recommendation 8.5			
1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual	compliant	Disclose or provide reference/link to company's RPT policies. Indicate if the director with conflict of interest abstained	4.2. All material information, i.e., anything that could potentially affect share price, shall be publicly and timely disclosed. Such information shall include earnings results, acquisition or disposition of assets, off-

on Corporate Governance.		from the board discussion on that particular transaction.	balance sheet transactions, if any, related party transactions, board changes to ownership, collective direct and indirect remuneration of the Board and Management. 4.3. All disclosed information shall be released via the approved stock exchange procedure for company announcements as well as through the annual report. 4.4. The Board shall commit at all times to disclose material information dealings. It shall cause the filing of all required information for the interest of the shareholders.
2. Company discloses material or significant RPTs reviewed and approved during the year.	compliant	Provide information on all RPTs for the previous year or reference to a document containing the following information on all RPTs: 1. name of the related counterparty; 2. relationship with the party; 3. transaction date; 4. type/nature of transaction; 5. amount or contract price; 6. terms of the transaction; 7. rationale for entering into the transaction;	Did not occur this and last fiscal year

		8. the required approval (i.e., names of the board of directors approving, names and percentage of shareholders who approved) based on the company's policy; and 9. other terms and conditions	
Supplement to Recommendation 8.5			
1. Company requires directors to disclose their interests in transactions or any other conflict of interests.	compliant	Indicate where and when directors disclose their interests in transactions or any other conflict of interests.	Did not arise so not applicable
Optional: Recommendation 8.5			
1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length.		Provide link or reference where this is disclosed, if any.	
Recommendation 8.6			
1. Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occur, particularly on the acquisition or disposal of significant assets, which could adversely affect the	compliant	Provide link or reference where this is disclosed.	Current Reports under SEC Form 17-C when it made acquisitions or investments in various companies

viability or the interest of its shareholders and other stakeholders.			
2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.	compliant	Identify independent party appointed to evaluate the fairness of the transaction price. Disclose the rules and procedures for evaluating the fairness of the transaction price, if any.	
Supplemental to Recommendation 8.6			
1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.	Not applicable	Provide link or reference where these are disclosed.	
Recommendation 8.7			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	compliant	Provide link to the company's website where the Manual on Corporate Governance is posted.	www.berjaya.com.ph

2. Company's MCG is submitted to the SEC and PSE.	compliant		
3. Company's MCG is posted on its company website.	compliant		
Supplement to Recommendation 8.7			
1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.	compliant	Provide proof of submission.	Last submission was in the year 2017
Optional: Principle 8			
1. Does the company's Annual Report disclose the following information:		Provide link or reference to the company's Annual Report containing the said information.	www.berjaya.com.ph
a. Corporate Objectives	compliant		
b. Financial performance indicators	compliant		
c. Non-financial performance indicators	compliant		
d. Dividend Policy	compliant		
e. Biographical details (at least age, academic qualifications, date of	compliant		

first appointment, relevant experience, and other directorships in listed companies) of all directors			
f. Attendance details of each director in all directors meetings held during the year	compliant		
g. Total remuneration of each member of the board of directors	compliant		Included in the Annual Report and Information Statement
2. The Annual Report contains a statement confirming the company's full compliance with the Code of Corporate Governance and where there is non-compliance, identifies and explains reason for each such issue.	compliant	Provide link or reference to where this is contained in the Annual Report.	
3. The Annual Report/Annual CG Report discloses that the board of directors conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems.	compliant	Provide link or reference to where this is contained in the Annual Report	

4. The Annual Report/Annual CG Report contains a statement form the board of directors or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems.	compliant	Provide link or reference to where this is contained in the Annual Report.	
5. The company discloses in the Annual Report the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic).	compliant	Provide link or reference to where these are contained in the Annual Report	
Principle 9: The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.			
Recommendation 9.1			
1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	compliant	Provide information or link/reference to a document containing information on the process for approving and recommending the appointment, reappointment, removal and fees of the company's external auditor.	This happens during the Audit Committee meeting, and is brought up annually, during the stockholders' meeting.

2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.	compliant	Indicate the percentage of shareholders that ratified the appointment, reappointment, removal and fees of the external auditor.	63%
3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.	Not applicable	Provide information on or link/reference to a document containing the company's reason for removal or change of external auditor.	
Supplement to Recommendation 9.1			
1. Company has a policy of rotating the lead audit partner every five years.	compliant	Provide information on or link/reference to a document containing the policy of rotating the lead audit partner every five years.	2.6.2 xxx The external auditor should be rotated or changed every five (5) years or earlier, or the signing partner of the external auditing firm assigned to the corporation, should be changed with the same frequency. The annual report should include significant risk exposures, control issues and such other matters as may be deemed necessary or requested by the Board and Management.
Recommendation 9.2			
1. Audit Committee Charter includes the Audit Committee's responsibility	compliant	Provide link/reference to the company's Audit Committee Charter	2.6.2. Functions of the Audit Committee :

on: i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.			• Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations; • Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal, and other risks of the corporation. This function includes regular receipt from Management of information on risk exposures and risk management activities; • Perform oversight functions over its internal and external auditors. It ensures that the internal and external auditors act independently from each other, and that both are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions; • Review the annual internal audit plan to ensure its conformity with the objective of the corporation. This plan includes audit scope, resources and budget necessary to implement it; • Prior to commencement of audit, discuss with the external auditor the nature, scope and expenses of audit, and ensure proper coordination If more than one audit firm is involved in the activity to secure proper

				coverage and minimize duplication of efforts; • Organize, if practicable or necessary, an internal audit department, and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal; • Monitor and evaluate the adequacy and effectiveness of the corporation's internal control system, including financial reporting control and information technology security; • Review the reports submitted by the internal and external auditors; • Review the quarterly, half-year and annual financial statements before their submission to the Board, with particular focus on the following matters: (vii) any change in accounting policies and practices (viii) major judgmental areas (ix) significant adjustments resulting from the audit (x) going concern assumptions (xi) compliance with accounting standards (xii) compliance with tax, legal and regulatory requirements • Coordinate, monitor and facilitate compliance with laws, rules and regulations that are applicable to financial matters;

				• Evaluate and determine the non-audit work, if any, or the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the corporation's overall consultancy expenses; • The Committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the corporation's annual report; • Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the Audit Committee; • The Audit Committee shall ensure that, in the performance of the work of the Internal Auditor, he shall be free from interference by outside parties; • For Philippine branches or subsidiaries of foreign corporations covered by this Code, the Internal Auditor is preferably independent of the Philippine operations and reports to the regional or corporate headquarters. • Under its supervision, the formulation of rules and procedures on financial reporting and internal control in

			accordance with the following guidelines: (f) The extent of responsibility in the preparation of the financial statements, with the corresponding delineation of the responsibilities that pertain to the external auditor, should be clearly explained; (g) An effective system of internal control that will ensure the integrity of the financial reports and protection of the assets of the corporation should be maintained; (h) On the basis of the approved audit plans, internal audit examinations should cover, at the minimum, the evaluation of the adequacy and effectiveness of control that cover the corporation's governance, operations and information systems, including reliability and integrity of financial and operational information effectiveness and efficiency of operations, protection of assets, and compliance with contracts, laws, rules and regulations. (i) The corporation should consistently comply with the financial reporting requirements of the Commission; (j) The external auditor should be rotated or changed every five (5) years or earlier, or the signing

			partner of the external auditing firm assigned to the corporation, should be changed with the same frequency. The annual report should include significant risk exposures, control issues and such other matters as may be deemed necessary or requested by the Board and Management.
2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.	compliant	Provide link/reference to the company's Audit Committee Charter	
Supplement to Recommendations 9.2			
1. Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.	compliant	Provide link/reference to the company's Audit Committee Charter	
2. Audit Committee ensures that the external auditor has adequate quality control procedures.	compliant	Provide link/reference to the company's Audit Committee Charter	

Recommendation 9.3			
1. Company discloses the nature of non-audit services performed by tis external auditor in the Annual Report to deal with the potential conflict of interest.		Disclose the nature of non-audit services performed by the external auditor, if any.	
2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.		Provide link or reference to guidelines or policies on non-audit services.	
Supplement to Recommendation 9.3			
1. Fees paid for non-audit services do not outweigh the fees paid for audit services.		Provide information on audit and non-audit fees paid.	
Additional Recommendation to Principle 9			
1. Company's external auditor is duly accredited by the SEC under Group A category		Provide information on company's external auditor, such as: 1. Name of the audit engagement partner; 2. Accreditation	

		number; 3. Date Accredited; 4. Expiry date of accreditation; and 5. Name, address, contact number of the audit firm.	
2. Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA).		Provide information on the following: 1. Date it was subjected to SOAR inspection, if subjected; 2. Name of the Audit firm; and 3. Members of the engagement team inspected by the SEC.	
Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.			
Recommendation 10.1			
1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.		Disclose or provide link on the company's policies and practices on the disclosure of non-financial information, including EESG issues.	

2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.		Provide link to Sustainability Report, if any. Disclose the standards used.	
Principle 11: The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.			
Recommendation 11.1			
1. Company has media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.	Not applicable	Disclose and identify the communication channels used by the company (i.e., website, Analyst's briefing, Media briefings/press conferences, Quarterly reporting, Current reporting, etc.). Provide links, if any.	Issuer is a small corporation and is not a heavily traded stock.
Supplemental to Principle 11			
1. Company has a website disclosing up-to-date information on the following:	compliant	Provide link to company website	www.berjaya.com.ph
a. Financial statements/reports (latest quarterly)			
b. Materials			

provided in briefings to analysts and media			
c. Downloadable annual report			
d. Notice of ASM and/or SSM			
e. Minutes of ASM and/or SSM			
f. Company's Articles of Incorporation and By-Laws			
Additional Recommendation to Principle 11			
1. Company complies with SEC-prescribed website template.			
Internal Control System and Risk Management Framework			
Principle 12: To ensure the integrity, transparency and proper governance in the conduct of tis affairs, the company should have a strong and effective internal control system and enterprise risk management framework.			
Recommendation 12.1			
1. Company has an adequate and effective internal control system in the conduct of its business.	compliant	List quality service programs for the internal audit functions. Indicate frequency of review	Audit committee meets to take charge of this.

		of the internal control system.	
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	compliant	Identify international framework used for Enterprise Risk Management Provide information or reference to a document containing information on: 1. Company's risk management procedures and processes 2. Key risks the company is currently facing 3. How the company manages the key risks Indicate frequency of review of the enterprise risk management framework.	**5. SHAREHOLDERS' BENEFIT** The company recognizes that the most cogent proof of good corporate governance is that which is visible to the eyes of its investors. Therefore the following provisions are issued for the guidance of all internal and external parties concerned, as governance covenant between the company and all its investors: This is performed by the Audit Committee together with the accountants
Supplement to Recommendations 12.1			
1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program includes appropriate	compliant	Provide information on or link/reference to a document containing the company's compliance program covering compliance with a laws and relevant regulations.	Issuer has a Certificate of Good Governance from the SEC, and exerts best efforts to comply with all laws and directives.

training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.		Indicate frequency of review.	
Optional: Recommendation 12.1			
1. Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and reported to the board.		Provide information on IT governance process	
Recommendation 12.2			
1. Company has in place an independent internal audit function that provides on independent and objective assurance, and consulting services designed to add value and improve the company's operations.	complied	Disclose if the internal audit is in-house or outsourced. If outsourced, identify external firm.	Accounting department of its wholly owned subsidiary
Recommendation 12.3			
1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	complied	Identify the company's Chief Audit Executive (CAE) and provide information on or reference to a document containing his/her responsibilities.	Ma. Kerima T. Layon oversees accounting regularity

2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider.			
3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.		Identify qualified independent executive or senior management personnel, if applicable.	
Recommendation 12.4			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.		Provide information on company's risk management function.	
Supplement to Recommendation 12.4			
1. Company seeks external technical support in risk management when such competence is not available internally.	Not applicable	Identify source of external technical support, if any.	The Audit Committee is in charge of this
Recommendation 12.5			

1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).	Not applicable	Identify the company's Chief Risk Officer (CRO) and provide information on or reference to a document containing his/her responsibilities and qualifications/background.	The Audit Committee is in charge of this
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	Not applicable		The Audit Committee is in charge of this
Additional Recommendation to Principle 12			
1. Company's Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively.		Provide link to CEO and CAE's attestation	
Cultivating a Synergic Relationship with Shareholders			
Principle 13: The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.			
Recommendation 13.1			
1. Company's common share has one vote for one share.	complied		Found in the Articles of Incorporation
2. Board ensures that all shareholders of the same	complied	Provide information on all classes of shares, including	

class are treated equally with respect to voting rights, subscription rights and transfer rights.		their voting rights if any.	
3. Board has an effective, secure, and efficient voting system.	complied	Provide link to voting procedure. Indicate if voting is by poll or show of hands.	
4. Board has an effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to protect minority shareholders against actions of controlling shareholders.	complied	Provide information on shareholder voting mechanisms such as supermajority or "majority of minority", if any.	
5. Board allows shareholders to call a special shareholders' meeting and submit a proposal for consideration or agenda item at the AGM or special meeting.	complied	Provide information on how this was allowed by board (i.e., minutes of meeting, board resolution)	By-Laws
6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.	complied	Provide information or link/reference to the policies on treatment of minority shareholders	**5.1.1 Rights of Investors/Minority Interests** The Board shall be committed to respect the following rights of the stockholders: **5.1.1.2 Voting Right**

			5.1.1.2.1 Shareholders shall have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code. 5.1.1.2.2 Cumulative voting shall be used in the election of directors. 5.1.1.2.3 A director shall not be removed without cause if it will deny minority shareholders representation in the Board. **5.1.1.3 Power of Inspection** All shareholders shall be allowed to inspect corporate books and records including minutes of Board meetings and stock registries in accordance with the Corporation Code and shall be furnished with annual reports, including financial statements. **5.1.1.4 Right to Information and Appraisal Rights** 5.1.1.4.1 The Shareholders shall be provided, upon request, with periodic reports, which disclose personal and professional information about the directors and officers and certain other matters such as their holdings of the

			company's shares, dealings with the company, relationships among directors and key officers, and the aggregate compensation of directors and officers. 5.1.1.4.2 Minority shareholders shall be allowed to propose to include such matters in the agenda or stockholders' meeting, that are within the definition of "legitimate purposes". 5.1.1.4.3 The shareholders appraisal rights as provided in the Corporation Code shall be respected.
7. Company has a transparent and specific dividend policy.	complied	Provide information on or link/reference to the company's dividend Policy. Indicate if company declared dividends. If yes, indicate the number of days within which the dividends were paid after declaration. In case the company has offered scrip-dividends, indicate if the company paid the dividends within 60 days from declaration	**5.1.1.5 Right to Dividends** 5.1.1.5.1 Shareholders shall have the right to receive dividends subject to the discretion of the Board. 5.1.1.5.2 The company shall be compelled to declare dividends when its retained earnings shall be in excess of 100% of its paid-in capital stock, except: a) when justified by definite corporate expansion projects or programs approved by the Board or b) when the corporation is prohibited under any loan adoption of such performance evaluation system must be covered by

			a Board approval. 5.2 The Board should be transparent and fair in the conduct of the annual and special stockholders' meetings of the corporation. The stockholders should be encouraged to personally attend such meetings. If they cannot attend, they should be appraised ahead of time of their right to attend by proxy. Subject of the requirements of the By-Laws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in stockholders' favor. 5.3 It is the duty of the Board to promote the rights of stockholders, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for breach of their rights. 5.4 The Board should take appropriate steps to remove excessive or unnecessary costs and other administrative impediments to the stockholders' meaningful participation in meetings, whether in person or by proxy. Accurate and timely information should be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval 5.5 Although all stockholders should be treated equally or without discrimination, the Board should consider suggestions from the minority stockholders who propose the holding of meetings and the items

			for discussion in the agenda that relate directly to the business of the corporation
Optional: Recommendation 13.1			
1. Company appoints an independent party to court and/or validate the votes at the Annual Shareholders' Meeting.		Identify the independent party that counted/validated the votes at the ASM, if any.	
Recommendation 13.2			
1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.	complied	Indicate the number of days before the annual stockholders' meeting or special stockholders' meeting when the notice and agenda were sent out. Indicate whether shareholders' approval of remuneration or any changes therein were included in the agenda of the meeting. Provide link to the Agenda included in the company's Information Statement (SEC Form 20-IS)	At least15 business days before the meeting date
Supplemental to Recommendation 13.2			
1. Company's Notice of Annual Stockholders' Meeting contains the	complied	Provide link or reference to the company's notice of Annual Shareholders'	

following information:		Meeting	
a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)	complied		Definitive Information Statement
b. Auditors seeking appointment/re-appointment	complied		Definitive Information Statement
c. Proxy documents	complied		Definitive Information Statement
Optional: Recommendation 13.2			
1. Company provides rationale for the agenda items for the annual stockholders meeting	Not complied	Provide link or reference to the rationale for the agenda items	
Recommendation 13.3			
1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.	Not complied	Provide information or reference to a document containing information on all relevant questions raised and answers during the ASM and special meeting and the results of the vote taken during the most recent	

		ASM/SSM.	
2. Minutes of the Annual and Special Shareholders' Meetings were available on the company website within five business days from the end of the meeting.	complied	Provide link to minutes of meeting in the company website. Indicate voting results for all agenda items, including the approving, dissenting and abstaining votes. Indicate also if the voting on resolutions was by poll. Include whether there was opportunity to ask question and the answers given, if any	
Supplement to Recommendation 13.3			
1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM.	complied	Indicate if the external auditor and other relevant individuals were present during the ASM and/or special meeting	The external auditors are always present in all the stockholders' meetings since 1996
Recommendation 13.4			
1. Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	Not applicable	Provide details of the alternative dispute resolution made available to resolve intra-corporate disputes	This has not come up

2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	complied	Provide link/reference to where it is found in the Manual on Corporate Governance	2.2.1.3. xxx • Establish as may be permitted by law and as may be practicable, an alternative dispute resolution system in the corporation that can amicably settle conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including the regulatory authorities.
Recommendation 13.5			
1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.	compliant	Disclose the contact details of the officer/office responsible for investor relations, such as: 1. Name of the person 2. Telephone number 3. Fax number 4. E-mail address	1. Marie Lourdes Bernas 2. 810-1814 3. 892-1770 4. msb@bernaslaw.com
2. IRO is present at every shareholder's meeting	compliant	Indicate if the IRO was present during the ASM.	yes
Supplemental Recommendations to Principle 13			
1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group	Not applicable	Provide information on how anti-takeover measures or similar devices were avoided by the board, if any.	

2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	Not compliant	Indicate the company's public float.	11.74% as of 30 April 2018
Optional: Principle 13			
1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting	Not compliant	Disclose or provide link/reference to policies and practices to encourage shareholders' participation beyond ASM	We are not a big enough company for this.
2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.	Not compliant	Disclose the process and procedure for secure electronic voting in absentia, if any.	We have proxies who vote for the shareholders who are not present in person.
Duties to Stakeholders			
Principle 14: The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholder's rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.			
Recommendation 14.1			
1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	Not compliant	Identify the company's shareholder and provide information or reference to a document containing information on the company's policies and programs for its stakeholders.	Issuer is a small corporation.
Recommendation 14.2			

1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	Not compliant	Identify policies and programs for the protection and fair treatment of company's stakeholders.	Issuer is a small corporation
Recommendation 14.3			
1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.	complied	Provide the contact details (i.e., name of contact person, dedicated phone number or e-mail address, etc.) which stakeholders can use to voice their concerns and/or complaints for possible violation of their rights. Provide information on whistleblowing policy, practices and procedures for stakeholders.	5.3 It is the duty of the Board to promote the rights of stockholders, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for breach of their rights.
Supplement to Recommendation 14.3			
1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.	Not compliant	Provide information on the alternative dispute resolution system established by the company.	
Additional Recommendations to Principle 14			
1. Company does not seek any exemption from the	compliant	Disclose any requests for exemption by the company	

application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation.		and the reason for the request.	
2. Company respects intellectual property rights.	compliant	Provide specific instances, if any.	The Company has not, in any way, usurped a name, or logo or symbol ka has not transcreddthid
Optional: Principle 14			
1. Company discloses its policies and practices that address customers' welfare	compliant	Identify policies, programs and practices that address customers' welfare or provide link/reference to a document containing the same.	
2. Company discloses its policies and practices that address supplier/contractor selection procedures	compliant	Identify policies, programs and practices that address supplier/contractor selection procedures or provide link/reference to a document containing the same.	4.2. All material information, i.e., anything that could potentially affect share price, shall be publicly and timely disclosed. Such information shall include earnings results, acquisition or disposition of assets, off-balance sheet transactions, if any, related party transactions, board changes to ownership, collective direct and indirect remuneration of the Board and Management.

Principle 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.			
Recommendation 15.1			
1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.	Not applicable	Provide information on or link/reference to company policies, programs and procedures that encourage employee participation.	The Issuer has no employees.
Supplement to Recommendation 15.1			
1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.	Not applicable	Disclose if any has in place a merit-based performance incentive mechanism such as an employee stock option plan (ESOP) or nay such scheme that awards and incentivizes employees, at the same time aligns their interests with those of the shareholders.	The Issuer has no employees.
2. Company has policies and practices on health, safety and welfare of its employees.	Not applicable	Disclose and provide information on policies and practices on health, safety and welfare of employees. Includes statistics and data, if any.	The Issuer has no employees.
3. Company has policies and practices on training	Not applicable	Disclose and provide information on policies and	The Issuer has no employees.

and development of its employees.		practices on training and development of employees. Include information on any training conducted or attended.	
Recommendation 15.2			
1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.	Not applicable	Identify or provide link/reference to the company's policies, programs and practices on anti-corruption.	The Issuer has no employees.
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	Not applicable	Identify how the board disseminated the policy and program to employees across the organization.	The Issuer does not have an employee.
Supplement to Recommendation 15.2			
1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.	Not applicable	Identify or provide link/reference to the company policy and procedures on penalizing employees involved in corrupt practices. Include any finding of violations of the company policy.	The Issuer does not have an employee.
Recommendation 15.3			

1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation.	Not applicable	Disclose or provide link/reference to the company whistle-blowing policy and procedure for employees. Indicate if the framework includes procedures to protect the employees form retaliation. Provide contact details to report any illegal or unethical behavior.	The Issuer does not have an employee.
2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.	Not applicable.		The Issuer does not have an employee.
3. Board supervises and ensures the enforcement of the whistleblowing framework.	Not applicable.	Provide information on how the board supervised and ensured enforcement of the whistleblowing framework, including any incident of whistleblowing.	The Issuer does not have an employee.
Principle 16: The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and			

balanced development.			
Recommendation 16.1			
1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.	Compliant but indirectly	Provide information or reference to a document containing information on the company's community involvement and environment-related programs.	The Issuer is small, and does not have an employee. However, acting through its wholly owned subsidiary, Philippine Gaming Management Corporation donates regularly to Gawad Kalinga and a lot of communities (houses) have been built, such as the Berjaya GK Villages Phase 3 which provided building 30 houses each in the following locations: (i) San Luis, Pampanga, (ii) San Andres, Quezon, (iii) Guihulngan Negros Oriental, (iv) Monkayom Compostela Valley. Before this, Phases 1 and II likewise involved the building of houses, and a Culinary Center was constructed and turned over in Bulacan on 11 March 2017.
Optional: Principle 16			
1. Company ensures that is value chain is environmentally friendly or is consistent with promoting sustainable development		Identify or provide link/reference to policies, programs and practices to ensure that its value chain Is environmentally friendly or is consistent with promoting sustainable development.	
2. Company exerts effort to interact positively with the communities in which it operates.		Identify or provide link/reference to policies, programs and practices to interact positively with the communities in which it operates.	