

**BERJAYA PHILIPPINES, INC.**

-----  
*(Company's Full Name)*

9/F Rufino Pacific Tower, 6784 Ayala Avenue corner V.A. Rufino  
(formerly Herrera) Street, Makati City

-----  
*(Company's Address)*

811-0668 / 810-1814

-----  
*(Telephone Number)*

APRIL 30

any day in the month of October

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*(Fiscal Year Ending)*  
*(month and day)*

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*(Annual Meeting)*

November 2024

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*(Term Expiring On)*

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SEC Form 17-Q for the quarter ended 31 July 2017

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*(Form Type)*

N.A.

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*(Amendment Designation, if applicable)*

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*(Period Ended Date)*

N.A.

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*(Secondary License Type and File Number)*

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Cashier

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LCU

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DTU

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Pre War 476  
S.E.C Registration Number

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Central Receiving Unit

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File Number

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Document I.D.



## **PART I – FINANCIAL INFORMATION**

### **Item 1. Financial Statements**

*See Interim Consolidated Statement of Financial Position as of 31 July 2017, attached hereto as Annex “A”, and Aging Schedule of Accounts Receivables as of 31 July 2017 attached hereto as Annex “B”. For the basic earnings per share, the “weighted average number of shares outstanding” is added to the face of the Interim Consolidated Statement of Comprehensive Income.*

### **Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations**

The Corporation’s principal activity is investment holding. Since 1998, it has a 100% equity ownership of Philippine Gaming Management Corporation (PGMC) whose principal activity is leasing of on-line lottery equipment and providing software support.

There is no change during the year in PGMC’s principal activity as a domestic corporation involved principally in the business of leasing on-line lottery equipment and providing software support. Revenue from the lease of on-line lottery equipment, and maintenance and repair services are recognized based on certain percentage of gross receipts from lottery ticket sales.

In December 2009, the Corporation acquired a 232 room hotel which operated as 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 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 corporation engaged in the manufacture, sale and distribution of food and beverages, and to operate, own, franchise, license or deal in restaurant related business operations. The Corporation’s equity or interest in BPPI is equivalent 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 September 2012, the Corporation invested in Cosway Philippines Inc. (“CPI”), primarily to engage in the wholesale of various products. As of 31 July 2016, CPI has not yet started its commercial operations. The Corporation’s equity or interest in CPI is equivalent to 40%.

In 2014, the Corporation obtained control over H.R. Owen Plc. (“H.R. Owen”) after a series of cash offers from H.R. Owen’s existing stockholders. 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 four trading subsidiaries that operate H.R. Owen’s motor vehicle dealerships. In 2015, H.R. 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. The Corporation's equity in H.R. Owen is equivalent to ninety eight point thirty eight percent 98.38%

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. The Corporation's equity interest in SBMPI is equivalent to 20%.

In May 2016, the Corporation acquired 41.5% shares in Neptune Properties Inc. ("NPI"), a corporation engaged in the real estate business or otherwise deal in real estate development.

In April 2017, the Corporation incorporated a wholly owned subsidiary under the name of Berjaya Enviro Philippines Inc. ("BEPI"), a corporation engaged in the service business of protecting, cleaning, and preserving the environment.

**Comparable Discussion on Material Changes in Results of Operations for the Three Months' Period Ended 31 July 2017 vs. 31 July 2016**

The Corporation and its subsidiaries (the Group) generated total revenues from operating sources of about ₱8.32 billion for the three months ended 31 July 2017, an increase of ₱632.89 million (8.2%) over total revenues of ₱7.69 billion during the same period in 2016. The increase was primarily due to a higher revenue contribution from H.R. Owen in the financial period under review.

The Group's total cost and operating expenses for the three months ended 31 July 2017 increased by ₱576.70 million (7.8%) to ₱7.95 billion from ₱7.38 billion for the same period in 2016. The increase is attributed to the following: (i) cost of vehicles sold and body shop repairs and parts increased by ₱423.08 million (6.7%), (ii) salaries and employee benefits increased by ₱28.51 million (6.2%), (iii) marketing and selling increased by ₱68.38 million (76.5%), (iv) professional fees increased by ₱28.96 million (82.2%), (v) depreciation expense increased by ₱9.04 million (17.1%), (vi) stationery and office supplies increased by ₱25.61 million (115.3%), (vii) telecommunications increased by ₱11.44 million (60.6%), (viii) maintenance of computer equipment increased by ₱1.36 million (5.0%), (ix) communication, light and water increased by ₱4.51 million (19.2%), (x) miscellaneous expenses increased by ₱10.92 million (72.4%), (xi) insurance expense increased by ₱4.51 million (28.1%), (xii) representation and entertainment increased by ₱3.90 million (78.0%), and (xiii) repairs and maintenance increased by ₱2.24 million (36.3%). These increases were offset by the following decreases of expenses: (i) taxes and licenses decreased by ₱21.30 million (34.4%), (ii) management fees decreased by ₱5.17 million (20.2%), (iii) transportation and travel decreased by ₱7.7 million (31.6%), and (iv) charitable contribution decreased by ₱12.93 million (47.9%).

Other Income – net of other charges amounted to ₱53.88 million for the three months ended 31 July 2017, an increase of ₱123.65 million (477.2%) from the Other Charges (net of other income) of ₱69.77 million in the same period in 2016, due to increase in other income mainly gain on foreign exchange.

The Group's net income increased by ₱152.32 million (99.8%) to ₱305.0 million for the three months ended 31 July 2017 from ₱152.68 million in the same period in 2016 under review.

**Comparable Discussion on Material Changes in Financial Condition as of 31 July 2017 vs. 30 April 2017**

Total assets of the Group decreased by ₱323.73 million (2.2%) to ₱14.43 billion as of 31 July 2017, from ₱14.76 billion as of 30 April 2017.

Trade and other receivables (net) decreased by ₱283.81 million (12.2%) to ₱2.04 billion in 31 July 2017 compared to ₱2.32 billion in 30 April 2017, mainly due to redemption of deposit.

Inventories (net) increased by ₱348.25 million (8.4%) to ₱4.48 billion in 31 July 2017 compared to ₱4.13 billion in 30 April 2017, mainly due to additions of vehicle stocks of H.R. Owen.

Advances to associates increased by ₱200.21 million (20.2%) to ₱1.19 billion in 31 July 2017 compared to ₱990.02 million in 30 April 2017 due to additional advances granted to associates.

Prepayments and other current assets (net) decreased by ₱168.88 million (20.9%) to ₱638.55 million in 31 July 2017 compared to ₱807.43 million in 30 April 2017, mainly due to decrease in prepaid expenses.

Available-for-sale financial assets increased by ₱158.55 million (17.6%) to ₱1.06 billion in 31 July 2017 compared to ₱901.81 billion in 30 April 2017, mainly due to acquisition of equity securities.

Property and equipment (net) decreased by ₱1.29 million (0.1%) to ₱1.88 billion in 31 July 2017 compared to ₱1.89 billion in 30 April 2017 due to amortization for the period.

Investment property increased by ₱5.71 million (4.0%) to ₱147.32 million in 31 July 2017 compared to ₱141.61 million in 30 April 2017 due to translation adjustment from GBP to pesos.

Investments in associates increased by ₱18.07 million (2.8%) to ₱660.80 million in 31 July 2017 compared to ₱642.73 million in 30 April 2017, mainly due to equity earnings of associates.

Intangible assets increased by ₱57.40 million (3.2%) to ₱1.86 billion in 31 July 2017 compared to ₱1.81 billion in 30 April 2017, primarily due to translation adjustment of H.R. Owen intangible assets.

Meanwhile, Other non-current assets increased by ₱0.13 million (2.8%) to ₱4.58 million in 31 July 2017 compared to ₱4.71 million in 30 April 2017 due to refund of security deposits.

Total liabilities of the Group decreased by ₱695.77 million (9.2%) to ₱6.85 billion as of 31 July 2017, from ₱7.55 billion as of 30 April 2017 mainly due to decrease in Trade and other Payables and Loans payable.

Trade and other payable decreased by ₱302.55 million (9.6%) to ₱2.86 billion in 31 July 2017 compared to ₱3.17 billion in 30 April 2017, mainly due to decrease in accrued expenses and other payables.

Current Loans payable and borrowings decreased by ₱302.19 million (7.8%) to ₱3.56 billion in 31 July 2017 compared to ₱3.86 billion in 30 April 2017, mainly due to decrease in vehicle stocking loans and bank loans.

Income Tax Payable decreased by ₱4.72 million (5.9%) to ₱75.32 million in 31 July 2017 compared to ₱80.04 million in 30 April 2017.

Non-current Loans payable and borrowings decreased by ₱88.73 million (24.2%) to ₱278.66 million in 31 July 2017 compared to ₱367.39 million in 30 April 2017 due to payment of bank loans.

Deferred tax liabilities increased by ₱1.6 million (3.9%) to ₱43.45 million in 31 July 2017 compared to ₱41.82 million in 30 April 2017.

Post-employment benefit obligation increased by ₱0.79 million (2.1%) to ₱37.90 in 31 July 2017 compared ₱37.90 in 30 April 2017.

Total stockholders' equity of the Group increased by ₱372.04 billion (5.2%) to ₱7.58 billion as of 31 July 2017, from ₱7.20 billion as of 30 April 2017 under review. The book value per share decreased to ₱1.71 in 31 July 2017 from ₱1.63 in 30 April 2017.

**Comparable Discussion on Material Changes in Cash Flows for the Three Months Period Ended 31 July 2017 vs. 31 July 2016**

The consolidated cash and cash equivalents for 31 July 2017 decreased by ₱334.51 million (43.4%) to ₱403.03 million as of 31 July 2016 from ₱737.54million for the same period last year. The decrease is mainly attributable to payment trade payables and acquisition of equity securities.

**Key Performance Indicators**

The Corporation monitors its performance and benchmarks itself to prior years' results in terms of the following indicators:

	31 July 2017	30 April 2017
Liquidity Ratio - Current ratio	1.28 : 1.00	1.31 : 1.00
Leverage Ratio - Debt to Equity	0.90 : 1.00	1.05 : 1.00
Activity Ratio - Annualized PPE	17.66 times	15.12 times

  

	31 July 2017	31 July 2016
Profitability Ratios		
Return on Equity	16.10%	8.23%
Return on Assets	8.45%	4.25%

The Corporation uses the following computations in obtaining key indicators:

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

**Comparable Discussion on Material Changes in Results of Operations for the Three Months' Period Ended 31 July 2016 vs. 31 July 2015**

The Corporation and its subsidiaries (the Group) generated total revenues from operating sources of about ₱7.69 billion for the three months ended 31 July 2016, an increase of ₱802.03 million (11.6%) over total revenues of ₱6.88 billion during the same period in 2015. The increase was primarily due to a higher revenue contribution from H.R. Owen in the financial period under review.

The Group's total cost and operating expenses for the three months ended 31 July 2016 increased by ₱849.81 million (13.0%) to ₱7.38 billion from ₱6.53 billion 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 ₱785.59 million (14.1%), (2) salaries and employee benefits increased by ₱42.12 million (10.1%), (3) rental increased by ₱11.81 million (16.7%), (4) taxes and licenses increased by ₱17.89 million (40.6%), (5) maintenance of computer equipment increased by ₱13.80 million (103.9%), (6) charitable contribution increased by ~~₱27.0 million~~ (100.0%), (7) insurance expense increased by ₱4.80 million (42.7%), (8) sponsorship expenses increased by ₱8.80 million (967.1%), (9) bank charges increased by ₱1.48 million (18.1%), and (10) commissions increased by ₱0.55 million (62.2%). These increases were offset by the following decreases of expenses: (1) marketing and selling decreased by ₱10.6 million (10.6%), (2) depreciation expense decreased by ₱25.55 million (32.7%), (3) professional fees decreased by ₱6.98 million (16.5%), (4) telecommunications decreased by ₱7.64 million (28.8%), (5) repairs and maintenance decreased by ₱3.23 million (34.3%), (5) miscellaneous expenses decreased by ₱25.31 million (79.8%), (6) representation and entertainment decreased by ₱3.97 million (44.2%).

Other Charges – net of other income amounted to ₱69.77 million for the three months ended 31 July 2016, a decrease of ₱150.74 million (186.2%) from the Other Income (net charges) of ₱80.97 million in the same period in 2015, mainly due to foreign exchange loss as a result of depreciation of exchange rates from gbp to peso currency.

The Group's net income decreased by ₱172.09 million (53.0%) to ₱152.68 million for the three months ended 31 July 2016 from ₱324.77 million in the same period in 2015 under review.

**Comparable Discussion on Material Changes in Financial Condition as of 31 July 2016 vs. 30 April 2016**

Total assets of the Group decreased by ₱1.22 billion (7.8%) to ₱14.38 billion as of 31 July 2016, from ₱15.60 billion as of 30 April 2016.

Trade and other receivables (net) decreased by ₱103.12 million (3.5%) to ₱2.87 billion in 31 July 2016 compared to ₱2.97 billion in 30 April 2016, mainly due to collection from customers.

Inventories (net) decreased by ₱178.42 million (3.4%) to ₱5.10 billion in 31 July 2016 compared to ₱5.28 billion in 30 April 2016, mainly due to decrease in vehicle stocks of H.R. Owen.

Prepayments and other current assets (net) decreased by ₱285.33 million (34.1%) to ₱551.50 million in 31 July 2016 compared to ₱836.83 million in 30 April 2016, mainly due to decrease prepaid expenses.

Available-for-sale financial assets decreased by P160.16 million (18.4%) to P709.25million in 31 July 2016 compared to P869.41 billion in 30 April 2016, mainly due to certain investments were found to be impaired, there is prolonged decline in the fair value of the securities below cost.

Property and equipment (net) decreased by ₱169.60 million (8.5%) to ₱1.8 billion in 31 July 2016 compared to ₱2.0 billion in 30 April 2016, mainly due to depreciation for the current period and translation adjustment on H.R. Owen assets.

Investments in associates increased by ₱114.46 million (24.5%) to ₱581.18million in 31 July 2016 compared to ₱466.71million in 30 April 2016, mainly due to acquisition of investment in associate and share on income from associates.

Intangible assets decreased by ₱144.40 million (7.5%) to ₱1.77 billion in 31 July 2016 compared to ₱1.91 billion in 30 April 2016, primarily due to translation adjustment as a result of fluctuation of exchange rate in gbp to peso.

Total liabilities of the Group decreased by ₱973.23 billion (12.3%) to ₱6.96 billion as of 31 July 2016, from ₱7.93 billion as of 30 April 2016 mainly due to decrease in Trade and other Payables and Loans payable and Borrowings. In June 2016, H.R. Owen obtained a secured loan with Maybank to facilitate its working capital requirements.

Post-employment benefit obligation decreased by ₱4.86 million (11.9%) to ₱35.94 in 31 July 2016 compared ₱40.80 million in 30 April 2016.

Total stockholders' equity of the Group decreased by ₱247.99 billion (3.2%) to ₱7.42 billion as of 31 July 2016, from ₱7.67 billion as of 30 April 2016 under review. The book value per share increased to ₱1.71 in 31 July 2016 from ₱8.04 in 30 April 2016.

**Comparable Discussion on Material Changes in Cash Flows for the Three Months Period Ended 31 July 2016 vs. 31 July 2015**

The consolidated cash and cash equivalents for 31 July 2016 decreased by ₱210.41 million (22.2%) to ₱737.54 million as of 31 July 2016 from Php947.95 million for the same period last year. The decrease is mainly attributable to payment trade payables, loans and borrowings.

**Key Performance Indicators**

The Corporation monitors its performance and benchmarks itself to prior years' results in terms of the following indicators:

	31 July 2016	30 April 2016
Liquidity Ratio - Current ratio	1.36 : 1.00	1.31 : 1.00
Leverage Ratio - Debt to Equity	0.94 : 1.00	1.03 : 1.00
Activity Ratio - Annualized PPE	16.78 times	13.24 times
	31 July 2016	31 July 2015
Profitability Ratios		
Return on Equity	8.23%	17.41%
Return on Assets	4.25%	9.28%

The Corporation uses the following computations in obtaining key indicators:

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

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

- 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 subsidiaries would continue to be generated from the collections of revenue from customers. There is no requirement for external funding for liquidity.
- iii) Except for the ongoing arbitration between the Corporation's wholly owned subsidiary Philippine Gaming Management Corporation and Philippine Charity Sweepstakes Office, 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.
- v) There is no significant element of income or loss that would arise from the Group's continuing operations.
- vi) 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.
- vii) There were no seasonal aspects that had a material impact effect on the financial conditions or results of operations.

**Separate Disclosures regarding the Financial Statements as required under SRC Rule 68.1**

- 1) There are no items affecting the assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size, or incidents.

2) There is no change in the estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years.

3) There is no issuance, repurchase or repayment of debts and equity securities.

4) There are no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

5) There are no business combinations, acquisition or disposals subsidiaries and long-term investments, restructurings and discontinuing operations for the interim period.

6) There are no contingent liabilities or contingent assets since the last annual balance sheet date.

7) There are no material contingencies and any other events or transactions that are material to an understanding of the current interim period.

### SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the Issuer has caused this report to be signed on its behalf by the undersigned, being duly authorized, in the City of Makati on 12 September 2017.

Issuer: **BERJAYA PHILIPPINES, INC.**

By:   
**MARIE LOURDES T. SIA-BERNAS**  
Assistant Corporate Secretary

  
By: **TAN ENG HWA**  
Treasurer

## ANNEX "A"

**BERJAYA PHILIPPINES, INC. AND SUBSIDIARIES**  
*[A Subsidiary of Berjaya Lottery Management (HK) Limited]*  
**INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**JULY 31, 2017 and APRIL 30, 2017**  
*(Amounts in Philippine Pesos)*

	Note	<u>July 31, 2017</u> Unaudited	<u>April 30, 2017</u> Audited
<b><u>ASSETS</u></b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	P 403,031,341	P 1,060,850,712
Trade and other receivables-net	6	2,036,178,197	2,319,991,807
Inventories - net	7	4,475,777,357	4,127,528,185
Advances to associates	12	1,190,233,012	990,024,320
Prepayments and other current assets - net	8	638,552,076	807,429,600
Total Current Assets		8,743,771,983	9,305,824,624
<b>NON-CURRENT ASSETS</b>			
Available for sale financial assets	9	1,060,362,916	901,808,762
Property and equipment - net	10	1,883,828,827	1,885,117,390
Investment Property	11	147,322,303	141,608,573
Investment in associates	12	660,798,717	642,726,373
Intangible Assets	13	1,864,354,491	1,806,955,751
Deferred tax assets - net		66,716,137	66,716,137
Other non-current assets	14	4,576,098	4,706,098
Total Non-Current Assets		5,687,959,489	5,449,639,084
<b>TOTAL ASSETS</b>		P 14,431,731,472	P 14,755,463,708
<b><u>LIABILITIES AND EQUITY</u></b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	15	P 2,860,300,906	P 3,162,847,113
Loans Payable and borrowings	16	3,558,969,437	3,861,157,068
Income tax payable		75,316,968	80,037,505
Total Current Liabilities		6,494,587,311	7,104,041,686
<b>NON-CURRENT LIABILITIES</b>			
Loans Payable and borrowings		278,661,733	367,393,973
Deferred Tax Liabilities - net		43,446,670	41,820,538
Post-employment benefit obligation		37,905,034	37,119,233
Total Non-Current Liabilities		360,013,437	446,333,744
Total Liabilities		6,854,600,748	7,550,375,430
<b>EQUITY</b>			
Attributable to Owners of the Parent Company		7,553,158,147	7,185,929,442
Attributable to non-controlling interest		23,972,577	19,156,836
Total Equity		7,577,130,724	7,205,086,278
<b>TOTAL LIABILITIES AND EQUITY</b>		P 14,431,731,472	P 14,755,461,708

**BERJAYA PHILIPPINES, INC. AND SUBSIDIARIES**  
[A Subsidiary of Berjaya Lottery Management (HK) Limited]  
**INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
For the three months ended JULY 31, 2017 and JULY 31, 2016  
(Amounts in Philippine Pesos)  
(UNAUDITED)

	3 Months Ended July 31, 2017	3 Months Ended July 31, 2017	3 Months Ended July 31, 2016	3 Months Ended July 31, 2016
<b>REVENUES</b>				
Sales of vehicles	P 7,880,181,921	P 7,880,181,921	P 7,230,812,443	P 7,230,812,443
Rental	407,925,147	407,925,147	420,420,835	420,420,835
Hotel Operations	31,211,181	31,211,181	35,196,751	35,196,751
	<u>8,319,318,249</u>	<u>8,319,318,249</u>	<u>7,686,430,029</u>	<u>7,686,430,029</u>
<b>COSTS AND OTHER OPERATING EXPENSES</b>				
Cost of vehicles sold	6,777,042,826	6,777,042,826	6,353,964,218	6,353,964,218
Salaries and employee benefits	488,482,381	488,482,381	459,971,295	459,971,295
Marketing & Selling	157,732,780	157,732,780	89,347,369	89,347,369
Rental	84,200,741	84,200,741	82,679,559	82,679,559
Professional fees	64,178,647	64,178,647	35,215,745	35,215,745
Depreciation and amortization	61,739,676	61,739,676	52,703,630	52,703,630
Stationery and Office Supplies	47,818,587	47,818,587	22,209,219	22,209,219
Taxes and licences	40,681,834	40,681,834	61,981,746	61,981,746
Telecommunications	30,313,772	30,313,772	18,876,261	18,876,261
Maintenance of computer equipment	28,380,071	28,380,071	27,020,176	27,020,176
Communication, light and water	27,991,685	27,991,685	23,476,979	23,476,979
Miscellaneous Expenses	25,985,135	25,985,135	15,068,433	15,068,433
Insurance	20,582,184	20,582,184	16,067,161	16,067,161
Management fees	20,396,257	20,396,257	25,567,531	25,567,531
Transportation and travel	16,730,729	16,730,729	24,466,376	24,466,376
Charitable Contribution	14,066,595	14,066,595	27,000,000	27,000,000
Cleaning and Maintenance	11,284,489	11,284,489	10,269,428	10,269,428
Representation and entertainment	8,903,094	8,903,094	5,000,701	5,000,701
Bank Charges	8,763,102	8,763,102	9,650,387	9,650,387
Repairs and maintenance	8,420,408	8,420,408	6,178,083	6,178,083
Security Services	4,016,620	4,016,620	4,114,988	4,114,988
Cost of food and beverages	3,250,885	3,250,885	2,949,084	2,949,084
Outside Service	2,431,482	2,431,482	2,792,454	2,792,454
Commissions	1,311,566	1,311,566	1,440,780	1,440,780
	<u>7,954,705,546</u>	<u>7,954,705,546</u>	<u>7,378,011,603</u>	<u>7,378,011,603</u>
<b>OPERATING PROFIT</b>	<u>364,612,703</u>	<u>364,612,703</u>	<u>308,418,426</u>	<u>308,418,426</u>
<b>OTHER INCOME (CHARGES)</b>				
Equity share in net income (losses)	18,072,344	18,072,344	32,177,079	32,177,079
Finance Income	29,036,937	29,036,937	26,043,329	26,043,329
Finance Costs	(31,962,210)	(31,962,210)	(32,482,965)	(32,482,965)
Others	38,737,365	38,737,365	(95,504,108)	(95,504,108)
	<u>53,884,436</u>	<u>53,884,436</u>	<u>(69,766,665)</u>	<u>(69,766,665)</u>
<b>PROFIT BEFORE INCOME TAX</b>	<u>418,497,139</u>	<u>418,497,139</u>	<u>238,651,761</u>	<u>238,651,761</u>
<b>TAX EXPENSE</b>	<u>113,494,443</u>	<u>113,494,443</u>	<u>85,973,682</u>	<u>85,973,682</u>
<b>NET PROFIT</b>	<u>305,002,696</u>	<u>305,002,696</u>	<u>152,678,079</u>	<u>152,678,079</u>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				
Item that will not be reclassified subsequently to profit or loss				
Net unrealized fair value gains (losses) on available-for-sale financial assets	(36,932,618)	(36,932,618)	(160,158,065)	(160,158,065)
Reclassification adjustments to profit or loss	-	-	-	-
Translation adjustment	103,974,368	103,974,368	(240,509,503)	(240,509,503)
	<u>67,041,750</u>	<u>67,041,750</u>	<u>(400,667,568)</u>	<u>(400,667,568)</u>
<b>TOTAL COMPREHENSIVE INCOME</b>	<u>372,044,446</u>	<u>372,044,446</u>	<u>(247,989,489)</u>	<u>(247,989,489)</u>
<b>Net profit attributable to:</b>				
Owners of the Parent Company	301,038,888	301,038,888	135,979,107	135,979,107
Non-controlling Interest	3,963,808	3,963,808	16,698,972	16,698,972
	<u>305,002,696</u>	<u>305,002,696</u>	<u>152,678,079</u>	<u>152,678,079</u>
<b>Total comprehensive income attributable to:</b>				
Owners of the Parent Company	367,228,705	367,228,705	(232,838,447)	(232,838,447)
Non-controlling Interest	4,815,741	4,815,741	(15,151,042)	(15,151,042)
	<u>372,044,446</u>	<u>372,044,446</u>	<u>(247,989,489)</u>	<u>(247,989,489)</u>
Weighted average number of shares outstanding	4,341,280,855	4,341,280,855	4,341,280,855	4,341,280,855
<b>Basic earnings per share (annualized)</b>	<u>P 0.28</u>	<u>P 0.28</u>	<u>P 0.14</u>	<u>P 0.14</u>

BERJAYA PHILIPPINE INC. AND SUBSIDIARIES  
*(A Subsidiary of Berjaya Listing Management (HK) Limited)*  
**INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
For the three months ended JULY 31, 2017 and JULY 31, 2016  
*(Amounts in Philippine Pesos)*  
(UNAUDITED)

	Attributable Owners of the Parent Company									
	Capital Stock	Treasury Shares	Revaluation Reserves	Other Reserves	Translation Adjustment	Retained Earnings		Total	Non-controlling Interest	Total
						Appropriated	Unappropriated			
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 7,185,929,442	P 19,156,836	P 7,205,086,278
Balance at May 1, 2017										
Capital issuance through stock dividends										
Profit or loss for the year							301,038,888	301,038,888	3,963,808	305,002,696
Net unrealized fair value gains on available-for-sale securities			(36,932,618)					(36,932,618)		(36,932,618)
Translation adjustment					103,122,435			103,122,435	851,933	103,974,368
Total equity at July 31, 2017	P 4,427,009,132	P (988,150,025)	P (104,168,821)	P (663,742,273)	P (62,002,568)	P 1,773,262,552	P 3,170,950,150	P 7,553,158,147	P 23,972,577	P 7,577,130,724
Attributable Owners of the Parent Company										
	Capital Stock	Treasury Shares	Revaluation Reserves	Other Reserves	Translation Adjustment	Retained Earnings		Total	Non-controlling Interest	Total
						Appropriated	Unappropriated			
P	953,984,448	P (988,150,025)	P (26,806,235)	P (14,577,611)	P (37,410,176)	P 5,246,287,236	P 2,195,843,422	P 7,329,471,059	P 335,890,074	P 7,665,361,133
						(3,473,024,684)				
Balance at May 1, 2016										
Capital issuance through stock dividends	3,473,024,684									
Profit or loss for the year										
Reversal of prior year appropriation							135,979,107	135,979,107	16,698,972	152,678,079
Net unrealized fair value gains on available-for-sale securities			(160,158,065)					(160,158,065)		(160,158,065)
Translation adjustment					(208,659,489)			(208,659,489)	(31,850,014)	(240,509,503)
Total equity at July 31, 2016	P 4,427,009,132	P (988,150,025)	P (186,664,300)	P (14,577,611)	P (246,069,665)	P 1,773,262,552	P 2,331,822,529	P 7,096,632,612	P 320,739,032	P 7,417,371,644

**BERJAYA PHILIPPINES, INC. AND SUBSIDIARIES**  
**[A Subsidiary of Berjaya Lottery Management (HK) Limited]**  
**INTERIM CONSOLIDATED STATEMENTS OF CASHFLOWS**  
**For the three months ended JULY 31, 2017 and JULY 31, 2016**  
**(Amounts in Philippine Pesos)**  
**(UNAUDITED)**

	3 Months Ended July 31, 2017	3 Months Ended July 31, 2017	3 Months Ended July 31, 2016	3 Months Ended July 31, 2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net income	P 418,497,139	P 418,497,139	P 238,651,761	P 238,651,761
Adjustments for:				
Depreciation and amortization	61,739,676	61,739,676	52,703,630	52,703,630
Dividend Income	(2,056,198)	(2,056,198)	(2,222,167)	(2,222,167)
Interest Expense	31,962,210	31,962,210	32,482,965	32,482,965
Interest Income	(29,036,937)	(29,036,937)	(26,043,329)	(26,043,329)
Equity Share in net losses (income) of associates	(18,072,344)	(18,072,344)	(32,177,079)	(32,177,079)
Loss (gain) on sale of property and equipment	(198,893)	(198,893)	(97,973)	(97,973)
Unrealized foreign exchange losses (gain)	(36,376,907)	(36,376,907)	112,316,414	112,316,414
Operating income before working capital changes	426,457,746	426,457,746	375,614,222	375,614,222
Decrease / (Increase) in:				
Trade and other receivables	283,813,610	283,813,610	103,116,121	103,116,121
Inventories	(348,249,172)	(348,249,172)	178,416,153	178,416,153
Prepaid expenses and other current assets	168,877,524	168,877,524	285,335,555	285,335,555
Increase / (Decrease) in:				
Trade and other payables	(794,118,460)	(794,118,460)	(1,032,156,553)	(1,032,156,553)
Loans Payables and Borrowings	(390,919,871)	(390,919,871)	(156,127,290)	(156,127,290)
Retirement Obligation	785,801	785,801	(4,859,302)	(4,859,302)
Cash paid for income taxes	(46,171,184)	(46,171,184)	(35,988,501)	(35,988,501)
Net cash used in operating activities	(699,524,006)	(699,524,006)	(286,649,595)	(286,649,595)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Acquisition of Property and equipment	(12,383,010)	(12,383,010)	(3,904,514)	(3,904,514)
Acquisition of Available-for-sale financial assets	(186,303,603)	(186,303,603)	(82,283,456)	(82,283,456)
Acquisition of Investments in associates	-	-	-	-
Proceeds from disposal of property and equipment	225,000	225,000	110,849	110,849
Interest Received	29,036,937	29,036,937	26,043,329	26,043,329
Cash dividends received	2,056,198	2,056,198	2,222,167	2,222,167
Advances to (collection from) associate - net	(186,000,000)	(186,000,000)	(35,000,000)	(35,000,000)
Net cash provided by investing activities	(353,368,478)	(353,368,478)	(92,811,625)	(92,811,625)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from bank loans and borrowings	-	-	173,591,040	173,591,040
Repayment of bank loan and borrowings	(359,798,220)	(359,798,220)	(50,000,000)	(50,000,000)
Interest paid	(31,962,210)	(31,962,210)	(32,482,965)	(32,482,965)
Net cash provided by financing activities	(391,760,430)	(391,760,430)	91,108,075	91,108,075
<b>EFFECT OF EXCHANGE RATE CHANGES TO CASH AND CASH EQUIVALENTS</b>	(1,898,605)	(1,898,605)	(8,533,546)	(8,533,546)
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(1,446,551,519)	(1,446,551,519)	(296,886,691)	(296,886,691)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	1,060,850,712	1,060,850,712	1,034,432,119	1,034,432,119
<b>CASH AND CASH EQUIVALENTS AT ENDING OF PERIOD</b>	P (385,700,807)	P (385,700,807)	P 737,545,428	P 737,545,428

(788,732,148)

**BERJAYA PHILIPPINES INC. AND SUBSIDIARIES**  
*[A Subsidiary of Berjaya Lottery Management (HK) Limited]*  
**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF JULY 31, 2017 and APRIL 30, 2017**  
*(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 Securities and Exchange Commission (SEC) on June 11, 2010.

The Parent Company is 74.20% owned by Berjaya Lottery Management (HK) Limited of Hong Kong (BLML) as at July 31, 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 9th 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.

**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 Interim Consolidated Financial Statements*

These ICFS have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. They do not include all of the information required in annual financial statements in accordance with Philippine Financial Reporting Standards (PFRS), and should be read in conjunction with the Group's audited consolidated financial statements (ACFS) as at and for the year ended April 30, 2017.

The ICFS 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 ICFS of the Group are measured using the Company's functional currency. Functional currency is the currency of the primary economic environment in which the Company operates.

The preparation of the Group's ICFS in accordance with PFRS requires management to make judgments and estimates that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. There were no changes in estimates of amounts reported in prior financial years that have a material effect in the current interim period.

The Group presents all items of income and expense in a single consolidated statement of comprehensive income.

## ***2.2 Adoption of New and Amended PFRS***

### *(a) Effective in fiscal year 2017 that are Relevant to the Group*

In fiscal year 2017, the Group adopted for the first time the following amendments and annual improvements to PFRS that are relevant to the Group and effective for financial statements with annual periods beginning on or after January 1, 2017 which did not have a significant impact on the Group's ICFS:

PAS 7 (Amendments)	:	Statement of Cash Flows – Disclosure Initiative
PAS 12 (Amendments)	:	Income Taxes – Recognition of Deferred Tax Assets for Unrealized Losses
Annual Improvements	:	Annual Improvement to PFRS (2014 – 2016 cycle)

### *(b) Effective Subsequent to fiscal year 2017 but are not Adopted Early*

There are new PFRS, amendments, interpretation and annual improvements to existing standards effective for annual periods subsequent to fiscal year 2017, which are adopted by the Financial Reporting Standards Council. 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:

PAS 40	:	Transfers of Investment Property
PFRS 2 (Amendments)	:	Share-based Payment – Classification and Measurement of Share-based Payment Transactions
PFRS 9 (2014)	:	Financial Instruments
PFRS 10 and PAS 28 (Amendments)	:	Consolidated Financial Statements, and Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associates or Joint Venture

PFRS 15	:	Revenue from Contracts with Customers
PFRS 16	:	Leases
Philippine International Financial Reporting Interpretations Committee 22	:	Foreign Currency Transactions and Advance Consideration
Annual Improvements	:	Annual Improvement to PFRS (2014 – 2016 cycle)

Management is currently assessing the impact of these standards and interpretation on the Group's consolidated financial statements and it will conduct a comprehensive study of the potential impact of these standards prior to their mandatory adoption date to assess the impact of all changes.

### 3. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks in relation to financial instruments. 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.

#### *3.1 Market Risk*

The Group is exposed to market risk through its use of financial instruments and specifically to foreign currency risk, interest rate 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. As at July 31, 2017 and April 30, 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.

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 is 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 July 31, 2017 and April 30, 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:

	<u>July 31, 2017</u>	<u>April 30, 2017</u>
Php - USD	<b>P 3,406,059</b>	P 3,931,781
Php - MYR	<b>(436,258)</b>	11,310,121
Php - GBP	<b>968,568,898</b>	1,106,440,157
Php - EUR	<b>298,914</b>	280,605

The following table 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.

	<u>July 31, 2017</u>		<u>April 30, 2017</u>	
	Reasonably possible change in rate	Effect in profit before tax	Reasonably possible change in rate	Effect in profit before tax
PhP - USD	7.47%	<b>P 254,433</b>	7.69%	P 302,493
PhP - MYR	<b>8.88%</b>	<b>( 38,740)</b>	11.95%	1,351,041
PhP - GBP	<b>20.72%</b>	<b>200,687,476</b>	30.14%	333,508,192
PhP - EUR	<b>16.57%</b>	<b>49,530</b>	17.04%	47,803
		<b><u>P 200,952,699</u></b>		<b><u>P 335,209,529</u></b>

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 sensitivity of equity with regard to the volatility of the Group's AFS financial assets assumes a +/-20.20 and a +/-28.09% volatility in the market value of the investment for the three months ended July 31, 2017 and for the year ended April 2017, respectively. The expected change was based on the annual rate of return computed using the monthly closing market value of the investment in 2017.

### 3.2 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 incorporate 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.

	<u>Notes</u>	<u>July 31, 2017</u>	<u>April 30, 2017</u>
Cash and cash equivalents	5	<b>P 403,031,341</b>	P 1,060,850,712
Trade and other receivables – net	6	<b>2,032,001,770</b>	3,076,920,330
Advances to associates	12	<b>1,190,233,012</b>	199,346,627
Other non-current assets	13	<b><u>4,576,098</u></b>	<u>4,706,098</u>
		<b><u>P 3,629,842,221</u></b>	<u>P 4,341,823,767</u>

None of the Group's financial assets are secured by collateral or other credit enhancements, except for cash and cash equivalents as described below.

#### (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 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 July 31, 2017 and April 30, 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.

*(c) Other Non-current Assets*

The refundable deposits of the Group under 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.

### ***3.3 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 July 31, 2017 and April 30, 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 considered to be current which are expected to be settled within 12 months from the end of each reporting period.

## **4. SEGMENT REPORTING**

### ***4.1 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, the 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 strategic steering committee 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.

#### 4.2 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, plant 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. Segment assets and liabilities do not include deferred taxes.

#### 4.3 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 business are organized and managed separately according to the nature of segment accounting policies.

#### 4.4 Analysis of Segment Information

The tables in the succeeding pages present revenue and profit information regarding business segments for the three months ended July 31, 2017, July 31, 2016 and for the year ended April 30, 2017, and certain assets and liabilities information regarding industry segments as at July 31, 2017, July 31, 2016 and April 31, 2017.

	July 31, 2017					
	Leasing	Services	Holding and Investments	Motor Vehicle Dealership	Elimination	Consolidated
Revenues:						
External	P 408,417,475	P 31,998,531	P 249,312,301	P 7,887,215,969	P -	P 8,576,944,276
Inter-segment	-	-	( 170,653,589)	666,456	-	( 169,987,133)
<b>Total revenues</b>	<b>P 408,417,475</b>	<b>P 31,998,531</b>	<b>P 78,658,712</b>	<b>P 7,887,882,425</b>	<b>P -</b>	<b>P 8,406,957,143</b>
Expenses:						
External	P 228,066,775	P 33,974,167	P 20,882,564	P 7,705,523,630	P -	P7,988,447,136
Inter-segment	-	-	12,867	-	-	12,867
<b>Total expenses</b>	<b>P 228,066,775</b>	<b>P 33,974,167</b>	<b>P 20,895,431</b>	<b>P 7,705,523,630</b>	<b>P -</b>	<b>P7,988,460,003</b>
Profit before tax	<u>P 180,350,700</u>	<u>(P 1,975,636)</u>	<u>P 57,763,281</u>	<u>P 182,358,795</u>	<u>P -</u>	<u>P 418,497,140</u>
Net Profit	<u>P 123,914,559</u>	<u>(P 1,977,610)</u>	<u>P 45,667,046</u>	<u>P 137,398,701</u>	<u>(P 170,000,000)</u>	<u>P 305,002,696</u>
Segment assets	<u>P 755,896,898</u>	<u>P 682,356,503</u>	<u>P 7,969,130,187</u>	<u>P 7,801,551,547</u>	<u>(P 2,777,203,663)</u>	<u>P14,431,731,472</u>
Segment liabilities	<u>P 169,406,310</u>	<u>P 679,498,783</u>	<u>P 814,237,737</u>	<u>P 6,152,734,819</u>	<u>(P 961,276,901)</u>	<u>P 6,854,600,748</u>
Other segment items:						
Capital expenditures	<u>P 9,583,519</u>	<u>P -</u>	<u>P -</u>	<u>P 2,799,491</u>	<u>P -</u>	<u>P 12,383,010</u>
Depreciation and amortization	<u>P 2,224,773</u>	<u>P 6,951,571</u>	<u>P 625,301</u>	<u>P 51,938,031</u>	<u>P -</u>	<u>P 61,739,676</u>

July 31, 2016						
	Leasing	Services	Holding and Investments	Motor Vehicle Dealership	Elimination	Consolidated
Revenues:						
External	P 423,163,337	P 36,567,763	P 58,126,049	P 7,235,072,047	P -	P 7,752,929,196
Inter-segment	-	-	-	-	-	-
Total revenues	<u>P 423,163,337</u>	<u>P 36,567,763</u>	<u>P 58,126,049</u>	<u>P 7,235,072,047</u>	<u>P -</u>	<u>P 7,752,929,196</u>
Expenses:						
External	P 186,087,839	P 35,734,975	P 137,507,619	P 7,154,947,003	P -	P 7,514,277,435
Inter-segment	-	-	-	-	-	-
Total expenses	<u>P 186,087,839</u>	<u>P 35,734,975</u>	<u>P 137,507,619</u>	<u>P 7,154,947,003</u>	<u>P -</u>	<u>P 7,514,277,435</u>
Profit before tax	<u>P 237,075,498</u>	<u>P 832,787</u>	<u>(P 79,381,569)</u>	<u>P 80,125,044</u>	<u>(P -)</u>	<u>P 238,651,761</u>
Net Profit	<u>P 172,302,572</u>	<u>P 579,207</u>	<u>(P 79,906,853)</u>	<u>P 59,703,152</u>	<u>(P -)</u>	<u>P 152,678,079</u>
Segment assets	<u>P 571,348,907</u>	<u>P 765,616,099</u>	<u>P 6,652,477,119</u>	<u>P 8,076,048,366</u>	<u>(P 1,689,774,336)</u>	<u>P 14,375,716,155</u>
Segment liabilities	<u>P 140,372,652</u>	<u>P 760,210,719</u>	<u>P 64,032,521</u>	<u>P 6,734,275,679</u>	<u>(P 740,547,059)</u>	<u>P 6,958,344,511</u>
Other segment items:						
Capital expenditures	<u>P 1,674,559</u>	<u>P 355,608</u>	<u>P -</u>	<u>P 1,874,347</u>	<u>P -</u>	<u>P 3,904,514</u>
Depreciation and amortization	<u>P 677,982</u>	<u>P 7,377,263</u>	<u>P 625,301</u>	<u>P 44,023,084</u>	<u>P -</u>	<u>P 52,703,630</u>

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April 30, 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	<u>P 1,648,911,479</u>	<u>P 150,496,554</u>	<u>P 417,084,615</u>	<u>P 26,784,657,267</u>	<u>(P 173,940,119)</u>	<u>P 28,827,209,796</u>
Expenses:						
External	P 854,783,410	P 150,159,120	P 239,286,020	P 26,598,812,788	P -	P 27,843,041,338
Inter-segment	-	-	-	3,940,119	( 3,940,119)	-
Total expenses	<u>P 854,783,410</u>	<u>P 150,159,120</u>	<u>P 239,286,020</u>	<u>P 26,602,752,907</u>	<u>(P 3,940,119)</u>	<u>P 27,843,041,338</u>
Profit before tax	<u>P 794,128,069</u>	<u>P 337,434</u>	<u>P 177,798,595</u>	<u>P 181,904,360</u>	<u>(P 170,000,000)</u>	<u>P 984,168,458</u>
Net profit(loss)	<u>P 547,405,677</u>	<u>(P 526,788)</u>	<u>P 198,417,024</u>	<u>P 128,797,084</u>	<u>(P 170,000,000)</u>	<u>P 704,092,997</u>
Segment assets	<u>P 781,045,030</u>	<u>P 694,397,867</u>	<u>P 7,852,974,022</u>	<u>P 8,421,660,487</u>	<u>(P 2,994,865,698)</u>	<u>P 14,755,461,708</u>
Segment liabilities	<u>P 148,469,001</u>	<u>P 689,812,536</u>	<u>P 859,410,113</u>	<u>P 6,970,265,760</u>	<u>(P 1,117,581,980)</u>	<u>P 7,550,375,430</u>
Other segment items:						
Capital expenditures	<u>P 47,898,706</u>	<u>P 3,870,368</u>	<u>P -</u>	<u>P 279,554,937</u>	<u>P -</u>	<u>P 331,324,011</u>
Depreciation and amortization	<u>P 5,045,627</u>	<u>P 28,853,083</u>	<u>P 2,501,204</u>	<u>P 192,311,587</u>	<u>P -</u>	<u>P 228,711,501</u>

Currently, the Group's operation has two geographical segments: London, England for the motor dealership segment and all other segments are in the Philippines.

## 5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

	<u>July 31, 2017</u> (Unaudited)	<u>April 30, 2017</u> (Audited)
Cash on hand and in banks	P 369,824,241	P 886,267,519
Short-term placements	<u>33,207,100</u>	<u>174,583,193</u>
	<b><u>P 403,031,341</u></b>	<b><u>P 1,060,850,712</u></b>

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 0.75% to 1.50% in 2017.

## 6. TRADE AND OTHER RECEIVABLES

This account is composed of the following:

	<u>July 31, 2017</u> (Unaudited)	<u>April 30, 2017</u> (Audited)
Trade receivables	P 931,820,086	P 772,457,042
Payments for future acquisition of investments	897,059,972	1,376,536,843
Advances to officers and employees	4,176,427	4,923,970
Other receivables	<u>215,947,822</u>	<u>178,718,850</u>
	<b>2,049,004,307</b>	<b>2,332,636,705</b>
Allowance for impairment	<u>(12,826,110)</u>	<u>(12,646,898)</u>
	<b><u>P2,036,178,197</u></b>	<b><u>P2,319,989,807</u></b>

Other receivables include deposits with manufacturers and stocking plans such deposits are classified as bulk deposits and amounts paid in respect of individual vehicles on a consignment and or sale or return basis, and where title to the vehicle has not passed to the dealership.

## 7. INVENTORIES

The composition of this account are shown below.

	<u>July 31, 2017</u> (Unaudited)	<u>April 30, 2017</u> (Audited)
At cost:		
Vehicles	P3,259,709,774	P2,923,521,725
Parts and components	191,393,744	153,099,741
Work in progress	50,218,644	48,083,466
Spare parts and accessories	18,949,833	14,760,988
Hotel supplies	<u>5,471,756</u>	<u>5,840,189</u>

	<u>3,525,743,751</u>	<u>3,145,306,109</u>
At net realizable value:		
Vehicles	1,058,228,637	1,116,532,836
Parts and components	<u>50,006,248</u>	<u>46,555,940</u>
	1,108,234,885	1,163,088,776
Allowance for inventory write down	<u>( 158,201,279)</u>	<u>( 180,866,700)</u>
	<b><u>P4,475,777,357</u></b>	<b><u>P4,127,528,185</u></b>

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.

	<u>July 31, 2017</u>	<u>April 30, 2017</u>
Balance at beginning of year	P 180,866,700	P 135,820,397
Additional provision during the year	( 29,504,091)	52,855,932
Translation adjustment	6,838,670	( 7,809,629)
Reversal during the year	<u>-</u>	<u>-</u>
Balance at end of year	<b><u>P 158,201,279</u></b>	<b><u>P 180,866,700</u></b>

## 8. PREPAYMENTS AND OTHER CURRENT ASSETS

The details of this account are as follows:

	<u>July 31, 2017</u> (Unaudited)	<u>April 30, 2017</u> (Audited)
Prepaid expenses	P 348,180,045	P 661,544,216
Refundable deposits	31,214,674	49,089,004
Input VAT	42,131,967	30,004,048
Prepaid taxes	16,024,333	28,112,139
Advance rental	12,020,000	13,070,000
Advances to supplier	1,047,162	7,966,115
Creditable withholding tax	3,511,202	3,240,421
Other current assets	<u>184,422,693</u>	<u>14,403,657</u>
	<b><u>P 638,552,076</u></b>	<b><u>P 807,429,600</u></b>

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.

In April 30, 2017, allowance for impairment has been written-off by the Group.

## 9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

This account consists of the following financial assets:

	<u>July 31, 2017</u> (Unaudited)	<u>April 30, 2017</u> (Audited)
Equity securities	<b>P1,050,608,679</b>	P 891,702,782
Debt securities	<b>85,803,204</b>	85,321,583
Others	<u><b>14,662,988</b></u>	<u>15,496,352</u>
	<b>1,151,074,871</b>	992,520,717
Allowance for impairment	<u>(<b>90,711,955</b>)</u>	<u>( 90,711,955)</u>
	<u><b>P 1,060,362,916</b></u>	<u>P 901,808,762</u>

In July 31, 2017 and April 30, 2017, certain equity securities with carrying amount of P78,402,100 and P77,033,450, respectively are carried at cost as the fair value of these unquoted equity securities is not reliably determinable. Management believes that the cost approximates the fair value of such securities as at April 30, 2017.

## 10. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of property and equipment at the beginning and end of reporting periods July 31, 2017 and April 30, 2017 are shown below.

	Computers and On-line Lottery Equipment	Building	Transportation Equipment	Workshop Equipment	Office Furniture, Fixtures and Equipment	Hotel and Kitchen Equipment and Utensils	Communication Equipment	Leasehold Improvements	Land	Construction in Progress	TOTAL
<b>Jul 31, 2017</b>											
Cost	P 1,502,501,094	P 963,898,672	P 72,417,072	P 718,512,184	P 45,309,241	P 12,935,362	P 3,782,238	P 1,283,361,221	P 86,871,633	-	P 4,689,588,717
Accumulated depreciation and amortization	( 1,456,400,434)	( 105,590,687)	( 46,449,008)	( 429,351,257)	( 39,113,110)	( 11,227,525)	( 3,640,523)	( 713,987,343)	-	-	( 2,805,759,890)
Net carrying amount	<b>P 46,100,660</b>	<b>P 858,307,985</b>	<b>P 25,968,064</b>	<b>P 289,160,927</b>	<b>P 6,196,131</b>	<b>P 1,707,837</b>	<b>P 141,715</b>	<b>P 569,373,878</b>	<b>P 86,871,633</b>	<b>-</b>	<b>P 1,883,828,827</b>
<b>April 30, 2017</b>											
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 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	<b>P 46,003,044</b>	<b>P 853,233,394</b>	<b>P 19,842,183</b>	<b>P 306,543,698</b>	<b>P 6,524,179</b>	<b>P 1,856,648</b>	<b>P 153,785</b>	<b>P 567,458,044</b>	<b>P 83,502,415</b>	<b>-</b>	<b>P 1,885,117,390</b>
<b>Balance at May 1, 2017</b>											
net of accumulated depreciation and amortization	P 46,003,044	P 853,233,394	P 19,842,183	P 306,543,638	P 6,524,178	P 1,856,649	P 153,786	P 567,458,044	P 83,502,415	-	P 1,885,117,331
Additions	1,440,983	-	8,015,321	1,100,616	127,214	-	-	1,698,875	-	-	P 12,383,010
Disposals	-	-	( 2,000)	-	-	-	-	-	-	-	( P 2,000)
Depreciation and amortization charges for the year	( 1,343,368)	( 4,239,968)	( 2,230,412)	( 30,379,225)	( 455,262)	( 148,812)	( 12,071)	( 21,965,894)	-	-	( P 60,775,013)
Translation adjustment	-	9,314,559	342,972	11,895,898	-	-	-	22,182,853	3,369,218	-	P 47,105,499
Balance at Jul 31, 2017 net of accumulated depreciation and amortization	<b>P 46,100,660</b>	<b>P 858,307,985</b>	<b>P 25,968,064</b>	<b>P 289,160,927</b>	<b>P 6,196,131</b>	<b>P 1,707,837</b>	<b>P 141,715</b>	<b>P 569,373,878</b>	<b>P 86,871,633</b>	<b>-</b>	<b>P 1,883,828,827</b>
<b>Balance at May 1, 2016</b>											
net of accumulated depreciation and amortization	P 5,775,739	P 636,586,459	P 9,614,470	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
Additions	42,176,753	-	15,260,030	89,494,861	2,433,470	516,779	-	48,722,012	-	-	198,603,965
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)	( 85,069,967)	( 2,231,623)	( 1,031,441)	( 48,286)	( 110,723,058)	-	-	( 223,488,508)
Translation adjustment	-	( 17,510,323)	( 17,005)	( 22,433,391)	-	-	-	( 45,175,386)	( 5,894,366)	-	( 91,030,671)
Balance at April 30, 2017 net of accumulated depreciation and amortization	<b>P 46,003,044</b>	<b>P 853,233,394</b>	<b>P 19,842,183</b>	<b>P 306,543,698</b>	<b>P 6,524,179</b>	<b>P 1,856,648</b>	<b>P 153,785</b>	<b>P 567,458,044</b>	<b>P 83,502,415</b>	<b>-</b>	<b>P 1,885,117,390</b>

## 11. INVESTMENT PROPERTY

In April 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 July 31, 2017 and April 30, 2017 amounted to P147,322,303 and P141,608,573, respectively.

## 12. INVESTMENTS IN AND ADVANCES TO ASSOCIATES AND NON-CONTROLLING INTEREST

These investments are accounted for under the equity method in the consolidated financial statements of the Group:

### July 31, 2017 (Unaudited)

	PLPI	BPPI	BAPI	CPI	SBMPI	NPI	Total
Investment:							
Acquisition Costs							
Initial Investment	P 7,999,997	P 180,400,000	P 178,380,000	P 399,996	P 22,500,000	P 82,283,456	P 471,963,449
Reclassification	-	-	-	-	-	-	-
Additional Investment	-	-	-	-	-	-	-
	<u>7,999,997</u>	<u>180,400,000</u>	<u>178,380,000</u>	<u>399,996</u>	<u>22,500,000</u>	<u>82,283,456</u>	<u>471,963,449</u>
Deduction of interest in associate-							
Loss on deemed disposal			-				-
Accumulated equity share							
in net profit (losses)							
Share in net profit							
(losses) in prior years	35,228,131	(180,400,000)	333,076,497	(399,996)	(5,638,499)	87,980,951	269,847,084
Share in net profit							
(losses) in during year	(232,788)	-	22,145,435	-	(1,104,245)	(2,736,057)	18,072,344
Loss on deemed disposal			(99,084,160)				(99,084,160)
	<u>34,995,343</u>	<u>(180,400,000)</u>	<u>256,137,772</u>	<u>(399,996)</u>	<u>(6,742,744)</u>	<u>85,244,894</u>	<u>188,835,268</u>
Total Investments	42,995,340	-	434,517,772	-	15,757,256	167,528,350	660,798,717
in associates							
Advances	218,754,989	167,000,000	-	2,623,496	-	801,854,528	1,190,233,012
	<u>P 261,750,328</u>	<u>P 167,000,000</u>	<u>P 434,517,772</u>	<u>P 2,623,496</u>	<u>P 15,757,256</u>	<u>P 969,382,878</u>	<u>P 1,851,031,729</u>

### April 30, 2017 (Audited)

	PLPI	BPPI	BAPI	CPI	SBMPI	NPI	Total
Investment:							
Acquisition Costs							
Initial Investment	P 7,999,997	P 117,400,000	P 178,380,000	P 399,996	P 22,500,000	-	P 326,679,993
Reclassification	-	-	-	-	-	82,283,456	82,283,456
Additional Investment	-	63,000,000	-	-	-	-	63,000,000
	<u>7,999,997</u>	<u>180,400,000</u>	<u>178,380,000</u>	<u>399,996</u>	<u>22,500,000</u>	<u>82,283,456</u>	<u>471,963,449</u>
Deduction of interest in associate-							
Loss on deemed disposal			(99,084,160)				(99,084,160)
Accumulated equity share							
in net profit (losses)							
Share in net profit							
(losses) in prior years	34,608,843	(117,400,000)	223,225,677	(399,996)	-	-	140,034,524
Share in net profit							
(losses) in during year	619,288	(63,000,000)	109,850,820	-	(5,638,499)	87,980,951	129,812,560
	<u>35,228,131</u>	<u>(180,400,000)</u>	<u>333,076,497</u>	<u>(399,996)</u>	<u>(5,638,499)</u>	<u>87,980,951</u>	<u>269,847,084</u>
Total Investments in associates	43,228,128	-	412,372,337	-	16,861,501	170,264,407	642,726,373
Advances	31,683,131	165,040,000	-	2,623,496	-	790,677,693	990,024,320
	<u>P 74,911,259</u>	<u>P 165,040,000</u>	<u>P 412,372,337</u>	<u>P 2,623,496</u>	<u>P 16,861,501</u>	<u>P 960,942,100</u>	<u>P 1,632,750,693</u>

### 13. INTANGIBLE ASSETS

The compositions of this account are shown below.

	<u>July 31, 2017</u> (Unaudited)	<u>April 30, 2017</u> (Audited)
Goodwill	P 1,144,484,468	P 1,114,063,397
Dealership rights	687,216,817	660,563,886
Customer relationship	<u>32,653,206</u>	<u>32,328,468</u>
	<b><u>P 1,864,354,491</u></b>	<b><u>P 1,806,955,751</u></b>

### 14. OTHER NON-CURRENT ASSETS

Other non-current assets of the Group pertain to security deposits refundable from various lessors and utility companies amounting to P4,576,098 and P4,706,098 as at July 31, 2017 and April 30, 2017, respectively.

### 15. TRADE AND OTHER PAYABLES

This account consists of the following:

	<u>July 31, 2017</u> (Unaudited)	<u>April 31, 2017</u> (Audited)
Trade payables	P1,134,276,326	P 1,025,537,981
Advances from customers	1,275,205,838	1,285,343,581
Accrued expenses	248,794,177	314,559,038
Withholding taxes payable	24,305,009	40,327,109
Deferred income	22,700,905	22,648,754
Deferred output VAT	41,869,221	174,161,012
Management fee payable	19,947,000	20,223,000
Accrued interest payable	-	1,078,767
Due to a related party	500,268	512,644
Other payables	<u>92,702,162</u>	<u>278,455,227</u>
	<b><u>P2,860,300,906</u></b>	<b><u>P 3,162,847,113</u></b>

### 16. LOANS PAYABLE AND BORROWINGS

This account consists of the following:

	<u>July 31, 2017</u> (Unaudited)	<u>April 30, 2017</u> (Audited)
Current:		
Vehicle stocking loans	P 3,182,403,757	P 3,230,268,108
Bank loans and mortgages	<u>376,565,680</u>	<u>630,888,960</u>
	<b><u>3,558,969,437</u></b>	<b><u>3,861,157,068</u></b>

Non-Current:		
Bank loans and mortgages	<u>278,661,733</u>	<u>367,393,973</u>
	<b><u>P 3,837,631,170</u></b>	<b><u>P 4,228,551,041</u></b>

## 17. CATEGORIES, FAIR VALUES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

### 17.1 Carrying Amounts and Fair Values by Category

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

		<u>July 31, 2017</u>		<u>April 30, 2017</u>	
		(Unaudited)		(Audited)	
		<u>Carrying</u>	<u>Fair</u>	<u>Carrying</u>	<u>Fair</u>
		<u>Values</u>	<u>Values</u>	<u>Values</u>	<u>Values</u>
<b><i>Financial Assets</i></b>					
Loans and receivables:					
Cash and cash equivalents	5	P 403,031,341	P 403,031,341	P 1,060,850,712	P 1,060,850,712
Trade and other receivables - net	6	2,224,687,628	2,224,687,628	3,076,920,330	3,076,920,330
Advances to associates	11	1,190,233,012	1,190,233,012	199,346,627	199,346,627
Other non-current assets	13	<u>4,576,098</u>	<u>4,576,098</u>	<u>4,706,098</u>	<u>4,706,098</u>
		<b><u>P 3,822,528,079</u></b>	<b><u>P 3,822,528,079</u></b>	<b><u>P 4,341,823,767</u></b>	<b><u>P 4,341,823,767</u></b>
AFS financial assets	9	<u>P 1,060,362,916</u>	<u>P 1,060,362,916</u>	<u>P 901,808,762</u>	<u>P 901,808,762</u>
<b><i>Financial Liabilities</i></b>					
Financial liabilities at amortized cost:					
Loans payable and borrowings	15	P 3,837,631,170	P 3,837,631,170	P 4,228,551,041	P 4,228,551,041
Trade and other payables	14	<u>1,583,151,523</u>	<u>1,583,151,523</u>	<u>1,856,934,874</u>	<u>1,856,934,874</u>
		<b><u>P 5,420,782,693</u></b>	<b><u>P 5,420,782,693</u></b>	<b><u>P 6,085,485,915</u></b>	<b><u>P 6,085,485,915</u></b>

### 17.2 Offsetting of Financial Assets and Financial Liabilities

Currently, financial assets and 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.

## 18. FAIR VALUE MEASUREMENT AND DISCLOSURES

### 18.1 Fair Value Hierarchy

In accordance with PFRS 13, the fair value of financial assets and 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.

### **18.2 *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 P78,402,100 and P77,033,450 which are carried at cost as at July 31, 2017 and April 30, 2017, respectively.

The fair value of these shares decreased by P36,932,618 and P44,375,819 in three months ended July 31, 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 for the three months ended July 31, 2017 and for the years ended April 30, 2017. There were no transfers across the levels of the fair value hierarchy in both years.

### **18.3 *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 statement of financial position on a recurring basis on three months ended July 31, 2017 and for the year ended April 30, 2017:

				<b>July 31, 2017</b>			
				<b>(Unaudited)</b>			
		Level 1	Level 2	Level 3	Total		
<b>Financial assets:</b>							
Cash and cash equivalents	P	403,031,341	P -	P -	P 403,031,341		
Trade and other receivables		-	-	2,032,001,770	2,032,001,770		
Advances to associates		-	-	1,190,233,012	1,190,233,012		
Other non-current assets		-	-	4,576,098	4,576,098		
		<b><u>P 403,031,341</u></b>	<b><u>P -</u></b>	<b><u>P 3,226,810,880</u></b>	<b><u>P 3,629,842,221</u></b>		
<b>Financial liabilities:</b>							
Loans payable and borrowings	P	-	P -	3,837,631,170	P 3,837,631,170		
Trade and other payables		-	-	1,585,095,068	1,585,095,068		
		<b><u>P -</u></b>	<b><u>P -</u></b>	<b><u>P 5,422,726,238</u></b>	<b><u>P 5,422,726,238</u></b>		
				<b>April 30, 2017</b>			
				<b>(Audited)</b>			
		Level 1	Level 2	Level 3	Total		
<b>Financial assets:</b>							
Cash and cash equivalents	P	1,060,850,712	P -	P -	P 1,060,850,712		
Trade and other receivables		-	-	3,076,920,330	3,076,920,330		
Advances to associates		-	-	199,346,627	199,346,627		
Other non-current assets		-	-	4,706,098	4,706,098		
		<b><u>P 1,060,850,712</u></b>	<b><u>P -</u></b>	<b><u>P 3,280,973,055</u></b>	<b><u>P 4,341,823,767</u></b>		
<b>Financial liabilities:</b>							
Loans payable and borrowings	P	-	P -	4,228,551,041	P 4,228,551,041		
Trade and other payables		-	-	1,856,934,874	1,856,934,874		
		<b><u>P -</u></b>	<b><u>P -</u></b>	<b><u>P 6,085,485,915</u></b>	<b><u>P 6,085,485,915</u></b>		

## 19. COMMITMENTS AND CONTINGENCIES

The following are the significant commitments and contingencies involving the Group:

### 19.1 Operating Lease Commitments – PGMC and H.R. Owen as Lessees

PGMC and H.R. Owen lease its office and dealership spaces, respectively, under lease agreements from certain lessors. The lease agreements also provide for renewal options upon mutual consent of both parties.

Future minimum rental payable related to this lease as follows:

	<b>July 31, 2017</b>	<b>April 30, 2017</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Within one year	<b>P 349,484,905</b>	P 345,186,869
After one year but not more than five years	<b>1,068,129,396</b>	1,032,978,854
More than five years	<b><u>1,218,395,416</u></b>	<u>1,229,742,273</u>
	<b><u>P2,636,009,717</u></b>	<b><u>P 2,607,907,996</u></b>

**ANNEX "B"**

**BERJAYA PHILIPPINES, INC. AND SUBSIDIARIES**  
*(Formerly Prima Gaming Philippines, Inc. and Subsidiaries)*  
*[A Subsidiary of Berjaya Lottery Management (HK) Limited]*

**1 Aging of Accounts Receivables as of 31 Jul 2017**

Type of Accounts Receivables	Neither Past Due nor Impaired (Peso)	Past Due not Impaired			Past Due Accts & Items in Litigation (Peso)	Total (Peso)
		61-90 days	91-120 days (Peso)	Over 180 days (Peso)		
<b>a) Trade Receivables</b>						
1) PCSO	235,446,175	-	-	-	-	235,446,175
2) Guest/City Ledger	3,341,490	280,199	(7,870)	397,835	-	4,011,654
3) Vehicle Debtor	216,159,428	84,298,198	241,410,699	150,493,933	-	692,362,258
3) Others	-	-	-	-	-	-
Subtotal	454,947,093	84,578,397	241,402,830	150,891,768	-	931,820,087
Less: Allow. For Doubtful Acct.	-	-	-	12,826,110	-	12,826,110
<b>Net Trade receivable</b>	454,947,093	84,578,397	241,402,830	138,065,658	-	918,993,977
<b>b) Non - Trade Receivables</b>						
1) Advances for stock subscription	22,225,510	-	-	874,834,462	-	897,059,972
2) Payment to other related parties	4,176,427	-	-	-	-	4,176,427
3) Advances to employees	198,447,821	-	-	17,500,000	-	215,947,821
4) Other Receivables	-	-	-	-	-	-
Subtotal	224,849,758	-	-	892,334,462	-	1,117,184,220
Less: Allow. For Doubtful Acct.	-	-	-	-	-	-
<b>Net Non - trade receivable</b>	224,849,758	-	-	892,334,462	-	1,117,184,220
<b>Net Receivables (a + b)</b>	<b>679,796,851</b>	<b>84,578,397</b>	<b>241,402,830</b>	<b>1,030,400,119</b>	<b>-</b>	<b>2,036,178,197</b>

**Notes:**

If the Company's collection period does not match with the above schedule, a revision is necessary to make the schedule not misleading. The proposed collection period in this schedule may be changed to appropriately reflect the Company's actual collection period.

**2 Accounts Receivable Description**

Type of Receivables	Nature/Description	Collection/Liquidation Period
Trade Receivables		
1) PCSO	gross receipt from lottery ticket sales	30-60 days
2) Guest/City Ledger	rooms revenue and sale of food and beverages	30-60 days
3) Vehicle Debtor	sale of vehicles, parts and accessories and servicing and body shop sales	30-60 days

**Notes:**

To indicate a brief description of the nature and collection period of each receivable accounts with major balances or separate receivable captions, both the trade and non - trade accounts.

**3 Normal Operating Cycle:**

365 days

For the Fiscal Year  
Currency

July 2017  
Philippine Peso

July 2016  
Philippine Peso

April 2017  
Philippine Peso

Balance Sheet	3 mos ended July 31 2017	3 mos ended July 31 2017	3 mos ended July 31 2016	3 mos ended July 31 2016	3 mos ended July 31 2016	12 mos ended April 30 2017
Current Assets	8,743,771,983	8,743,771,983	9,433,703,844	9,433,703,844	9,433,703,844	9,305,822,624
Total Assets	14,431,731,472	14,431,731,472	14,375,716,155	14,375,716,155	14,375,716,155	14,755,463,708
Current Liabilities	6,494,587,311	6,494,587,311	6,732,711,129	6,732,711,129	6,732,711,129	7,104,041,686
Total Liabilities	6,854,600,748	6,854,600,748	6,958,544,511	6,958,544,511	6,958,544,511	7,550,375,430
Retained Earnings	4,944,212,702	4,944,212,702	4,105,085,081	4,105,085,081	4,105,085,081	4,643,173,814
Stockholders Equity	7,577,130,724	7,577,130,724	7,417,371,644	7,417,371,644	7,417,371,644	7,205,086,278
Stockholders Equity-Parent	7,553,158,147	7,553,158,147	7,096,652,612	7,096,652,612	7,096,652,612	7,185,929,442
Book Value Per Share	1.71	1.71	1.68	1.68	1.68	1.63

Income Statement	3 mos ended July 31 2017	3 mos ended July 31 2017	3 mos ended July 31 2016	3 mos ended July 31 2016	3 mos ended July 31 2016	12 mos ended April 30 2017
Operating Revenue	8,319,318,249	8,319,318,249	7,686,430,029	7,686,430,029	7,686,430,029	28,501,621,029
Other Revenue	85,846,646	85,846,646	58,220,408	58,220,408	58,220,408	325,588,767
Gross Revenue	8,405,164,895	8,405,164,895	7,744,650,437	7,744,650,437	7,744,650,437	28,827,209,796
Operating Expense	7,954,705,546	7,954,705,546	7,378,011,603	7,378,011,603	7,378,011,603	27,494,341,417
Other Expense	31,962,210	31,962,210	127,987,073	127,987,073	127,987,073	348,699,921
Gross Expense	7,986,667,756	7,986,667,756	7,505,998,676	7,505,998,676	7,505,998,676	27,843,041,338
Net Income/(Loss) Before Tax	418,497,139	418,497,139	238,651,761	238,651,761	238,651,761	984,168,458
Income Tax Expense	113,494,443	113,494,443	85,973,682	85,973,682	85,973,682	280,075,461
Net Income/(Loss) After Tax	305,002,696	305,002,696	152,678,079	152,678,079	152,678,079	704,092,997
Net Income/(Loss) Attributable to Parent	301,038,888	301,038,888	135,979,107	135,979,107	135,979,107	674,067,840
Equity Holder	0.07	0.07	0.03	0.03	0.03	0.16
Earnings/(Loss) Per Share (Basic)						
Earnings/(Loss) Per Share (Diluted)						

Financial Ratios	3 mos ended July 31 2017	3 mos ended July 31 2017	3 mos ended July 31 2016	3 mos ended July 31 2016	3 mos ended July 31 2016	12 mos ended April 30 2017
<b>Liquidity / Analyst Ratios:</b>						
<b>Current Ratio or Working Capital ratio</b>						
Current Assets/	8,743,771,983	8,743,771,983	9,433,703,844	9,433,703,844	9,433,703,844	1.31
Current Liabilities	6,494,587,311	6,494,587,311	6,732,711,129	6,732,711,129	6,732,711,129	
<b>Quick Ratio</b>						
Current Assets-Inventories-Prepayments/	3,629,442,530	3,629,442,530	6,732,711,129	6,732,711,129	6,732,711,129	0.62
Current Liabilities	6,494,587,311	6,494,587,311	-	-	-	
<b>Solvency Ratio</b>						
Total Assets/	14,431,731,472	14,431,731,472	14,375,716,155	14,375,716,155	14,375,716,155	1.95
Total Liabilities	6,854,600,748	6,854,600,748	6,958,344,511	6,958,344,511	6,958,344,511	
<b>Financial Leverage Ratios</b>						
<b>Debt Ratio</b>						
Total Debt/	6,854,600,748	6,854,600,748	6,958,344,511	6,958,344,511	6,958,344,511	0.51
Total assets	14,431,731,472	14,431,731,472	14,375,716,155	14,375,716,155	14,375,716,155	0.00
<b>Debt to Equity Ratio</b>						
Total Debt/	6,854,600,748	6,854,600,748	6,958,344,511	6,958,344,511	6,958,344,511	1.05
Total Stockholder's Equity	7,577,130,724	7,577,130,724	7,417,371,644	7,417,371,644	7,417,371,644	
<b>Interest Coverage</b>						
Earnings Before Interest and Taxes (EBIT)/	418,497,139	418,497,139	238,651,761	238,651,761	238,651,761	4.40
Interest Charges	32,482,965	32,482,965	32,482,965	32,482,965	32,482,965	
<b>Assets to Equity Ratio</b>						
Total assets/	14,431,731,472	14,431,731,472	14,375,716,155	14,375,716,155	14,375,716,155	2.05
Total Stockholders Equity	7,577,130,724	7,577,130,724	7,417,371,644	7,417,371,644	7,417,371,644	
<b>Profitability Ratios</b>						
<b>Gross Profit Margin</b>						
Sales-Cost of Goods Sold or Cost of Service/	8,319,318,249	8,319,318,249	7,686,430,029	7,686,430,029	7,686,430,029	0.25
Sales	(6,356,913,302)	(6,356,913,302)	(6,356,913,302)	(6,356,913,302)	(6,356,913,302)	
	8,319,318,249	8,319,318,249	7,686,430,029	7,686,430,029	7,686,430,029	
<b>Net Profit Margin</b>						
Net Profit/	305,002,696	305,002,696	152,678,079	152,678,079	152,678,079	0.02
Sales	8,319,318,249	8,319,318,249	7,686,430,029	7,686,430,029	7,686,430,029	
<b>Return of Assets</b>						
Net Income/	305,002,696	305,002,696	152,678,079	152,678,079	152,678,079	0.05
Total Assets	14,431,731,472	14,431,731,472	14,375,716,155	14,375,716,155	14,375,716,155	
<b>Return of Equity</b>						
Net Income/	305,002,696	305,002,696	152,678,079	152,678,079	152,678,079	0.10
Total Stockholders Equity	7,577,130,724	7,577,130,724	7,417,371,644	7,417,371,644	7,417,371,644	
<b>Price/Earnings Ratio</b>						
Price Per Share/	5.30	5.30	5.80	5.80	5.80	34.39
Earnings Per Common Share	0.069	0.069	0.031	0.031	0.031	

BERJAYA PHILIPPINES INC. AND SUBSIDIARIES  
9th Floor, Rufino Pacific Tower  
6784 Ayala Avenue, Makati City

Financial Indicators  
July 31, 2017

Financial Indicators	Computation		Ratios		Computation	Ratios
	July 2017	July 2016	July 2017	July 2016	April 2017	April 2017
<b>Quick ratio</b>						
Cash and cash equivalents +	403,031,341	737,545,428				
Trade and other receivables - net +	2,036,178,197	2,871,463,210				
Advances to associates	1,190,233,012	172,466,627	0.56	0.56	4,370,864,839	0.62
Total Current Liabilities	6,494,587,311	6,732,711,129			7,104,041,686	
<b>Current/liquidity ratio</b>						
Total Current Assets	8,743,771,983	9,433,703,844	1.28	1.36	9,305,822,624	1.31
Total Current Liabilities	6,854,600,748	6,958,344,511			7,104,041,686	
<b>Debt-to-equity ratio</b>						
Total Liabilities	6,854,600,748	6,958,344,511	0.90	0.94	7,550,375,430	1.05
Total Equity	7,577,130,724	7,417,371,644			7,205,086,278	
<b>Debt-to-assets ratio</b>						
Total Liabilities	6,854,600,748	6,958,344,511	0.47	0.48	7,550,375,430	0.51
Total Assets	14,431,731,472	14,375,716,155			14,755,461,708	
<b>Equity-to-assets ratio</b>						
Total Equity	7,577,130,724	7,417,371,644	0.53	0.52	7,205,086,278	0.49
Total Assets	14,431,731,472	14,375,716,155			14,755,461,708	
<b>Annualized PPE Turnover</b>						
Net Revenue	8,319,318,249	7,686,430,020	17.66	16.78	28,501,621,029	15.12
PPE	1,883,828,827	1,832,156,807			1,885,117,390	
<b>Annualized Return on assets</b>						
Net Profit	305,002,696	152,678,079	8.45%	4.25%	704,092,997	4.77%
Total Assets	14,431,731,472	14,375,716,155			14,755,461,708	
<b>Annualized Return on equity</b>						
Net Profit	305,002,696	152,678,079	16.10%	8.23%	704,092,997	9.77%
Total Equity	7,577,130,724	7,417,371,644			7,205,086,278	
<b>Annualized</b>	4	4			1	
<b>Earnings per share</b>						
Net Profit Attributable to Owners of the Parent Company	301,038,888	135,979,107	0.07	0.03	674,067,840	0.16
Weighted Average Number of Outstanding Common Shares	4,341,280,855	4,341,280,855			4,341,280,855	