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

November 2024

(Term Expiring On)

SEC Form 17-Q for the quarter ended 31 July 2013

(Form Type)

N.A.

(Amendment Designation, if applicable)

(Period Ended Date)

N.A.

(Secondary License Type and File Number)

LCU

Cashier

DTU

Pre War 476
S.E.C Registration Number

Central Receiving Unit

File Number

Document I.D.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **31 July 2013**

2. SEC Identification Number **476**

3. BIR Tax Identification No. **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 Code: [ ] (SEC Use Only)

7. Address of Issuer's principal office

   9/F Rufino Pacific Tower, 6784 Ayala Avenue, corner Herrera Street, Makati City, M.M.

8. Issuer's telephone number, including area code

   (632) 811-0540

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

   Former Name: **PRIME GAMING PHILIPPINES INC.**
   Former Address: **29/F Rufino Pacific Tower, 6784 Ayala Avenue, corner Herrera Street, Makati City, M.M.**
   Former Fiscal Year **July 1 – June 30**

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

Title of Each Class	Number of Shares of Stock Outstanding
COMMON	**953,984,448**

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

    Yes [**X**] No [ ]

12. Indicate by check mark whether the registrant:

    (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding 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 [ ]

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

See Interim Consolidated Statement of Financial Position as of 31 July 2013, attached hereto as Annex "A", and Aging Schedule of Accounts Receivables as of 31 July 2013 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 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.

The subsidiary has arms length's business transactions with a related company, International Lottery & Totalizator System, Inc. (ILTS), a US corporation. The transactions comprise of the purchase of lottery terminals, and spare parts for the repair and maintenance of the terminals and software support.

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 current equity or interest in BPPI is equivalent to thirty percent (30%).

In December 2010, the Corporation acquired a 212 room hotel which operated previously as Best Western Astor Hotel. The acquisition was made by the Corporation's subsidiary Perdana Hotel Philippines Inc. (PHPI). The Corporation subscribed to forty percent (40%) of the shares of stock of Perdana Land Philippines Inc. which owns the land leased by Perdana Hotel.

In October 2011, the Corporation entered into an Agreement to invest in the landfill business. The Issuer's majority shareholder has business interests in landfill operations in Kuala Lumpur.

In August 2012, the Corporation invested in Berjaya Auto Philippines Inc., a corporation engaged in the sale and distribution of all types of motor vehicles. On 12 September 2012, Berjaya Auto Philippines Inc. entered into Distributorship Agreement with Mazda Motor Corporation of Japan for the distribution of vehicles bearing the Mazda brand within the territory of the Philippines. The Corporation has a 30% equity in Berjaya Auto Philippines Inc.

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

The revenue of the subsidiaries decreased by 8.44% for the period under review because of decreased gross receipts from lottery ticket sales.

As a result, the Corporation has, for the period under review, recorded a lower consolidated net profit of Php217,094,431 mainly due to lower revenue and other income and higher operating expenses reported this quarter as compared to last quarter of the same period.

Increased in operating expenses resulted mainly from the subsidiaries, as a result of increased professional fees, depreciation & amortization, salaries and employee benefits, maintenance of computer equipment, charitable contribution, taxes and licenses, representation & entertainment, cost of food and beverages and other general and administrative expenses.

Financial Position

Financial Position as of 31 July 2013 vs. 30 April 2013

On a consolidated base, Total Assets as of July 31, 2013 increased to Php6,577,276,246 from Php4,990,117,812 reported for the previous fiscal year. The current assets increased to Php3,340,293,418 from Php2,751,845,161 mainly due to an increase in trade and other receivables, prepayments and other current assets.

The consolidated cash position of the Corporation decreased from Php1,409,737,406 to Php323,717,817 due to the acquisition of investment securities.

Meanwhile, trade and other receivables increased to Php2,805,901,832 from Php1,170,601,319. The collections of payments by the subsidiary are still prompt. The increase in prepaid expenses and other current assets from Php144,823,305 to Php178,986,696 is primarily caused by an increase in advance payment to suppliers and other prepayments.

Goodwill remained at Php360,110,253 for fiscal year 2013.This is attributable to the Revised Philippines Financial Reporting Standards where goodwill is no longer amortized. Instead, goodwill is tested for impairment annually or more frequently if events or change in circumstances indicate that it might already be impaired.

Property and equipment decreased to Php1,021,644,250 from Php1,071,810,826 due to depreciation for the current period.

As of July 31, 2013, Trade Payables increased to Php132,221,903 from Php99,294,930 due to an increase in trade payables and management fee payable.

Total Consolidated Liabilities increased to Php1,283,973,815 as of 31 July 2013 compared to Php191,625,039 as of last fiscal year. This is primarily due to Corporation obtained Term Loan from a financial institution for standby facility for additional investment in H.R. Owen PLC.

Total stockholders' equity increased to Php5,293,302,431 from Php4,798,492,773 and the book value per share increased to Php6.08 compared with a book value of Php4.71 in the previous fiscal year.

Cash Flows for the Quarter Ended July 31, 2013 vs. July 31, 2012

The consolidated cash and cash equivalents for 31 July 2013 decreased to Php323,717,817 from Php1,449,858,792 for the same period last year. The decrease is mainly due to acquisition of investment securities.

Key Performance Indicators

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

	As of 31 July 2013	As of 30 April 2013
Liquidity Ratios Current ratio	2.67:1	17:31:1
Leverage Ratios Debt to Equity	0.65%	0.68%

	For the (3) Months Ended	
	July 31, 2013	July 31, 2012
Activity Ratio Annualized PPE Turnover	1.93 times	1.86 times
Profitability Ratios Annualized Return on Average Equity	16.41%	35.78%
Annualized Return on Average Assets	13.20%	33.55%

The Corporation used the following computations in obtaining the above indicators:

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

Arising from the above, the current ratio of the Corporation decreased to 2.67:1 from 17:31 compared to the last fiscal year. This is due to the increase in the current liabilities mainly caused by term loan obtained by the corporation. The Corporation and its subsidiary are still in good liquidity position.

The leverage ratio is still marginal at 0.65% as there is no long-term debt except for the provision of Php34,386,167 for retirement benefits as mandated under the Republic Act 7641 (Retirement Law).

The annualized PPE turnover increased to 1.93 times from 1.86 times due to net revenue offset by a decrease in plant, property and equipment (net). The plant, property and equipment (net) decreased from Php1,021,644,250 to Php1,071,810,826 for the corresponding period mainly due to depreciation for the period under review.

The annualized return on average equity and return on average total assets decreased this quarter due to decrease in net income compared to the previous period.

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 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 subsidiary would continue to be generated from the collections of revenue 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.

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.

For other financial details as of 31 July 2013, please refer to the following:

Other Receivables – Php 2,634,894,101 – Part IV (b)(3)(B-F)

The breakdown is as follows:

	Peso
Loans Receivable	538,226,337
Payment to other related party	68,637,741
Payment for future subscription	42,283,456
Advances to employees	8,832,563
Others	1,976,914,003

Total	2,634,894,100
	===========

There is no advance made to any director, stockholder, officer or related interests (DOSRI) or any affiliate as of 31 July 2013.

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 is no need to disclose segmental information since all its operations are in the Philippines.

5) 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.

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

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

8) 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 16 September 2013.

Issuer: **BERJAYA PHILIPPINES, INC.**

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

By: **TAN ENG HWA**
Treasurer

BERJAYA PHILIPPINES, INC. AND SUBSIDIARIES
(Formerly Prime Gaming Philippines, Inc. and Subsidiaries)
[A Subsidiary of Berjaya Lottery Management (HK) Limited]
INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JULY 31, 2013 and APRIL 30, 2013
(Amounts in Philippine Pesos)

	Notes		Consolidated Unaudited July 31, 2013		Consolidated Audited April 30, 2013
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	7	P	323,717,817	P	1,409,737,406
Trade and other receivables-net	8		2,805,901,832		1,170,601,319
Advances to associates	12,19		31,687,073		26,683,131
Prepayments and other current assets	9		178,986,696		144,823,305
Total Current Assets		P	3,340,293,418	P	2,751,845,161
NON-CURRENT ASSETS					
Available for sale financial assets	10		1,624,109,790		575,928,787
Property and equipment - net	11		1,021,644,250		1,071,810,826
Investment in associates	12		100,583,307		101,941,496
Advances to associates	12,19		117,643,942		115,680,000
Goodwill			360,110,253		360,110,253
Deferred tax assets - net	21		10,135,493		10,135,493
Other non-current assets	13		2,755,793		2,665,796
Total Non-Current Assets		P	3,236,982,828	P	2,238,272,651
TOTAL ASSETS		P	6,577,276,246	P	4,990,117,812
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Trade and other payables	15	P	132,221,903	P	99,294,930
Loans Payable			1,000,000,000		0
Income tax payable			117,365,745		59,647,942
Total Current Liabilities			1,249,587,648		158,942,872
NON-CURRENT LIABILITIES					
Retirement benefit obligation	17		34,386,167		32,682,167
Total Liabilities		P	1,283,973,815	P	191,625,039
EQUITY					
Capital stock	20		953,984,448		953,984,448
Treasury shares - at cost	20		(988,150,025)		(988,150,025)
Revaluation Reserves	10		331,156,180		53,440,953
Retained earnings	20		4,996,311,828		4,779,217,397
Total Equity			5,293,302,431		4,798,492,773
TOTAL LIABILITIES AND EQUITY		P	6,577,276,246	P	4,990,117,812

See Notes to Financial Statements

BERJAYA PHILIPPINES, INC. AND SUBSIDIARIES
(Formerly Prime Gaming Philippines, Inc. and Subsidiaries)
[A Subsidiary of Berjaya Lottery Management (HK) Limited]
INTERIM CONSOLIDATED STATEMENTS OF CASHFLOWS
JULY 31, 2013 and JULY 31, 2012
(Amounts in Philippine Pesos)

	Note	3 Months Ended July 31, 2013	3 Months Ended July 31, 2013	3 Months Ended July 31, 2012	3 Months Ended July 31, 2012
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income		P 217,094,431	P 217,094,431	P 367,357,388	P 367,357,388
Adjustments for:					
Depreciation and amortization	11	58,684,916	58,684,916	51,746,996	51,746,996
Interest Income	18	5,751,323	5,751,323	13,498,307	13,498,307
Equity Share in net losses (income) of associates	12	1,358,189	1,358,189	(6,522,485)	(6,522,485)
Loss (gain) on sale of property and equipment	16	(240,857)	(240,857)	0	0
Loss (gain) on sale of available-for-sale assets	16	(67,669,545)	(67,669,545)	(153,956,044)	(153,956,044)
Unrealized foreign exchange losses (gain)	18	3,424,765	3,424,765	258,050	258,050
Operating income before working capital changes		218,403,222	218,403,222	272,382,212	272,382,212
Decrease / (Increase) in:					
Trade and other receivables		(1,635,300,513)	(1,635,300,513)	(97,886,763)	(97,886,763)
Prepaid expenses and other current assets		(34,253,387)	(34,253,387)	(498,671,683)	(498,671,683)
Increase / (Decrease) in:					
Trade and other payables		90,644,776	90,644,776	159,908,028	159,908,028
Retirement Obligation		1,704,000	1,704,000	1,068,000	1,068,000
Cash paid for income taxes		0	0	(78,314,998)	(78,314,998)
Net cash used in operating activities		(1,358,801,902)	(1,358,801,902)	(241,515,204)	(241,515,204)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from borrowings		1,000,000,000	1,000,000,000	0	0
Acquisition of Property and equipment	11	(8,520,340)	(8,520,340)	(8,895,724)	(8,895,724)
Acquisition of Available-for-sale financial assets	10	(869,457,883)	(869,457,883)	(61,192,669)	(61,192,669)
Interest Received		(5,751,323)	(5,751,323)	(13,498,307)	(13,498,307)
Advances to (collection from) associate - net	12	(6,967,884)	(6,967,884)	10,453,075	10,453,075
(Increase) / Decrease in other non current assets		0	0	15,679,736	15,679,736
Proceeds from sale of available-for-sale financial assets		166,661,651	166,661,651	178,753,843	178,753,843
Proceeds from disposal of property and equipment		242,857	242,857	0	0
Net cash provided by investing activities		276,207,078	276,207,078	121,299,954	121,299,954
CASH FLOWS FROM FINANCING ACTIVITIES					
Purchase of treasury shares		0	0	0	0
Net cash provided by financing activities		0	0	0	0
EFFECT OF EXCHANGE RATE CHANGES TO CASH AND CASH EQUIVALENTS		(3,424,765)	(3,424,765)	(258,050)	(258,050)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(1,086,019,589)	(1,086,019,589)	(120,473,300)	(120,473,300)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		1,409,737,406	1,409,737,406	1,570,332,092	1,570,332,092
CASH AND CASH EQUIVALENTS AT ENDING OF PERIOD		P 323,717,817	P 323,717,817	P 1,449,858,792	P 1,449,858,792

See Notes to Financial Statements

BERJAYA PHILIPPINES, INC. AND SUBSIDIARIES
(Formerly Prime Gaming Philippines, Inc. and Subsidiaries)
[A Subsidiary of Berjaya Lottery Management (HK) Limited]
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
JULY 31, 2013 and JULY 31, 2012
(Amounts in Philippine Pesos)

	3 Months Ended July 31, 2013	3 Months Ended July 31, 2013	3 Months Ended July 31, 2012	3 Months Ended July 31, 2012
CAPITAL STOCK - P1 par value				
Authorized -2,00,000,000 shares				
Issued - 953,984,448 shares	P 953,984,448	P 953,984,448	P 953,984,448	P 953,984,448
TREASURY SHARES				
Balance at beginning of period (note 13)	(988,150,025)	(988,150,025)	(902,427,725)	(902,427,725)
	0	0	0	0
Balance at end of period	(988,150,025)	(988,150,025)	(902,427,725)	(902,427,725)
REVALUATION RESERVE				
Balance at end of period	331,156,180	331,156,180	12,403,740	12,403,740
RETAINED EARNINGS				
Balance at beginning of period	4,779,217,397	4,779,217,397	3,675,672,650	3,675,672,650
Net income	217,094,431	217,094,431	367,357,388	367,357,388
	-		-	
Balance at end of period	4,996,311,828	4,996,311,828	4,043,030,038	4,043,030,038
TOTAL EQUITY	P 5,293,302,431	P 5,293,302,431	P 4,106,990,501	P 4,106,990,501
Net losses directly recognized in equity	P	P	P	P

See Notes to Financial Statements

BERJAYA PHILIPPINES, INC. AND SUBSIDIARIES
(Formerly Prime Gaming Philippines, Inc. and Subsidiaries)
[A Subsidiary of Berjaya Lottery Management (HK) Limited]
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
JULY 31, 2013 and JULY 31, 2012
(Amounts in Philippine Pesos)

Appendix A

	Notes	3 Months Ended July 31, 2013	3 Months Ended July 31, 2013	3 Months Ended July 31, 2012	3 Months Ended July 31, 2012
REVENUES					
Rental	6,24	P 458,975,165	P 458,975,165	P 505,904,194	P 505,904,194
Hotel Operations		34,218,128	34,218,128	32,770,025	32,770,025
		493,193,293	493,193,293	538,674,219	538,674,219
COSTS AND OTHER OPERATING EXPENSES					
Professional fees	19	61,221,116	61,221,116	52,651,109	52,651,109
Depreciation and amortization	11	58,684,916	58,684,916	51,746,996	51,746,996
Salaries and employee benefits	17	30,743,446	30,743,446	25,951,980	25,951,980
Telecommunications		23,594,403	23,594,403	28,312,016	28,312,016
Maintenance of computer equipment	19	17,207,439	17,207,439	11,428,869	11,428,869
Charitable Contribution		22,000,000	22,000,000	0	0
Communication, light and water		8,322,218	8,322,218	9,376,638	9,376,638
Transportation and travel		2,937,321	2,937,321	4,801,077	4,801,077
Taxes and licences		12,619,578	12,619,578	6,078,357	6,078,357
Representation and entertainment		13,533,239	13,533,239	4,966,457	4,966,457
Cost of food and beverages		2,867,765	2,867,765	2,722,930	2,722,930
Rental	24	4,345,521	4,345,521	4,332,587	4,332,587
Others	16	30,304,529	30,304,529	13,458,494	13,458,494
		288,381,491	288,381,491	215,827,510	215,827,510
OPERATING PROFIT		204,811,802	204,811,802	322,846,709	322,846,709
OTHER INCOME (CHARGES)					
Net gain on sale of available-for-sale financial assets		67,669,545	67,669,545	131,229,875	131,229,875
Finance Income	18	20,049,983	20,049,983	13,498,307	13,498,307
Equity share in net income (losses)	12	(1,358,189)	(1,358,189)	(6,522,485)	(6,522,485)
Finance Costs	18	2,424,765	2,424,765	(258,050)	(258,050)
Others	16	14,396,328	14,396,328	23,486,715	23,486,715
		103,182,432	103,182,432	161,434,362	161,434,362
PROFIT BEFORE INCOME TAX		307,994,234	307,994,234	484,281,071	484,281,071
TAX EXPENSE		90,899,803	90,899,803	116,923,683	116,923,683
NET INCOME		217,094,431	217,094,431	367,357,388	367,357,388
Weighted average number of shares outstanding		870,822,838	870,822,838	879,612,684	879,612,684
Basic earnings per share (annualized)		P 0.997	P 0.997	P 1.671	P 1.671
CASH DIVIDENDS AT P1.00 PER SHARE		P	P		P

See Notes to Financial Statements

BERJAYA PHILIPPINES INC. AND SUBSIDIARIES
[A Subsidiary of Berjaya Lottery Management (HK) Limited]
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JULY 31, 2013 and APRIL 30, 2013
(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 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% and 73.91% owned as of April 30, 2013 and 2012, respectively, by Berjaya Lottery Management (HK) Limited of Hong Kong (BLML). The Company's ultimate parent is Berjaya Corporation Berhad of Malaysia, a publicly listed company in the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Group is located at 9th Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City. BLML's registered address is Level 28 Three Pacific Place 1 Queen's Road East, Hong Kong and the ultimate parent'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 entities as of July 31:

Subsidiaries and Associates	Notes	Nature of Business	Effective % of Ownership 2013	2012
Subsidiaries:				
Philippine Gaming Management Corporation (PGMC)	*(a)*	Leasing	**100.00%**	100.00%
Perdana Hotel Philippines Inc. (PHPI)	*(b)*	Service	**100.00%**	100.00%
Associates:				
Perdana Land Philippines Inc. (PLPI)	*(c)*	Land Owner	**40.00%**	40.00%
Berjaya Pizza Philippines Inc. (BPPI)	*(d)*	Food and Beverages	**30.00%**	30.00%
Berjaya Auto Philippines, Inc. (BAPI)	*(e)*	Distributor	**30.00%**	-
Cosway Philippines, Inc. (CPI)	*(f)*	Wholesaler	**40.00%**	-

(a) PGMC is involved principally in the business of leasing on-line lottery equipment and providing software support. PGMC was organized in April 1993 and started commercial operations in February 1995.

(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.

(c) 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.

(d) 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 and started commercial operations on December 10, 2010.

(e) BAPI was incorporated in the Philippines primarily to engage 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. BAPI was incorporated in August 10, 2012 and started commercial operation in January 1, 2013.

(f) CPI was incorporated in the Philippines in September 28, 2012 primarily 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 of July 31, 2013, CPI has not yet started its commercial operations.

Collectively, the Parent Company, PGMC and PHPI, which operate in the Philippines, are referred to as the Group.

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 (IASB).

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 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 expense in a consolidated single statement of comprehensive income.

Two comparative periods are presented for the consolidated statement of financial position when the Group applies an accounting policy retrospectively, makes a retrospective restatement of items in its consolidated financial statements, or reclassifies items in the consolidated financial statements.

(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 2.18). Functional currency is the currency of the primary economic environment in which the Group operates.

2.2 *Adoption of New Interpretations, Revisions and Amendments to PFRS*

(a) Effective in Fiscal Year 2013 that is Relevant to the Group

In fiscal year 2013, the Group adopted the amendment to PFRS 7 (Amendment), *Financial Instruments: Disclosures – Transfers of Financial Assets*, effective July 1, 2011. The amendment requires additional disclosures that will allow users of consolidated financial statements to understand the relationship between transferred financial assets that are not derecognized in their entirety and the associated liabilities; and, to evaluate the nature of, and risk associated with any continuing involvement of the reporting entity in financial assets that are derecognized in their entirety. The Group did not transfer any financial asset involving this type of arrangement; hence, the amendment did not result in any significant change in the Group's disclosures in its consolidated financial statements.

(b) Effective in Fiscal Year 2013 that are not Relevant to the Group

The following amendments to PFRS effective for consolidated financial statements for the annual period beginning on or after July 1, 2011 or January 1, 2012 are not relevant to the Group:

PFRS 1 (Amendment)	:	First-time Adoption of PFRS
PAS 12 (Amendment)	:	Income Taxes – Deferred Taxes: Recovery of Underlying Assets

(c) Effective Subsequent to Fiscal Year 2013 but not Adopted Early

There are new PFRS and amendments, annual improvements and interpretations to existing standards that are effective for periods subsequent to fiscal year 2013. Management has initially determined the following pronouncements, which the Group will apply in accordance with their transitional provisions, to be relevant to its consolidated financial statements:

(i) PAS 1 (Amendment), *Financial Statements Presentation – Presentation of Items of Other Comprehensive Income* (effective from July 1, 2012). The amendment requires an entity to group items presented in other comprehensive income into those that, in accordance with other PFRS: (a) will not be reclassified subsequently to profit or loss; and, (b) will be reclassified subsequently to profit or loss when specific conditions are met. The Group's management expects that this will not affect the presentation of items in other comprehensive income, since the Group's other comprehensive income pertains only to unrealized fair value gains and losses on available-for-sale (AFS) financial assets, which can be reclassified to profit or loss when specified conditions are met.

(ii) PAS 19 (Revised), *Employee Benefits* (effective from January 1, 2013). The revision made a number of changes as part of the improvements throughout the standard. The main changes relate to defined benefit plans as follows:

- eliminates the corridor approach under the existing guidance of PAS 19 and requires an entity to recognize all actuarial gains and losses arising in the reporting period;

- streamlines the presentation of changes in plan assets and liabilities resulting in the disaggregation of changes into three main components of service costs, net interest on net defined benefit obligation or asset, and remeasurement; and,

- enhances disclosure requirements, including information about the characteristics of defined benefit plans and the risks that entities are exposed to through participation in those plans.

Currently, the Group is using the corridor approach and its unrecognized actuarial losses as of April 30, 2013 amounted to P3,231,703 (see Note 17.2) which will be retrospectively recognized as losses in other comprehensive income in fiscal year 2014.

(iii) Consolidation Standards

The Group is currently reviewing the impact on its consolidated financial statements of the following consolidation standards which will be effective from January 1, 2013:

- PFRS 10, *Consolidated Financial Statements*. This standard builds on existing principles of consolidation by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard also provides additional guidance to assist in determining control where this is difficult to assess.

- PFRS 12, *Disclosure of Interest in Other Entities*. This standard integrates and makes consistent the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and unconsolidated structured entities. This also introduces new disclosure requirements about the risks to which an entity is exposed from its involvement with structured entities.

- PAS 27 (Amendment), *Separate Financial Statements*. This revised standard now covers the requirements pertaining solely to separate financial statements after the relevant discussions on control and consolidated financial statements have been transferred and included in PFRS 10. No new major changes relating to separate financial statements have been introduced as a result of the revision.

- PAS 28 (Amendment), *Investments in Associate and Joint Venture*. This revised standard includes the requirements for joint ventures, as well as associates, to be accounted for using equity method following the issuance of PFRS 11, *Joint Arrangement*.

Subsequent to the issuance of the foregoing consolidation standards, the IASB made some changes to the transitional provisions in International Financial Reporting Standard (IFRS) 10, IFRS 11 and IFRS 12, which were also adopted by the FRSC. The guidance confirms that an entity is not required to apply PFRS 10 retrospectively in certain circumstances and clarifies the requirements to present adjusted comparatives. The guidance also made changes to PFRS 10 and PFRS 12 which provide similar relief from the presentation or adjustment of comparative information for periods prior to the immediately preceding period. Further, it provides relief by removing the requirement to present comparatives for disclosures relating to unconsolidated structured entities for any period before the first annual period for which PFRS 12 is applied.

(iv) PFRS 7 (Amendment), *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities* (effective from January 1, 2013). The amendment requires qualitative and quantitative disclosures relating to gross and net amounts of recognized financial instruments that are set-off in accordance with PAS 32, *Financial Instruments: Presentation*. The amendment also requires disclosure of information about recognized financial instruments which are subject to enforceable master netting arrangements or similar agreements, even if they are not set-off in the consolidated statement of financial position, including those which do not meet some or all of the offsetting criteria under PAS 32 and amounts related to a financial collateral. These disclosures will allow consolidated financial statement users to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with recognized financial assets and financial liabilities on the Group's consolidated financial position. The Group has initially assessed that the adoption of the amendment will not have a significant impact on its consolidated financial statements.

(v) PFRS 13, *Fair Value Measurement* (effective from January 1, 2013). This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across PFRS. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. Management is in the process of reviewing its valuation methodologies for conformity with the new requirements and has yet to assess the impact of the new standard on the Group's consolidated financial statements.

(vi) PAS 32 (Amendment), *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities* (effective from January 1, 2014). The amendment provides guidance to address inconsistencies in applying the criteria for offsetting financial assets and financial liabilities. It clarifies that a right of set-off is required to be legally enforceable, in the normal course of business; in the event of default; and in the event of insolvency or bankruptcy of the entity and all of the counterparties. The amendment also clarifies the principle behind net settlement and provided characteristics of a gross settlement system that would satisfy the criterion for net settlement. The Group does not expect this amendment to have a significant impact on its consolidated financial statements.

(vii) PFRS 9, *Financial Instruments: Classification and Measurement* (effective from January 1, 2015). This is the first part of a new standard on financial instruments that will replace PAS 39, *Financial Instruments: Recognition and Measurement*, in its entirety. This chapter covers the classification and measurement of financial assets and financial liabilities and it deals with two measurement categories for financial assets: amortized cost and fair value. All equity instruments will be measured at fair value while debt instruments will be measured at amortized cost only if the entity is holding it to collect contractual cash flows which represent payment of principal and interest. 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 arrangement, 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 main change is that, in case where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than in profit or loss, unless this creates an accounting mismatch.

To date, other chapters of PFRS 9 dealing with impairment methodology and hedge accounting are still being completed.

Further, in November 2011, the IASB tentatively decided to consider making limited modifications to IFRS 9's financial asset classification model to address certain application issues.

The Group does not expect to implement and adopt PFRS 9 until its effective date or until all chapters of this new standard have been published. In addition, management is currently assessing the impact of PFRS 9 on the consolidated financial statements of the Group and it plans to conduct a comprehensive study of the potential impact of this standard prior to its mandatory adoption in 2015 to assess the impact of all changes.

(viii) 2009-2011 Annual Improvements to PFRS. Annual improvements to PFRS (2009-2011 Cycle) made minor amendments to a number of PFRS, which are effective for annual period beginning on or after January 1, 2013. Among those improvements, the following amendments are relevant to the Group but management does not expect a material impact on the Group's consolidated financial statements:

(a) PAS 1 (Amendment), *Presentation of Financial Statements – Clarification of the Requirements for Comparative Information*. The amendment clarifies the requirements for presenting comparative information for the following:

- Requirements for the opening statement of financial position

  If an entity 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 (i.e., opening statement of financial position), it shall present such third statement of financial position.

Other than disclosure of certain specified information in accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, related notes to the opening statement of financial position as at the beginning of the preceding period are not required to be presented.

- Requirements for additional comparative information beyond minimum requirements

  If an entity presented comparative information in the financial statements beyond the minimum comparative information requirements, the additional financial statements information should be presented in accordance with PFRS including disclosure of comparative information in the related notes for that additional information. Presenting additional comparative information voluntarily would not trigger a requirement to provide a complete set of consolidated financial statements.

(b) PAS 16 (Amendment), *Property, Plant and Equipment – Classification of Servicing Equipment.* The amendment addresses a perceived inconsistency in the classification requirements for servicing equipment which resulted in classifying servicing equipment as part of inventory when it is used for more than one period. It clarifies that items such as spare parts, stand-by equipment and servicing equipment shall be recognized as property, plant and equipment when they meet the definition of property, plant and equipment, otherwise, these are classified as inventory.

(c) PAS 32 (Amendment), *Financial Instruments – Presentation – Tax Effect of Distributions to Holders of Equity Instruments.* The amendment clarifies that the consequences of income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction shall be accounted for in accordance with PAS 12. Accordingly, income tax relating to distributions to holders of an equity instrument is recognized in profit or loss while income tax related to the transaction costs of an equity transaction is recognized in equity.

2.3 Basis of Consolidation

The Parent Company obtains and exercises control through voting rights. The Group's consolidated financial statements comprise the accounts of the Parent Company and its subsidiaries, after the elimination of material intercompany transactions. All intercompany balances and transactions with the subsidiaries, including income, expenses and dividends, are eliminated in full. 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.

The Parent Company accounts for its investments in subsidiaries and associates as follows:

(a) Investments in Subsidiaries

Subsidiaries are all entities over which the Group has the power to control the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date the Parent Company obtains control until such time that such 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 values of the assets transferred, the liabilities incurred 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 identifiable net assets acquired is recognized as goodwill. 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 (see Note 2.11).

(b) Investments in Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies.

Investment in associates is accounted for under the equity method of accounting. Under the equity method, the investment is initially recorded at cost and the carrying amount is increased or decreased to recognize the Group's share of the profits and losses of the associates after the date of acquisition. Distributions received from associates reduce the carrying amount of the investment. When the Group's share of losses exceeds the carrying amount of the investments in associates, the carrying amount is fully written down and recognition of further losses is discontinued except to the extent that the Group has incurred obligations in respect of the associates. Allowance is set-up for any substantial and presumably permanent decline in the carrying amount of the investments.

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 fair value through profit or loss (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 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 the reporting period which are classified as non-current assets.

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 asset's carrying amount and the present value of estimated cash flows, discounted at the effective interest rate.

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 Other Non-Current Assets in the consolidated statement of financial position. Cash and cash equivalents include 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.

(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 of the Group's AFS financial assets as of April 30, 2013 are listed 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, net of any income tax effects, and are reported as part of the Revaluation Reserves account 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.

Reversal of impairment losses are 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 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.

2.5 Inventories

Inventories, which are presented as part of Prepayments and Other Current Assets account in the consolidated statement of financial position, are valued at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method. 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.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. Net realizable value of inventories is the current replacement cost.

2.6 Prepayments and Other Current Assets

Prepayments and other current 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.

Spare parts and accessories, which are presented as part of Prepayments and Other Current Assets, are valued at cost since these inventories are generally used for providing maintenance and repair services (see Note 9). Cost is determined using the moving average cost method.

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 over the shorter of eight years or the remaining term of the lease agreement with Philippine Charity Sweepstakes Office (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 is computed using the straight-line basis over the estimated useful lives of the assets as follows:

Building	50 years
Communication equipment	8 years
Hotel and kitchen equipment and utensils	5 years
Transportation equipment	3-5 years
Office furniture, fixtures and equipment	5 years

Construction in progress represents properties under construction and is stated at cost. This includes cost of construction and other direct costs. The account is not depreciated and amortized 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 2.17).

The residual values and estimated useful lives 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 Intangible Asset

Intangible asset pertains to Goodwill. Goodwill represents the excess of the cost of acquisition of the investment over the fair value of identifiable net assets of a subsidiary at date of acquisition. Goodwill is carried at amortized cost up to the date of transition to PFRS less any impairment in value. Upon adoption of PFRS, goodwill is no longer amortized but is subject to annual test for impairment whether there is an objective evidence of impairment or not (see Note 2.17).

2.9 Financial Liabilities

Financial liabilities, which pertain to Trade and Other Payables (except for tax-related liabilities) 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 caption Finance Costs 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.

Dividend distributions to stockholders are recognized as financial liabilities when the dividends are declared by the BOD.

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.

2.10 Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount 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.

2.11 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 Notes 2.8 and 2.17).

On the other hand, the excess of the Group's interest in the net fair value of net identifiable assets acquired over acquisition cost is charged directly to income.

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.

2.12 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's strategic steering committee, its chief operating decision-maker. The strategic steering committee 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 are the same as those used in its 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.

2.13 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 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, possible 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.

2.14 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 Group's equity holders until the shares are cancelled, reissued or disposed of.

Revaluation reserves represent unrealized fair value gains and losses on AFS financial assets.

Retained earnings 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.

2.15 Revenue and Expense Recognition

Revenue comprises revenue from the rendering of services measured by reference to the fair value of consideration received or receivable by the Group from services rendered, excluding value-added tax (VAT) and trade discounts.

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 following specific recognition criteria 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 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.

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

(d) *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.

2.16 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*

Leases which do not transfer to the lessee substantially all the risks and benefits of ownership of the asset are classified as operating leases. Lease income from operating leases is recognized in profit or loss on a straight-line basis over the lease term.

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.

2.17 Impairment of Non-financial Assets

The Group's property and equipment, investment in associates and goodwill are subject to impairment testing. Goodwill is 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 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 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.

2.18 Foreign Currency Transactions and Translation

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 in the consolidated statement of comprehensive income as part of income or loss from operations.

2.19 Related Party Relationships and Transactions

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; and, (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.

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

2.20 *Employee Benefits*

The Group provides post-employment benefits to employees through a defined benefit plan.

(a) Post-employment Defined Benefit Obligations

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. The pension plan is tax-qualified, noncontributory and administered by a trustee.

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, together with adjustments for unrecognized actuarial gains or losses and past service costs. 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 interest rates of high quality corporate bonds 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.

Actuarial gains and losses are not recognized as an income or expense unless the total unrecognized gain or loss exceeds 10% of the greater of the obligation and related plan assets. The amount exceeding this 10% corridor is charged or credited to profit or loss over the employees' expected average remaining working lives. Actuarial gains and losses within the 10% corridor are disclosed separately. Past service costs are recognized immediately in profit or loss, unless the changes to the post-employment plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortized on a straight-line basis over the vesting period.

(b) 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 Trade and Other Payables account in the consolidated statement of financial position at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

2.21 *Income Taxes*

Tax expense recognized in profit or loss comprises the sum of deferred tax and current 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 provided, 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 deferred 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.

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.

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.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in profit or loss. Only changes in deferred tax assets or liabilities that relate to items recognized in other comprehensive income or directly in equity are 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.

2.22 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. Currently, the Group does not have dilutive potential shares outstanding; hence, the diluted earnings per share is equal to the basic earnings per share.

2.23 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 Group's consolidated financial statements prepared in accordance with PFRS require 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 concluded that the assets are not impaired as of April 30, 2013. 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.

(c) 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 2.13 and relevant disclosures are presented in Note 24.

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 financial year.

(a) Impairment of Trade and Other Receivables and Advances to Associates

Adequate 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 customers, the customers' current credit status, average age of accounts, collection experience and historical loss experience.

Allowance for impairment losses on trade and other receivable amounted to P1,856,520 as of July 31, 2013 and April 30, 2013. There were no impairment losses recognized on the Group's trade and other receivables and advances to associates in 2013 (see Notes 8 and 12).

(b) Estimating Useful Lives of Property and Equipment

The Group estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment 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.

The carrying amounts of property and equipment are analyzed in Note 11. Based on management's assessment as at July 31, 2013 and April 30, 2013, there is no change in estimated useful lives of property and equipment during those years. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

(c) 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 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 profit or loss and other comprehensive income.

(d) Determining 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, which include perishable goods, 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 of the food and hotel industry. Both aspects are considered key sources of estimation uncertainty and may cause significant adjustments to the Group's inventories within the next financial year. The Group's inventories are presented under Prepayments and Other Current Assets in the consolidated statements of financial position.

(e) 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.

(f) Impairment of Goodwill

The Group follows the guidance of PAS 36, *Impairment of Assets*, on determining when goodwill is impaired. This determination requires significant judgment. In making this judgment, the Group evaluates the recoverable amount of its goodwill as the value in use, based on an internal discounted cash flow evaluation, and the recoverable amount of goodwill is more than its carrying amount.

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.

In July 31, 2013and April 30, 2013, no impairment loss was recognized for the goodwill.

(g) Determining 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.

In 2013, management has taken a conservative position of not recognizing additional deferred tax assets arising from net operating loss carry over (NOLCO) and minimum corporate income tax (MCIT) of the Parent Company, since it does not expect to have sufficient taxable profit against which the deferred tax assets can be utilized.

The carrying amount of deferred tax assets as of July 31, 2013 and April 30, 2013 is disclosed in Note 21.

(h) Estimating 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 2.17).

No impairment loss on property and equipment and investment in associates was recognized in 2013.

(i) 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. In accordance with PFRS, actual results that differ from the assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded obligation in such future periods.

The amounts of retirement benefit obligation and expense and an analysis of the movements in the estimated present value of retirement benefit obligation are presented in Note 17.2.

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 liabilities by category are summarized in Note 23. 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 in the succeeding paragraphs.

4.1 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 of July 31, 2013 and April 30, 2013, the Group is exposed to changes in market interest rates through short-term placements included as part of Cash and Cash Equivalents account are subject to variable interest rates, in the consolidated statements of financial position (see Note 7).

The Group keeps placements with fluctuating interest at a minimum. As such, management believes that its exposure to interest rate risk is immaterial.

(b) Foreign Currency Risk

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 denominated cash and cash equivalents. Further, the Group has AFS financial assets denominated in USD, Malaysian Ringgit (MYR) and British Pound (GBP).

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

Foreign currency denominated financial assets and liabilities, translated into Philippine pesos at the closing rate are as follows:

	2013		
	USD	MYR	GBP
Financial assets	P 1,349,664,456	P 412,194,852	P 387,752
Financial liabilities	-	-	-
Total net exposure	P 1,349,664,456	P 412,194,852	P 387,752

The following table illustrates the sensitivity of the Group's profit before tax with respect to changes in Philippine peso against USD, MYR and GBP 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 99% 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.

	2013		
	Reasonably possible change in rate	Effect in profit before tax	Effect in equity after tax
PhP - USD	13.43%	P 181,206,819	P 126,844,773
PhP - MYR	11.41%	47,029,672	32,920,771
PhP - GBP	20.90%	81,143	56,800
		P 228,317,634	P 159,822,344

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 +/-10.61% and +/-14.44% volatility in the market value of the investment for the fiscal years ended April 30, 2013 (see Note 10). The expected change was based on the annual rate of return computed using the monthly closing market value of the investment in fiscal year 2013. Based on the observed volatility rate, the estimated impact to other comprehensive income amounted to P61,106,044 and P42,955,411 for the fiscal years 2013.

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 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.

	Notes	**July 31, 2013**	April 30, 2013
Cash and cash equivalents	7	**P 323,717,817**	P 1,409,737,406
Trade and other receivables – net	8	**171,007,731**	740,857,209
Advances to associates	12	**149,331,015**	142,363,131
Other non-current assets	13	**2,755,793**	2,665,796
		P 646,812,356	P 2,295,623,542

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

The Group's trade receivables as of July 31, 2013 and April 30, 2013 are due mainly from PCSO. As such, the Group mitigates the concentration of its credit risk by regularly monitoring the age of its receivables from PCSO and ensuring that collections are received within the agreed credit period. In addition, the risk is reduced to the extent that PCSO has no history of significant defaults.

In respect of other receivables, 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.

The refundable deposits of the Group under Other Non-Current Assets account in the 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.

As of July 31, 2013 and April 30, 2013, the Group's financial liabilities pertain to Trade and Other Payables. Trade and other payables are considered to be current which are expected to be settled within 12 months from the end of each reporting period.

5. SEGMENT REPORTING

5.1 Business Segments

The Group is organized into different business units based on its products for purposes of management assessment of each unit. In identifying its operating segments, the management generally follows the Group's three service lines. The Group is engaged in the business of Leasing, Services, and Holdings and Investments. These are also 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.

5.2 Segment Assets and Liabilities

Segment assets are allocated based on their physical location and use or direct association with a specific segment and they 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.

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 business 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 following tables present revenue and profit information regarding business segments for the years ended July 31, 2013 and April 30, 2013, and certain assets and liabilities information regarding industry segments at July 31, 2013 and April 30, 2013.

	July 31, 2013				
	Leasing	Services	Holding and Investments	Elimination	Group
Revenues:					
External	P 475,088,659	P 35,312,347	P 88,691,097	P -	P 599,092,103
Inter-segment	-	-	1,410,000,000	(1,410,000,000)	-
Total revenues	475,088,659	35,312,347	1,498,691,097	(1,410,000,000)	599,092,103
Expenses:					
External	243,578,585	34,767,165	10,035,741	-	288,381,491
Inter-segment	-	-	-	-	-
Total expenses	243,578,585	34,767,165	10,035,741	-	288,381,491
Profit before tax	P 231,510,074	P 545,182	P1,488,655,356	(P1,410,000,000)	P 310,710,612
Net profit	P 163,928,732	P 394,440	P1,462,771,258	(P1,410,000,000)	P 217,094,431
Segment assets	P 774,544,407	P 812,056,243	P6,242,008,510	(P1,251,332,914)	P6,577,276,246
Segment liabilities	P 566,763,073	P 806,365,699	P1,000,285,100	(P1,089,440,057)	P1,283,973,815
Other segment items:					
Capital expenditures	P 90,536	P 8,429,804	P -	P	P 8,520,340
Depreciation and amortization	P 51,762,553	P 6,922,363	P -	P -	P 58,684,916

	April 30, 2013				
	Leasing	Services	Holding and Investments	Elimination	Group
Revenues:					
External	P 2,066,632,302	P 153,087,197	P 152,553,364	P -	P2,372,272,863
Inter-segment	-	-	1,200,000,000	(1,200,000,000)	-
Total revenues	2,066,632,302	153,087,197	1,352,553,364	(1,200,000,000)	2,372,272,863
Expenses:					
External	758,752,887	149,822,028	52,935,167	-	961,510,082
Inter-segment	-	-	-	-	-
Total expenses	758,752,887	149,822,028	52,935,167	-	961,510,082
Profit before tax	P 1,307,879,415	P 3,265,169	P1,299,618,197	(P1,200,000,000)	P1,410,762,781
Net profit	P 1,004,620,080	P 2,143,428	P1,296,781,239	(P1,200,000,000)	P1,103,544,747
Segment assets	P 1,627,192,847	P 794,763,779	P3,503,491,546	(P 935,330,360)	P4,990,117,812
Segment liabilities	P 173,340,245	P 789,467,675	P 3,612,811	(P 774,795,692)	P 191,625,039
Other segment items:					
Capital expenditures	P 49,613,951	P 39,087,656	P -	P -	P 88,701,607
Depreciation and amortization	P 193,898,741	P 25,398,420	P -	P -	P 219,297,161

Currently, the Group's operation is concentrated in one location; hence, it has no geographical segment.

5.5 Reconciliations

Presented below is a reconciliation of the Group's segment information to the key financial information presented in its financial statements.

	July 31, 2013	April 30, 2013
Revenues		
Total segment revenues	**P 2,009,092,103**	P 3,572,272,863
Elimination of intersegment revenues	**(1,410,000,000)**	(1,200,000,000)
Revenues as reported in profit or loss	**P 599,092,103**	P 2,372,272,863
Profit or loss		
Segment operating profit	**P 1,720,710,612**	P 2,610,762,781
Elimination of intersegment revenues	**(1,410,000,000)**	(1,200,000,000)
Elimination of intersegment expenses	**-**	-
Profit before tax as reported in profit or loss	**P 310,710,612**	P 1,410,762,781

	July 31, 2013	April 30, 2013
Assets		
Segment assets	**P 7,828,609,160**	P 5,925,448,172
Elimination of intercompany accounts	**(1,251,332,914)**	(935,330,360)
Total assets reported in Statements of financial position	**P 6,577,276,246**	P 4,990,117,812
Liabilities		
Segment liabilities	**P 2,373,413,872**	P 966,420,731
Elimination of intercompany accounts	**(1,089,440,056)**	(774,795,692)
Total liabilities as reported in statements of financial position	**P 1,283,973,816**	P 191,625,039

6. CONTRACTS WITH PCSO

PGMC is a party to the Equipment Lease Agreement (ELA) with PCSO covering the lease of PGMC's on-line lottery equipment (see Note 11) 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 also has an agreement with PCSO whereby PGMC agreed to provide maintenance and repair services on the equipment under the ELA. This agreement will run concurrently with the ELA. Any extension or termination of the ELA by PCSO will have a similar effect on this agreement.

On December 29, 2004, the ELA and maintenance and repair services agreement was extended for another eight years commencing on August 23, 2007. The terms of the extension agreement provide for the upgrade and replacement of the computer and lottery equipment used in the on-line lottery in Luzon. In line with such upgrade and replacement of equipment, the parties agreed on the inclusion of telecommunication services to be provided by PGMC to PCSO.

Fees, maintenance and repair services, and telecommunication and integration services revenues recognized by PGMC from the foregoing ELA and related agreements amounted to P458,975,165 and P505,904,194 in July 31, 2013 and 2012, respectively, and are presented under the caption Rental in the Revenues section of the consolidated statements of comprehensive income. The related receivables amounting to P165,775,863 in July 31, 2013 and P210,3060,891 in April 30, 2013 are shown as part of Trade and Other Receivables in the consolidated statements of financial position (see Note 8).

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

	2013	April 30, 2013
Cash on hand and in banks	**P 286,533,133**	P 150,654,625
Short-term placements	**37,184,684**	1,259,082,781
	P 323,717,817	P 1,409,737,406

Cash in banks generally earn interest at rates based on daily bank deposit rates. Short-term placements have an average maturity of 7 to 32 days and average annual effective interest ranging from 1.50% to 3.00% in 2013.

8. TRADE AND OTHER RECEIVABLES

This account is composed of the following:

	Notes	July 31, 2013	April 30, 2013
Trade	6	**P 171,007,731**	P 215,764,749
Loans receivable		**538,226,337**	471,039,787
Payments to other related parties	19.2, 19.7	**68,637,741**	379,579,136
Payment for stock subscription		**42,283,456**	42,283,456
Advances to officers and employees	19.11	**8,832,563**	9,265,921
Other receivables	14	**1,978,770,523**	54,524,790
		2,636,750,620	1,172,457,839
Allowance for impairment		**(1,856,520)**	(1,856,520)
		P2,805,901,831	P1,170,601,319

In 2013, the Parent Company granted a loan to a certain company amounting to P471,039,787. The loan is payable on demand subject to interest which will commence on January 1, 2014.

Payments to other related parties include payments made to Inter-Pacific Securities Sdn Berhad (IPSSB), who acts as stockbroker of the Group, for the future acquisition of investment securities by the Group (see Note 19.2).

Payment for stock subscription represent deposits made by the Parent Company under a Share Purchase Agreement with stockholders of a certain company.

Other receivables include receivables from TF Ventures, Inc. (TF) arising from payment made by the Group on behalf of TF. The outstanding receivable from TF, which is due upon demand, amounted to P52,500,000 as of July 31, 2013 and April 30, 2013, respectively (see Note 14).

Other receivables also include amount which arose from the sale of the Group's investment in Roadhouse Grill, Inc. amounting to P1,856,520, which was provided with full allowance since 2008.

Trade receivables are usually due within 60 days and do not bear any interest. All receivables, except for Payments to Other Related Parties, Advances for Stock Subscription and Advances to Officers and Employees, are subject to credit risk exposure (see Note 4.2).

All of the Group's trade and other receivables have been reviewed for indications of impairment. In 2013, no receivables were found to be impaired, except for those which have already been provided with allowance.

The carrying amount of these financial assets is a reasonable approximation of their fair value.

9. PREPAYMENTS AND OTHER CURRENT ASSETS

The details of this account are as follows:

	Notes	**July 31, 2013**	April 30, 2013
Spare parts and accessories		**P 41,308,940**	P 43,564,244
Prepaid taxes		**13,835,122**	35,910,734
Input VAT		**28,666,836**	22,972,330
Inventories		**6,728,212**	6,611,841
Advance rental	19.8	**4,990,733**	4,990,733
Advances to suppliers	11, 19.4	**30,762,498**	4,097,519
Creditable withholding tax		**1,913,694**	2,775,325
Prepaid withholding VAT		**-**	-
Other prepayments		**50,780,661**	23,900,579
		P 178,986,696	P 144,823,305

The remaining advances to suppliers pertain only to payments to various suppliers for goods that were not yet received by the Group.

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

This account consists of the following financial assets as of:

	July 31, 2013	April 30, 2013
Equity securities	**P1,594,709,697**	P 553,932,751
Loan stocks	**15,304,158**	13,849,356
Warrants	**14,095,935**	8,146,680
	P1,624,109,790	P 575,928,787

The Group disposed a portion of its equity securities at a selling price of P166,661,651 and P171,707,410 in July 31, 2013 and April 30, 2013, respectively. Accordingly, the cumulative fair value gains recognized in other comprehensive income amounting to P31,358,847 is reclassified from equity to profit or loss and presented as Reclassification Adjustment due to Disposal of Available-for-Sale Financial Assets in July 31, 2013 consolidated statement of comprehensive income. Realized gains from the sale transaction amounting to P67,669,545, which include the reclassification adjustment from equity to profit and loss amounting to P31,358,847 and the P36,310,698 actual gain, is shown as Net Gain on Sale of Available-for-Sale Financial Assets account in the 2013 consolidated statement of comprehensive income (see Note 20.4).

The reconciliation of the carrying amounts of AFS financial assets are as follows:

	Note	**July 31, 2013**	April 30, 2013
Balance at beginning of year		**P 575,928,787**	P 297,475,142
Additions during the year		**869,457,882**	429,965,143
Disposals during the year		**(130,350,953)**	(194,433,579)
Fair value gain - net		**309,074,074**	42,922,081
Balance at end of year		**P1,624,109,790**	P 575,928,787

Dividend income from these shares amounted to P14,298,660 and nil in July 31, 2013 and 2012 respectively (see Note 18.1). The fair values of all of the Group's investments are categorized under level one, since these have been determined directly by reference to published prices in active markets.

11. PROPERTY AND EQUIMENT

The gross carrying amounts and accumulated depreciation and amortization of property and equipment for the period July 31, 2013 and April 30, 2013.

	Computers and On-line Lottery Equipment	Building	Transportation Equipment	Office Furniture, Fixtures and Equipment	Hotel and Kitchen Equipment and Utensils	Communication Equipment	Leasehold Improvements	Construction in Progress	TOTAL
July 31, 2013									
Cost	P 1,471,982,237	P 716,742,232	P 42,902,902	P 36,674,520	P 11,239,356	P 3,535,809	P 86,723,871		P 2,369,800,927
Accumulated depreciation and amortization	(1,196,391,531)	(44,028,254)	(28,226,357)	(27,748,445)	(4,099,943)	(3,511,509)	(44,150,638)	-	(1,348,156,677)
Net carrying amount	**P 275,590,706**	**P 672,713,978**	**P 14,676,545**	**P 8,926,075**	**P 7,139,413**	**P 24,300**	**P 42,573,233**	-	**P 1,021,644,250**
April 30, 2013									
Cost	P 1,471,982,237	P 708,742,232	P 43,757,447	P 36,583,984	P 10,809,552	P 3,535,809	P 86,723,871	-	P 2,362,135,132
Accumulated depreciation and amortization	(1,147,292,128)	(40,475,724)	(27,505,293)	(26,864,086)	(3,563,959)	(3,499,059)	(41,124,057)	-	(1,290,324,306)
Net carrying amount	P 324,690,109	P 668,266,508	P 16,252,154	P 9,719,898	P 7,245,593	P 36,750	P 45,599,814	-	P 1,071,810,826

The reconciliation of the carrying amounts at the beginning and end of fiscal year 2013 and 2012, of property and equipment is shown below.

	Computers and On-line Lottery Equipment	Building	Transportation Equipment	Office Furniture, Fixtures and Equipment	Hotel and Kitchen Equipment and Utensils	Communication Equipment	Leasehold Improvements	Construction in Progress	TOTAL
Balance at May 1, 2013 net of accumulated depreciation and amortization	P 324,690,109	P 668,266,508	P 16,252,154	P 9,719,898	P 7,245,593	P 36,750	P 45,599,814	-	P 1,071,810,826
Additions	-	8,000,000	-	(354,041)	429,804	-	-	-	8,075,763
Reclassifications during the year	-	-	-	-	-	-	-	-	-
Disposals	-	-	(2,000)	-	-	-	-	-	(2,000)
Depreciation and amortization charges for the year	(49,099,403)	(3,552,530)	(1,573,609)	(439,782)	(535,984)	(12,450)	(3,026,581)	-	(58,240,339)
Balance at July 31, 2013 net of accumulated depreciation and amortization	**P 275,590,706**	**P 672,713,978**	**P 14,676,545**	**P 8,926,075**	**P 7,139,413**	**P 24,300**	**P 42,573,233**	-	**P 1,021,644,250**
Balance at May 1, 2012 net of accumulated depreciation and amortization	P 462,463,762	P 659,000,461	P 19,293,157	P 10,592,235	P 7,699,802	P 144,019	P 16,554,927	26,659,017	P 1,202,407,380
Additions	45,420,657	23,080,625	3,016,072	2,580,580	1,442,461	-	10,972,071	2,189,141	88,701,607
Reclassifications during the year	-	-	-	-	-	-	28,848,158	(28,848,158)	-
Disposals	-	-	(1,000)	-	-	-	-	-	(1,000)
Depreciation and amortization charges for the year	(183,194,310)	(13,814,578)	(6,056,075)	(3,452,917)	(1,896,670)	(107,269)	(10,775,342)	-	(219,297,161)
Balance at April 30, 2013 net of accumulated depreciation	P 324,690,109	P 668,266,508	P 16,252,154	P 9,719,898	P 7,245,593	P 36,750	P 45,599,814	-	P 1,071,810,826

The acquisition of on-line lottery equipment in 2013 includes a utilization of P11.6 million advances to suppliers (see Notes 9 and 19.4).

The Group recognized a gain on disposal of certain property and equipment totaling P240,857 and P1,361,103 in July 31, 2013 and April 30, 2013, respectively (see Note 16).

12. INVESTMENTS IN AND ADVANCES TO ASSOCIATES

12.1 Breakdown of Carrying Values

The components of the carrying values of investments in associates are shown below. These investments are accounted for under the equity method in these consolidated financial statements of the Group:

July 31, 2013	Notes	PLPI	BPPI	BAPI	CPI	Total
Investment:						
Acquisition costs						
Initial investment	10	P 399,997	P 26,000,000	P 62,700,000	P 399,996	P 89,499,993
Reclassification		-	11,400,000	-	-	11,400,000
		399,997	37,400,000	62,700,000	399,996	100,899,993
Accumulated equity share in net income (losses)						
Share in net income (losses) in prior years		30,755,647	(40,265,694)	10,834,009	(282,459)	1,041,503
Share in net income (losses) during the year		510,178	(9,537,478)	7,744,353	(75,242)	(19,964,557)
		31,265,825	(49,803,172)	18,578,362	(357,701)	1,041,503
Total investments in associates		31,665,822	(12,403,172)	81,278,362	42,295	100,583,307
Advances	19.1	31,687,073	117,643,942	-	-	149,331,015
		P 63,352,895	P 105,240,770	P 81,278,362	P 42,295	P 249,914,322

April 30, 2013	Notes	PLPI	BPPI	BAPI	CPI	Total
Investment:						
Acquisition costs						
Initial investment	10	P 399,997	P 26,000,000	P 62,700,000	P 399,996	P 89,499,993
Reclassification		-	11,400,000	-	-	11,400,000
		399,997	37,400,000	62,700,000	399,996	100,899,993
Accumulated equity share in net income (losses)						
Share in net income (losses) in prior years		29,539,873	(8,533,813)	-	-	21,006,060
Share in net income (losses) during the year		1,215,774	(31,731,881)	10,834,009	(282,459)	(19,964,557)
		30,755,647	(40,265,694)	10,834,009	(282,459)	1,041,503
Total investments in associates		31,155,644	(2,865,694)	73,534,009	117,537	101,941,496
Advances	19.1	26,683,131	115,680,000	-	-	142,363,131
		P 57,838,775	P 112,814,306	P 73,534,009	P 117,537	P 244,304,627

The Group's associates are all incorporated in the Philippines.

The Group's organization of PLPI is part of its strategy of operating a hotel located in Makati City.

BAPI was incorporated on August 10, 2012 with authorized and paid-up capital of P10,000,000. From the total paid-up capital of BAPI, 40% was owned by the Group for a consideration of P4,000,000. On November 28, 2012, BAPI increased its authorized capital stock from P10,000,000 to P220,000,000. Consequently, the Group invested additional P58,700,000, bringing its total investment to P62,700,000, which is 30% of the total paid-up capital of BAPI as of April 30, 2013.

Also, during the fiscal year, CPI was incorporated on which the Group has 40% ownership interest for a total consideration of P399,996.

The accumulated equity share in net income (losses) relates to the Group's equity in the net income or loss of its associates.

12.2 Summarized Financial Information

Significant financial information as of July 31 and April 30 is presented as follows:

July 31, 2013

	PLPI	BPPI	BAPI	CPI	Total
Total Assets	P 217,999,645	P 220,463,200	P 604,113,224	P 183,335	P 1,042,759,404
Total Liabilities	139,004,367	345,574,097	330,350,810	77,588	815,006,862
Total Equity (Capital Deficiency)	78,995,278	(125,110,897)	273,762,414	105,747	227,752,542
Net Profit (Loss)	1,275,445	(31,791,593)	25,814,508	(188,105)	(4,889,745)

April 30, 2013

	PLPI	BPPI	BAPI	CPI	Total
Total Assets	P 205,502,624	P 219,878,008	P 498,798,999	P 334,372	P 924,514,003
Total Liabilities	127,782,793	313,197,312	250,851,093	40,520	691,871,718
Total Equity (Capital Deficiency)	77,719,831	(93,319,304)	247,947,906	293,852	232,642,285
Net Profit (Loss)	3,039,434	(105,772,938)	38,947,906	(706,148)	(64,491,746)

13. OTHER NON-CURRENT ASSETS

Other non-current assets of the Group pertain to security deposits refundable from various lessors and utility companies amounting to P2,755,793 and P2,665,796 as of July 31, 2013 and April 30, 2013, respectively.

14. 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 P785.0 million.

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 19.1).

15. TRADE AND OTHER PAYABLES

This account consists of the following:

	Notes	**July 31, 2013**	April 30, 2013
Trade payables	19.4, 19.5	**P 27,280,038**	P 36,392,414
Deferred output VAT		**17,761,700**	22,951,215
Management fee payable	19.3	**45,999,362**	21,172,362
Due to related party	19.6	**450,618**	4,299,027
Accrued expenses		**1,589,849**	1,654,097
Withholding taxes payable		**4,706,788**	2,894,153
Other payables		**34,433,548**	9,931,662
		P 132,221,903	P 99,294,930

Other payables include liabilities of TF amounting to P5,375,449 as of July 31 and April 30, 2013 (see Note 14).

The carrying amount of Trade and Other Payables is considered to be a reasonable approximation of their fair value.

16. OTHER INCOME AND EXPENSES

(a) Other Income

Other income consists of the following:

	July 31, 2013	July 31, 2012
Excess of 7% standard input VAT over actual input VAT related to revenues with PCSO	**P 12,853,454**	P 23,175,974
Gain on sale of property and equipment	**240,857**	-
Miscellaneous	**1,302,017**	310,741
	P 14,396,328	P 23,486,715

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.

(b) Other Operating Expenses

Other Operating Expenses account is composed of the following:

		July 31, 2013		July 31, 2012
Outside services	P	2,150,870	P	1,383,461
Hotel supplies		1,842,278		3,197,822
Repairs and maintenance		1,781,039		1,523,607
Commissions		1,191,541		994,178
Insurance		1,460,005		1,242,385
Security services		928,862		765,495
Membership fees, dues and subscription		719,873		585,027
Stationery and office supplies		796,774		491,411
Advertising and promotions		1,226,223		150,893
Miscellaneous		18,207,064		4,272,705
	P	30,304,529	P	14,606,984

17. EMPLOYEE BENEFITS

17.1 Salaries and Employee Benefits

Details of Salaries and Employee Benefits are presented below.

		July 31, 2013		July 31, 2012
Salaries	P	16,110,785	P	15,207,931
Bonuses		7,537,324		5,371,600
Retirement benefits		2,027,190		1,068,000
Social security cost		734,312		755,624
Others		4,338,835		3,548,825
	P	30,743,446	P	25,951,980

17.2 Retirement Benefit Obligation

The Group maintains a tax-qualified, partially funded, non-contributory retirement plan that is being administered by a trustee covering all regular full-time employees. Actuarial valuations are made regularly to update the retirement benefit costs and the amount of contributions.

The amounts of retirement benefit obligation recognized in the consolidated statements of financial position are determined as follows.

	July 31, 2013	April 30, 2013
Present value of the obligation	**P 41,805,017**	P 41,805,017
Fair value of plan assets	**(5,891,147)**	(5,891,147)
Deficiency of plan assets	**35,913,870**	35,913,870
Unrecognized actuarial losses	**(1,527,703)**	(3,231,703)
	P 34,386,167	P 32,682,167

18. FINANCE INCOME AND FINANCE COSTS

The components of this account follow:

18.1 Finance Income

	Notes	**July 31, 2013**	July 31, 2012
Interest income	7, 19.1	**P 5,751,323**	P 13,498,307
Dividend income	10	**14,298,660**	-
		P 20,049,983	P 13,498,307

18.2 Finance Costs

Finance costs pertain to unrealized foreign currency gain (losses) amounting to P2,424,765 and (P258,050) for the years ended July 31 and April 30, 2013, respectively.

19. RELATED PARTY TRANSACTIONS

The significant transactions of the Group with related parties are described below.

		July 31, 2013		April 30, 2013	
	Note	**Amount of Transactions**	**Outstanding Balance**	Amount of Transactions	Outstanding Balance
Associates					
Cash advances	19.1	**P 6,967,884**	**P 149,331,015**	P 7,186,666	P 142,363,131
Related party under common indirect ownership					
Payments for future acquisition of investment securities	19.2	**(310,280,578)**	**67,914,155**	378,194,733	378,194,733
Purchase of spare parts and accessories	19.4	**76,372**	**76,372**	37,657,443	-
Software support services	19.5	**4,530,143**	**-**	17,890,895	-
Advance payment for on-line lottery equipment	19.4	**-**	**-**	(11,613,465)	-
Rental	19.8	**1,500,000**	**-**	6,000,000	-
Share in allocated expenses	19.6	**-**	**450,618**	2,799,650	4,299,027
Payment for certain expenses (net)	19.7	-	**-**	(1,201,498)	1,384,403
Advance rental	19.8	**-**	**4,990,733**	1,076,464	4,990,733
Stockholders					
Buy-back of shares	19.9	**-**	**-**	85,722,300	-
Entity owned by a key management personnel					
Management services	19.3	**45,377,000**	**45,999,362**	121,506,359	21,172,362

19.1 Advances to Associates

The Group grants advances to its associates for working capital purposes. These advances are unsecured and due on demand, except for the loan granted to BPPI. The balances of these advances, presented as Advances to Associates account in the consolidated statements of financial position as of July 31 and April 30, are shown below.

	July 31, 2013	April 30, 2013
Current –		
PLPI	**P 31,687,073**	P 26,683,131
Non-current:		
BPPI	**117,643,942**	115,680,000
PLPI	**-**	-
	117,643,942	115,680,000
	P 149,331,015	P 142,363,131

In 2013, based on management's current assessment, the Group may demand payment of such advances to PLPI for possible future opportunities and asset acquisitions as the need arises. Consequently, in 2013, advances to PLPI is presented as Advances to Associate account under current assets section of the consolidated statement of financial position.

In 2011, the Group provided P100,000,000 secured loan to BPPI, bearing an annual interest rate of 7% payable within two years from the borrowing date. In 2013, the Group extended the term of this loan for an additional three years. Interest earned from this transaction amounted to P1,750,000 in July 2013 and 2012 and is presented as part of Interest Income under Finance Income account in the consolidated statements of comprehensive income (see Note 18.1). Outstanding receivable from this transaction amounted to P117,643,942 and P115,680,000 as of July 31, 2013 and April 30, 2013, respectively, and is presented as Advances to Associates account under the non-current assets section of the consolidated statements of financial position.

The movements of Advances to Associates account recognized in the books are as follows:

	2013	April 30, 2013
Balance at beginning of year	**P 142,363,131**	P 135,176,465
Interest recognized during the year	**1,750,000**	7,000,000
Net additions (repayments) during the year:		
BPPI	**213,942**	186,666
PLPI	**5,003,942**	-
	149,331,015	142,363,131
Reclassifications during the year	**-**	-
Balance at end of year	**P 149,331,015**	P 142,363,131

19.2 Payment to Other Related Party

In 2013, 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 payments to IPSSB as of July 31 and April 30, 2013 amounted to P67,914,155 and P378,194,733 and is presented as part of Payments to Other Related Parties under Trade and Other Receivables account in the 2013 consolidated statement of financial position (see Note 8).

19.3 Management Services Agreement

Total management fees paid to an entity owned by a key management personnel of the Group based on Management Services Agreement amounted to P45,377,000 and P45,445,998 in July 31, 2013 and 2012, respectively, and are shown as part of Professional Fees account in the consolidated statements of comprehensive income. The net outstanding liability arising from this transaction amounted to P45,999,362 and P21,172,362 as of April 30, 2013 and 2012, respectively, and is presented as Management Fee Payable under the Trade and Other Payables account in the consolidated statements of financial position (see Note 15).

19.4 Purchases of Goods and Services

In July 31 and April 30, 2013, the Group made purchases from ILTS of spare parts and accessories amounting to nil and USD 885,369 (P37,657,443), respectively. The Group has outstanding trade payables arising from purchases from ILTS amounting to USD 1,760 (P76,372) and nil as of July 31 and April 30, 2013, respectively and are presented as part of Trade Payables under Trade and Other Payables account in the consolidated statements of financial position (see Note 15).

19.5 Software Support Services Agreement

The Group entered into a Software Support Services Agreement (Software Agreement) with Sports Toto Malaysia Sdn Bhd, also a related party under common indirect ownership, for the Group's on-line lottery equipment (see Note 11). The Software Agreement is automatically renewed annually unless terminated by either party. In July 31 2013 and 2012, the Group recognized royalty expenses arising from the transaction amounting to P4,530,143 and P4,597,751 respectively, and are presented as part of Maintenance of Computer Equipment account in the consolidated statements of comprehensive income.

19.6 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. Total amount of reimbursed expenses by Berjaya Resorts as of July 31, 2013 and April 30, 2013 amounted to nil and P2,799,650, respectively. The outstanding allocated expenses amounting to P450,618 and P4,299,027, respectively, are presented as Due to Related Parties under Trade and Other Payables account in the consolidated statements of financial position (see Note 15).

The details of the Group's transactions with Berjaya Resorts are presented below.

	July 31, 2013	April 30, 2013
Balance at beginning of year	**P 4,299,027**	P 1,499,377
Expenses incurred during the year	**-**	4,022,033
Payments made during the year	**(3,848,409)**	(1,222,383)
Balance at end of year	**P 450,618**	P 4,299,027

19.7 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.

Total rent expense related to this lease agreement amounted to P1,500,000 in July 31, 2013 and 2012, respectively, and is presented as part of Rental account in the consolidated statements of comprehensive income. PHPI also has advance rentals to PLPI amounting to P4,990,733 as of July 31 and April 30, 2013, respectively, which are presented as Advance Rentals under Prepayments and Other Current Assets in the statements of financial position (see Note 9).

19.8 Buy-back of Shares

In February 2013 and December 2012, the Parent Company reacquired additional 3,420,000 shares and 19,047,631 shares, respectively from various stockholders at a total cost of P85,722,300 and P401,040,252, respectively (see Note 20.3).

19.9 Advances to 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 P8,832,563 and P9,265,921 as of July 31 and April 30, 2013, 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).

19.10 Loan Guarantee

In July 2013, the Parent Company obtained interest-bearing loans from a financial institution.

The loans of BPPI from a certain financial institution amounting to P160,000,000 as of July 31 and April 30, 2013, are secured by the Group.

19.11 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. In addition, the Parent Company made various advances to PHPI and PGMC for their operating activities, which are due upon demand. The outstanding balance as of July 31 and April 30, 2013 amounted to P791,828,694 and P772,614,070, respectively.

b) Dividend Income

The Parent Company recognized dividend income amounting to P1,200,000,000, P900,000,000 and P300,000,000 arising from the declaration of cash dividends by PGMC in 2013, 2012 and 2011, respectively. The Parent Company also recognized dividend income amounting to P10,000,000 from cash dividend declaration of PHPI in 2012. Consequently, the Parent Company received the cash dividends of P1,210,000,000, P900,000,000 and P479,378,303 in 2013, 2012 and 2011, respectively. Outstanding dividend receivable amounted to 293,367,999 and nil as of July 31 and April 30, 2013, respectively.

c) Purchase of Property and Equipment

In 2012, PHPI bought transportation equipment from PGMC amounting to P1,325,000 which will be used for PHPI's daily operations.

20. EQUITY

20.1 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. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

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.

	July 31, 2013	April 30, 2013
Total liabilities	**P1,283,973,815**	P 191,625,039
Total equity	**5,293,302,431**	4,798,492,773
Debt-to-equity ratio	**1 : 4.12**	1 : 25.04

20.2 Capital Stock

As of July 31 and April 30, 2013, the Parent Company has 2,000,000,000 authorized shares (with P1 par value per share) of which 953,984,448 shares are issued.

As of July 31 and April 30, 2013, there are 139 holders and 136 holders, respectively, of the Parent Company's total outstanding shares. The Parent Company's listed shares are bid at P21.75 per share and P20.50 per share as of July 31 and April 30, 2013, respectively.

The Parent Company has 118 stockholders and 116 stockholders owning 100 or more shares each of the Parent Company's capital stock, as of July 31 and April 30, 2013, respectively.

20.3 Treasury Shares

The Group made the following transactions for its treasury shares:

	Note	**Shares July 31, 2013**
Treasury shares at beginning of year		**82,308,277**
Buy-back of shares during the year	19.9	**3,420,000**
Treasury shares at end of year		**85,728,277**

	Note	Amount 2013
Balance at beginning of year		P 902,427,725
Amount of shares bought-back during the year	19.9	85,722,300
Balance at end of year		P 988,150,025

The Group's retained earnings is restricted for dividend declaration to the extent of the cost of such treasury shares (see also Note 20.5).

20.4 Revaluation Reserves

The movements of Revaluation Reserves follow:

	Note	July 31, 2013	April 30, 2013
Balance at beginning of year		P 53,440,953	P 164,474,916
Net unrealized fair value gains on AFS financial asset s	10	309,074,074	42,922,081
Reclassification adjustment due to disposal of on AFS financial asset	10	(31,358,847)	(153,956,044)
Balance at end of year		P 331,156,180	P 53,440,953

20.5 Retained Earnings

In April 30, 2013, the BOD approved an additional appropriation of retained earnings amounting to P725,000,000 for future capital expenditures and expansion, including, but not limited to the purchase, improvements, renewals, expenditures and repairs of property and equipment. A portion of these appropriations amounting to P210,000,000 was reversed in 2013. These appropriations are expected to be carried out within the next three to five years in line with the Group's growth plans.

The Group's dividend policy is to declare cash dividend on the excess of retained earnings over the capital stock after considering the Group's future financial and operating needs. No dividend declaration was made in 2013.

As of April 30, 2013, the unrestricted retained earnings of the Group are presented as follow:

	April 30, 2013
Unrestricted retained earnings at beginning of year	**P 843,132,398**
Restricted retained earnings for treasury shares	**(85,722,300)**
Appropriation during the year	**(725,000,000)**
Reversal of prior year appropriation	**210,000,000**
Dividends declared	-
Total comprehensive income for the year	**1,103,544,747**
Unrestricted retained earnings at end of year	**P 1,345,954,845**

21. CURRENT AND DEFERRED INCOME TAXES

The components of tax expense shown in the profit or loss of the consolidated statements of comprehensive income follow for the years ended April 30:

	April 30, 2013
Current tax expense:	
Regular corporate income tax (RCIT) at 30%	**P298,497,525**
Final tax on passive income at 20% and 7.5%	**8,775,550**
MCIT	**140,000**
	307,413,075
Deferred tax expense (income) relating to the origination, reversal of temporary differences, and unused tax losses	**(195,041)**
	P307,218,034

The reconciliation of tax on pre-tax income computed at the applicable statutory rates to tax expense reported in profit or loss follows:

	April 30, 2013
ber	
Tax on pretax income at 30%	**P 423,228,834**
Adjustments for:	
Application of optional standard deduction (OSD)	**(85,630,711)**
Income subjected to lower income tax rates	**(4,404,519)**
Tax effects of:	
Non-taxable loss (income)	**(33,379,596)**
NOLCO	**8,391,779**
Dividend income not subject to tax	**(1,775,324)**
Non-deductible expenses	**647,571**
Unrecognized MCIT	**140,000**
Expiration of NOLCO	**-**
Expiration of MCIT	**-**
Tax expense reported in the consolidated profit or loss	**P 307,218,034**

The net deferred tax assets account relate to the following as of April 30:

	Consolidated Statements of Financial Position `	Consolidated Profit or Loss
	2013	2013
Retirement obligation	P 9,804,650	(P1,859,991)
Advance rental	(1,497,220)	922,939
Capitalized direct cost	(1,492,171)	(31,748)
Impairment losses	556,956	-
Unrealized foreign currency losses – net	288,448	707,694
Pre-operating expenses	88,162	52,897
Unamortized past service costs	78,986	13,168
NOLCO	2,052,749	-
MCIT	254,933	-
Deferred Tax Expense (Income) - Net		(P 195,041)
Deferred Tax Assets - Net	P 10,135,493	

For income tax purposes, the pre-operating expenses of PHPI will be amortized over five years from the start of commercial operations. As of April 30, 2013, the unamortized portion of pre-operating expense amounted to P293,873 and P470,196, respectively, and will be available as deduction against taxable income until 2015.

The details of the Company's NOLCO and MCIT, which can be applied against taxable income and RCIT, respectively, follow:

Year Incurred	Amount	Expired	Balance	Expiry Date
NOLCO				
2013	P 27,171,724	P -	P 27,171,724	2016
2012	34,125,490	-	34,125,490	2015
2011	6,842,496	-	6,842,496	2014
	P 68,139,710	**P -**	**P 68,139,710**	
MCIT				
2013	P 140,000	P -	P 140,000	2015
2012	140,000	-	140,000	2015
2011	85,490	-	85,490	2014
2010	169,443	169,443	-	
	P 534,933	**P 169,443**	**P 365,490**	

In 2013, the management has taken a conservative position of not recognizing additional deferred tax assets arising from NOLCO and MCIT of the Parent Company since their recoverability and utilization is unlikely at this time based on the assessment of management.

In 2013, the Parent Company and PHPI opted to claim itemized deductions while, PGMC continued claiming OSD.

22. EARNINGS PER SHARE

Earnings per share were computed as follows:

	July 31, 2013	July 31, 2012
Net profit	**P 217,094,431**	P 367,357,388
Divided by the weighted average number of outstanding common shares	**870,822,838**	879,612,684
Earnings per share	**P 0.997**	P 1.671

The Group has no potentially dilutive instruments; thus, basic and dilutive earnings per share are the same.

23. CATEGORIES AND FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

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

	Notes	2013		2012	
		Carrying Values	**Fair Values Values**	Carrying Values	Fair Values
Financial assets					
Loans and receivables:					
Cash and cash equivalents	7	**P 323,717,817**	**P 1,409,737,406**	**P 1,409,737,406**	**P 1,409,737,406**
Trade and other receivables - net	8	**2,805,901,832**	**740,857,209**	**740,857,209**	**740,857,209**
Advances to associates	12	**149,331,015**	**142,363,131**	**142,363,131**	**142,363,131**
Other non-current assets	13	**2,755,793**	**2,665,796**	**2,665,796**	**2,665,796**
		P3,281,706,457	**P2,295,623,542**	**P 2,295,623,542**	**P2,295,623,542**
AFS financial assets	10	**P 1,624,109,790**	**P 575,928,787**	**P 575,928,787**	**P 575,928,787**
Financial Liabilities					
Financial liabilities at amortized cost:					
Trade and other payables	15	**P 132,221,903**	**P 132,221,903**	**P 99,294,930**	**P 99,294,930**

See Notes 2.4 and 2.9 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.

23.1 *Fair Value Hierarchy*

Financial assets and liabilities measured at fair value are categorized in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

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.

As of July 31 and April 30, 2013, the Group's financial assets measured at fair value in the consolidated statements of financial position include AFS financial assets. There were no financial liabilities measured at fair value as of 2013.

The fair value of AFS financial assets quoted in the active market is determined under Level 1 hierarchy and measured directly by reference to published prices in an active market (see Note 10).

There were no transfers between levels of the fair value hierarchy during the year.

24. COMMITMENTS AND CONTINGENCIES

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

24.1 Operating Lease Commitments – PGMC as Lessee

PGMC leases its office spaces under lease agreements from certain lessors, which will expire at various dates from 2013 to 2016. The lease agreements also provide for renewal options upon mutual consent of both parties.

Future minimum rental payable related to this lease as of April 30 is as follows:

	2013
Within one year	P 8,680,893
After one year but not more than five years	13,854,477
	P 22,535,370

Rental expense arising from these leases amounted to P4,345,521 and P4,332,587 in July 31 and April 30, 2013, respectively, presented as part of Rental under Costs and Other Operating Expenses in the consolidated statements of comprehensive income.

24.2 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 eight years under certain conditions. Under the agreement, PGMC is entitled to rentals equal 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. Rental income derived from ELA amounted to P458,975,165 and P505,904,194 in July 31 and April 30, 2013, respectively, and is recognized as Revenues in the consolidated statements of comprehensive income (see Note 6).

24.3 Injunction Case Filed

PGMC filed a case for Indirect Contempt with an application for the issuance of Temporary Restraining Order and/or Writ of Preliminary Injunction against the PCSO and its board members on June 11, 2012 before the Makati Regional Trial Court docketed as Civil Case Number 12-530.

On October 17, 2012, PGMC filed a Petition for Contempt against PCSO and its board members for their deliberate disobedience or resistance to the Writ of Preliminary Injunction Issued by the Makati Regional Trial Court.

24.4 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 P785.0 million.

24.5 Others

There are 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 of July 31, 2013, 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.

BERJAYA PHILIPPINES, INC. AND SUBSIDIARIES
(Formerly Prime Gaming Philippines, Inc. and Subsidiaries)
[A Subsidiary of Berjaya Lottery Management (HK) Limited]
Financial Indicators and KPI Ratios for Additional Reporting to the SEC :

		Consolidated Unaudited 31.07.2013	Consolidated Audited 30.04.2013	Consolidated Unaudited 31.07.2012
1	**Current Ratio**	2.67	17.31	10.18
	Current Assets	**3,340,293,418**	**2,751,845,161**	**2,490,823,383**
	Current Liabilities	**1,249,587,648**	**158,942,872**	**244,705,521**
2	**Quick Ratio**	2.63	17.00	9.95
	Current Assets less Inventories	3,292,256,266	2,701,669,076	2,433,692,751
	Inventories	**48,037,152**	**50,176,085**	**57,130,632**
	Current Liabilities	1,249,587,648	158,942,872	244,705,521
	Note: The spare parts classified as Inventories under Prepaid Expenses and Other Current Assets			
3	**Debt to Equity Ratio**	0.65%	0.68%	0.67%
	Long term Debt	**34,386,167**	**32,682,167**	**27,550,198**
	Stockholders' Equity	**5,293,302,431**	**4,798,492,773**	**4,106,990,501**
4	**Debt to Asset Ratio**	0.52%	0.65%	0.63%
	Long term Debt	34,386,167	32,682,167	27,550,198
	Total Assets	6,577,276,246	4,990,117,812	4,379,246,220
5	**Book Value per Share**	6.08	5.51	4.71
	Weighted Average number of BPI shares	**870,822,838**	**870,822,838**	**871,676,171**
6	PPE Turnover			
	Net revenues/ PPE (in times)	0.48	1.98	0.46
	Annualized	1.93	1.98	1.86
7	Return on Average Equity			
	Net income/average equity	4.10%	23.00%	8.94%
	Annualized	16.41%	23.00%	35.78%
8	Return on Average Assets			
	Net income/ave. total assets	3.30%	22.11%	8.39%
	Annualized	13.20%	22.11%	33.55%
	Net revenues	**493,193,293**	**2,119,799,892**	**538,674,219**
	Plant, prop and equipment	**1,021,644,250**	**1,071,810,826**	**1,159,556,108**
	Total assets	**6,577,276,246**	**4,990,117,812**	**4,379,246,220**
	Net income	**217,094,431**	**1,103,544,747**	**367,357,388**
	To annualize	4	1	4

BERJAYA PHILIPPINES, INC. AND SUBSIDIARIES
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1. Aging of Accounts Receivables as of 31 July 2013

Appendix B :

Type of Accounts Receivables	Total	1 Month	2 -3 Mos.	4 - 6 Mos.	7 Mos. to 1 year	1 - 2 Years	3-5 Years	5 Years and above	Past Due Accts & Items in Litigation
	(Peso)	(Peso)	(Peso)	(Peso)	(Peso)	(Peso)	(Peso)	(Peso)	(Peso)
a) Trade Receivables									
1) PCSO	165,775,863	-	-	-	-	-	-	-	-
2) Guest/City Ledger	5,231,868	-	-	-	-	-	-	-	-
3) N/A	-	-	-	-	-	-	-	-	-
Subtotal	171,007,731	-	-	-	-	-	-	-	-
Less: Allow. For									
Doubtful Acct.	-	-	-	-	-	-	-	-	-
Net Trade receivable	171,007,731	-	-	-	-	-	-	-	-
b) Non - Trade Receivables									
1)Loans Receivables	538,226,337								
2)Payment to other related party	68,637,741								
3)Payment for future subscription	42,283,456	-	-	-	-	-	-	-	-
4) Advances to employees	8,832,563								
5) Other Receivables	1,978,770,523								
			-	-	-	-	-	-	-
Subtotal	2,636,750,620	-	-	-	-	-	-	-	-
Less: Allow. For									
Doubtful Acct.	1,856,520	-	-	-	-	-	-	-	-
Net Non - trade receivable	2,634,894,100	-	-	-	-	-	-	-	-
Net Receivables (a + b)	2,805,901,831								

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 Period
1) Trade	gross receipt from lottery ticket sales	45 days
2) N/A		
3) N/A		

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: 45 days