

COVER SHEET

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S.E.C. Registration Number

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(Company's Full Name)

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Business Address: No. Street City/Town/Province

Atty. Malu Sia-Bernas
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Contact Person

811-0668/810-1814
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Company/Telephone Number

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Month

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Day

SEC Form - 20IS
Definitive Information Statement

FORM TYPE

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Month

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Day

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Secondary License Type, If Applicable

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Dept. Requiring this Doc.

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Amended Articles Number/Section

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Total No. of Stockholders

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Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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File Number

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29 August 2017

Dear Stockholder,

Please take notice that this year's annual meeting of the stockholders of BERJAYA PHILIPPINES INC. will be held on 4 October 2017 at 9:00 a.m. at the Function Room of the Berjaya Makati Hotel, Philippines located at the corner of Makati Avenue and Eduque Street, Makati City, Metro Manila. The Agenda for the meeting is as follows:

1. Call to Order
2. Certification of Notice and Quorum
3. Ratification of the Minutes of the Annual Stockholders Meeting held on 4 October 2016
4. Ratification of Corporate Acts of the Board of Directors for the year ended 30 April 2017
5. Report of the Chairman
6. Election of the Board of Directors of the Corporation
7. Appointment of External Auditors
8. Other Matters
9. Adjournment



**JOSE A. BERNAS**  
Corporate Secretary

**SECURITIES AND EXCHANGE COMMISSION**

**SEC FORM 20-IS**

**Information Statement Pursuant to Section 20  
of the Securities Regulation Code**

1. Check the appropriate box:

☐ Preliminary Information Statement  
☒ Definitive Information Statement

2. Name of Registrant as specified in its charter – BERJAYA PHILIPPINES INC.
3. Province, country or other jurisdiction of incorporation or organization - Manila, Philippines
4. SEC Identification Number – pre war 476
5. BIR Tax Identification Code - 001-289-374
6. Address of principal office - 9/F Rufino Pacific Tower, 6784 Ayala Avenue corner V.A. Rufino (formerly Herrera) Street, Makati City, Metro Manila 1229
7. Registrant's telephone number, including area code - (632) 811-0668
8. Date, time and place of meeting of security holders -  
The Annual Meeting of the Stockholders of Berjaya Philippines, Inc. (the Corporation) will be held on 4 October 2017, at 9:00 a.m. at the Function Room of the Berjaya Makati Hotel, Philippines located at the corner of Makati Avenue and Eduque Street, Makati City, Metro Manila.
9. Approximate date on which the Information Statement is first to be sent or given to security holders - 13 September 2017
10. *In case of Proxy Solicitations: Not applicable*

Name of Person Filing the  
Statement/Solicitor: \_\_\_\_\_  
Address and Telephone No.: \_\_\_\_\_

11. Securities registered pursuant to Code or Sections 4 and 8 of the RSA (Information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
<b>COMMON</b>	<b>4,427,009,132</b>

Amount of Debt Outstanding  
as of 30 April 2017

12. Are any or all of registrant's securities listed on the Philippine Stock Exchange?

Yes ✓ No           

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

The shares are listed in the Philippine Stock Exchange and are classified either as common or treasury shares.

### **GENERAL INFORMATION**

Date, time and place of meeting of security holders

The Annual Meeting of the Stockholders of Berjaya Philippines, Inc. (the Corporation) shall be held on 4 October 2017, at 9:00 a.m. at the Function Room of the Berjaya Makati Hotel located at the corner of Makati Avenue and Eduque Street, Makati City, Metro Manila.

The complete mailing address of the principal office of the registrant is 9/F Rufino Pacific Tower, 6784 Ayala Avenue corner V. A. Rufino (formerly Herrera) Street, Makati City, Metro Manila.

The Information Statement will approximately be sent or given first to stockholders of record on 13 September 2017 or at least fifteen (15) business days before the meeting date.

<b>WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY.</b>
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### Dissenters' Right of Appraisal

Pursuant to Section 81 of the Corporation Code of the Philippines (the Corporation Code), any stockholder of the Corporation shall have the right to dissent and demand payment of the fair value of his shares in the following instances:

1. In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;
2. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets; and
3. In case of merger or consolidation.

The agenda for the Annual Meeting on 4 October 2017 does not include any of the foregoing instances.

### Interest of Certain Persons in or Opposition to Matters to be Acted Upon

No current director or officer of the Corporation, or nominee for election as directors of the Corporation, or any associate thereof, has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon.

No director has informed the Corporation in writing that he intends to oppose any action to be taken by the registrant at the meeting.

## **CONTROL AND COMPENSATION INFORMATION**

### Voting Securities and Principal Holders Thereof

There are four billion four hundred twenty seven million nine thousand one hundred thirty two (4,427,009,132) issued and outstanding common shares of stock of the Corporation entitled to vote at the Annual Meeting, each of which is entitled to one (1) vote.

Foreign membership amounts to 3,922,493,808 shares equivalent to 88.60 % broken down per nationality as follows:

CITIZENSHIP	SUBSCRIBED/ OUTSTANDING	AMOUNT	PAID-UP	PERCENTAGE HOLDINGS	NUMBER OF STOCKHOLDERS
SPANISH	1,834,960	1,834,960.00	1,834,960.00	0.04	18
MALAYSIAN	610,205,316	610,205,316.00	610,205,316.00	13.78	5
OTHER ALIEN	2,847,055	2,847,055.00	2,847,055.00	0.06	7
FILIPINO	504,515,324	504,515,324.00	504,515,324.00	11.40	101
SWISS	2,400	2,400.00	2,400.00	0.00	1
BRITISH	229,920	229,920.00	229,920.00	0.01	2
UNCLASSIF	85,728,277	85,728,277.00	85,728,277.00	1.94	1
AMERICAN	276,000	276,000.00	276,000.00	0.01	5
CHINESE	3,221,369,880	3,221,369,880.00	3,221,369,880.00	72.77	3
TOTALS	4,427,009,132	4,427,009,132.00	4,427,009,132.00	100.00	143

The cut-off date of presented information in this Statement is as of 11 September 2017. There was no trading on 12 September 2017 due to increment weather.

The record date for closing the stock and transfer book of the Corporation in order to determine the stockholders entitled to vote at the Annual Meeting is 1 September 2017.

For purposes of the election of directors, all stockholders of record are entitled to cumulative voting rights as provided by the Corporation Code, and there are no conditions precedent to the exercise thereof. Further, no discretionary authority to cumulate votes is being solicited. A stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares, or he may distribute them on the same principle among as many candidates as he shall see fit.

#### Security Ownership of Certain Record and Beneficial Owners

##### Holders

As of 11 September 2017, there are four billion four hundred twenty seven million nine thousand one hundred thirty two (4,427,009,132) issued and outstanding common shares of stock of the Corporation. Out of the issued and outstanding capital, 85,728,277 shares or 0.019% is held by the Berjaya Philippines Inc.

The top twenty (20) stockholders of Berjaya Philippines Inc., including their shares and their percentage of total common shares outstanding held by each as of 11 September 2017 are as follows:

Name	Number of Shares Held	Percentage of Total Shares Held
Berjaya Lottery Management (H.K.)	3,221,238,280	74.20%
Berjaya Sports Toto (Cayman)	610,205,150	14.06%
PCD Nominee Corp. (Filipino)	379,835,300	8.75%
Abacus Securities Corp	92,000,000	2.12%
Abacus Securities Corporation	20,000,000	0.46%
Abacus Securities Corporation	8,000,000	0.18%
PCD Nominee Corporation	2,658,415	0.06%
Far East Molasses Corporation	1,554,880	0.04%
Concepcion Teus Vda.	650,000	0.01%
Dolores Teus De M. Vara	552,000	0.01%
Steiner, Norma O.	300,320	0.01%
Corporacion Franciscana	293,920	0.01%
The Phil American Gen	226,400	0.01%
Phil. Remnants Co., Inc.	224,160	0.01%
Elizalde, Francisco J.	206,800	0.00%
Zernichow, Christian D.	174,160	0.00%
Elizalde, Joquain M.	168,100	0.00%
Ma. Teresa Vara de Rey Y. Teus	148,320	0.00%
Maria Dolores Vara De	148,320	0.00%
Echeguyen, Luis	147,280	0.00%

#### Treasury Shares

As of 11 September 2017 the Issuer holds in its name a total of eighty five million seven hundred twenty eight thousand two hundred seventy seven (85,728,277) treasury shares.

#### Dividends

##### A. Dividends declared by Berjaya Philippines Inc.

On 28 October 2004 the company declared cash dividends to all stockholders on record as of November 17, 2004 amounting to ₱ 87,138,872.

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

On 5 October 2015, the Issuer declared stock dividends at a rate of 4 common shares for every common share held to taken from the increase in authorized capital stock. On the same date, the Issuer caused the reversal of previously allocated funds for capex and corporate expansion and appropriated ₱ 3.47 billion from the Issuer's retained earnings for the distribution of stock dividends. The stock dividend declaration by the Board was ratified by stockholders representing at least 2/3 of the capital stock of the Corporation on 6 October 2015.

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

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

From 2007 to 2011, the Corporation's subsidiary, PGMC, issued cash dividends amounting to two billion sixty three million pesos (₱ 2.63 billion).

In 2012, the Corporation declared cash dividends amounting to one billion two hundred million pesos (₱1,200,000,000.00).

In July 2013, the Corporation declared cash dividends amounting to one billion four hundred ten million pesos (₱1,410,000,000.00).

On 1 April 2014, the Corporation declared cash dividends amounting to seven hundred eighty million pesos (₱ 780,000,000.00)

On 1 October 2014, the Corporation declared cash dividends amounting to two hundred million pesos (₱ 200,000,000.00).

On 8 December 2014, the Corporation declared cash dividends amounting to two hundred forty million pesos (₱ 240,000,000.00).

On 16 July 2015, the Corporation declared cash dividends amounting to one hundred million pesos (P 100,000,000.00).

On 1 September 2015, the Corporation declared cash dividends amounting to one hundred eighty million pesos (P 180,000,000.00).

On 2 October 2015, the Corporation declared cash dividends amounting to two hundred million pesos (₱ 200,000,000.00 million).

On 8 January 2016, the Corporation declared cash dividends amounting to two hundred million pesos (₱ 200,000,000.00 million).

On 22 August 2016, the Corporation declared cash dividends amounting to three hundred fifty million pesos (₱ 350,000,000.00 million).

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

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

In April 2012, the Corporation declared cash dividends amounting to ten million pesos (₱10,000,000.00).

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

### Recent Sales of Unregistered Securities

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

### Security Ownership of Holders of more than 5%

According to the records of the Issuer's stock and transfer agent, security ownership of holders of more than five percent (5%) of the Company's securities as of 25 August 2017 are as follows:

Title of Class	Name and Address of Record Owner	Name of Beneficial Owner / Relationship with Record Owner	Citizenship	Number of Shares Held	Percentage Held
common	Berjaya Lottery Management (H.K.) Ltd. Level 54 Hopewell Centre, 183 Queen's Road East, Hongkong	Berjaya Lottery Management (HK) Ltd. (same as record owner) *persons entitled to vote is Messrs. Seow Swee Pin or Tan Eng Hwa, in the said order of preference.	Chinese	3,221,238,280	74.20%
Common	Berjaya Sports Toto (Cayman) Ltd 190 Elgin Avenue, George Town, Grand Cayman KYI 9005 Cayman Islands	Berjaya Sports Toto (Cayman) Limited (same as record owner) *person entitled to vote is Seow Swee Pin	Malaysian	610,205,150	14.06%
Treasury	Berjaya Philippines Inc. 9 <sup>th</sup> Floor Rufino Tower 6784 Ayala corner V.A. Rufino (Herrera) St. Makati City	Berjaya Philippines Inc. (same as record owner) * person entitled to vote is the Acting President of the Corporation, Tan Sri Ibrahim B. Saad	Filipino	85,728,277	0.019%

There has been no change in the control of the Corporation since the beginning of its last fiscal year. The transfer price of the Corporation's outstanding common listed shares decreased as can be seen from its posted prices at the Philippine Stock Exchange. The decrease may be due to the general or prevailing economic situation in the country.

#### Security Ownership of Management

Security ownership of the directors and officers of the Corporation as of 12 September 2017 are as follows:

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Number of Shares Held	Percentage Held
Common	Tan Sri Ibrahim Saad	₱ 134.90	Malaysian	5	0.00%
Common	Wong Ee Coln	₱ 5.29	Malaysian	1	0.00%
Common	Seow Swee Pin	₱ 423.20	Malaysian	80	0.00%
Common	George T. Yang	₱ 423.20	Filipino	80	0.00%
Common	Jaime Y. Ladao	₱ 423.20	Filipino	80	0.00%
Common	Jimmy S. Soo	₱ 396.75	Filipino	75	0.00%
Common	Tan Eng Hwa	₱ 423.20	Malaysian	80	0.00%
Common	Jose A. Bernas	₱ 423.20	Filipino	80	0.00%
Common	Marie Lourdes Bernas	₱ 2,645.00	Filipino	500	0.00%

There are no voting trust holders of five percent (5%) or more of the Corporation's securities. The figures above are based on the current market price as of 11 September 2017 which is Five Pesos and Twenty Nine Centavos Pesos (₱ 5.29) per share.

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

#### Directors and Executive Officers

The current directors and officers of the Corporation are listed below:

Directors / Officers	Designation	Citizenship
1. Tan Sri Ibrahim B Saad	Director / Chairman	Malaysian
2. Wong Ee Coln	Director / President	Malaysian
3. Seow Swee Pin	Director	Malaysian
4. George T. Yang*	Director	Filipino
5. Jaime Y. Ladao *	Director	Filipino
6. Jimmy S. Soo	Director	Filipino
7. Tan Eng Hwa	Director / Treasurer	Malaysian
8. Jose A. Bernas	Corporate Secretary	Filipino
9. Marie Lourdes Bernas	Assistant Corporate Secretary	Filipino

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

Mr. George T. Yang is an independent director of the Issuer. The former treasurer of the Corporation, Mr. Low Siaw Peng, nominated Mr. Yang as independent director. Messrs. Yang and Low are not related to each other.

Mr. Jaime Y. Ladao is the second independent director of the Issuer. Mr. Jose A. Bernas, a stockholder and the Corporate Secretary nominated Mr. Jaime Y. Ladao in a meeting of the Board, to serve the unexpired term of Mr. Val Antonio B. Suarez, Esq. Messrs. Ladao and Bernas are not related to each other.

The members of the Nomination Committee are Messrs. Tan Eng Hwa, Jaime Y. Ladao, and Seow Swee Pin, with the former sitting as Chairman.

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

The Corporation will observe the term limits for independent directors imposed by SEC Memorandum Circular No. 4, Series of 2017 and SEC Memorandum Circular No. 9, Series of 2011 which became effective on 2 January 2012. The Corporation's two current independent directors may serve as independent directors until 2017 in compliance with the first five-year limit.

The independent directors undertake to submit an updated *Certification of Qualification and Disqualification* thirty (30) days after the date of the Annual Stockholders' Meeting.

The term of a Director is for one (1) year and Directors are elected annually during the annual stockholders meeting.

The current Board of Directors are as follows:

	<b>Name</b>	<b>Age</b>	<b>Positions/Offices/Directorships Held for the past Five (5) years</b>
1.	Tan Sri Ibrahim Saad	71	Independent Director, Chairman of the Board: Berjaya Philippines Inc. Former Ambassador of Malaysia to the Philippines Former President (Vice Chancellor) University Kuala Lumpur Former Chairman: Penang Regional Development Authority Former Deputy Transport Minister Former Deputy Chief Minister of the State of Penang Former Member of Parliament, Malaysia Chairman of the Governing Board of Directors National University of Malaysia

- |    |                |    |  |
|----|----------------|----|--|
| 2. | Seow Swee Pin  | 60 | <p>Director:<br/> Berjaya Philippines Inc.<br/> Director and Chairman of the Board:<br/> Philippine Gaming Management Corporation<br/> Cosway Philippines Inc.</p> <p>Director:<br/> Neptune Properties Inc.<br/> Perdana Land Philippines Inc.<br/> Perdana Hotel Philippines Inc.<br/> Sanpiro Realty and Development Corporation<br/> Berjaya Pizza (Philippines) Inc.</p> <p>Executive Director:<br/> Sports Toto Malaysia Sdn. Bhd.<br/> Berjaya Sports Toto Berhad</p> <p>Member:<br/> Malaysian Institute of Accountants and<br/> Certified Practicing Accountants,<br/> Australia<br/> Malaysian Institute of Accountants and Certified<br/> Practicing Accountants, Australia</p>   |
| 3. | George T. Yang | 77 | <p>Independent Director:<br/> Berjaya Philippines Inc.<br/> Philippine Gaming Management Corporation</p> <p>Chairman and Founder:<br/> Golden Arches Development Corporation<br/> (McDonald's Philippines)</p> <p>Chairman of the Board:<br/> First Georgetown Ventures, Inc.<br/> Ronald McDonald House Charities of the Phils.<br/> Klassikal Music Foundation Inc.<br/> Trojan Computer Forms, Inc.</p> <p>Chairman:<br/> MDS Call Solutions Inc.<br/> Fast Serve Solutions Systems Inc.<br/> Advance Food Concepts Mfg. Inc.</p> <p>Vice Chairman:<br/> Oceonfront Properties Inc.<br/> TransAire Development Holdings Corporation</p> <p>President:<br/> Golden Arches Realty Corporation</p> <p>Member of the Board of Governors:<br/> Ayala Center Estate Association<br/> The Tower Club, Inc.</p> <p>Member of the Board of Trustees<br/> San Beda College Manila</p> <p>Former Dean:<br/> Consular Corps of the Philippines (2014)</p> |



Doctorate Degree in Humanities (*honoris causa*):  
 Jose Rizal University  
 Doctor of Humanities, *honoris causa*  
 De La Salle University  
 Masters Degree in Business Administration:  
 Wharton School, University of Pennsylvania  
 Consul General *ad honorem*:  
 State of Eritrea

4. Jaime Y. Ladao 78

Independent Director:  
 Berjaya Philippines Inc.  
 Member:  
 Audit Committee, Berjaya Philippines Inc.  
 Philippine Dispute Resolution Center, Inc.  
 Director:  
 Corporate Governance Institute of the Phils.  
 Dun & Bradstreet Philippines. Inc.  
 Founder and Member:  
 Financial Executive Institute of the Philippines  
 National President (1991-1992) and Member:  
 Boy Scouts of the Philippines  
 Past Board Member and Treasurer:  
 Management Association of the Philippines  
 Member:  
 Philippine Dispute Resolution Inc.  
 Fellow:  
 Australian Institute of Corporate Directors  
 Founder and Executive Chairman:  
 Consumer Credit Score Philippines Inc.  
 licensed to issue FICO Consumer and  
 SME Scores in the Philippines  
 Director, Member of the Executive Committee and  
 Former Chair of the Audit Committee (1990-1991):  
 San Miguel Corporation  
 Chairman:  
 Food Bank Foundation

5. Jimmy S. Soo 60

Director:  
 Berjaya Philippines Inc.  
 Berjaya Pizza (Philippines) Inc.  
 First Abacus Financial Holdings Corporation  
 Better Options Restaurants Inc.  
 Chairman and President:  
 Kailash PMN Management, Inc.  
 Tortola Resources, Inc.  
 Trimante Holdings Phils., Inc.  
 Director and Corporate Secretary:  
 Abacus Capital & Investment Corporation  
 St. Giles Hotel (Manila), Inc.  
 Bagan Resources Pte Inc.

Corporate Secretary:  
 Limketkai Manufacturing Corporation  
 Limketkai Sons, Inc.  
 Paramount Life & General Holdings Corp.  
 Paramount Life & General Insurance Corp.  
 Resident Agent:  
 IDP Education Pty Limited  
 Member of the Board of Trustees:  
 Berjaya Foundation Inc.  
 Managing Partner:  
 Soo Gutierrez Leogardo & Lee Law Offices

6. Wong Ee Coln 38

Director and President:  
 Berjaya Philippines Inc.  
 General Manager of the Group Properties and  
 Development Department of Berjaya Land Berhad  
 Chartered Financial Analyst (CFA) and member:  
 CFA Institute  
 1<sup>st</sup> Class Bachelor of Engineering (Mechanical  
 Engineering) Degree:  
 University of Birmingham  
 Extensive working experience in the field of property  
 Development and investment consultancy in  
 Malaysia, China, and Vietnam etc.

7. Tan Eng Hwa 47

Director and Treasurer:  
 Berjaya Philippines Inc.  
 Director, Vice President and Treasurer:  
 Philippine Gaming Management Corporation  
 Director and Treasurer:  
 Perdana Hotel Philippines Inc.  
 Perdana Land Philippines Inc.  
 Berjaya Pizza (Philippines) Inc.  
 Bermaz Auto Philippines Inc.  
 MOL AccessPortal Inc.  
 Uniwiz Trade Sales Inc.  
 Cosway Philippines Inc.  
 Ssangyong Berjaya Motor Philippines  
 Most Pretty Lady Holdings Inc.  
 Sanpiro Realty & Development Corporation  
 Landphil Management and Development Corp.  
 Director:  
 Beautiful Creation Holdings Inc.  
 Member of the Board of Trustees and Treasurer:  
 Berjaya Foundation, Inc.  
 Member:  
 Malaysian Institute of Accountants  
 Masters Degree in Business Administration:  
 University of Chicago, USA

8. Jose A. Bernas	57	<p>Corporate Secretary:</p> <p>Berjaya Philippines Inc.  Philippine Gaming Management Corporation  Berjaya Pizza (Philippines) Inc.  Bermaz Auto Philippines Inc.  Perdana Hotel Philippines Inc.  MOL AccessPortal Inc.  Uniwiz Trade Sales Inc.  Cosway Philippines Inc.  Swift Foods, Inc.  Philippine National Construction Corporation</p> <p>Director and President:</p> <p>Discovery Centre Condominium Corporation</p> <p>Chairman of the Board and Director:</p> <p>Dun and Bradstreet Philippines, Inc.  Automation Specialists &amp; Power Exponents Inc.  Perdana Land Philippines Inc.</p> <p>Director and Corporate Secretary:</p> <p>Better Options Restaurants Inc.  Berjaya Enviro Philippines Inc.  Beautiful Creation Holdings Inc.  Most Pretty Lady Holdings Inc.</p> <p>Director:</p> <p>MSI-ECS Philippines Inc.</p> <p>Trustee and Corporate Secretary:</p> <p>Berjaya Foundation, Inc.</p> <p>Resident Agent:</p> <p>National Instruments (Singapore) Pte. Ltd.</p> <p>Professorial Lecturer:</p> <p>Ateneo de Manila University School of Law</p> <p>Managing Partner:</p> <p>Bernas Law Offices</p>
9. Marie Lourdes Sia-Bernas	51	<p>Assistant Corporate Secretary:</p> <p>Berjaya Philippines Inc.  Philippine Gaming Management Corporation  Berjaya Pizza (Philippines) Inc.  Berjaya Foundation Inc.  Bermaz Auto Philippines Inc.  Perdana Land Philippines Inc.  Perdana Hotel Philippines Inc.  MOL AccessPortal Inc.  Uniwiz Trade Sales Inc.  Cosway Philippines Inc.  Sanpiro Realty &amp; Development Corporation  Better Options Restaurants Inc.  Ssangyong Berjaya Motor Corporation  Beautiful Creation Holdings Inc.  Most Pretty Lady Holdings Inc.</p>

MSI-ECS Philippines Inc.  
Swift Foods, Inc.  
Corporate Secretary:  
Automation Specialists & Power Exponents Inc.  
Nera Solutions Philippines Inc.  
Honestbee Philippines Inc.  
Juillet Trading Corporation  
Ultasaurus Philippine Trading Inc  
Neptune Holdings Inc.  
Discovery Centre Condominium Corporation  
President:  
Deux Mille Trading Corporation  
Silver Giggling Buddha Trading Inc.  
Sanpiro Realty & Development Corporation  
Director, Assistant Corporate Secretary and Treasurer:  
Berjaya Enviro Philippines Inc.  
Corporate Secretary and Treasurer:  
Noblesse Holdings Inc.  
Member since October 2012:  
American Academy of Project Management  
Administrative Partner:  
Bernas Law Offices

There are no family relationships between and among the directors and officers of the Corporation, except for the Corporate Secretary Jose A. Bernas and the Assistant Corporate Secretary Marie Lourdes T. Sia-Bernas who are married to each other; and director Jimmy S. Soo who is a brother of the President of the Corporation's wholly-owned subsidiary Philippine Gaming Management Corporation.

There is no person who is not an officer who is expected by the Corporation to make a significant contribution to the business. Neither is there an arrangement that may result in the change in control of the Corporation.

None of the current directors and officers work in government. Neither does the proposed additional director enumerated below work in government.

#### Involvement in legal proceedings of directors

None of the directors are involved in any bankruptcy petition, have been convicted by final judgment or are subject to any court order, judgment or decree, including the violation of a securities or commodities law during the past five (5) years up to the filing of this report.

#### Directors and Executive Officers as a Group

As of 25 August 2017 :

(1) Title of Class	(2) Name of Record/ Beneficial Owner	(3) Amount and Nature of Record/ Beneficial Ownership	(4) Percentage Held
common shares	Directors and Executive Officers As a Group	981	0.00 %
		-----	-----
	T o t a l :	981	0.00 %
		=====	=====

#### Certain Relationships and Related Transactions

There has been no material related transactions during the past two years, nor is any material transaction presently proposed, to which any director, executive officer of the Corporation or security holder of more than five percent (5%) of the Corporation's voting securities, any relative or spouse of any director or executive officer or owner of more than five percent (5%) of the Corporation's voting securities had or is to have direct or indirect material interest.

Seventy Four point Twenty Percent (74.20%) of the equity of the Corporation is owned by Berjaya Lottery Management (H.K.) Limited. Berjaya Lottery Management (H.K.) Limited is one hundred percent (100%) owned by Berjaya Sports Toto (Cayman) Ltd. who is in turn one hundred percent (100%) owned by Magna Mahsuri Sdn Bhd.

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

#### Compensation of Directors and Executive Officers

The members of the Board of Directors of the Corporation are entitled to reasonable per diem for actual attendance of any regular or special meeting of the Board of Directors. The directors as a group, were paid Three Million Nine Hundred Fifty Thousand Pesos (P3,950,000.00) in financial year ended 30 April 2017. No salary, bonuses or other compensation has been stipulated or paid to Executive officers for acting as such.

There is no need to disclose a summary compensation table because the Issuer does not have employees and does not pay out salaries. There are no standard agreements for the compensation of directors and the top four executive officers as there are no salaries paid, except for Tan Sri Seri Ibrahim Saad who receives a monthly compensation of Ten Thousand Ringgit Malaysia (RM10,000.00) or its equivalent in Philippine pesos. Tan Sri Seri Ibrahim Saad was paid the same amount in monthly compensation for the past three (3) years. The officers are either directors who receive only their reasonable per diems issued to all directors or are engaged by the corporation on a

professional basis like the law firm of the corporate secretary and assistant corporate secretary who are not employees of the Corporation.

There are no warrants or options on re-pricing or employment contracts or termination of employment contracts entered into by the Corporation. , Neither is there a change in the control arrangement between the Corporation and the executive officers.

There is no pending litigation in which the Corporation is involved either directly or indirectly in the past five years. Neither has the Corporation filed a petition for bankruptcy, been subject to any order, judgment or decree or convicted by final judgment.

#### Material Pending Legal Proceedings

There is no material pending legal proceeding to which the Corporation is a party to up to the time of the preparation of this report that undersigned is aware of, except for a suit filed by Philippine Gaming Management Corporation (PGMC), the Corporation's wholly owned subsidiary against the Philippine Charity Sweepstakes (PCSO).

#### Violation of a Securities or Commodities Law

To its knowledge, the Corporation is not in violation of a Securities or Commodities Law.

#### Independent Public Accountants

For professional services rendered on the audit of the financial statements of the Corporation and its subsidiaries, Punongbayan & Araullo was paid the amounts of Php165,000.00 for its audit on the Corporation, Php425,000.00 and Php190,000.00 for its audit on PGMC and PHPI, the wholly owned subsidiaries of the corporation for the financial year ended 30 April 2017. The same amount was paid to Punongbayan & Araullo for its audit on the Corporation for the financial year ended 30 April 2016, while the amounts of P420,000.00 and P185,000.00 were paid for its audit on PGMC and PHPI for the financial year ended 30 April 2016.

There are no other services other than the audit and review of the Corporation's financial statements rendered by the external auditor for tax accounting, compliance, advice, planning and other form of tax services.

The election, approval or ratification of the registrant's public accountant shall be discussed during the Annual Meeting. Punongbayan & Araullo, which is the principal accountant for the fiscal year ending 30 April 2017, was selected during the Annual Meeting held on 4 October 2016 and is being recommended for re-appointment.

Representatives of Punongbayan & Araullo are expected to be present at the Annual Meeting. They will have the opportunity to make a statement if they desire to do so and they are expected to be available to respond to appropriate questions.

As a matter of procedure, Punongbayan & Araullo submits the corporation's Audited Financial Statements to the Audit Committee, which in turn submits the same Audited Financial Statements to the Board of Directors for approval.

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

The partner at Punongbayan & Araullo assigned to the Issuer is changed or rotated in compliance with SRC Rule 68 (3) (b) (iv).

#### Recent Sales of Unregistered or Exempt Securities

There is no sale of unregistered or exempt securities including recent issuance of securities constituting an exempt transaction.

#### Audit Committee

The members of the Audit Committee are as follows:

Chairman	-	Jaime Y. Ladao
Member	-	Tan Sri Seri Ibrahim Bin Saad
Member	-	Seow Swee Pin

There is no Nomination Committee but the Board screens nominees for independent directors pursuant to Sec. 38 of the Securities Regulation Code on the qualification and disqualification of independent directors.

#### Compensation Plans

There are no compensation plans.

#### Amendments of Charter, By-Laws and Other Documents

There are no proposed amendments in the Articles of Incorporation or By-Laws of the Corporation.

### **OTHER MATTERS**

The Chairman will render a Report during the Annual Meeting.

The stockholders will be asked to ratify the corporate acts of the Board for the fiscal year ended 30 April 2017, all of which are operational matters, in accordance with the purposes of the Corporation, and have been disclosed in the current reports submitted to the Securities and Exchange Commission and the Philippine Stock Exchange.

Other than the election of the board members and members of the audit committee, there are no material matters that need approval by the stockholders in the stockholders meeting.

#### Plans to Improve Corporate Governance of the Corporation

The Corporation will continue monitoring compliance with its *Manual on Corporate Governance* to ensure full compliance thereto.

The Corporation shall implement its corporate governance rules in accordance with the Revised Code of Corporate Governance under SEC Memorandum Circular No. 06-2009. The Revised Manual on Corporate Governance is available for inspection by and shareholder at reasonable hours on business days.

#### Voting Procedures

The election of the Board of Directors, as well as the appointment of the external auditors shall be decided by the plurality vote of stockholders present in person and entitled to vote thereat by cumulative voting, provided that quorum is present.

The vote of at least two-thirds of the stockholders representing the outstanding capital stock of the Corporation will be required in order to amend the Corporation's Articles of Incorporation in order to increase the number of directors from six to seven.

Voting shall be by ballot unless the number of nominees does not exceed the number of directors to be elected in which case, voting by ballot may be dispensed with. Each ballot shall be signed by the stockholder voting, and shall state the number of shares voted by him. The votes will be counted manually and will be supervised by the transfer agent.

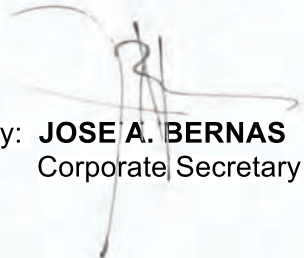
Voting shall be by ballot. Each ballot shall be signed by the stockholder voting, and shall state the number of shares voted by him. The votes will be counted manually and will be supervised by the transfer agent.

The Quarterly Report under SEC Form 17-Q for the quarter ended 31 July 2017 shall be available without charge to stockholders requesting for a copy.

#### **SIGNATURE**

Pursuant to the requirements of the Securities Regulation Code, the Issuer has duly caused this report to be signed on its behalf by the undersigned hereunto authorized on 13 September 2017.

**BERJAYA PHILIPPINES INC.**

  
By: **JOSE A. BERNAS**  
Corporate Secretary





## MANAGEMENT REPORT

Dear Stockholders,

### **Business**

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

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

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

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

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

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



In 2014, the Corporation obtained control over H.R. Owen Plc ("H.R. Owen"), after a series of cash offers from HR Owen's existing stockholders. Incorporated in England, HR Owen operates a number of vehicle franchises in the prestige and specialist car market for both sales and after sales, predominantly in the London area. In 2015, HR Owen acquired 100% ownership over Bodytechnics in order to enhance its aftersales operations. In 2017, the Corporation acquired shares from Bentley Motor Limited to increase its stake in the profitable business of H.R. Owen. The Corporation's equity interest in HR Owen is equivalent to ninety eight point thirty eight percent (98.38%).

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

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

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

As of 30 April 2017, the Corporation does not have employees. Its subsidiaries, PGMCO, PHPI, and H.R. Owen have seventy four (74), seventy one (71), and four hundred sixty nine (469) employees, respectively. The Corporation does not anticipate any substantial increase in the number of its employees within the ensuing twelve (12) months. There are no supplemental benefits or incentive arrangements the subsidiaries have or will have with its employees.

### **Financial Statements**

The Audited Financial Statements of the Corporation as of 30 April 2017 is attached.

### **Disagreements with Accountants on Accounting and Financial Disclosures**

There are no disagreements with the accountants on accounting and financial disclosures.

### **Management's Discussion and Analysis of Financial Conditions and Results of Operations**

The Corporation's principal activity is investment holding. Since 1998, it owns 100% equity ownership of Philippine Gaming Management Corporation (PGMC), which operates the business of leasing online lottery equipment and providing software support in the Luzon Region to the Philippine Charity Sweepstakes Office (PCSO), a Philippine government agency responsible for lotteries and sweepstakes; 98.38% equity interest in H.R. Owen Plc. (HR Owen), a luxury motor



retailer, which operates a number of vehicle dealerships in the prestige and specialist car market for bothsales and aftersales, predominantly in London, UK;and the wholly-owned Perdana Hotel Philippines Inc. (PHPI) which operates Berjaya Makati Hotel in Makati City, Metro Manila.

## **2017 Compared to 2016**

### **Results of Operations**

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

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

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

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

The Group's total cost and operating expenses for the year ended 30 April 2017 increased by ₱1.94 billion (7.6%) to ₱27.49 billion from ₱25.55billion for the same period in 2016. The increase is attributed to the following: (1) cost of vehicles sold and body shop repairs and parts increased by ₱1.90 billion (8.8%), (2) salaries and employee benefits increased by ₱106.91 million (6.6%), (3) taxes and licenses increased by ₱26.51 million (17.8%), (4) maintenance of computer equipment increased by ₱33.79 million (43.1%), (5) charitable contribution increased by ₱73.03 million (100.0%), (6) communication, light and water increased by ₱7.3 million (10.2%), and (7) representation and entertainment increased by ₱28.44 million (147.7%). These increases were offset by the following decrease in the following expenses: (1) professional fees decreased by ₱27.87million (7.5%), (2) rental expense decreased by ₱8.60million (2.6%), (3) depreciation expense decreased by ₱9.65million (4.0%), (4) transportation and travel expenses decreased by ₱20.16 million (43.4%), (5) food and beverage decreased by ₱0.44 million (3.4%) and (6) other general and administrative expenses decreased by ₱152.32 million (14.0%)

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

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



### **Financial Position**

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

### **Key Performance Indicators**

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

	30 Apr 2017	30 Apr 2016
Liquidity Ratio - Current ratio	1.31 : 1.00	1.31 : 1.00
Leverage Ratio - Debt to Equity	1.05 : 1.00	1.03 : 1.00
Activity Ratio - Annualized PPE Turnover	15.12 times	13.24 times
Profitability Ratios		
Return on Equity	9.77%	9.21%
Return on Assets	4.77%	4.53%



The Corporation uses the following computations in obtaining key indicators:

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

## **2016 Compared to 2015**

### **Results of Operations**

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

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

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

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

The Group's total cost and operating expenses for the year ended 30 April 2016 increased by ₱272.57 million (1.1%) or ₱25.55 billion from ₱25.27 billion for the same period in 2015. The increase is attributed to the following: (i) cost of vehicles sold and



body shop repairs and parts increased by ₱126.82 million (0.6%), (ii) salaries and employee benefits increased by ₱60.68 million (3.9%), (iii) rental increased by ₱32.69 million (11.0%), (iv) professional fees increased by ₱101.61 million (37.6%) (v) maintenance of computer equipment increased by ₱1.93 million (2.5%), (vi) transportation and travel increased by ₱7.44 million (19.1%). These increases were offset by the following decreases of expenses: (i) depreciation expense decreased by ₱80.87 million (25.3%), (ii) taxes and licenses decreased by ₱12.01 million (7.5%), (iii) telecommunications decreased by ₱13.61 million (11.9%), (iv) communication, light and water decreased by ₱16.24 million (18.5%), (v) representation and entertainment decreased by ₱18.15 million (48.5%).

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

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

### **Financial Position**

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

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

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

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

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

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

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



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

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

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

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

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

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

### **Key Performance Indicators**

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

The Corporation uses the following computations in obtaining key indicators:

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

The Corporation uses the following computations in obtaining key indicators:



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

## **2015 Compared to 2014**

### **Results of Operations**

The Corporation and its subsidiaries (the Group) generated total revenues from operating sources of about ₱26.47 billion for the year ended 30 April 2015, an increase of ₱13.98 million (112.0%) over total revenues of ₱12.49 billion in the previous financial year. The increase was primarily due to additional revenue from its subsidiary, H.R. Owen.

PGMC recorded revenue of ₱1.61 billion, a decrease of ₱111.13 million (6.5%) from ₱1.72 billion in the previous financial year due to decrease in lottery ticket sales.

PHPI which operates Berjaya Makati Hotel in Makati City, recorded an increased in revenue of ₱143.51 million compared to ₱139.54 million in the previous financial year. The increase of ₱3.95 million (2.8%) was mainly due to a higher occupancy rate compared to the previous financial year.

HR Owen recorded revenue of ₱24.71 billion in the financial year under review, an increase of ₱14.09 billion (132.6%) compared to ₱10.62 billion in the comparative six-month period ended 30 April 2014.

The Group's total cost and operating expenses for the year ended 30 April 2015 increased by ₱13.77 million (119.6%) to ₱25.27 billion from ₱11.51 billion for the same period in 2014. The increase is attributed to the following: (i) cost of vehicles sold and body shop repairs and parts increased by ₱12.21 billion (134.5%), (ii) salaries and employee benefits increased by ₱754.96 million (93.3%), (iii) depreciation expense increased by ₱52.43 million (19.7%), (iv) rental increased by ₱150.30 million (102.2%), (v) taxes and licenses increased by ₱73.47 million (86.0%), (vi) communication, light and water increased by ₱28.52 million (48.2%), (vii) maintenance of computer equipment increased by ₱23.09 million (43.2%), (viii) transportation and travel increased by ₱14.73 million (60.6%), (ix) representation and



entertainment increased by ₱16.23 million (76.7%) and (x) other operating costs increased by ₱538.25 million (115.6%). These increases were offset by the following decreases of expenses: (i) professional fees decreased by ₱62.40 million (18.8%), (ii) telecommunications decreased by ₱5.57 million (4.7%), and (iii) charitable contributions decreased by ₱31.78 million (100.0%).

Other Income – net of other charges amounted to ₱45.03 million for the financial year 30 April 2015, a decrease of ₱439.43 million (90.7%) from ₱484.46 million in the same period in 2014, due to a decrease of other income contributed by parent company, BPI.

The Group's net income decreased by ₱179.63 million (15.9%) to ₱950.97 million in financial year 2015 from ₱1.13 billion in financial year 2014 under review.

### **Financial Position**

Total assets of the Group increased by ₱970.73 million (8.0%) to ₱13.12 billion as of 30 April 2015, from ₱12.16 billion as of 30 April 2014.

Trade and other receivables (net) increased by ₱71.76 million (3.4%) to ₱2.17 billion in 2015 compared to ₱2.10 billion in 2014, mainly due to trade receivables attributed by H.R. Owen.

Inventories (net) increased by ₱807.41 million (22.6%) to ₱4.37 billion in 2015 compared to ₱3.56 billion in 2014, mainly due to the increased in vehicle stocks of H.R. Owen.

Prepayments and other current assets (net) increased by ₱93.44 million (17.3%) to ₱634.38 million in 2015 compared to ₱540.94 million in 2014, mainly due to an increase in prepaid expenses.

Available-for-sale financial assets increased by ₱151.01 million (15.4%) to ₱1.13 billion in 2015 compared to ₱979.76 million in 2014, mainly due to the acquisition of investments during the year.

Property and equipment (net) decreased by ₱61.11 million (4.1%) to ₱1.43 billion in 2015 compared to ₱1.49 billion in 2014, mainly due to depreciation charges for the financial year.

Investments in associates increased by ₱77.82 million (56.0%) to ₱216.77 million in 2015 compared to ₱138.95 million in 2014, mainly due to acquisition of investment in associates.

Intangible assets decreased by ₱38.0 million (2.1%) to ₱1.81 billion in 2015 compared to ₱1.85 billion in 2014, primarily due to translation adjustment on goodwill and dealership rights arising from acquisition of Bentley dealership.

Deferred tax assets increased by ₱2.0 million (21.1%) to ₱11.46 million in 2015 compared to ₱9.47 million in 2014.



Meanwhile, Other non-current assets increased by ₱0.62 million (25.5%) to ₱3.06 million in 2015 compared to ₱2.43 million in 2014 due to additional security deposits.

Total liabilities of the Group increased by ₱313.66 billion (5.5%) to ₱6.03 billion as of 30 April 2015, from ₱5.71 billion as of 30 April 2014 mainly due to increase in Trade and other Payables.

The Group has no long-term debt. Post-employment benefit obligation increased by ₱0.48 million (1.0%) to ₱47.72 in 2015 compared ₱47.24 in 2014.

Total stockholders' equity of the Group increased by ₱657.07 billion (10.2%) to ₱7.10 billion as of 30 April 2015, from ₱6.45 billion as of 30 April 2014 under review. The book value per share increased to ₱7.44 in 2015 from ₱6.76 in 2014.

### **Key Performance Indicators**

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

The Corporation uses the following computations in obtaining key indicators:

	30 April 2015	30 April 2014
Liquidity Ratio - Current ratio	1.41 : 1.00	1.35 : 1.00
Leverage Ratio - Debt to Equity	0.85 : 1.00	0.89 : 1.00
Activity Ratio - Annualized PPE Turnover	18.48 times	8.36 times
Profitability Ratios		
Return on Equity	13.39%	17.54%
Return on Assets	7.24%	9.30%

The Corporation uses the following computations in obtaining key indicators:

Key Performance Indicator	Formula
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$



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

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

- i) There is no known trend, event or uncertainty that has or is reasonably likely to have an impact on the Corporation's short term or long-term liquidity.
- ii) The liquidity of the subsidiaries would continue to be generated from the collections of revenues from customers. There is no requirement for external funding for liquidity.
- iii) There is no known trend, event or uncertainty that has or that is reasonably expected to have a material impact on the net sales or revenues or income from continuing operations.
- iv) There is no significant element of income or loss that would arise from the Group's continuing operations.
- v) There is no cause for any material change from period to period in one or more of the line items of the Corporation's financial statements.
- vi) There were no seasonal aspects that had a material impact effect on the financial conditions or results of operations.
- vii) There is no event that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation; and
- viii) There is no material off-balance sheet transactions, arrangements, obligations (including contingent liabilities), and other relationships of the company with unconsolidated entities or persons created during the reporting period.



### **Information on Independent Accountant**

For professional services rendered on the audit of the financial statements of the Corporation and its subsidiaries, Punongbayan & Araullo was paid the amounts of Php165,000.00 for its audit on the Corporation, Php425,000.00 and Php190,000.00 for its audit on PGMC and PHPI, the wholly owned subsidiaries of the corporation for the financial year ended 30 April 2017. The same amount was paid to Punongbayan & Araullo for its audit on the Corporation for the financial year ended 30 April 2016, while the amounts of P420,000.00 and P185,000.00 were paid for its audit on PGMC and PHPI for the financial year ended 30 April 2016.

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

As part of the audit process, Punongbayan & Araullo made specific inquiries from the Management of the Corporation and its subsidiaries and requested Management's written confirmation concerning representations contained in the financial statements and the effectiveness of the internal control structure. The responses to the inquiries, the written representations, and the results of their audit tests comprised the evidential matter relied upon in forming an opinion on the financial statements.

The income tax return (ITR), other tax returns and the publicly held financial statements (PHFS) and the information contained therein were the responsibilities of the Corporation. Punongbayan & Araullo ascertained that the income and expenses agree with the Corporation's and its subsidiaries' books of accounts.

### **Discussion on Compliance with leading practice on Corporate Governance**

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

The Corporation shall implement its Corporate Governance Rules in accordance with the Revised Code of Corporate Governance under SEC Memorandum Circular No. 06-2009. The Corporation submitted its Revised *Manual on Corporate Governance* on 31 July 2014, 18 January 2010, and 30 May 2017. The Revised Manual is available for inspection by shareholders at reasonable hours on business days.

The Corporation submitted its Annual Corporate Governance Report on 18 August 2017. The Annual Corporate Governance Report is available for inspection by shareholders at reasonable hours on business days.

There is no deviation from the corporation's *Revised Manual on Corporate Governance*.



### Market Price of the Company's Shares of Stock

The shares of stock of Berjaya Philippines Inc. are traded on the Philippine Stock Exchange (PSE). The high and low sales prices for certain dates commencing January 2016 to August 2017 are as follows:

<u>Date</u>	<u>High</u>	<u>Low</u>	<u>Close</u>
11 Jan 2016	₱ 30.00	₱ 20.00	₱ 28.00
16 May 2016	₱ 30.00	₱ 20.00	₱ 28.50
15 Jul 2016	₱ 38.00	₱ 6.41	₱ 6.70
12 Aug 2016	₱ 38.00	₱ 5.60	₱ 5.79
3 Jan 2017	₱ 38.00	₱ 5.00	₱ 6.30
31 March 2017	₱ 38.00	₱ 5.00	₱ 5.59
30 May 2017	₱ 38.00	₱ 5.00	₱ 5.87
13 June 2017	₱ 38.00	₱ 5.00	₱ 5.68
5 July 2017	₱ 7.50	₱ 5.00	₱ 5.50
27 July 2017	₱ 7.50	₱ 5.00	₱ 5.30
1 Aug 2017	₱ 7.50	₱ 5.00	₱ 5.32
11 Aug 2017	₱ 7.50	₱ 5.00	₱ 5.25
24 Aug 2017	₱ 7.50	₱ 5.00	₱ 5.10
25 Aug 2017	₱ 7.50	₱ 5.00	₱ 5.10

The price as of the last trading date for this report is Five Pesos and Ten Centavos (₱ 5.10) on 25 August 2017.

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

Upon the written request of any stockholder, the Company will provide without charge to the requesting stockholder, a copy of the Company's annual report on SEC Form 17-A.

#### ALL REQUESTS MUST BE ADDRESSED TO:

**JOSE A. BERNAS, Esq.**  
**The Corporate Secretary**  
**Berjaya Philippines Inc.**  
**c/o Bernas Law Offices**  
**8/F Raha Sulayman Building**  
**108 Benavidez Street, Legaspi Village, Makati City**  
**Metro Manila, 1229**

**BERJAYA PHILIPPINES INC.**  
For and on behalf of the Board:

  
**TAN SRI IBRAHIM BIN SAAD**  
Chairman

REPUBLIC OF THE PHILIPPINES )  
MAKATI CITY ) §

### **CERTIFICATION OF INDEPENDENT DIRECTOR**

I, **DR. GEORGE T. YANG**, Filipino, of legal age and a resident of Makati City, Metro Manila, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an independent director of BERJAYA PHILIPPINES INC. and have been its independent director since 12 November 1996.
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

<b>COMPANY/ORGANIZATION</b>	<b>POSITION/RELATIONSHIP</b>
Philippine Gaming Management Corporation	Independent Director
Golden Arches Development Corporation (McDonald's Philippines)	Chairman and Founder
First Georgetown Ventures, Inc.	Chairman of the Board
Ronald McDonald House Charities of the Philippines	Chairman of the Board
Klassikal Music Foundation Inc.	Chairman of the Board
Trojan Computer Forms, Inc.	Chairman of the Board
MDS Call Solutions Inc.	Chairman
Clark Mac Enterprises Inc.	Chairman
Clark Mac Enterprises Inc.	Chairman
Golden City Food Industries Inc.	Chairman
Davao City Food Industries Inc.	Chairman
Golden Laoag Ventures Inc.	Chairman
First Golden Laoag Ventures Inc.	Chairman
Retro Golden Foods Inc.	Chairman
Fast Serve Solutions Systems Inc.	Chairman




Advance Food Concepts Mfg. Inc.	Chairman
Oceanfront Properties Inc.	Vice-Chairman
TransAire Development Holdings Corporation	Vice-Chairman
Golden Arches Realty Corporation	President
Ayala Center Estate Association	Member of the Board of Governors
The Tower Club, Inc.	Member of the Board of Governors
San Beda College Manila	Member of the Board of Trustees
Consular Corps of the Philippines	Past Dean and Member
Jose Rizal University	Doctorate Degree in Humanities <i>honoris causa</i>
Wharton School, University of Pennsylvania	Masters Degree in Business Administration
De La Salle University	Doctor of Humanities, <i>Honoris Causa</i>
Consulate of the State of Eritrea	Consul General <i>ad honorem</i>

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of BERJAYA PHILIPPINES INC. as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am not related to any director, officer or substantial shareholder of BERJAYA PHILIPPINES INC. other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code (where applicable)
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
7. I shall inform the Corporate Secretary of BERJAYA PHILIPPINES INC. of any changes in the abovementioned information within five days from its occurrence.



Done, this 12<sup>th</sup> day of September 2017 at Makati City, Metro Manila.

  
**DR. GEORGE T. YANG**  
Affiant

**SUBSCRIBED AND SWORN** to before me this 12<sup>th</sup> day of September 2017 at the City of Makati, Metro Manila, affiant personally appeared before me and exhibited to me his Passport with number EC0174203 issued on 30 January 2014 at the DFA Manila.

Doc. No. 666 ;  
Page No. 30 ;  
Book No. II ;  
Series of 2017.

  
**ANGELICA ROSE C. DIMALANTA**  
Commission No. M-198  
Notary Public - City of Makati  
Until 31 December 2018  
Bernas Law Offices  
8<sup>th</sup> Floor Raha Sulayman Bldg., 108 Benavidez St.,  
Legaspi Village, Makati City  
IBP Membership No. 1060668 / 09 January 2017 / Quezon City  
PTR No. 5912449 / 09 January 2017 / Makati City  
Roll of Attorneys No. 66411

REPUBLIC OF THE PHILIPPINES )  
MAKATI CITY ) §

### **CERTIFICATION OF INDEPENDENT DIRECTOR**

I, **JAIME Y. LADAO**, Filipino, of legal age and a resident of the Ritz Towers, Makati City, Metro Manila, after having been duly sworn to in accordance with law do hereby declare that:

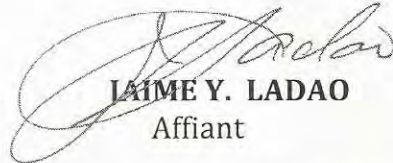
1. I am an independent director of **BERJAYA PHILIPPINES INC.** and have been its independent director since 23 March 2010.
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

<b>COMPANY/ORGANIZATION</b>	<b>POSITION/RELATIONSHIP</b>
Philippine Dispute Resolution Center Inc.	Member
Corporate Governance Institute of the Philippines Inc.	Member
Dun & Bradstreet Philippines Inc.	Member
Financial Executive Institute of the Philippines	Member
Boy Scouts of the Philippines	National President and Member
Management Association of the Philippines	Past Board Member and Treasurer
Philippine Dispute Resolution Inc.	Member
Australian Institute of Corporate Directors	Fellow
Consumer Credit Score Philippines Inc.	Founder and Executive Chairman
San Miguel Corporation	Director, Member of the Executive Committee, and former Chair of the Audit Committee

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **BERJAYA PHILIPPINES INC.** as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

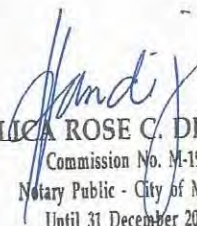
4. I am not related to any director, officer or substantial shareholder of **BERJAYA PHILIPPINES INC.** other than the relationship provided under Rule 38 of the Securities Regulation Code.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
7. I shall inform the Corporate Secretary of **BERJAYA PHILIPPINES INC.** of any changes in the abovementioned information within five days from its occurrence.

Done, this 13<sup>th</sup> day of September 2017 at Makati City, Metro Manila.

  
**LAIME Y. LADAO**  
Affiant

**SUBSCRIBED AND SWORN** to before me this 13<sup>th</sup> day of September 2017 at the City of Makati, Metro Manila, affiant personally appeared before me and exhibited to me his Passport with number EC3891219 issued at DFA NCR South on 9 April 2015

Doc. No. 667;  
Page No. 30;  
Book No. II;  
Series of 2017.

  
**ANGELICA ROSE C. DIMALANTA**

Commission No. M-198  
Notary Public - City of Makati  
Until 31 December 2018  
Bernas Law Offices

8<sup>th</sup> Floor Raha Sulayman Bldg., 108 Benavidez St.,  
Legaspi Village, Makati City  
IBP Membership No. 1060668 / 09 January 2017 / Quezon City  
PTR No. 5912449 / 09 January 2017 / Makati City  
Roll of Attorneys No. 66411



# COVER SHEET

P W 0 0 0 0 0 4 7 6

S.E.C. Registration Number

B E R J A Y A P H I L I P P I N E S I N C .

(Company's Full Name)

9 F R U F I N O P A C I F I C T O W E R  
6 7 8 4 A Y A L A A V E . M A K A T I C I T Y

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

Atty. Jose A. Bernas

Contact Person

811-0668

Company Telephone Number

0 4 3 0  
Month Day  
Fiscal Year

P H F S  
FORM TYPE

1 0 0 4  
Month Day  
Annual Meeting

Secondary License Type, If Applicable

S E C

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings (in '000)

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

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

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

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

**Table 1. Balance Sheet**

<b>FINANCIAL DATA</b>	<b>2017 ( in P'000 )</b>	<b>2016 ( in P'000 )</b>
<b>A. ASSETS (A.1 + A.2 + A.3 + A.4 + A.5 + A.6 + A.7 + A.8 + A.9 + A.10)</b>	<b>7,852,974</b>	<b>6,975,061</b>
A.1 Current Assets (A.1.1 + A.1.2 + A.1.3 + A.1.4 + A.1.5)	2,941,598	3,217,091
A.1.1 Cash and cash equivalents (A.1.1.1 + A.1.1.2 + A.1.1.3)	91,929	138,600
A.1.1.1 On hand	1	0
A.1.1.2 In domestic banks/entities	91,928	138,600
A.1.1.3 In foreign banks/entities		
A.1.2 Trade and Other Receivables (A.1.2.1 + A.1.2.2)	1,920,154	2,098,701
A.1.2.1 Due from domestic entities (A.1.2.1.1 + A.1.2.1.2 + A.1.2.1.3 + A.1.2.1.4)	1,920,154	2,098,701
A.1.2.1.1 Due from customers (trade)		
A.1.2.1.2 Due from related parties	0	82,283
A.1.2.1.3 Others, specify (A.1.2.1.3.1 + A.1.2.1.3.2)	1,920,154	2,030,086
A.1.2.1.3.1 Payments for future acquisition of investments	984,139	1,094,266
A.1.2.1.3.2 Others	936,014	935,820
A.1.2.1.4 Allowance for doubtful accounts (negative entry)	0	(13,689)
A.1.2.2 Due from foreign entities, specify (A.1.2.2.1 + A.1.2.2.2 + A.1.2.2.3 + A.1.2.2.4)		
A.1.2.2.1		
A.1.2.2.2		
A.1.2.2.3		
A.1.2.2.4 Allowance for doubtful accounts (negative entry)		
A.1.3 Inventories (A.1.3.1 + A.1.3.2 + A.1.3.3 + A.1.3.4 + A.1.3.5 + A.1.3.6)		
A.1.3.1 Raw materials and supplies		
A.1.3.2 Goods in process (including unfinished goods, growing crops, unfinished seeds)		
A.1.3.3 Finished goods		
A.1.3.4 Merchandise/Goods in transit		
A.1.3.5 Unbilled Services (in case of service providers)		
A.1.3.6 Others, specify (A.1.3.6.1 + A.1.3.6.2)		
A.1.3.6.1		
A.1.3.6.2		
A.1.4 Financial Assets other than Cash/Receivables/Equity investments (A.1.4.1 + A.1.4.2 + A.1.4.3 + A.1.4.4 + A.1.4.5 + A.1.4.6)		
A.1.4.1 Financial Assets at Fair Value through Profit or Loss - issued by domestic entities: (A.1.4.1.1 + A.1.4.1.2 + A.1.4.1.3 + A.1.4.1.4 + A.1.4.1.5)		
A.1.4.1.1 National Government		
A.1.4.1.2 Public Financial Institutions		
A.1.4.1.3 Public Non-Financial Institutions		
A.1.4.1.4 Private Financial Institutions		
A.1.4.1.5 Private Non-Financial Institutions		
A.1.4.2 Held to Maturity Investments - issued by domestic entities: (A.1.4.2.1 + A.1.4.2.2 + A.1.4.2.3 + A.1.4.2.4 + A.1.4.2.5)		
A.1.4.2.1 National Government		
A.1.4.2.2 Public Financial Institutions		
A.1.4.2.3 Public Non-Financial Institutions		
A.1.4.2.4 Private Financial Institutions		
A.1.4.2.5 Private Non-Financial Institutions		

**NOTE:**

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

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

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



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

NAME OF CORPORATION: BERJAYA PHILIPPINES INC.

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

TEL. NO.: 811-0668

FAX NO.: 811-0538

COMPANY TYPE: INVESTMENT COMPANY OPERATION

PSIC: 66910

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

**Table 1. Balance Sheet**

FINANCIAL DATA	2017 ( in P'000 )	2016 ( in P'000 )
A.1.4.3 Loans and Receivables - issued by domestic entities: (A.1.4.3.1 + A.1.4.3.2 + A.1.4.3.3 + A.1.4.3.4 + A.1.4.3.5)		
A.1.4.3.1 National Government		
A.1.4.3.2 Public Financial Institutions		
A.1.4.3.3 Public Non-Financial Institutions		
A.1.4.3.4 Private Financial Institutions		
A.1.4.3.5 Private Non-Financial Institutions		
A.1.4.4 Available-for-sale financial assets - issued by domestic entities: (A.1.4.4.1 + A.1.4.4.2 + A.1.4.4.3 + A.1.4.4.4 + A.1.4.4.5)		
A.1.4.4.1 National Government		
A.1.4.4.2 Public Financial Institutions		
A.1.4.4.3 Public Non-Financial Institutions		
A.1.4.4.4 Private Financial Institutions		
A.1.4.4.5 Private Non-Financial Institutions		
A.1.4.5 Financial Assets issued by foreign entities: (A.1.4.5.1+A.1.4.5.2+A.1.4.5.3+A.1.4.5.4)		
A.1.4.5.1 Financial Assets at fair value through profit or loss		
A.1.4.5.2 Held-to-maturity investments		
A.1.4.5.3 Loans and Receivables		
A.1.4.5.4 Available-for-sale financial assets		
A.1.4.6 Allowance for decline in market value (negative entry)		
A.1.5 Other Current Assets (state separately material items) (A.1.5.1 + A.1.5.2 + A.1.5.3)	929,516	979,790
A.1.5.1 Advances to subsidiaries and associates	868,459	911,768
A.1.5.2 Prepaid taxes and input VAT	59,116	59,051
A.1.5.3 Other prepayments - net	1,941	8,971
A.2 Property, plant, and equipment (A.2.1 + A.2.2 + A.2.3 + A.2.4 + A.2.5 + A.2.6 + A.2.7 + A.2.8)	5,003	7,505
A.2.1 Land		
A.2.2 Building and improvements including leasehold improvement		
A.2.3 Machinery and equipment (on hand and in transit)		
A.2.4 Transportation/motor vehicles, automotive equipment, autos and trucks, and delivery equipment	5,003	7,505
A.2.5 Others, specify (A.2.5.1 + A.2.5.2 + A.2.5.3 + A.2.5.4 + A.2.5.5)		
A.2.5.1 Property or equipment used for education purposes		
A.2.5.2 Construction in progress		
A.2.5.3		
A.2.5.4		
A.2.5.5		
A.2.6 Appraisal increase, specify (A.2.6.1 + A.2.6.2 + A.2.6.3 + A.2.6.4 + A.2.6.5)		
A.2.6.1		
A.2.6.2		
A.2.6.3		
A.2.6.4		
A.2.6.5		
A.2.7 Accumulated Depreciation (negative entry)		
A.2.8 Impairment Loss or Reversal (if loss, negative entry)		
A.3 Investments accounted for using the equity method (A.3.1 + A.3.2 + A.3.3 + A.3.4)		
A.3.1 Equity in domestic subsidiaries/affiliates		
A.3.2 Equity in foreign branches/subsidiaries/affiliates		
A.3.3 Others, specify (A.3.3.1 + A.3.3.2 + A.3.3.3 + A.3.3.4 + A.3.3.5)		
A.3.3.1		
A.3.3.2		
A.3.3.3		
A.3.3.4		
A.3.3.5		
A.4 Investment Property		
A.5 Biological Assets		
A.6 Intangible Assets		
A.6.1 Major item/s, specify (A.6.1.1 + A.6.1.2)		
A.6.1.1		
A.6.1.2		
A.6.2 Others, specify (A.6.2.1 + A.6.2.2)		
A.6.2.1		
A.6.2.2		
A.7 Assets Classified as Held for Sale		
A.8 Assets included in Disposal Groups Classified as Held for Sale		

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

NAME OF CORPORATION: BERJAYA PHILIPPINES INC.

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

TEL. NO.: 811-0668

FAX NO.: 811-0538

COMPANY TYPE: INVESTMENT COMPANY OPERATION

PSIC: 66910

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

**Table 1. Balance Sheet**

<b>FINANCIAL DATA</b>	<b>2017 (in P'000)</b>	<b>2016 (in P'000)</b>
A.9 Long-term receivables (net of current portion) (A.9.1 + A.9.2 + A.9.3)		
A.9.1 From domestic entities, specify (A.9.1.1 + A.9.1.2 + A.9.1.3)		
A.9.1.1		
A.9.1.2		
A.9.1.3		
A.9.2 From foreign entities, specify (A.9.2.1 + A.9.2.2 + A.9.2.3)		
A.9.2.1		
A.9.2.2		
A.9.2.3		
A.9.3 Allowance for doubtful accounts, net of current portion (negative entry)		
A.10 Other Assets (A.10.1 + A.10.2 + A.10.3 + A.10.4 + A.10.5)	4,906,372	3,750,466
A.10.1 Deferred charges - net of amortization		
A.10.2 Deferred Income Tax	0	0
A.10.3 Advance/Miscellaneous deposits		
A.10.4 Others, specify (A.10.4.1 + A.10.4.2 + A.10.4.3 + A.10.4.4 + A.10.4.5)	4,906,372	3,750,466
A.10.4.1 Investment in subsidiaries and associates	3,951,537	2,848,699
A.10.4.2 Available-for-sale financial assets	901,809	869,409
A.10.4.3 Advances to an associate	0	0
A.10.4.4 Deferred Tax Assets	53,026	32,357
A.10.4.5		
A.10.5 Allowance for write-down of deferred charges/bad accounts (negative entry)	0	0
<b>B. LIABILITIES (B.1 + B.2 + B.3 + B.4 + B.5)</b>	<b>859,410</b>	<b>114,375</b>
B.1 Current Liabilities (B.1.1 + B.1.2 + B.1.3 + B.1.4 + B.1.5 + B.1.6 + B.1.7)	626,077	114,375
B.1.1 Trade and Other Payables to Domestic Entities (B.1.1.1 + B.1.1.2 + B.1.1.3 + B.1.1.4 + B.1.1.5 + B.1.1.6)	626,077	114,375
B.1.1.1 Loans/Notes Payables	350,000	100,000
B.1.1.2 Trade Payables	17,729	14,375
B.1.1.3 Payables to Related Parties		
B.1.1.4 Advances from Directors, Officers, Employees and Principal Stockholders		
B.1.1.5 Accruals, specify material items (B.1.1.5.1 + B.1.1.5.2 + B.1.1.5.3)		
B.1.1.5.1		
B.1.1.5.2		
B.1.1.5.3		
B.1.1.6 Others, specify (B.1.1.6.1 + B.1.1.6.2 + B.1.1.6.3)		
B.1.1.6.1 Advances from Subsidiary	258,348	0
B.1.1.6.2		
B.1.1.6.3		
B.1.2 Trade and Other Payables to Foreign Entities (specify) (B.1.2.1 + B.1.2.2 + B.1.2.3)		
B.1.2.1		
B.1.2.2		
B.1.2.3		
B.1.3 Provisions		
B.1.4 Financial Liabilities (excluding Trade and Other Payables and Provisions) (B.1.4.1 + B.1.4.2 + B.1.4.3 + B.1.4.4 + B.1.4.5)		
B.1.4.1		
B.1.4.2		
B.1.4.3		
B.1.4.4		
B.1.4.5		
B.1.5 Liabilities for Current Tax		
B.1.6 Deferred Tax Liabilities	0	0
B.1.7 Others, specify (If material, state separately; indicate if the item is payable to public/private or financial/non-financial institutions) (B.1.7.1 + B.1.7.2 + B.1.7.3 + B.1.7.4 + B.1.7.5 + B.1.7.6)		
B.1.7.1 Dividends declared and not paid at balance sheet date		
B.1.7.2 Acceptances Payable		
B.1.7.3 Liabilities under Trust Receipts		
B.1.7.4 Portion of Long-term Debt Due within one year		
B.1.7.5 Deferred Income		
B.1.7.6 Any other current liability in excess of 5% of Total Current Liabilities, specify:		
B.1.7.6.1		
B.1.7.6.2		
B.1.7.6.3		

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

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

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

**Table 1. Balance Sheet**

<b>FINANCIAL DATA</b>	<b>2017 ( in P'000 )</b>	<b>2016 ( in P'000 )</b>
B.2 Long-term Debt - Non-current Interest-bearing Liabilities (B.2.1 + B.2.2 + B.2.3 + B.2.4 + B.2.5)	233,333	0
B.2.1 Domestic Public Financial Institutions		
B.2.2 Domestic Public Non-Financial Institutions		
B.2.3 Domestic Private Financial Institutions	233,333	0
B.2.4 Domestic Private Non-Financial Institutions		
B.2.5 Foreign Financial Institutions		
B.3 Indebtedness to Affiliates and Related Parties (Non-Current)		
B.4 Liabilities Included in the Disposal Groups Classified as Held for Sale		
B.5 Other Liabilities (B.5.1 + B.5.2)		
B.5.1 Deferred Tax		
B.5.2 Others, specify (B.5.2.1 + B.5.2.2 + B.5.2.3 + B.5.2.4 + B.5.2.5)		
B.5.2.1		
B.5.2.2		
B.5.2.3		
B.5.2.4		
B.5.2.5		
<b>C. EQUITY (C.3 + C.4 + C.5 + C.6 + C.7 + C.8 + C.9 + C.10)</b>	<b>6,993,564</b>	<b>6,860,687</b>
C.1 Authorized Capital Stock (no. of shares, par value and total value; show details) (C.1.1 + C.1.2 + C.1.3)	0	0
C.1.1 Common shares 2,000,000,000 shares, P1 par value	0	0
C.1.2 Preferred Shares		
C.1.3 Others		
C.2 Subscribed Capital Stock (no. of shares, par value and total value) (C.2.1 + C.2.2 + C.2.3)		
C.2.1 Common shares		
C.2.2 Preferred Shares		
C.2.3 Others		
C.3 Paid-up Capital Stock (C.3.1 + C.3.2)	4,427,009	953,984
C.3.1 Common shares	4,427,009	953,984
C.3.2 Preferred Shares		
C.4 Additional Paid-in Capital / Capital in excess of par value / Paid-in Surplus		
C.5 Minority Interest		
C.6 Others, specify (C.6.1 + C.6.2 + C.6.3)	(61,532)	(26,720)
C.6.1 Revaluation reserve	(61,532)	(26,720)
C.6.2		
C.6.3		
C.7 Appraisal Surplus/Revaluation Increment in Property/Revaluation Surplus		
C.8 Retained Earnings (C.8.1 + C.8.2)	3,616,237	6,921,573
C.8.1 Appropriated	2,273,150	5,746,175
C.8.2 Unappropriated	1,343,086	1,175,398
C.9 Head / Home Office Account (for Foreign Branches only)		
C.10 Cost of Stocks Held in Treasury (negative entry)	(988,150)	(988,150)
<b>TOTAL LIABILITIES AND EQUITY (B + C)</b>	<b>7,852,974</b>	<b>6,975,061</b>



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

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

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

**Table 2. Income Statement**

<b>FINANCIAL DATA</b>	<b>2017</b> ( in P'000 )	<b>2016</b> ( in P'000 )	
<b>A. REVENUE / INCOME (A.1 + A.2 + A.3)</b>	212,074	643,183	
A.1 Net Sales or Revenue / Receipts from Operations (manufacturing, mining, utilities, trade, services, etc.) (from Primary Activity)	186,229	693,474	
A.2 Share in the Profit or Loss of Associates and Joint Ventures accounted for			
A.3 Other Revenue (A.3.1 + A.3.2 + A.3.3 + A.3.4 + A.3.5)			
A.3.1 Rental Income from Land and Buildings			
A.3.2 Receipts from Sale of Merchandise (trading) (from Secondary Activity)			
A.3.3 Sale of Real Estate or other Property and Equipment			
A.3.4 Royalties, Franchise Fees, Copyrights (books, films, records, etc.)			
A.3.5 Others, specify (A.3.5.1 + A.3.5.2 + A.3.5.3 + A.3.5.4 + A.3.5.5 + A.3.5.6 + A.3.5.7 + A.3.5.8)			
A.3.5.1 Rental Income, Equipment			
A.3.5.2			
A.3.5.3			
A.3.5.4			
A.3.5.5			
A.3.5.6			
A.3.5.7			
A.3.5.8			
A.4 Other Income (non-operating) (A.4.1 + A.4.2 + A.4.3 + A.4.4)	25,845	(50,290)	
A.4.1 Interest Income	98,334	93,321	
A.4.2 Dividend Income			
A.4.3 Gain / (Loss) from selling of Assets, specify (A.4.3.1 + A.4.3.2 + A.4.3.3 + A.4.3.4)	1,181	(19,523)	
A.4.3.1 Gain on sale of available-for-sale financial assets	1,181	(19,523)	
A.4.3.2			
A.4.3.3			
A.4.3.4			
A.4.4 Others, specify (A.4.4.1 + A.4.4.2 + A.4.4.3 + A.4.4.4)	(73,669)	(124,088)	
A.4.4.1 Gain / (Loss) on Foreign Exchange	(72,320)	(19,261)	
A.4.4.2 Remeasurement of gain on reclassification of AFS	0	0	
A.4.4.3 Impairment loss on financial assets	(2,878)	(104,827)	
A.4.4.4 Other Income	1,529	0	
<b>B. COST OF GOODS SOLD (B.1 + B.2 + B.3)</b>			
B.1 Cost of Goods Manufactured (B.1.1 + B.1.2 + B.1.3 + B.1.4 + B.1.5)			
B.1.1 Direct Material Used			
B.1.2 Direct Labor			
B.1.3 Other Manufacturing Cost / Overhead			
B.1.4 Goods in Process, Beginning			
B.1.5 Goods in Process, End (negative entry)			
B.2 Finished Goods, Beginning			
B.3 Finished Goods, End (negative entry)			
<b>C. COST OF SALES (C.1 + C.2 + C.3)</b>			
C.1 Purchases			
C.2 Merchandise Inventory, Beginning			
C.3 Merchandise Inventory, End (negative entry)			
<b>D. GROSS PROFIT (A - B - C)</b>	212,074	643,183	

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



Control No.:

Form Type: PHFS (rev 2006)

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

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

TEL. NO.: 811-0668

FAX NO.: 811-0538

COMPANY TYPE : INVESTMENT COMPANY OPERATION

PSIC: 66910

*If these are based on consolidated financial statements, please so indicate in the caption.***Table 2. Income Statement**

FINANCIAL DATA	2017 ( in P'000 )	2016 ( in P'000 )	
<b>E. OPERATING EXPENSES (E.1 + E.2 + E.3 + E.4)</b>	<b>53,237</b>	<b>58,894</b>	
E.1 Selling or Marketing Expenses			
E.2 Administrative Expenses			
E.3 General Expenses			
E.4 Other Expenses, specify (E.4.1 + E.4.2 + E.4.3 + E.4.4 + E.4.5 + E.4.6 + E.4.7 + E.4.8 + E.4.9 + E.4.10)	53,237	58,894	
E.4.1 Education-related expenditures	0	0	
E.4.2 Professional fees	7,983	29,819	
E.4.3 Taxes and licenses	35,742	10,699	
E.4.4 Transportation and travel	3,228	5,307	
E.4.5 Sponsorships	50	1,250	
E.4.6 Others	3,733	9,318	
E.4.7 Depreciation	2,501	2,501	
E.4.8			
E.4.9			
E.4.10			
<b>F. FINANCE COSTS (F.1 + F.2 + F.3 + F.4 + F.5)</b>	<b>11,767</b>	<b>3,222</b>	
F.1 Interest on Short-Term Promissory Notes			
F.2 Interest on Long-Term Promissory Notes			
F.3 Interest on bonds, mortgages and other long-term loans			
F.4 Amortization			
F.5 Other interests, specify (F.5.1 + F.5.2 + F.5.3 + F.5.4 + F.5.5)	11,767	3,222	
F.5.1 Interest expense	11,767	3,222	
F.5.2			
F.5.3			
F.5.4			
F.5.5			
<b>G. NET INCOME (LOSS) BEFORE TAX (D - E - F)</b>	<b>147,070</b>	<b>581,067</b>	
<b>H. INCOME TAX EXPENSE (negative entry)</b>	<b>20,618</b>	<b>32,761</b>	
<b>I. INCOME (LOSS) AFTER TAX</b>	<b>167,689</b>	<b>613,829</b>	
<b>J. Amount of (i) Post-Tax Profit or Loss of Discontinued Operations; and (ii) Post-Tax Gain or Loss Recognized on the Measurement of Fair Value less Cost to Sell or on the Disposal of the Assets or Disposal Group(s) constituting the Discontinued Operation (if any)</b>			
J.1			
J.2			
<b>K. PROFIT OR LOSS ATTRIBUTABLE TO MINORITY INTEREST</b>			
<b>L. PROFIT OR LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT</b>			
<b>M. EARNINGS (LOSS) PER SHARE</b>			
M.1 Basic	0.039	0.141	
M.2 Diluted			



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

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TEL. NO.: 811-0668

FAX NO.: 811-0538

COMPANY TYPE INVESTMENT COMPANY OPERATION

PSIC: 66910

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

Table 3. Cash Flow Statements

FINANCIAL DATA	2017 ( in P'000 )	2016 ( in P'000 )
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income (Loss) Before Tax and Extraordinary Items	147,070	581,067
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
Depreciation	2,501	2,501
Amortization, specify:		
Others, specify: Dividend income	(186,229)	(693,474)
Impairment loss on financial assets	2,878	91,158
Remeasurement gain of available-for-sale financial assets	0	0
Net gain on sale of available-for-sale financial assets	(1,181)	19,523
Interest expense	11,767	3,222
Interest income	(98,334)	(93,321)
Unrealized foreign currency loss (gain)	72,320	19,261
Write-down of Property, Plant, and Equipment		
Changes in Assets and Liabilities:		
Decrease (Increase) in:		
Dividend and other receivables	(84,542)	(465,147)
Inventories		
Prepayments and other current assets	6,965	(10,702)
Others, specify:		
Increase (Decrease) in:		
Trade and Other Payables	2,275	4,197
Income and Other Taxes Payable		
Others, specify: Cash paid for income taxes	(51)	(38)
<b>A. Net Cash Provided by (Used in) Operating Activities (sum of above rows)</b>	<b>(124,560)</b>	<b>(541,752)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
(Increase) Decrease in Long-Term Receivables		
(Increase) Decrease in Investment		
Reductions/(Additions) to Property, Plant, and Equipment		
Others, specify Acquisition of available-for-sale financial assets	(184,728)	(18,941)
Cash dividends received	341,829	537,874
Proceeds from sale of available-for-sale financial assets	115,820	20,436
Increase in advances to subsidiaries and associates	(23,200)	(26,700)
Additional investment in a subsidiary and associates	(1,020,555)	(138,180)
Interest received	55,382	33,788
Collections of advances to subsidiaries and associates	74,350	30,000
<b>B. Net Cash Provided by (Used in) Investing Activities (sum of above rows)</b>	<b>(641,102)</b>	<b>438,277</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from:		
Loans	700,000	200,000
Long-term Debt		
Issuance of Securities		
Others, specify: Advances received from subsidiary	258,348	0
Payments of:		
(Loans)	(216,667)	(100,000)
(Long-term Debt)		
(Stock Subscriptions)		
Others, specify (negative entry):		
Interest paid	(10,688)	(3,222)
Acquisition of treasury shares		
<b>C. Net Cash Provided by (Used in) Financing Activities (sum of above rows)</b>	<b>730,994</b>	<b>96,778</b>
<b>D. Effect of Exchange Rate Changes to Cash and Cash Equivalents</b>	<b>(12,003)</b>	<b>4,730</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C)</b>	<b>(46,671)</b>	<b>(1,967)</b>
Cash and Cash Equivalents		
Beginning of year	138,600	140,567
End of year	91,929	138,600

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



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TEL. NO.: 811-0668

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COMPANY TYPE: INVESTMENT COMPANY OPERATION

PSIC: 66910

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

Table 4. Statement of Changes in Equity

FINANCIAL DATA	(Amount in P'000)					TOTAL
	Capital Stock	Treasury Shares	Revaluation Reserve	Retained Earnings Appropriated	Retained Earnings Unappropriated	
A. Balance, 2015	953,984	(988,150)	122,458	6,273,150	34,594	6,396,037
A.1 Correction of Error(s)						
A.2 Changes in Accounting Policy						
B. Restated Balance						
C. Surplus						
C.1 Surplus (Deficit) on Revaluation of Properties						
C.2 Surplus (Deficit) on Revaluation of Investments						
C.3 Currency Translation Differences						
C.4 Other Surplus (specify)						
C.4.1						
C.4.2						
C.4.3						
C.4.4						
C.4.5						
D. Net Income (Loss) for the Period			(149,179)		613,829	464,650
E. Dividends (negative entry)						
F. Appropriation for (specify)						
F.1 Reversal of Appropriation during the year				(4,000,000)	4,000,000	0
F.2 Appropriated for stock dividends distributable				3,473,025	(3,473,025)	0
F.3						
F.4						
F.5						
G. Issuance of Capital Stock						
G.1 Common Stock						
G.2 Preferred Stock						
G.3 Additional treasury shares acquired						0
H. Balance, 2016	953,984	(988,150)	(26,720)	5,746,175	1,175,398	6,860,687
H.1 Correction of Error (s)						
H.2 Changes in Accounting Policy						
I. Restated Balance						
J. Surplus						
J.1 Surplus (Deficit) on Revaluation of Properties						
J.2 Surplus (Deficit) on Revaluation of Investments						
J.3 Currency Translation Differences						
J.4 Other Surplus (specify)						
J.4.1						
J.4.2						
J.4.3						
J.4.4						
J.4.5						
K. Net Income (Loss) for the Period			(34,811)		167,689	132,877
L. Dividends (negative entry)						
M. Appropriation for (specify)						
M.1 Reversal of appropriation during the year				(3,473,025)	3,473,025	0
M.2						
M.3						
M.4						
M.5						
N. Issuance of Capital Stock						
N.1 Common Stock						
N.2 Preferred Stock						
N.3 Others	3,473,025				(3,473,025)	0
O. Balance, 2017	4,427,009	(988,150)	(61,532)	2,273,150	1,343,086	6,993,564

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

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PSIC: 66910

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

**Table 5. Details of Income and Expenses, by source**  
(applicable to corporations transacting with foreign corporations/entities)

FINANCIAL DATA	2017 ( in P'000 )	2016 ( in P'000 )	
<b>A. REVENUE / INCOME (A.1 + A.2)</b>	<b>213,423</b>	<b>748,011</b>	
A.1 Net Sales or Revenue / Receipts from Operations (manufacturing, mining, utilities, trade, services, etc.) (from Primary Activity) (A.1.1 +A.1.2)	186,229	693,474	
A.1.1 Domestic	16,229	13,474	
A.1.2 Foreign	170,000	680,000	
A.2 Other Revenue (A.2.1 +A.2.2)	27,194	54,537	
A.2.1 Domestic	26,013	74,060	
A.2.2 Foreign, specify (A.2.2.1+A.2.2.2+ A.2.2.3+ A.2.2.4+ A.2.2.5+ A.2.2.6+ A.2.2.7+ A.2.2.8+A.2.2.9+A.2.2.10)	1,181	(19,523)	
A.2.2.1 Gain on sale of available-for-sale financial assets	1,181	(19,523)	
A.2.2.2 Remeasurement of gain on reclassification of AFS	-	0	
A.2.2.3			
A.2.2.4			
A.2.2.5			
A.2.2.6			
A.2.2.7			
A.2.2.8			
A.2.2.9			
A.2.2.10			
<b>B. EXPENSES (B.1 + B.2)</b>	<b>65,004</b>	<b>62,116</b>	
B.1 Domestic	65,004	62,116	
B.2 Foreign, specify (B.2.1+B.2.2+B.2.3+B.2.4+B.2.5+B.2.6+B.2.7+B.2.8+B.2.9+B.2.10)	0	0	
B.2.1 Expenses incurred in relation to HRO offer	0	0	
B.2.2			
B.2.3			
B.2.4			
B.2.5			
B.2.6			
B.2.7			
B.2.8			
B.2.9			
B.2.10			



## SEC Registration Number

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





## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Berjaya Philippines, Inc.** is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended April 30, 2017 and 2016, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

Tan Sri Dr. Ibrahim Bin Saad  
Chairman

Wong Ee Coln  
President

Tan Eng Hwa  
Treasurer

### **BERJAYA PHILIPPINES INC.**

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

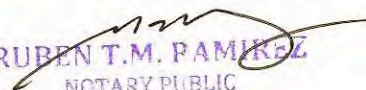
JUN 30 2017

SUBSCRIBED AND SWORN TO BEFORE ME this \_\_\_\_\_ day of \_\_\_\_\_ 2017, by the following who exhibited to me their government issued identification cards during business hours.

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

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Book No.  
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RUBEN T.M. PAMIKAZ  
NOTARY PUBLIC  
UNTIL DEC. 31, 2017  
IBP NO. 1052369 / 11-22-16 - Appointment # M-23  
ROLL NO. 28947/MCLE-A NO. 0006324/6-19-12  
PTR NO. MKT. 5909552/1-3-17 MAKATI CITY





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**FOR SEC FILING**

Financial Statements and  
Independent Auditors' Report

**Berjaya Philippines Inc.**

April 30, 2017, 2016 and 2015



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**Punongbayan & Araullo**  
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## Report of Independent Auditors

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

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Berjaya Philippines Inc. (the Company), which comprise the statements of financial position as at April 30, 2017 and 2016, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended April 30, 2017, and the notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2017 and 2016, and its financial performance and its cash flows for each of the three years in the period ended April 30, 2017 in accordance with Philippine Financial Reporting Standards (PFRS).

#### Basis for Opinion

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

#### Certified Public Accountants

Punongbayan & Araullo (P&A) is the Philippine member firm of Grant Thornton International Ltd

Offices in Cebu, Davao, Cavite

BOA/PRC Cert. of Reg. No. 0002  
SEC Accreditation No. 0002-FR-4

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

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

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

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

## **Auditors' Responsibilities for the Audit of the Financial Statements**

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



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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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



### **Report on Other Legal and Regulatory Requirements**

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. As discussed in Note 21 to the financial statements, the supplementary information for the year ended April 30, 2017 required by the Bureau of Internal Revenue (BIR) is presented by management of the Company in a supplementary schedule filed separately from the basic financial statements. The BIR requires the information to be presented in the notes to financial statements. The supplementary information is not a required part of the basic financial statements prepared in accordance with Philippine Financial Reporting Standards; it is also not a required disclosure under the Securities Regulation Code Rule 68, as amended, of the Philippine Securities and Exchange Commission. Such supplementary information is the responsibility of management. Our opinion on the basic financial statements is not affected by the presentation of the information in a separate schedule.

The engagement partner on the audits resulting in this independent auditors' report is Ramilito L. Nañola.

### **PUNONGBAYAN & ARAULLO**

  
By: **Ramilito L. Nañola**  
Partner

CPA Reg. No. 0090741

TIN 109-228-427

PTR No. 5908629, January 3, 2017, Makati City

SEC Group A Accreditation

Partner - No. 0395-AR-3 (until May 19, 2019)

Firm - No. 0002-FR-4 (until Apr. 30, 2018)

BIR AN 08-002511-19-2015 (until Mar. 18, 2018)

Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2018)

June 9, 2017





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## Supplemental Statement of Independent Auditors

**Punongbayan & Araullo**  
20<sup>th</sup> Floor, Tower 1  
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6766 Ayala Avenue  
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### The Board of Directors and Stockholders

**Berjaya Philippines Inc.**

**[A Subsidiary of Berjaya Lottery Management (HK) Limited]**


9<sup>th</sup> Floor, Rufino Pacific Tower

6784 Ayala Avenue, Makati City

We have audited the financial statements of Berjaya Philippines Inc. (the Company) for the year ended April 30, 2017, on which we have rendered the attached report dated June 9, 2017.

In compliance with the Securities Regulation Code Rule 68, as amended, we are stating that the Company has 126 stockholders owning 100 or more shares each of the Company's capital stock as at April 30, 2017, as disclosed in Note 12 to the financial statements.

**PUNONGBAYAN & ARAULLO**

By:   
**Ramilito L. Nañola**  
Partner

CPA Reg. No. 0090741

TIN 109-228-427

PTR No. 5908629, January 3, 2017, Makati City

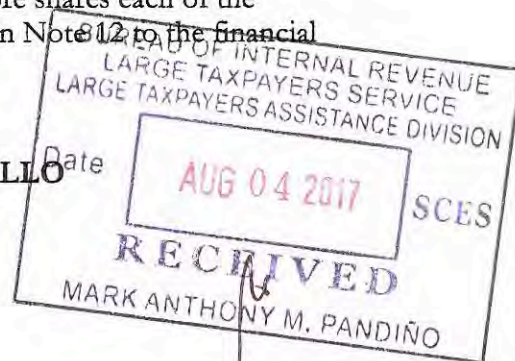
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BIR AN 08-002511-19-2015 (until Mar. 18, 2018)

Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2018)



June 9, 2017

#### Certified Public Accountants

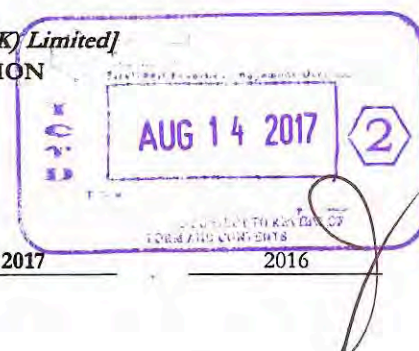
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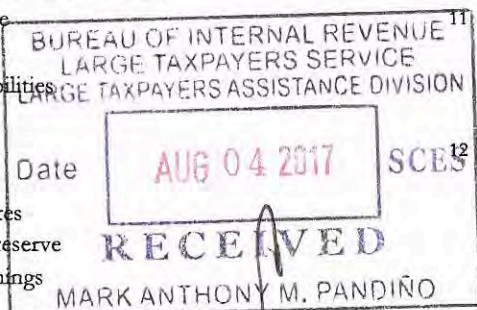
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SEC Accreditation No. 0002-FR-4



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



	Notes	2017	2016
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash	5	P 91,928,910	P 138,600,183
Dividends and other receivables - net	6	1,920,153,756	2,098,700,920
Advances to subsidiaries and associates	15	868,458,883	911,768,470
Prepayments and other current assets - net	7	61,056,636	68,021,462
Total Current Assets		2,941,598,185	3,217,091,035
<b>NON-CURRENT ASSETS</b>			
Available-for-sale financial assets - net	8	901,808,762	869,409,393
Investments in subsidiaries and associates	9	3,951,537,206	2,848,699,128
Transportation equipment - net	10	5,003,406	7,504,610
Deferred tax assets - net	16	53,026,456	32,357,046
Total Non-current Assets		4,911,375,830	3,757,970,177
<b>TOTAL ASSETS</b>		<b>P 7,852,974,015</b>	<b>P 6,975,061,212</b>
<b>LIABILITIES AND EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Loans payable	11	P 350,000,000	P 100,000,000
Trade and other payables		17,728,523	14,374,617
Advances from a subsidiary	15	258,348,250	-
Total Current Liabilities		626,076,773	114,374,617
<b>NON-CURRENT LIABILITY</b>			
Loans payable	11	233,333,333	-
Total Liabilities		859,410,106	114,374,617
<b>EQUITY</b>			
Capital stock		4,427,009,132	953,984,448
Treasury shares		( 988,150,025 )	( 988,150,025 )
Revaluation reserve		( 61,531,716 )	( 26,720,406 )
Retained earnings		3,616,236,518	6,921,572,578
Total Equity		6,993,563,909	6,860,686,595
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>P 7,852,974,015</b>	<b>P 6,975,061,212</b>

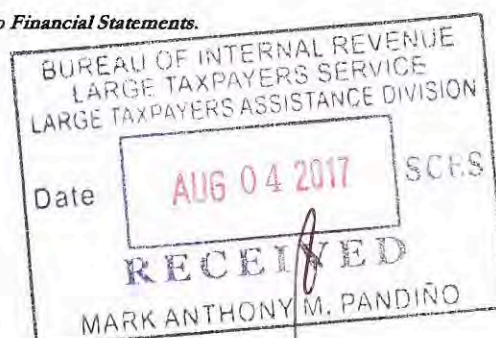


*See Notes to Financial Statements.*

**BERJAYA PHILIPPINES INC.**  
**[A Subsidiary of Berjaya Lottery Management (HK) Limited]**  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED APRIL 30, 2017, 2016 AND 2015**  
**(Amounts in Philippine Pesos)**

	Notes	2017	2016	2015
<b>DIVIDEND INCOME</b>	8, 15	<b>P 186,228,724</b>	<b>P 693,473,677</b>	<b>P 494,585,048</b>
<b>EXPENSES</b>				
Taxes and licenses	21	35,741,619	10,698,742	4,389,464
Professional fees		7,983,455	29,819,045	59,949,533
Transportation and travel		3,227,679	5,307,150	4,629,315
Depreciation	10	2,501,204	2,501,204	2,501,204
Sponsorships		50,000	1,249,968	17,186,093
Others	13	3,733,171	9,317,807	6,786,683
		<b>53,237,128</b>	<b>58,893,916</b>	<b>95,442,292</b>
<b>OPERATING INCOME</b>		<b>132,991,596</b>	<b>634,579,761</b>	<b>399,142,756</b>
<b>OTHER INCOME (EXPENSES)</b>				
Interest income	14	98,333,508	93,320,803	75,625,213
Foreign currency exchange loss - net		( 72,320,168 )	( 19,260,766 )	( 72,986,656 )
Interest expense	11	( 11,766,565 )	( 3,222,222 )	( 20,533,333 )
Impairment loss on financial assets	6, 8	( 2,877,999 )	( 104,827,207 )	-
Net gain (loss) on sale of available-for-sale financial assets	8	1,181,117	( 19,523,036 )	8,987,180
Other income		1,528,706	-	134,696
		<b>14,078,599</b>	<b>( 53,512,428 )</b>	<b>( 8,772,900 )</b>
<b>PROFIT BEFORE TAX</b>		<b>147,070,195</b>	<b>581,067,333</b>	<b>390,369,856</b>
<b>TAX INCOME</b>	16	<b>20,618,429</b>	<b>32,761,244</b>	<b>18,496,620</b>
<b>NET PROFIT</b>		<b>167,688,624</b>	<b>613,828,577</b>	<b>408,866,476</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				
Items that will be reclassified subsequently to profit or loss				
Net unrealized fair value losses on available-for-sale financial assets	8, 12	( 44,375,819 )	( 163,685,750 )	( 47,947,559 )
Reclassification adjustments to profit or loss	8, 12	9,564,509	14,506,997	7,334,201
		<b>( 34,811,310 )</b>	<b>( 149,178,753 )</b>	<b>( 55,281,760 )</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>P 132,877,314</b>	<b>P 464,649,824</b>	<b>P 353,584,716</b>
<b>Earnings Per Share</b>	17	<b>P 0.04</b>	<b>P 0.14</b>	<b>P 0.09</b>

See Notes to Financial Statements.

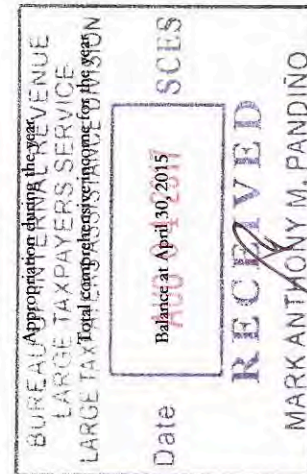




**BERJAYA PHILIPPINES INC.**  
*[A Subsidiary of Berjaya Lottery Management (HK) Limited]*  
**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED APRIL 30, 2017, 2016 AND 2015**  
*(Amounts in Philippine Pesos)*

	Note	Capital Stock	Treasury Shares	Revaluation Reserve	Retained Earnings		Total	Total Equity
					Appropriated	Unappropriated		
Balance at May 1, 2016		P 953,984,448	(P 988,150,025)	(P 26,720,406)	P 5,746,174,709	P 1,175,397,869	P 6,921,572,578	P 6,860,686,595
Reversal of appropriation during the year		-	-	-	( 3,473,024,684)	3,473,024,684	-	-
Declaration of stock dividends and issuance of shares		3,473,024,684	-	-	-	( 3,473,024,684)	( 3,473,024,684)	-
Total comprehensive income for the year		-	-	( 34,811,310)	-	167,688,624	167,688,624	132,877,314
Balance at April 30, 2017	12	P 4,427,009,132	(P 988,150,025)	(P 61,531,716)	P 2,273,150,025	P 1,343,086,493	P 3,616,236,518	P 6,993,563,909
Balance at May 1, 2015		P 953,984,448	(P 988,150,025)	P 122,458,347	P 6,273,150,025	P 34,593,976	P 6,307,744,001	P 6,396,036,771
Reversal of appropriation during the year		-	-	-	( 4,000,000,000)	4,000,000,000	-	-
Appropriated for stock dividends distributable		-	-	-	3,473,024,684	( 3,473,024,684)	-	-
Total comprehensive income for the year		-	-	( 149,178,753)	-	613,828,577	613,828,577	464,649,824
Balance at April 30, 2016	12	P 953,984,448	(P 988,150,025)	(P 26,720,406)	P 5,746,174,709	P 1,175,397,869	P 6,921,572,578	P 6,860,686,595
Balance at May 1, 2014		P 953,984,448	(P 988,150,025)	P 177,740,107	P 5,123,150,025	P 775,727,500	P 5,898,877,525	P 6,042,452,055
Reversal of appropriation during the year		-	-	-	1,150,000,000	( 1,150,000,000)	-	-
Appropriated for stock dividends distributable		-	-	( 55,281,760)	-	408,866,476	408,866,476	353,584,716
Total comprehensive income for the year	12	P 953,984,448	(P 988,150,025)	P 122,458,347	P 6,273,150,025	P 34,593,976	P 6,307,744,001	P 6,396,036,771

See Notes to Financial Statements.





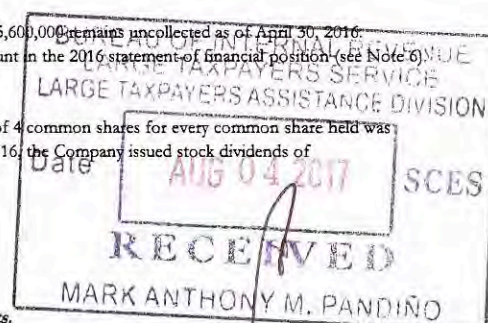
**BERJAYA PHILIPPINES INC.**  
**[A Subsidiary of Berjaya Lottery Management (HK) Limited]**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED APRIL 30, 2017, 2016 AND 2015**  
**(Amounts in Philippine Pesos)**

	Notes	2017	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before tax		P 147,070,195	P 581,067,333	P 390,369,856
Adjustments for:				
Dividend income	8, 15	( 186,228,724 )	( 693,473,677 )	( 494,585,048 )
Interest income	14	( 98,333,508 )	( 93,320,803 )	( 75,625,213 )
Foreign currency exchange loss - net		72,320,168	19,260,766	72,986,656
Interest expense	11	11,766,565	3,222,222	20,533,333
Impairment loss on financial assets	6, 8	2,877,999	91,158,267	-
Depreciation	10	2,501,204	2,501,204	2,501,204
Net loss (gain) on sale of available-for-sale financial assets	8	( 1,181,117 )	19,523,036	( 8,987,180 )
Operating loss before working capital changes		( 49,207,218 )	( 70,061,652 )	( 92,806,392 )
Increase in dividends and other receivables		( 84,541,560 )	( 465,147,285 )	( 25,047,074 )
Decrease (increase) in prepayments and other current assets		6,964,826	( 10,702,142 )	588,721
Increase in trade and other payables		2,275,139	4,196,827	996,333
Cash used in operations		( 124,508,813 )	( 541,714,252 )	( 116,268,412 )
Cash paid for income taxes		( 50,981 )	( 37,863 )	( 49,562 )
Net Cash Used in Operating Activities		( 124,559,794 )	( 541,752,115 )	( 116,317,974 )
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Additional investment in subsidiaries and associates	9	( 1,020,554,622 )	( 138,180,000 )	-
Cash dividends received	6, 8, 15	341,828,724	537,873,677	1,005,571,715
Acquisitions of available-for-sale financial assets	8	( 184,727,645 )	( 18,940,755 )	( 218,345,549 )
Proceeds from sale of available-for-sale financial assets	8	115,820,084	20,435,557	24,369,739
Collections of advances to subsidiaries and associates	15	74,349,587	30,000,000	21,450,846
Interest received	14	55,381,850	33,788,355	31,197,514
Advances granted to subsidiaries and associates	15	( 23,200,000 )	( 26,700,000 )	( 38,890,000 )
Net Cash From (Used In) Investing Activities		( 641,102,022 )	438,276,834	825,354,265
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from loans	11	700,000,000	200,000,000	-
Advances received from a subsidiary	15	258,348,250	-	-
Repayment of loans	11	( 216,666,667 )	( 100,000,000 )	( 550,000,000 )
Interest paid	11	( 10,687,798 )	( 3,222,222 )	( 20,533,333 )
Net Cash From (Used In) Financing Activities		730,993,785	96,777,778	( 570,533,333 )
<b>EFFECT OF EXCHANGE RATE CHANGES TO CASH</b>		( 12,003,242 )	4,730,318	( 3,725,140 )
<b>NET INCREASE (DECREASE) IN CASH</b>		( 46,671,273 )	( 1,967,185 )	134,777,818
<b>CASH AT BEGINNING OF YEAR</b>		<u>138,600,183</u>	<u>140,567,368</u>	<u>5,789,550</u>
<b>CASH AT END OF YEAR</b>		<u>P 91,928,910</u>	<u>P 138,600,183</u>	<u>P 140,567,368</u>

**Supplemental Information on Non-cash Investing and Financing Activities:**

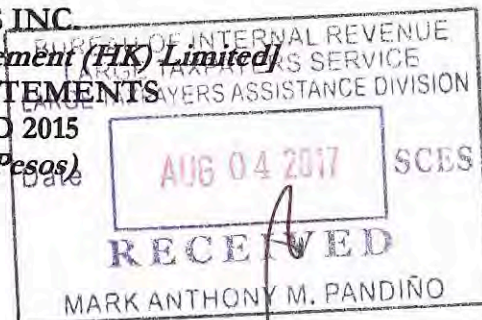
- (1) In 2017 and 2015, the Company reclassified advances for stock subscription to an investment in an associate amounting to P82,283,456 and P7,600,000, respectively (see Note 9). In 2016, the Company reclassified P56,000,000 advances into an investment in an associate (see Note 15).
- (2) In 2016, the Company recognized dividend income amounting to P693,473,677, of which P155,600,000 remains uncollected as of April 30, 2016. Outstanding dividend receivable is presented as part of Dividends and Other Receivables account in the 2016 statement of financial position (see Note 6). There were no uncollected dividends as at April 30, 2017.
- (3) On June 6, 2016 and October 5, 2015, the Company's declaration of stock dividends at a rate of 4 common shares for every common share held was approved by the Securities and Exchange Commission and Board of Directors. On July 20, 2016, the Company issued stock dividends of P3,473,024,684 shares at par (see Note 12).
- (4) In 2015, the Company purchased available-for-sale financial assets on account.

See Notes to Financial Statements.





**BERJAYA PHILIPPINES INC.**  
***[A Subsidiary of Berjaya Lottery Management (HK) Limited]***  
**NOTES TO FINANCIAL STATEMENTS**  
**APRIL 30, 2017, 2016 AND 2015**  
***(Amounts in Philippine Pesos)***



**1. CORPORATE INFORMATION**

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

The Company is 74.20% owned as at April 30, 2017 and 2016, by Berjaya Lottery Management (HK) Limited of Hong Kong (the Parent Company). The Company's Ultimate Parent Company is Berjaya Corporation Berhad of Malaysia, a publicly listed company in the Main Market of Bursa Malaysia Securities Berhad.

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

The financial statements of the Company as at and for the year ended April 30, 2017 (including the comparative financial statements as at and for the years ended April 30, 2016 and 2015) were authorized for issue by the Board of Directors (BOD) on June 9, 2017.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

***2.1 Basis of Preparation of Financial Statements***

***(a) Statement of Compliance with Philippine Financial Reporting Standards***

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

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

(b) *Presentation of Financial Statements*

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

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

(c) *Functional and Presentation Currency*

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

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

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

(a) *Effective in Fiscal Year 2017 that are Relevant to the Company*

The Company adopted for the first time the following amendments and annual improvements to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2016, for its annual reporting period beginning May 1, 2016:

PAS 1 (Amendments)	:	Presentation of Financial Statements – Disclosure Initiative
PAS 16 and PAS 38 (Amendments)	:	Property, Plant and Equipment, and Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortization
PAS 16 and PAS 41 (Amendments)	:	Property, Plant and Equipment, and Agriculture – Bearer Plants
PAS 27 (Amendments)	:	Separate Financial Statements – Equity Method in Separate Financial Statements
PFRS 10, PFRS 12 and PAS 28 (Amendments)	:	Consolidated Financial Statements, Disclosure of Interests in Other Entities, and Investments in Associates and Joint Ventures – Investment Entities – Applying the Consolidation Exception
Annual Improvements	:	Annual Improvements to PFRS (2012-2014 Cycle)



Discussed below are the relevant information about these amendments and improvements.

- (i) PAS 1 (Amendments), *Presentation of Financial Statements – Disclosure Initiative*. The amendments encourage entities to apply professional judgment in presenting and disclosing information in the financial statements. Accordingly, they clarify that materiality applies to the whole financial statements and an entity shall not reduce the understandability of the financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions. Moreover, the amendments clarify that an entity's share in other comprehensive income of associates and joint ventures accounted for using equity method should be presented based on whether or not such other comprehensive income item will subsequently be reclassified to profit or loss. They further clarify that in determining the order of presenting the notes and disclosures, an entity shall consider the understandability and comparability of the financial statements.
- (ii) PAS 16 (Amendments), *Property, Plant and Equipment*, and PAS 38 (Amendments), *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortization*. The amendments in PAS 16 clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment. In addition, amendments to PAS 38 introduce a rebuttable presumption that an amortization method that is based on the revenue generated by an activity that includes the use of an intangible asset is not appropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of an intangible asset are highly correlated. The amendments also provide guidance that the expected future reductions in the selling price of an item that was produced using the asset could indicate an expectation of technological or commercial obsolescence of an asset, which may reflect a reduction of the future economic benefits embodied in the asset.
- (iii) PAS 16 (Amendments), *Property, Plant and Equipment*, and PAS 41 (Amendments), *Agriculture – Bearer Plants*. The amendments define a bearer plant as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales. On this basis, bearer plant is now included within the scope of PAS 16 rather than PAS 41, allowing such assets to be accounted for as property, plant and equipment and to be measured after initial recognition at cost or revaluation basis in accordance with PAS 16. The amendments further clarify that produce growing on bearer plants remains within the scope of PAS 41.
- (iv) PAS 27 (Amendments), *Separate Financial Statements – Equity Method in Separate Financial Statements*. These amendments introduce a third option which permits an entity to account for its investments in subsidiaries, joint ventures and associates under the equity method in its separate financial statements in addition to the current options of accounting those investments at cost or in accordance with PAS 39, *Financial Instruments: Recognition and Measurement*, or PFRS 9, *Financial Instruments*.

- (v) PFRS 10 (Amendments), *Consolidated Financial Statements*, PFRS 12 (Amendments), *Disclosure of Interests in Other Entities*, and PAS 28 (Amendments), *Investments in Associates and Joint Ventures – Investment Entities – Applying the Consolidation Exception*. These amendments address the concerns that have arisen in the context of applying the consolidation exception for investment entities. They clarify which subsidiaries of an investment entity are consolidated in accordance with paragraph 32 of PFRS 10 and clarify whether the exemption to present consolidated financial statements, set out in paragraph 4 of PFRS 10, is available to a parent entity that is a subsidiary of an investment entity. These amendments also permit a non-investment entity investor, when applying the equity method of accounting for an associate or joint venture that is an investment entity, to retain the fair value measurement applied by that investment entity associate or joint venture to its interests in subsidiaries.
- (vi) Annual Improvements to PFRS (2012-2014 Cycle) made minor amendments to a number of PFRS. Among those improvements, only PFRS 7 (Amendments), *Financial Instruments: Disclosures – Servicing Contracts*, is relevant to the Company. The amendments provide additional guidance to help entities identify the circumstances under which a contract to “service” financial assets are considered to be a continuing involvement in those assets for the purposes of applying the disclosure requirements of PFRS 7. Such circumstances commonly arise when, for example, the servicing is dependent on the amount or timing of cash flows collected from the transferred asset or when a fixed fee is not paid in full due to non-performance of that asset.

(b) *Effective in Fiscal Year 2017 that are not Relevant to the Company*

The following new PFRS, amendments and annual improvements to existing standards are mandatorily effective for annual periods beginning on or after January 1, 2016 but are not relevant to the Company’s financial statements:

PFRS 11 (Amendments)	:	Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations
PFRS 14	:	Regulatory Deferral Accounts
Annual Improvements to PFRS (2012-2014 Cycle)		
PAS 19 (Amendments)	:	Employee Benefits – Discount Rate: Regional Market Issue
PAS 34 (Amendments)	:	Interim Financial Reporting – Disclosure of Information “Elsewhere in the Interim Financial Report”
PFRS 5 (Amendments)	:	Non-current Assets Held for Sale and Discontinued Operations – Changes in Methods of Disposal
PFRS 7 (Amendments)	:	Financial Instruments: Disclosures – Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements

(c) *Effective Subsequent to Fiscal Year 2017 but not Adopted Early*

There are new PFRS, amendments, interpretation and annual improvements to existing standards effective for annual periods subsequent to fiscal year 2017, which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have significant impact on the Company's financial statements:

- (i) PAS 7 (Amendments), *Statement of Cash Flows – Disclosure Initiative* (effective from January 1, 2017). The amendments are designed to improve the quality of information provided to users of financial statements about changes in an entity's debt and related cash flows (and non-cash changes). They require an entity to provide disclosures that enable users to evaluate changes in liabilities arising from financing activities. An entity applies its judgment when determining the exact form and content of the disclosures needed to satisfy this requirement. Moreover, they suggest a number of specific disclosures that may be necessary in order to satisfy the above requirement, including: (a) changes in liabilities arising from financing activities caused by changes in financing cash flows, foreign exchange rates or fair values, or obtaining or losing control of subsidiaries or other businesses; and, (b) a reconciliation of the opening and closing balances of liabilities arising from financing activities in the statement of financial position including those changes identified immediately above.
- (ii) PAS 12 (Amendments), *Income Taxes – Recognition of Deferred Tax Assets for Unrealized Losses* (effective from January 1, 2017). The focus of the amendments is to clarify how to account for deferred tax assets related to debt instruments measured at fair value, particularly where changes in the market interest rate decrease the fair value of a debt instrument below cost. The amendments provide guidance in the following areas where diversity in practice previously existed: (a) existence of a deductible temporary difference; (b) recovering an asset for more than its carrying amount; (c) probable future taxable profit against which deductible temporary differences are assessed for utilization; and, (d) combined versus separate assessment of deferred tax asset recognition for each deductible temporary difference.
- (iii) PFRS 9 (2014), *Financial Instruments* (effective from January 1, 2018). This new standard on financial instruments will eventually replace PAS 39 and PFRS 9 (2009, 2010 and 2013 versions). This standard contains, among others, the following:
  - three principal classification categories for financial assets based on the business model on how an entity is managing its financial instruments;
  - an expected loss model in determining impairment of all financial assets that are not measured at fair value through profit or loss (FVTPL), which generally depends on whether there has been a significant increase in credit risk since initial recognition of a financial asset; and,



- a new model on hedge accounting that provides significant improvements principally by aligning hedge accounting more closely with the risk management activities undertaken by entities when hedging their financial and non-financial risk exposures.

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

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

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

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

Management is currently assessing the impact of PFRS 9 (2014) on the financial statements of the Company and it will conduct a comprehensive study of the potential impact of this standard prior to its mandatory adoption date to assess the impact of all changes.

- (iv) PFRS 15, *Revenue from Contracts with Customers* (effective January 1, 2018). This standard will replace PAS 18, *Revenue*, and PAS 11, *Construction Contracts*, the related Interpretations on revenue recognition: International Financial Reporting Interpretations Committee (IFRIC) 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreement for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers* and Standing Interpretations Committee 31, *Revenue – Barter Transactions Involving Advertising Services*. This new standard establishes a comprehensive framework for determining when to recognize revenue and how much revenue to recognize. The core principle in the said framework is for an entity to recognize revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

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

- (v) Philippine IFRIC 22, *Foreign Currency Transactions and Advance Consideration* (effective January 1, 2018). The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. The interpretation may be applied on a fully retrospective basis. Entities may apply the interpretation prospectively to all assets, expenses and income in its scope that are initially recognized on or after the beginning of the reporting period in which the entity first applies the interpretation or the beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation.
- (vi) PFRS 16, *Leases* (effective from January 1, 2019). The new standard will eventually replace PAS 17, *Leases*.

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

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

Management is currently assessing the impact of this new standard in its financial statements.

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

(viii) Annual Improvements to PFRS (2014-2016 Cycle). Among those improvements, the following amendments are relevant to the Company but had no material impact on the Company's financial statements as these amendments merely clarify the existing requirements:

- PFRS 12 (Amendments), *Disclosure of Interests in Other Entities* (effective from January 1, 2017). The amendments clarify the scope of PFRS 12 by specifying that its disclosure requirements apply to an entity's interests irrespective of whether they are classified (or included in a disposal group that is classified) as held for sale or as discontinued operations in accordance with PFRS 5.
- PFRS 1 (Amendments), *First-time Adoption of Philippine Financial Reporting Standards* (effective from January 1, 2018). The amendments deleted a number of short-term exemptions because the reliefs provided are no longer available or because they were relevant for reporting periods that have now passed.
- PAS 28 (Amendments), *Investments in Associates and Joint Ventures* (effective from January 1, 2018). The amendments clarify that a qualifying entity is able to choose between applying the equity method or measuring an investment in an associate or joint venture at fair value through profit or loss, separately for each associate or joint venture at initial recognition of the associate or joint venture.

### **2.3 Separate Financial Statements and Investments in Subsidiaries and Associates**

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



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

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

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

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

## ***2.4 Financial Assets***

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

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

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

### ***(a) Loans and Receivables***

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

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

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

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

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

(b) *AFS Financial Assets*

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

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

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

Reversal of impairment losses 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 Other Income (Expenses) in the statement of comprehensive income.

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

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

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

### ***2.5 Prepayments and Other Assets***

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

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

### ***2.6 Transportation Equipment***

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

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

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



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

## ***2.7 Financial Liabilities***

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

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

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

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

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

## ***2.8 Offsetting of Financial Instruments***

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

## ***2.9 Provisions and Contingencies***

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

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

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

### ***2.10 Revenue and Expense Recognition***

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

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

- (a) *Dividends* – Revenue is recognized when the Company’s right to receive payment is established.
- (b) *Interest income* – Revenue is recognized as the interest accrues taking into account the effective yield on the asset.
- (c) *Gain on sale of AFS financial assets* – Revenue is recognized when the risks and rewards of ownership of the investments have passed to the buyer.

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

### ***2.11 Foreign Currency Transactions and Translation***

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

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

### ***2.12 Impairment of Non-financial Assets***

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

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

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

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

### ***2.13 Borrowing Costs***

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

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

### ***2.14 Income Taxes***

Tax expense recognized in profit or loss comprises the sum of 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 the reporting period. They are calculated using the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in profit or loss.

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

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

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

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

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

### ***2.15 Related Party Transactions and Relationships***

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

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

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

## ***2.16 Equity***

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

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

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

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

## ***2.17 Earnings Per Share***

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

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

## ***2.18 Events After the End of the Reporting Period***

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

# **3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES**

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

## ***3.1 Critical Management Judgments in Applying Accounting Policies***

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

(a) *Impairment of AFS Financial Assets*

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

Based on the recent evaluation of information and circumstances affecting the Company's AFS financial assets, management has recognized impairment loss on certain AFS financial assets in 2017 and 2016 as disclosed in Note 8. Future changes in those information and circumstances might significantly affect the carrying amount of the assets.

(b) *Recognition of Provisions and Contingencies*

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

**3.2 Key Sources of Estimation Uncertainty**

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

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

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

The carrying value of dividends and other receivables, and the analysis of allowance for impairment, and the carrying value of advances to subsidiaries and associates are shown in Notes 6 and 15, respectively.

(b) *Measurement of AFS Financial Assets*

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



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

(c) *Estimating the Useful Life of Transportation Equipment*

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

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

(d) *Impairment of Non-financial Assets*

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

In 2017 and 2016, management has assessed that no impairment loss is required to be recognized on the Company's non-financial assets.

(e) *Determining Realizable Amount of Deferred Tax Assets*

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

#### 4. **RISK MANAGEMENT OBJECTIVES AND POLICIES**

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

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

#### 4.1 Foreign Currency Risk

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

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

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

		2017			
		USD	MYR	GBP	EUR
Cash	P	3,931,781	P -	P 5,934,222	P 280,605
Dividends and other receivables - net		-	11,310,121	1,100,505,935	-
	P	<u>3,931,781</u>	<u>P 11,310,121</u>	<u>P 1,106,440,157</u>	<u>P 280,605</u>
		2016			
		USD	MYR	GBP	EUR
Cash	P	1,736,657	P -	P 102,909,100	P 274,904
Dividends and other receivables - net		9,933	24,205,757	1,004,533,636	46,632,985
	P	<u>1,746,590</u>	<u>P 24,205,757</u>	<u>P 1,107,442,736</u>	<u>P 46,907,889</u>

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

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

	2017		2016	
	Reasonably possible change in rate	Effect in profit before tax	Reasonably possible change in rate	Effect in profit before tax
PhP - USD	7.69%	P 302,493	7.83%	P 136,758
PhP - MYR	11.95%	1,351,041	20.88%	5,054,162
PhP - GBP	30.14%	333,508,192	18.63%	206,316,582
PhP - EUR	17.04%	47,803	23.15%	10,859,176
		<u>P 335,209,529</u>		<u>P 222,366,678</u>

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

## 4.2 Credit Risk

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

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

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

	<u>Notes</u>	<u>2017</u>	<u>2016</u>
Cash	5	<b>P 91,928,910</b>	P 138,600,183
Dividends and other receivables - net	6	<b>1,920,153,756</b>	2,098,700,920
Advances to subsidiaries and associates	15.1	<b><u>868,458,883</u></b>	<u>911,768,470</u>
		<b><u>P 2,880,541,549</u></b>	<u>P 3,149,069,573</u>

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

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

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

## 4.3 Liquidity Risk

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

As at April 30, 2017 and 2016, the Company's financial liabilities pertain to loans payable, trade and other payables, excluding tax-related payables, and advances from a subsidiary. Trade and other payables are considered to be current because these are expected to be settled within 12 months from the end of the reporting period.



#### 4.4 Other Price Risk

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

The sensitivity of equity with regard to the volatility of the Company's AFS financial assets assumes a +/-28.09% and a +/-17.54% volatility in the market value of the investment for the years ended April 30, 2017 and 2016, respectively. The expected change was based on the annual rate of return computed using the monthly closing market value of the investment in years 2017 and 2016 at 95.00% confidence level. Based on the observed volatility rate, the estimated impact to other comprehensive income amounted to P233,027,737 and P142,646,856 for the fiscal years ended April 30, 2017 and 2016, respectively.

### 5. CASH

The breakdown of this account is as follows:

	<u>2017</u>	<u>2016</u>
Cash on hand	<b>P 1,000</b>	P 1,000
Cash in banks	<u><b>91,927,910</b></u>	<u>138,599,183</u>
	<u><b>P 91,928,910</b></u>	<u>P 138,600,183</u>

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

### 6. DIVIDENDS AND OTHER RECEIVABLES

This account consists of the following:

	<u>Notes</u>	<u>2017</u>	<u>2016</u>
Payments for future acquisition of investments	15.3	<b>P 984,139,263</b>	P 1,094,266,046
Loans receivable		<b>918,354,493</b>	753,970,358
Dividends receivable	15.4	-	155,600,000
Advances for stock subscription	9.1	-	82,283,456
Others	9.2	<u><b>17,660,000</b></u>	<u>26,250,000</u>
		<b>1,920,153,756</b>	2,112,369,860
Allowance for impairment		<u>-</u>	<u>( 13,668,940)</u>
		<u><b>P1,920,153,756</b></u>	<u>P 2,098,700,920</u>

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

In 2013, the Company granted a loan to Neptune Properties, Inc. (NPI), an associate beginning in 2017, amounting to P471,039,787. The loan is payable in cash to the Company on demand subject to interest based on current bank rate, which commenced on January 1, 2014. In 2015, additional loan was advanced to such company amounting to P127,061,392 (nil in 2017 and 2016).

In October 2016, the Company granted a loan to H.R. Owen Plc (H.R. Owen), a subsidiary, amounting to 2,000,000GBP (about P127,676,800) for business expansion. The loan is payable in cash on demand subject to interest based on current bank rate.

Interest income earned from these loans for 2017, 2016 and 2015 is recorded as part of Interest Income in the statements of comprehensive income (see Note 14). Unpaid interest as at April 30, 2017 and 2016 amounted to P125,389,963 and P88,682,628, respectively, and is also included as part of loans from such companies.

The dividend receivable as at April 30, 2016 (nil in 2017) represents receivable from Philippine Gaming Management Corporation (PGMC), a wholly owned subsidiary of the Company (see Note 15.4).

Advances for stock subscription represent deposits made by the Company for future stock subscription on NPI which remained outstanding as at April 30, 2016. In 2017, such advances were applied as investment in NPI which made it an associate of the Company (see Note 9.1).

Other receivables pertain to receivables from TF Ventures, Inc. (TF) arising from payment made by the Company on behalf of TF (see Note 9.2).

All of the Company's dividends and other receivables have been reviewed for indications of impairment. In 2016, certain receivables were found to be impaired; hence, adequate amount of receivable provided with allowance for impairment has been recognized. In 2017, the entire amount of allowance for impairment was written-off as the counterparty has been dissolved.

## 7. PREPAYMENTS AND OTHER CURRENT ASSETS

The breakdown of this account is presented below.

	Note	2017	2016
Input VAT	21.1(b)	P 31,003,369	P 30,938,402
Prepaid taxes		28,112,139	28,112,139
Prepaid expenses		-	8,080,510
Other prepayments		<u>1,941,128</u>	<u>10,265,411</u>
		61,056,636	77,396,462
Allowance for impairment		<u>-</u>	( 9,375,000)
		<u>P 61,056,636</u>	<u>P 68,021,462</u>

In 2017, allowance for impairment has been written-off by the Company.

## 8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

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

	<u>2017</u>	<u>2016</u>
Equity securities	<b>P 891,702,782</b>	P 848,086,531
Loan stocks	<b>85,321,583</b>	96,984,777
Warrants	<u><b>15,496,352</b></u>	<u>15,496,352</u>
	<b>992,520,717</b>	960,567,660
Allowance for impairment	<u><b>( 90,711,955)</b></u>	<u>( 91,158,267)</u>
	<u><b>P 901,808,762</b></u>	<u>P 869,409,393</u>

In 2017, certain equity securities with carrying amount of P77,033,450 (nil in 2016) are carried at cost as the fair value of these unquoted equity securities is not reliably determinable. Management believes that the cost approximates the fair value of such securities as at April 30, 2017.

In 2017 and 2016, the Company disposed certain AFS financial assets at a selling price of P115,820,084 and P20,435,557, respectively. Accordingly, the cumulative fair value gains recognized in other comprehensive income amounting to P9,564,509 in 2017 and P9,212,952 in 2016 were reclassified from equity to profit or loss and are presented as part of Reclassification Adjustments to Profit or Loss in the 2017 and 2016 statements of comprehensive income (see Note 12.5). Net realized gain arising from sale of AFS financial assets amounted to P1,181,117 and P8,987,180 in 2017 and 2015, respectively, and net realized loss of P19,523,036 in 2016 are presented as part of Net Gain (Loss) on Sale of Available-for-sale Financial Assets under Other Income (Expenses) in the statements of comprehensive income.

The movements of AFS financial assets are as follows:

	<u>Note</u>	<u>2017</u>	<u>2016</u>
Balance at beginning of year		<b>P 869,409,393</b>	P1,130,764,251
Additions during the year		<b>184,727,645</b>	18,940,755
Fair value losses	12.5	<b>( 44,375,819)</b>	( 163,685,750)
Disposals during the year		<b>( 105,074,458)</b>	( 25,451,596)
Impairment loss		<u><b>( 2,877,999)</b></u>	<u>( 91,158,267)</u>
Balance at end of year		<u><b>P 901,808,762</b></u>	<u>P 869,409,393</u>

Dividend income from these shares amounted to P16,228,724, P13,473,677 and P27,965,624 in 2017, 2016 and 2015, respectively, and are presented as part of Dividend Income in the statements of comprehensive income.



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

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

	<u>2017</u>	<u>2016</u>
Balance at beginning of year	<b>P 91,158,267</b>	P -
Impairment losses during the year	<b>2,877,999</b>	91,158,267
Write-off of investment	<b>( 3,324,311)</b>	-
Balance at end of year	<b><u>P 90,711,955</u></b>	<u>P 91,158,267</u>

In 2017, certain investments with an allowance for impairment of P3,324,311 were written-off as the investee has been dissolved.

The fair values of all of the Company's investments, except for those carried at cost in 2017 which are categorized under Level 3, are categorized under Level 1 in fair value hierarchy, since these have been determined directly by reference to published prices in active markets and retained at cost for having no observable market data, respectively (see Note 20.2).

## 9. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

### *9.1 Investments in Subsidiaries and Associates*

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

	<u>% Interest Held</u>		<u>Cost of Investment</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<i>Subsidiaries:</i>				
H.R. Owen	<b>98%</b>	72%	<b>P 2,958,323,764</b>	P 2,001,019,135
PGMC	<b>100%</b>	100%	<b>520,000,000</b>	520,000,000
Perdana Hotel Philippines Inc. (PHPI)	<b>100%</b>	100%	<b>1,000,000</b>	1,000,000
Berjaya Enviro Philippines Inc. (BEPI)	<b>100%</b>	-	<b>249,993</b>	-
<i>Associates:</i>				
BPPI	<b>48%</b>	41%	<b>180,400,000</b>	117,400,000
Bermaz Auto Philippines Inc. (BAPI, formerly Berjaya Auto Philippines, Inc.)	<b>25%</b>	35%	<b>178,380,000</b>	178,380,000
NPI	<b>42%</b>	-	<b>82,283,456</b>	-
Ssangyong Berjaya Motor Philippines, Inc. (SBMPI)	<b>20%</b>	20%	<b>22,500,000</b>	22,500,000
Perdana Land Philippines Inc. (PLPI)	<b>40%</b>	40%	<b>7,999,997</b>	7,999,997
Cosway Philippines, Inc. (CPI)	<b>40%</b>	40%	<b><u>399,996</u></b>	<u>399,996</u>
			<b><u>P 3,951,537,206</u></b>	<u>P 2,848,699,128</u>

The Company's subsidiaries and associates are all incorporated in the Philippines, except H.R. Owen, a subsidiary incorporated in London, England.

H.R. Owen operates a number of vehicle franchises in the prestige and specialist car market for both sales and aftersales, predominantly in the London area. On September 29, 2016 and January 11, 2017, the Company purchased H.R. Owen shares from a certain stockholder which amounted to P1,072,654 and P956,231,975, respectively.

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

The Company's organization of PHPI and subscription of 40% equity in PLPI are part of the Company's strategy of operating a hotel located in Makati City (see Note 9.2). In 2015, the Company's advances to PLPI amounting to P7,600,000 stock subscription was converted into investment upon approval of the Philippine Securities and Exchange Commission (SEC) of PLPI's application for increase in its authorized capital stock. The Company's ownership interest in PLPI remains at 40%.

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

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

NPI was incorporated on March 8, 1996 to acquire, hold, manage, and dispose of by purchase or sale, exchange, mortgage, lease or in any other manner, conditionally or absolutely, for investment or otherwise, real estate or any interest therein together with or exclusive of their appurtenances. In 2017, the Company's advances to NPI amounting to P82,283,456 for stock subscription was converted into investment upon approval of SEC of NPI's application for increase in its authorized capital stock (see Note 6). The Company's ownership interest in NPI is 41.46% and considered as an associate starting 2017.

In 2013, the Company acquired 40% ownership interest in CPI. CPI was incorporated in September 2012 and was primarily established to engage in, operate, conduct and maintain the business of manufacturing, importing, exporting or buying, selling or otherwise dealing in such goods as cosmetics, perfumery, toilet preparation and requisites, disinfectants, detergents, cleaning agents, merchandise commodities, and other articles of consumption, supplies used or employed in or related to the manufacturing of such finished products. As at April 30, 2017, CPI has not yet started its commercial operations.

In January 2016, the Company acquired 20% ownership interest in SBMPI. SBMPI was incorporated on July 3, 2015 and is primarily engaged in the sale and distribution of automobiles in the country.

In 2017, the Company made additional investment in BPPI amounting to P63,000,000, which resulted to the increase in its effective ownership interest over BPPI from 41% to 48%.

The tables below present the information on financial position and performance of the Company's subsidiaries and associates as at and for the years ended April 30, 2017 and 2016.

2017				
	Assets	Liabilities	Equity (Capital Deficiency)	Net Profit (Loss)
<i>Subsidiaries:</i>				
H.R. Owen	P 8,421,660,487	P 6,970,265,760	P 1,451,394,727	P 128,797,084
PGMC	781,045,030	148,469,001	632,576,029	547,405,677
PHPI	694,397,867	689,812,536	4,585,331 (	526,788)
BEPI	250,000	-	250,000	-
<i>Associates:</i>				
BAPI	2,454,993,018	998,244,921	1,456,748,097	390,410,931
NPI*	1,051,745,927	798,926,095	252,819,832	212,171,196
BPPI	222,277,257	498,590,229 (	276,312,972) (	92,600,138)
PLPI	199,264,734	91,363,690	107,901,044	1,548,221
SBMPI	178,614,073	99,556,218	79,057,855 (	28,192,497)
CPI	<u>155,515</u>	<u>2,657,996</u>	<u>(2,502,481)</u>	<u>(255,805)</u>
	<b><u>P14,004,403,908</u></b>	<b><u>P10,297,886,446</u></b>	<b><u>P 3,706,517,462</u></b>	<b><u>P 1,158,757,881</u></b>
2016				
	Assets	Liabilities	Equity (Capital Deficiency)	Net Profit (Loss)
<i>Subsidiaries:</i>				
H.R. Owen	P 9,060,906,438	P 7,645,126,716	P 1,415,779,722	P 100,126,716
PHPI	769,750,002	764,923,829	4,826,173	2,758,074
PGMC	564,967,154	306,293,471	258,673,683	614,117,978
<i>Associates:</i>				
BAPI	2,287,632,263	1,302,605,094	985,027,169	366,124,878
PLPI	203,556,039	97,203,216	106,352,823	4,820,732
BPPI	186,403,874	460,277,633 (	273,873,759) (	83,330,255)
SBMPI	132,883,725	25,633,373	107,250,352 (	5,249,648)
CPI	<u>222,310</u>	<u>2,468,986</u>	<u>(2,246,676)</u>	<u>(803,287)</u>
	<b><u>P13,206,321,805</u></b>	<b><u>P10,604,532,318</u></b>	<b><u>P 2,601,789,487</u></b>	<b><u>P 998,565,188</u></b>

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



### ***9.2 Memorandum of Agreement (MOA)***

In December 2009, the Company entered into a MOA with the stockholders of TF, whereby the stockholders agreed to sell all their interest in TF and to consent to the sale of TF's assets to PHPI and PLPI for a total consideration of P785,000,000. Previously, both the hotel building and land were attached as a lien to an obligation of TF, which was then under court rehabilitation. Subsequently, the court approved the sale of the hotel to PHPI and the land to PLPI together with the settling of the lien over the hotel building and land (see Note 6). Accordingly in 2010, the Company advanced funds to PHPI for the acquisition of the hotel building. On the other hand, the land was acquired by PLPI through advances from the Company for the amount of P70,000,000 payable in equal installments over eight years.

## **10. TRANSPORTATION EQUIPMENT**

In April 2014, the Company acquired a transportation equipment with cost amounting to P12,507,018. Per Company's policy, depreciation shall commence one month after the date of acquisition; thus, no depreciation expense was recognized by the Company in 2014. The net book value of the equipment amounted to P5,003,406 and P7,504,610 as at April 30, 2017 and 2016, respectively. Depreciation expense amounted to P2,501,204 in 2017, 2016 and 2015, and is presented as part of Expenses in the statements of comprehensive income.

## **11. LOANS PAYABLE**

In 2014, the Company obtained a secured loan amounting to P1,000,000,000 from a local bank for its working capital requirements. Such loan bears a fixed annual interest based on prevailing market rate. In 2015, the Company fully paid such loan. Interest expense on this loan in 2015 amounted to P20,533,333 and is presented as Interest Expense under Other Income (Expenses) in the 2015 statement of comprehensive income.

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

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

In 2017, the Company obtained a secured loan amounting to P700,000,000 from a local bank for its working capital requirements and other purposes. Such loan bears a fixed annual interest based on prevailing market rate and is secured by surety from PGMC and a real estate mortgage over parcels of land owned by PLPI. Outstanding balance of such loan amounted to P583,333,333 as at April 30, 2017. Interest expense on this loan amounted to P10,873,972 in 2017 and is presented as part of Interest Expense under Other Income (Expenses) in the 2017 statement of comprehensive income. As at April 30, 2017, unpaid interest amounting to P1,078,767 is presented as part of Trade and Other Payables account in the 2017 statement of financial position.

## 12. EQUITY

### 12.1 Capital Management Objectives, Policies and Procedures

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

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

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

### 12.2 Capital Stock

As at April 30, 2017 and 2016, the Company has 6,000,000,000 and 2,000,000,000 authorized shares with P1 par value, of which 4,427,009,132 and 953,984,448 shares, respectively, are issued and outstanding (see Note 12.4).

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

	Number of Shares		Amount	
	2017	2016	2017	2016
Common shares – P1 par value				
Authorized:				
Balance at beginning of year	2,000,000,000	2,000,000,000	P 2,000,000,000	P 2,000,000,000
Increase in capital stock	4,000,000,000	-	4,000,000,000	-
Balance at end of year	<u>6,000,000,000</u>	<u>2,000,000,000</u>	<u>P 6,000,000,000</u>	<u>P 2,000,000,000</u>
Issued and outstanding:				
Balance at beginning of year	953,984,448	953,984,448	P 953,984,448	P 953,984,448
Stock dividends	3,473,024,684	-	3,473,024,684	-
Balance at end of year	<u>4,427,009,132</u>	<u>953,984,448</u>	<u>P 4,427,009,132</u>	<u>P 953,984,448</u>

As at April 30, 2017 and 2016, there are 142 and 138 holders, respectively, of the Company's total outstanding shares. The Company's listed shares are bid at P5.3 per share and P28.5 per share as at April 30, 2017 and 2016, respectively.

The Company has 126 and 117 stockholders owning 100 or more shares each of the Company's capital stock, as at April 30, 2017 and 2016, respectively.

In November 1948, the Parent Company listed 953,984,448 shares in the PSE. An additional 3,473,024,684 shares were listed in July 2016.

### ***12.3 Treasury Shares***

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

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

### ***12.4 Retained Earnings***

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

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

- (i) increase in authorized capital stock from P2,000,000,000 divided into 2,000,000,000 shares to P6,000,000,000 divided into 6,000,000,000 shares;
- (ii) reversal of P4,000,000,000 previously allocated funds for capital expenditures and corporate expansion back to unrestricted retained earnings; and,
- (iii) declaration of stock dividends at a rate of 4 common shares for every common share held to be taken from the increase in authorized capital stock.

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

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

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

There was no cash dividend declaration in 2017, 2016 and 2015.



### 12.5 Revaluation Reserve

The movement of this account is shown below:

	Note	2017	2016
Balance at beginning of year		(P 26,720,406)	P 122,458,347
Net unrealized fair value losses on AFS financial assets	8	( 44,375,819)	( 163,685,750)
Reclassification adjustments:			
Due to disposal of AFS financial assets	8	9,564,509	9,212,952
Due to impairment of AFS financial assets	8	-	5,294,045
Balance at end of year		(P 61,531,716)	(P 26,720,406)

### 13. OTHER EXPENSES

This account consists of the following:

	2017	2016	2015
Accommodation	P 1,215,834	P 2,357,990	P 1,725,208
Insurance	1,006,806	1,878,806	675,095
Representation	599,052	3,103,632	1,368,555
Advertising	145,149	108,623	297,739
Bank charges	106,473	687,409	58,205
Communication	2,246	82,077	31,722
Penalties and surcharges	-	56,459	12,250
Miscellaneous	657,611	1,042,811	2,617,909
	<u>P 3,733,171</u>	<u>P 9,317,807</u>	<u>P 6,786,683</u>

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

### 14. INTEREST INCOME

Interest income is composed of the following:

	Notes	2017	2016	2015
Cash advances	6, 15.1	P 50,857,383	P 46,917,263	P 44,427,699
Foreign deposits	6	47,075,760	46,176,604	30,895,944
Cash in banks and short-term placements	5	400,365	226,936	301,570
		<u>P 98,333,508</u>	<u>P 93,320,803</u>	<u>P 75,625,213</u>

## 15. RELATED PARTY TRANSACTIONS

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

		2017		2016	
	Notes	Amount of Transactions	Outstanding Balance	Amount of Transactions	Outstanding Balance
<b>Subsidiaries:</b>					
Cash advances granted	15.1	(P 72,349,587)	P 669,020,377	( P 27,000,000 )	P 741,369,964
Cash advances obtained	15.2	258,348,250	258,348,250	-	-
Dividend income	6, 15.4	170,000,000	-	680,000,000	155,600,000
Loan granted	6	127,676,800	127,676,800	-	-
<b>Associates:</b>					
Cash advances granted	15.1	29,040,000	199,438,506	26,700,000	170,398,506
Loan granted	6	36,707,335	790,677,693	-	-
<b>Related parties under common ownership –</b>					
Payments for future acquisition of investment securities	6, 15.3	( 60,378,722 )	12,199,624	( 41,240,000 )	72,578,345

### 15.1 Advances to Subsidiaries and Associates

The balance of these advances as at April 30, shown as Advances to Subsidiaries and Associates account in the statements of financial position, is shown below.

	2017	2016
Subsidiary –		
PHPI	<u>P 669,020,377</u>	<u>P 741,369,964</u>
Associates:		
PLPI	31,775,010	29,775,010
CPI	2,623,496	2,423,496
BPPI	<u>165,040,000</u>	<u>138,200,000</u>
	<u>199,438,506</u>	<u>170,398,506</u>
	<u>P 868,458,883</u>	<u>P 911,768,470</u>

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

- (a) In 2009, the Company granted advances to PHPI and PLPI, as a result of the execution of a MOA, which is part of the Company's strategy to acquire an interest in the operation of a hotel located in Makati City (see Note 9.2). Collections of P27,000,000 and P2,000,000 were made from PHPI and PLPI, respectively, in 2016. Collections of P72,349,587 were also made from PHPI in 2017, while the Company granted additional advances to PLPI amounting to P2,000,000 in 2017.
- (b) In 2017 and 2016, the Company made advances to CPI, which amounted to P200,000 and P700,000, respectively. These advances are unsecured, noninterest-bearing and payable in cash upon demand of BPI. No collections were made on these advances in both years.

- (c) In 2011, the Company provided P100,000,000 loan to BPPI, bearing an annual interest rate of 7.00% payable in cash within two years from the borrowing date. The loan is secured by a guaranty from a major stockholder of BPPI. In 2013, the Company extended the term of this loan for an additional three years. The loan was further extended for another three years in 2016 bearing the same terms with the original loan except that the Company now has the discretion to recall the loan any time prior to maturity; hence, the loan is presented under current assets in the 2017 statement of financial position. Interest income amounting to P7,000,000 in 2017, 2016 and 2015 is recorded as part of Interest Income in the statements of comprehensive income (see Note 14).
- (d) In 2017 and 2016, the Company granted cash advances to BPPI amounting to P21,000,000 and P26,000,000, respectively. Consequently, the Company also made collections from BPPI amounting to P2,000,000 and P1,000,000 in 2017 and 2016, respectively. The advances are short-term, non-interest bearing and generally payable in cash. Furthermore, the Company reclassified P56,000,000 of advances to BPPI to Investments in an associate after the board of directors of BPPI and the SEC approved the conversion of advances to equity.

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

	<u>2017</u>	<u>2016</u>
Balance at beginning of year	<b>P 911,768,470</b>	P 963,228,470
Interest recognized during the year	<b>7,000,000</b>	7,000,000
Additions during the year:		
BPPI	<b>21,840,000</b>	26,840,000
PLPI	<b>2,000,000</b>	-
CPI	<b>200,000</b>	700,000
	<u><b>942,808,470</b></u>	<u>997,768,470</u>
Collections during the year	<b>( 74,349,587)</b>	( 30,000,000)
Reclassification during the year	<u><b>-</b></u>	<u>( 56,000,000)</u>
	<u><b>( 74,349,587)</b></u>	<u>( 86,000,000)</u>
Balance at end of year	<u><b>P 868,458,883</b></u>	<u>P 911,768,470</u>

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

### ***15.2 Advances from a Subsidiary***

In 2017, the Company obtained advances from PGMC amounting to P258,348,250 for working capital requirements and other purposes. The advances are unsecured, noninterest-bearing and payable in cash upon demand, or through offsetting arrangements. The advances remained unpaid as at April 30, 2017 and is presented as Advances from a Subsidiary in the 2017 statement of financial position. There was no similar transaction in 2016.

### ***15.3 Payments for Future Acquisition of Investments***

The Company deposited funds to IPSSB on client trust basis for future acquisition of investment securities. IPSSB is principally engaged in the business of stockbroking.



Outstanding payments to IPSSB as at April 30, 2017 and 2016 amounted to P12,199,624 and P72,578,345 respectively, and are presented as part of Payments for future acquisition of investments under Dividends and Other Receivables in the statements of financial position (see Note 6).

#### 15.4 Dividends

The Company recognized dividend income amounting to P170,000,000, P680,000,000 and P440,000,000 arising from the declaration of cash dividends by PGMC in 2017, 2016 and 2015, respectively. Further, the Company recognized dividend income in 2015 amounting to P26,619,424 from cash dividends declared by H.R. Owen. Consequently, the Company received the cash dividends of P325,600,000, P524,400,000 and P977,606,091 in 2017, 2016 and 2015, respectively. Outstanding dividend receivable amounted to P155,600,000 as at April 30, 2016 (nil in 2017), is presented under Dividends and Other Receivables in the 2016 statement of financial position (see Note 6).

#### 15.5 Loans

The loans of BPPI from a certain financial institution amounting to P240,000,000 and P250,000,000 as at April 30, 2017 and 2016, respectively, are secured by the Company.

The loans obtained by the Company amounting to P700,000,000 and P200,000,000 in 2017 and 2016, respectively, are secured by surety from PGMC and real estate mortgage over parcels of land owned by PLPI (see Note 11).

#### 15.6 Key Management Personnel Compensation

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

### 16. INCOME TAXES

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Current tax expense:			
Regular corporate income tax (RCIT) at 30%	P 4,583,464	P -	P -
Final tax at 20% and 7.5%	50,981	37,863	49,562
Tax benefit from application of unrecognized minimum corporate income tax (MCIT)	( 4,583,464)	-	-
MCIT at 2%	<u>-</u>	<u>2,226,455</u>	<u>2,924,057</u>
	50,981	2,264,318	2,973,619
Deferred tax income relating to the origination and reversal of temporary differences	( <u>20,669,410</u> )	( <u>35,025,562</u> )	( <u>21,470,239</u> )
	( <u><u>P 20,618,429</u></u> )	( <u><u>P 32,761,244</u></u> )	( <u><u>P 18,496,620</u></u> )

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

	2017	2016	2015
Tax on pretax profit at 30%	<b>P 44,121,059</b>	P 174,320,200	P 117,110,957
Adjustment for income subjected to lower income tax rates	( 54,196 )	( 22,754 )	( 40,909 )
Tax effects of:			
Non-taxable income	( 51,000,000 )	( 204,000,000 )	( 132,000,000 )
Application of unrecognized net operating loss carry over (NOLCO)	( 9,977,852 )	( 8,343,872 )	( 7,586,037 )
Application of unrecognized MCIT	( 4,583,464 )	-	-
Non-deductible operating expenses	876,024	3,058,727	1,095,312
Unrecognized MCIT	-	2,226,455	2,924,057
	<b>( P 20,618,429 )</b>	<b>( P 32,761,244 )</b>	<b>( P 18,496,620 )</b>

The net deferred tax asset relates to the following as at April 30, 2017 and 2016:

	Statements of Financial Position		Statements of Comprehensive Income		
	2017	2016	2017	2016	2015
Unrealized foreign exchange gains	<b>P 17,902,394</b>	(P 1,903,616)	<b>(P 19,806,010)</b>	(P 3,577,400)	(P 21,470,239)
Impairment losses	<b>35,124,062</b>	34,260,662	<b>( 863,400 )</b>	( 31,448,162 )	-
Deferred Tax Income			<b>( P 20,669,410 )</b>	( P 35,025,562 )	( P 21,470,239 )
Net Deferred Tax Asset	<b><u>P 53,026,456</u></b>	<b><u>P 32,357,046</u></b>			

The Company is subject to MCIT which is computed at 2% of gross income, as defined under the tax regulations, or RCIT, whichever is higher.

In 2017 and 2016, the management has taken a conservative position of not recognizing additional deferred tax asset arising from MCIT since its recoverability and utilization is unlikely at this time based on the assessment of management.

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

Year	Amount	Applied		Expired	Balance	Expiry Date
Incurred		Prior Year	Current Year			
NOLCO						
2014	<b><u>P 33,900,690</u></b>	<b><u>(P 641,184)</u></b>	<b><u>(P 33,259,506)</u></b>	<b><u>P -</u></b>	<b><u>P -</u></b>	
MCIT						
2016	P 2,226,455	P -	P -	P -	P 2,226,455	2019
2015	2,924,057	-	( 876,129 )	-	2,047,928	2018
2014	<u>3,707,335</u>	-	<u>( 3,707,335 )</u>	-	-	
	<b><u>P 8,857,847</u></b>	<b><u>P -</u></b>	<b><u>(P 4,583,464)</u></b>	<b><u>P -</u></b>	<b><u>P 4,274,383</u></b>	

In 2017 and 2016, the Company opted to continue claiming itemized deductions in computing its income tax due.

## 17. EARNINGS PER SHARE

The earnings per share of the Company is presented below.

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Net profit	<b>P 167,688,624</b>	P 613,828,577	P 408,866,476
Divided by weighted average number of outstanding shares	<u><b>4,341,280,855</b></u>	<u>4,341,280,855</u>	<u>4,341,280,855</u>
Earnings per share	<u><b>P 0.04</b></u>	<u>P 0.14</u>	<u>P 0.09</u>

There were no potentially dilutive instruments in 2017, 2016 and 2015.

## 18. COMMITMENTS AND CONTINGENCIES

There are commitments and contingent liabilities that arise in the normal course of the Company's operations that are not reflected in the accompanying financial statements. As at April 30, 2017, management is of the opinion that losses, if any, from these items will not have a material effect on the Company's financial statements.

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

### *19.1 Carrying Amounts and Fair Value by Category*

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

	<u>Notes</u>	<u>2017</u>		<u>2016</u>	
		<u>Carrying Values</u>	<u>Fair Values</u>	<u>Carrying Values</u>	<u>Fair Values</u>
Financial assets					
Loans and receivables:					
Cash	5	<b>P 91,928,910</b>	<b>P 91,928,910</b>	P 138,600,183	P 138,600,183
Dividends and other receivables – net	6	<b>1,920,153,756</b>	<b>1,920,153,756</b>	2,098,700,920	2,098,700,920
Advances to subsidiaries and associates	15.1	<u><b>868,458,883</b></u>	<u><b>868,458,883</b></u>	<u>911,768,470</u>	<u>911,768,470</u>
		<u><b>P 2,880,541,549</b></u>	<u><b>P2,880,541,549</b></u>	<u>P 3,149,069,573</u>	<u>P 3,149,069,573</u>
AFS financial assets	8	<u><b>P 901,808,762</b></u>	<u><b>P 901,808,762</b></u>	<u>P 869,409,393</u>	<u>P 869,409,393</u>
Financial liabilities					
Financial liabilities at amortized costs:					
Loans payable	11	<b>P 583,333,333</b>	<b>P 583,333,333</b>	P 100,000,000	P 100,000,000
Advances from a subsidiary	15	<b>258,348,250</b>	<b>258,348,250</b>	-	-
Trade and other payables		<u><b>1,355,965</b></u>	<u><b>1,355,965</b></u>	<u>996,665</u>	<u>996,665</u>
		<u><b>P 843,037,548</b></u>	<u><b>P 843,037,548</b></u>	<u>P 100,996,665</u>	<u>P 100,996,665</u>



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

### ***19.2 Offsetting of Financial Assets and Financial Liabilities***

The Company has not set-off financial instruments in 2017 and 2016 and does not have relevant offsetting arrangements. Currently, financial assets and financial liabilities are settled on a gross basis; however, each party to the financial instrument (particularly related parties) will have the option to settle all such amounts on a net basis in the event of default of the other party through approval by both parties.

## **20. FAIR VALUE MEASUREMENT AND DISCLOSURE**

### ***20.1 Fair Value Hierarchy***

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

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

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

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

### ***20.2 Financial Instruments Measured at Fair Value***

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

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

Certain equity securities with carrying amount of P135,411,534 are carried at cost as at April 30, 2015 (provided with full allowance in 2016) (see Note 8).

The Company has no financial liabilities measured at fair value as at April 30, 2017 and 2016. There were no transfers across the levels of the fair value hierarchy in both years.

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

The Company's financial instruments measured at amortized cost include financial assets such as cash, dividend and other receivables, and advances to subsidiaries and associates (see Note 2.4). These also include financial liabilities such as loans payable, advances from a subsidiary and trade and other payables (see Note 2.7). As at April 30, 2017, management considers that the carrying amounts of these financial instruments are equal to or approximate their fair value; hence, no fair value hierarchy is presented.

**21. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE**

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

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

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

*(a) Output VAT*

In 2017, the Company declared output VAT amounting to P2,142,857. The related output VAT was offset against input VAT [see Note 21.1(b)].

*(b) Input VAT*

The movements in Input VAT for the year ended April 30, 2017 are summarized below.

Balance at beginning of year	P 30,938,402
Services rendered by non-residents	1,548,469
Domestic purchases of services	657,585
Domestic purchases of goods	
other than capital goods	1770
Applied against output VAT	( 2,142,857)
Balance at end of year	<u>P 31,003,369</u>

Total input VAT as at April 30, 2017 is presented as Input VAT under Prepayments and Other Current Assets in the 2017 statement of financial position (see Note 7).

(c) *Taxes on Importation*

The Company has not paid or accrued any customs' duties and taxes on goods imported as it has no importation for the year ended April 30, 2017.

(d) *Documentary Stamp Tax*

The Company paid P21,470,784 documentary stamp tax (DST) for the year ended April 30, 2017 on the increase in authorized capital stock, advances made to related parties and availment of loan. This was presented as part of Taxes and licenses under Expenses in the 2017 statement of comprehensive income [see Note 21.1(f)].

(e) *Excise Tax*

The Company did not have any transactions in 2017, which are subject to excise tax.

(f) *Taxes and Licenses*

The details of Taxes and Licenses account in the 2017 statement of comprehensive income are broken down as follows:

	<u>Note</u>	
DST	21.1(d)	P 21,470,784
Registration fees		8,083,010
Listing fees		5,481,025
Municipal license and permits		671,313
Community tax		12,700
Others		<u>22,787</u>
		<u>P 35,741,619</u>

(g) *Withholding Taxes*

The details of total withholding taxes for the year ended April 30, 2017 are shown below.

Expanded	P 660,491
Final	<u>1,491,178</u>
	<u>P 2,151,669</u>

There are no transactions subject to withholding taxes on compensation in 2017.

(h) *Deficiency Tax Assessments and Tax Cases*

As at April 30, 2017, the Company does not have any final deficiency tax assessments from the BIR nor does it have tax cases outstanding or pending in courts or bodies outside of the BIR in any of the open taxable years.

## 21.2 Requirements Under RR No. 19-2011

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

The amounts of taxable revenues and income, and deductible costs and expenses presented below are based on relevant tax regulations issued by the BIR, hence, may not be the same as the amounts of revenues reflected in the 2017 statement of comprehensive income.

### (a) Taxable Revenues

The Company recorded dividend income amounting to ~~P16,228,724~~ for the fiscal year ended April 30, 2017 which is subject to RCIT.

### (b) Deductible Cost of Services

The Company has no deductible cost of services under regular tax rate for the fiscal year ended April 30, 2017.

### (c) Taxable Non-operating and Other Income

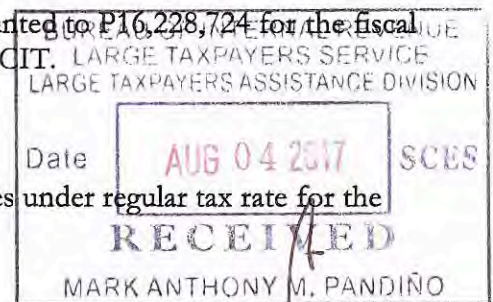
The Company's taxable non-operating and other income recognized in 2017 are as follows:

Interest income	P 97,982,920
Gain on reversal of impairment loss	1,528,706
Gain on sale of AFS	<u>1,181,117</u>
	<u>P100,692,743</u>

### (d) Itemized Deductions

The amounts of itemized deductions for the fiscal year ended April 30, 2017 are as follows:

Taxes and licenses	P 35,741,619
Interest	11,640,443
Professional fees	7,983,455
Realized foreign currency exchange loss	6,300,133
Transportation and travel	3,227,679
Accommodation	1,215,834
Insurance	1,006,806
Representation and entertainment	599,052
Advertising and promotions	145,149
Bank charges	106,473
Sponsorships	50,000
Communication, light and water	2,246
Miscellaneous	<u>364,858</u>
	68,383,747
Application of NOLCO	<u>33,259,506</u>
	<u>P101,643,253</u>







**P&A**  
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Philippines

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

**The Board of Directors and Stockholders  
Berjaya Philippines Inc.**

***[A Subsidiary of Berjaya Lottery Management (HK) Limited]***

9<sup>th</sup> Floor, Rufino Pacific Tower  
6784 Ayala Avenue, Makati City

We have audited, in accordance with Philippine Standards on Auditing, the financial statements of Berjaya Philippines Inc. for the year ended April 30, 2017, on which we have rendered our report dated June 9, 2017. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The following applicable supplementary information are presented for purposes of additional analysis in compliance with the requirements of the Securities Regulation Code Rule 68, as amended, and are not a required part of the basic financial statements prepared in accordance with Philippine Financial Reporting Standards:

- a. Reconciliation of Retained Earnings Available for Dividend Declaration;
- b. Schedule of Philippine Financial Reporting Standards and Interpretations Adopted by the Securities and Exchange Commission and the Financial Reporting Standards Council as at April 30, 2017; and,
- c. Map Showing the Relationship Between and Among the Company and its Related Entities.

**Certified Public Accountants**

Punongbayan & Araullo (P&A) is the Philippine member firm of Grant Thornton International Ltd

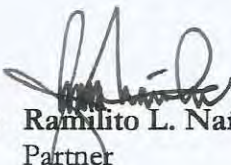
Offices in Cebu, Davao, Cavite

BOA/PRC Cert. of Reg. No. 0002  
SEC Accreditation No. 0002-FR-4



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

**PUNONGBAYAN & ARAULLO**

  
**By: Ramilito L. Nañola**  
Partner

CPA Reg. No. 0090741

TIN 109-228-427

PTR No. 5908629, January 3, 2017, Makati City

SEC Group A Accreditation

Partner - No. 0395-AR-3 (until May 19, 2019)

Firm - No. 0002-FR-4 (until Apr. 30, 2018)

BIR AN 08-002511-19-2015 (until Mar. 18, 2018)

Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2018)

June 9, 2017



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

**Reconciliation of Retained Earnings Available for Dividend Declaration  
 For the Year Ended April 30, 2017**

<b>Unappropriated Retained Earnings at Beginning of Year, as Reported in the Audited Financial Statements</b>		P 1,175,397,869
<b>Prior Years' Outstanding Reconciling Items, net of tax</b>		
Impairment loss	114,202,207	
Unrealized foreign currency gain	( 11,924,667 )	
Deferred tax income	( 35,025,562 )	( 46,950,229 )
<b>Unappropriated Retained Earnings Available for Dividend Declaration at Beginning of Year, as Adjusted</b>		1,128,447,640
<b>Net Profit Actually Earned during the Year</b>		
Net profit per audited financial statements	167,688,624	
Unrealized foreign currency gain	( 66,020,035 )	
Deferred tax income	( 20,669,410 )	
Impairment loss	2,877,999	83,877,178
<b>Other Transactions During the Year</b>		
Reversal of appropriation during the year	3,473,024,684	
Declaration of stock dividends	( 3,473,024,684 )	-
<b>Unappropriated Retained Earnings Available for Dividend Declaration at End of Year</b>		<b><u>P 1,212,324,818</u></b>

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



BERJAYA PHILIPPINES INC.  
*[A Subsidiary of Berjaya Lottery Management (HK) Limited]*  
Schedule of Philippine Financial Reporting Standards and Interpretations  
Adopted by the Securities and Exchange Commission and the  
Financial Reporting Standards Council as at April 30, 2017

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements		✓		
Conceptual Framework Phase A: Objectives and Qualitative Characteristics		✓		
Practice Statement Management Commentary			✓	
<i>Philippine Financial Reporting Standards (PFRS)</i>				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✓		
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters	✓		
	Amendments to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters	✓		
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters	✓		
	Amendments to PFRS 1: Government Loans	✓		
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
	Amendments to PFRS 2: Classification and Measurement of Share-based Payment Transactions* (effective January 1, 2018)			✓
PFRS 3 (Revised)	Business Combinations	✓		
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PFRS 4: Applying PFRS 9, <i>Financial Instruments</i> , with PFRS 4, <i>Insurance Contracts</i> * (effective January 1, 2018)			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Transition	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures – Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures* (effective when PFRS 9 is first applied)			✓
PFRS 8	Operating Segments			✓
PFRS 9	Financial Instruments (2014)* (effective January 1, 2018)			✓
PFRS 10	Consolidated Financial Statements			✓
	Amendments to PFRS 10: Transition Guidance			✓
	Amendments to PFRS 10: Investment Entities			✓
	Amendments to PFRS 10: Investment Entities – Applying the Consolidation Exception			✓
	Amendments to PFRS 10: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (effective date deferred indefinitely)			✓
PFRS 11	Joint Arrangements			✓
	Amendments to PFRS 11: Transition Guidance			✓
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations			✓
PFRS 12	Disclosure of Interests in Other Entities	✓		
	Amendments to PFRS 12: Transition Guidance	✓		
	Amendments to PFRS 12: Investment Entities	✓		
	Amendments to PFRS 10: Investment Entities – Applying the Consolidation Exception	✓		



PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PFRS 13	Fair Value Measurement	✓		
PFRS 14	Regulatory Deferral Accounts			✓
PFRS 15	Revenue from Contract with Customers* (effective January 1, 2018)			✓
PFRS 16	Leases* (effective January 1, 2019)			✓
<b>Philippine Accounting Standards (PAS)</b>				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	✓		
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Amendments to PAS 1: Disclosure Initiative	✓		
PAS 2	Inventories			✓
PAS 7	Statement of Cash Flows	✓		
	Amendments to PAS 7: Disclosure Initiative* (effective January 1, 2017)			✓
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events After the Reporting Period	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendments to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
	Amendments to PAS 12 - Recognition of Deferred Tax Assets for Unrealized Losses* (effective January 1, 2017)			✓
PAS 16	Property, Plant and Equipment	✓		
	Amendments to PAS 16: Bearer Plants	✓		
	Amendments to PAS 16: Clarification of Acceptable Methods of Depreciation and Amortization	✓		
PAS 17	Leases			✓
PAS 18	Revenue	✓		
PAS 19 (Revised)	Employee Benefits			✓
	Amendments to PAS 19: Defined Benefit Plans - Employee Contributions			✓
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendments: Net Investment in a Foreign Operation	✓		
PAS 23 (Revised)	Borrowing Costs	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Revised)	Separate Financial Statements	✓		
	Amendments to PAS 27: Investment Entities	✓		
	Amendments to PAS 27: Equity Method in Separate Financial Statements	✓		
PAS 28 (Revised)	Investments in Associates and Joint Ventures	✓		
	Amendments to PAS 28: Investment Entities - Applying the Consolidation Exception	✓		
	Amendments to PFRS 10: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (effective date deferred indefinitely)			✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	✓		
	Amendments to PAS 32: Classification of Rights Issues	✓		
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
PAS 33	Earnings Per Share	✓		
PAS 34	Interim Financial Reporting			✓
PAS 36	Impairment of Assets	✓		
	Amendment to PAS 36: Recoverable Amount Disclosures for Non-financial Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets			✓
	Amendments to PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization			✓



PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions	✓		
	Amendments to PAS 39: The Fair Value Option	✓		
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition	✓		
	Amendments to Philippine Interpretation IFRIC 9 and PAS 39: Embedded Derivatives	✓		
	Amendments to PAS 39: Eligible Hedged Items	✓		
	Amendments to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting	✓		
PAS 40	Investment Property			✓
	Amendments to PAS 40: Transfers of Investment Property (effective January 1, 2018)			✓
PAS 41	Agriculture			✓
	Amendments to PAS 41: Bearer Plants			✓
<b>Philippine Interpretations - International Financial Reporting Interpretations Committee (IFRIC)</b>				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease			✓
IFRIC 5	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities Arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29, Financial Reporting in Hyperinflationary Economies			✓
IFRIC 9	Reassessment of Embedded Derivatives**	✓		
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives**	✓		
IFRIC 10	Interim Financial Reporting and Impairment			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC - 14, Prepayments of a Minimum Funding Requirement and their Interaction**			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners**	✓		
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments**	✓		
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies			✓
IFRIC 22	Foreign Currency Transactions and Advance Consideration* (effective January 1, 2018)			✓
<b>Philippine Interpretations - Standing Interpretations Committee (SIC)</b>				
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers			✓
SIC-15	Operating Leases - Incentives			✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders**	✓		
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			✓
SIC-29	Service Concession Arrangements: Disclosures			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services**	✓		
SIC-32	Intangible Assets - Web Site Costs**			✓

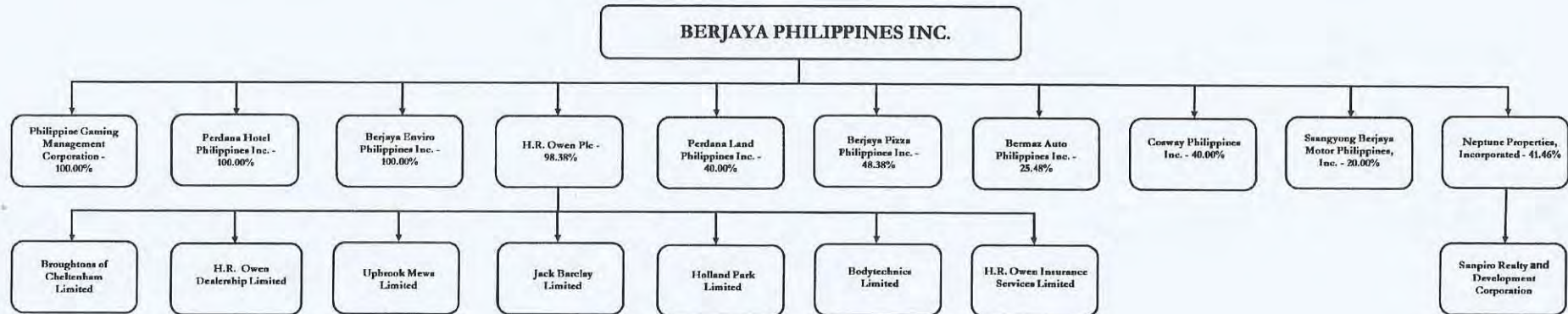
\* These standards will be effective for periods subsequent to fiscal year 2017 and are not early adopted by the Company.

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



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

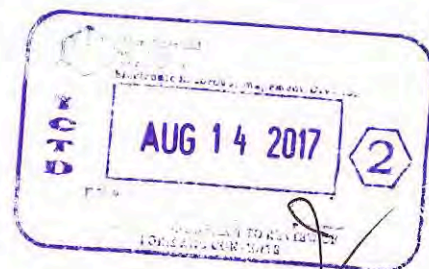
Map Showing the Relationship between the Company and its Related Parties  
 April 30, 2017





## CERTIFICATION

Securities and Exchange Commission  
SEC Building  
EDSA, Greenhills  
Mandaluyong



Gentlemen:

In compliance with Memorandum Circular No. 02 March 12, 2001, issued by Securities and Exchange Commission (SEC), requiring the submission by registered corporations of SEC reportorial requirements, we submit herewith the Consolidated Audited Financial Statements (CAFS) diskette for **BERJAYA PHILIPPINES, INC. & SUBSIDIARIES** for the years ended **April 30, 2017 and 2016** consisting of the following:

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

I certify that the CAFS diskette of the Company contains the basic and material data in the hard copies of the financial statements of the Company for the years ended **April 30, 2017 and 2016**.

TAN ENG HWA  
Treasurer

JUN 30 2017

**MAKATI CITY** SUBSCRIBED AND SWORN to before me this \_\_\_\_\_ day of \_\_\_\_\_, 2017, at \_\_\_\_\_, with affiant exhibiting to me his Tax Identification No. 204-172-228

Book No. 460 :  
Doc. No. 9m :  
Page No. 187 :  
Series of 20 12

NOTARY PUBLIC

**RUBEN T.M. RAMIREZ**

NOTARY PUBLIC

UNTIL DEC. 31, 2017

IBP NO. 1052369 / 11-22-16 - Appointment # M-23

ROLL NO. 28947/MCLE-4 NO. 0006324/6-19-12

PTR NO. MKT. 5909552/1-3-17 MAKATI CITY

### BERJAYA PHILIPPINES INC.

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



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Atty. Jose A. Bernas

811-0668

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

NAME OF CORPORATION: BERJAYA PHILIPPINES INC. AND SUBSIDIARIES

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

TEL. NO.: 811-0668

FAX NO.: 811-0538

COMPANY TYPE: INVESTMENT COMPANY OPERATION

PSIC: 66910

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

Table 1. Balance Sheet

FINANCIAL DATA	2017 (in P'000)	2016 (in P'000)
<b>A. ASSETS (A.1 + A.2 + A.3 + A.4 + A.5 + A.6 + A.7 + A.8 + A.9 + A.10)</b>	<b>14,755,462</b>	<b>15,596,933</b>
A.1 Current Assets (A.1.1 + A.1.2 + A.1.3 + A.1.4 + A.1.5)	9,305,823	10,295,298
A.1.1 Cash and cash equivalents (A.1.1.1 + A.1.1.2 + A.1.1.3)	1,060,851	1,034,432
A.1.1.1 On hand	474	436
A.1.1.2 In domestic banks/entities	1,060,377	1,033,996
A.1.1.3 In foreign banks/entities		
A.1.2 Trade and Other Receivables (A.1.2.1 + A.1.2.2)	3,110,668	2,974,579
A.1.2.1 Due from domestic entities (A.1.2.1.1 + A.1.2.1.2 + A.1.2.1.3 + A.1.2.1.4)	3,110,668	2,974,579
A.1.2.1.1 Due from customers (trade)	772,457	750,151
A.1.2.1.2 Due from related parties	2,167,215	2,067,209
A.1.2.1.3 Others, specify (A.1.2.1.3.1 + A.1.2.1.3.2)	183,643	189,342
A.1.2.1.3.1 Receivable from supplier	0	0
A.1.2.1.3.2 Advances to officers and employees	4,924	5,302
A.1.2.1.3.3 Other receivables	178,719	184,040
A.1.2.1.4 Allowance for doubtful accounts (negative entry)	(12,647)	(32,123)
A.1.2.2 Due from foreign entities, specify (A.1.2.2.1 + A.1.2.2.2 + A.1.2.2.3 + A.1.2.2.4)		
A.1.2.2.1		
A.1.2.2.2		
A.1.2.2.3		
A.1.2.2.4 Allowance for doubtful accounts (negative entry)		
A.1.3 Inventories (A.1.3.1 + A.1.3.2 + A.1.3.3 + A.1.3.4 + A.1.3.5 + A.1.3.6)	4,127,528	5,279,148
A.1.3.1 Vehicles	4,040,055	5,123,409
A.1.3.2 Parts and components	199,656	208,941
A.1.3.3 Spare parts and accessories	14,761	32,266
A.1.3.4 Work-in-progress	48,083	43,209
A.1.3.5 Hotel supplies	5,840	7,143
A.1.3.6 Others, specify (A.1.3.6.1 + A.1.3.6.2)		
A.1.3.6.1 Allowance for inventory write down	(180,867)	(135,820)
A.1.3.6.2		
A.1.4 Financial Assets other than Cash/Receivables/Equity investments (A.1.4.1 + A.1.4.2 + A.1.4.3 + A.1.4.4 + A.1.4.5 + A.1.4.6)		
A.1.4.1 Financial Assets at Fair Value through Profit or Loss - issued by domestic entities: (A.1.4.1.1 + A.1.4.1.2 + A.1.4.1.3 + A.1.4.1.4 + A.1.4.1.5)		
A.1.4.1.1 National Government		
A.1.4.1.2 Public Financial Institutions		
A.1.4.1.3 Public Non-Financial Institutions		
A.1.4.1.4 Private Financial Institutions		
A.1.4.1.5 Private Non-Financial Institutions		
A.1.4.2 Held to Maturity Investments - issued by domestic entities: (A.1.4.2.1 + A.1.4.2.2 + A.1.4.2.3 + A.1.4.2.4 + A.1.4.2.5)		
A.1.4.2.1 National Government		
A.1.4.2.2 Public Financial Institutions		
A.1.4.2.3 Public Non-Financial Institutions		
A.1.4.2.4 Private Financial Institutions		
A.1.4.2.5 Private Non-Financial Institutions		

## NOTE:

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

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

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

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

NAME OF CORPORATION: BERJAYA PHILIPPINES INC. AND SUBSIDIARIES

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

TEL. NO.: 811-0668

FAX NO.: 811-0538

COMPANY TYPE: INVESTMENT COMPANY OPERATION

PSIC: 66910

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

Table 1. Balance Sheet

FINANCIAL DATA	2017 (in P'000)	2016 (in P'000)
A.1.4.3 Loans and Receivables - issued by domestic entities: (A.1.4.3.1 + A.1.4.3.2 + A.1.4.3.3 + A.1.4.3.4 + A.1.4.3.5)		
A.1.4.3.1 National Government		
A.1.4.3.2 Public Financial Institutions		
A.1.4.3.3 Public Non-Financial Institutions		
A.1.4.3.4 Private Financial Institutions		
A.1.4.3.5 Private Non-Financial Institutions		
A.1.4.4 Available-for-sale financial assets - issued by domestic entities: (A.1.4.4.1 + A.1.4.4.2 + A.1.4.4.3 + A.1.4.4.4 + A.1.4.4.5)		
A.1.4.4.1 National Government		
A.1.4.4.2 Public Financial Institutions		
A.1.4.4.3 Public Non-Financial Institutions		
A.1.4.4.4 Private Financial Institutions		
A.1.4.4.5 Private Non-Financial Institutions		
A.1.4.5 Financial Assets issued by foreign entities: (A.1.4.5.1 + A.1.4.5.2 + A.1.4.5.3 + A.1.4.5.4)		
A.1.4.5.1 Financial Assets at fair value through profit or loss		
A.1.4.5.2 Held-to-maturity investments		
A.1.4.5.3 Loans and Receivables		
A.1.4.5.4 Available-for-sale financial assets		
A.1.4.6 Allowance for decline in market value (negative entry)		
A.1.5 Other Current Assets (state separately material items) (A.1.5.1 + A.1.5.2 + A.1.5.3)	1,006,776	1,007,139
A.1.5.1 Advances to associate	199,347	170,307
A.1.5.2 Prepaid expenses	661,544	618,696
A.1.5.3 Prepaid taxes, input VAT and creditable withholding taxes	80,442	84,114
A.1.5.4 Refundable deposits and advance rental	43,074	123,152
A.1.5.5 Advances to suppliers	7,966	0
A.1.5.6 Other current assets	14,404	20,244
A.1.5.7 Allowance for impairment (negative entry)	0	(9,375)
A.2 Property, plant, and equipment (A.2.1 + A.2.2 + A.2.3 + A.2.4 + A.2.5 + A.2.6 + A.2.7 + A.2.8)	1,885,117	2,001,761
A.2.1 Land	83,502	89,397
A.2.2 Building and improvements including leasehold improvement	2,190,496	2,294,239
A.2.3 Machinery and equipment (on hand and in transit)	2,207,365	2,111,890
A.2.4 Transportation/motor vehicles, automotive equipment, autos and trucks, and delivery equipment	65,741	53,839
A.2.5 Others, specify (A.2.5.1 + A.2.5.2 + A.2.5.3 + A.2.5.4 + A.2.5.5)	45,182	42,749
A.2.5.1 Furniture and fixture	45,182	42,749
A.2.5.2		
A.2.5.3		
A.2.5.4		
A.2.5.5		
A.2.6 Appraisal increase, specify (A.2.6.1 + A.2.6.2 + A.2.6.3 + A.2.6.4 + A.2.6.5)		
A.2.6.1		
A.2.6.2		
A.2.6.3		
A.2.6.4		
A.2.6.5		
A.2.7 Accumulated Depreciation (negative entry)	(2,707,170)	(2,590,352)
A.2.8 Impairment Loss or Reversal (if loss, negative entry)		
A.3 Investments accounted for using the equity method (A.3.1 + A.3.2 + A.3.3 + A.3.4)		
A.3.1 Equity in domestic subsidiaries/affiliates		
A.3.2 Equity in foreign branches/subsidiaries/affiliates		
A.3.3 Others, specify (A.3.3.1 + A.3.3.2 + A.3.3.3 + A.3.3.4 + A.3.3.5)		
A.3.3.1		
A.3.3.2		
A.3.3.3		
A.3.3.4		
A.3.3.5		
A.4 Investment Property		
A.5 Biological Assets		
A.6 Intangible Assets	1,806,956	1,914,800
A.6.1 Major item/s, specify (A.6.1.1 + A.6.1.2)	1,806,956	1,914,800
A.6.1.1 Goodwill	1,806,956	1,914,800
A.6.1.2		
A.6.2 Others, specify (A.6.2.1 + A.6.2.2)		
A.6.2.1		
A.6.2.2		
A.7 Assets Classified as Held for Sale		
A.8 Assets included in Disposal Groups Classified as Held for Sale		



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

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

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

Table 1. Balance Sheet

FINANCIAL DATA	2017 ( in P'000 )	2016 ( in P'000 )
A.9 Long-term receivables (net of current portion) (A.9.1 + A.9.2 + A.9.3)		
A.9.1 From domestic entities, specify (A.9.1.1 + A.9.1.2 + A.9.1.3)		
A.9.1.1		
A.9.1.2		
A.9.1.3		
A.9.2 From foreign entities, specify (A.9.2.1 + A.9.2.2 + A.9.2.3)		
A.9.2.1		
A.9.2.2		
A.9.2.3		
A.9.3 Allowance for doubtful accounts, net of current portion (negative entry)		
A.10 Other Assets (A.10.1 + A.10.2 + A.10.3 + A.10.4 + A.10.5)	1,757,566	1,385,073
A.10.1 Deferred charges - net of amortization		
A.10.2 Deferred Income Tax	66,716	44,597
A.10.3 Advance/Miscellaneous deposits		
A.10.4 Others, specify (A.10.4.1 + A.10.4.2 + A.10.4.3 + A.10.4.4 + A.10.4.5)	1,690,850	1,340,476
A.10.4.1 Available-for-sale financial assets	901,809	869,409
A.10.4.2 Investment in associates	642,726	466,715
A.10.4.3 Advances to an associate	0	0
A.10.4.4 Investment Property	141,609	0
A.10.4.5 Other non-current assets	4,706	4,352
A.10.5 Allowance for write-down of deferred charges/bad accounts (negative entry)	0	0
B. LIABILITIES (B.1 + B.2 + B.3 + B.4 + B.5)	7,550,375	7,931,572
B.1 Current Liabilities (B.1.1 + B.1.2 + B.1.3 + B.1.4 + B.1.5 + B.1.6 + B.1.7)	7,513,256	7,890,773
B.1.1 Trade and Other Payables to Domestic Entities (B.1.1.1 + B.1.1.2 + B.1.1.3 + B.1.1.4 + B.1.1.5 + B.1.1.6)	3,530,241	3,571,890
B.1.1.1 Loans/Notes Payables	367,394	0
B.1.1.2 Trade Payables	1,025,538	1,367,123
B.1.1.3 Payables to Related Parties	513	3,179
B.1.1.4 Advances from Directors, Officers, Employees and Principal Stockholders		
B.1.1.5 Accruals, specify material items (B.1.1.5.1 + B.1.1.5.2 + B.1.1.5.3)	315,638	363,788
B.1.1.5.1 Accrued expenses	314,559	363,788
B.1.1.5.2 Accrued interest payable	1,079	0
B.1.1.5.3		
B.1.1.6 Others, specify (B.1.1.6.1 + B.1.1.6.2 + B.1.1.6.3)	1,821,159	1,837,801
B.1.1.6.1 Advances from customer	1,285,344	1,439,274
B.1.1.6.2 Withholding taxes payable	40,327	134,089
B.1.1.6.3 Liability on stock vehicles	0	0
B.1.1.6.4 Management fee payable	20,223	19,880
B.1.1.6.4 Deferred output vat	174,161	28,733
B.1.1.6.4 Other payables	278,455	173,935
B.1.1.6.5 Deferred Income	22,649	41,891
B.1.2 Trade and Other Payables to Foreign Entities (specify) (B.1.2.1 + B.1.2.2 + B.1.2.3)		
B.1.2.1		
B.1.2.2		
B.1.2.3		
B.1.3 Provisions		
B.1.4 Financial Liabilities (excluding Trade and Other Payables and Provisions) (B.1.4.1 + B.1.4.2 + B.1.4.3 + B.1.4.4 + B.1.4.5)	3,861,157	4,234,570
B.1.4.1 Loans payable and borrowings	3,861,157	4,234,570
B.1.4.2		
B.1.4.3		
B.1.4.4		
B.1.4.5		
B.1.5 Liabilities for Current Tax	80,038	39,539
B.1.6 Deferred Tax Liabilities	41,821	44,773
B.1.7 Others, specify (If material, state separately; indicate if the item is payable to public/private or financial/non-financial institutions) (B.1.7.1 + B.1.7.2 + B.1.7.3 + B.1.7.4 + B.1.7.5 + B.1.7.6)		
B.1.7.1 Dividends declared and not paid at balance sheet date		
B.1.7.2 Acceptances Payable		
B.1.7.3 Liabilities under Trust Receipts		
B.1.7.4 Portion of Long-term Debt Due within one year		
B.1.7.5 Deferred Income		
B.1.7.6 Any other current liability in excess of 5% of Total Current Liabilities, specify:		
B.1.7.6.1		
B.1.7.6.2		
B.1.7.6.3		



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

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

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

**Table 1. Balance Sheet**

<b>FINANCIAL DATA</b>	<b>2017 ( in P'000 )</b>	<b>2016 ( in P'000 )</b>
B.2 Long-term Debt - Non-current Interest-bearing Liabilities (B.2.1 + B.2.2 + B.2.3 + B.2.4 + B.2.5)		
B.2.1 Domestic Public Financial Institutions		
B.2.2 Domestic Public Non-Financial Institutions		
B.2.3 Domestic Private Financial Institutions		
B.2.4 Domestic Private Non-Financial Institutions		
B.2.5 Foreign Financial Institutions		
B.3 Indebtedness to Affiliates and Related Parties (Non-Current)		
B.4 Liabilities Included in the Disposal Groups Classified as Held for Sale		
B.5 Other Liabilities (B.5.1 + B.5.2)	37,119	40,799
B.5.1 Deferred Tax	0	0
B.5.2 Others, specify (B.5.2.1 + B.5.2.2 + B.5.2.3 + B.5.2.4 + B.5.2.5)	37,119	40,799
B.5.2.1 Post-employment benefit obligation	37,119	40,799
B.5.2.2		
B.5.2.3		
B.5.2.4		
B.5.2.5		
<b>C. EQUITY (C.3 + C.4 + C.5 + C.6 + C.7 + C.8 + C.9+C.10)</b>	<b>7,205,086</b>	<b>7,665,361</b>
C.1 Authorized Capital Stock (no. of shares, par value and total value; show details) (C.1.1+C.1.2+C.1.3)	0	0
C.1.1 Common shares		
C.1.2 Preferred Shares		
C.1.3 Others		
C.2 Subscribed Capital Stock (no. of shares, par value and total value) (C.2.1 + C.2.2 + C.2.3)		
C.2.1 Common shares		
C.2.2 Preferred Shares		
C.2.3 Others		
C.3 Paid-up Capital Stock (C.3.1 + C.3.2)	0	0
C.3.1 Common shares		
C.3.2 Preferred Shares		
C.4 Additional Paid-in Capital / Capital in excess of par value / Paid-in Surplus	19,157	335,890
C.5 Minority Interest	7,185,929	7,329,471
C.6 Others, specify (C.6.1 + C.6.2 + C.6.3)	7,185,929	7,329,471
C.6.1 Attributable to owners of parent company		
C.6.2		
C.6.3		
C.7 Appraisal Surplus/Revaluation Increment in Property/Revaluation Surplus	0	0
C.8 Retained Earnings (C.8.1 + C.8.2)		
C.8.1 Appropriated		
C.8.2 Unappropriated		
C.9 Head / Home Office Account (for Foreign Branches only)		
C.10 Cost of Stocks Held in Treasury (negative entry)		
<b>TOTAL LIABILITIES AND EQUITY (B + C)</b>	<b>14,755,462</b>	<b>15,596,933</b>

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

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

**Table 2. Income Statement**

FINANCIAL DATA	2017 ( in P'000 )	2016 ( in P'000 )	
<b>A. REVENUE / INCOME (A.1 + A.2 + A.3)</b>	28,827,210	26,767,616	
A.1 Net Sales or Revenue / Receipts from Operations (manufacturing, mining, utilities, trade, services, etc.) (from Primary Activity)	28,501,621	26,501,585	
A.2 Share in the Profit or Loss of Associates and Joint Ventures accounted for	129,813	55,766	
A.3 Other Revenue (A.3.1 + A.3.2 + A.3.3 + A.3.4 + A.3.5)			
A.3.1 Rental Income from Land and Buildings			
A.3.2 Receipts from Sale of Merchandise (trading) (from Secondary Activity)			
A.3.3 Sale of Real Estate or other Property and Equipment			
A.3.4 Royalties, Franchise Fees, Copyrights (books, films, records, etc.)			
A.3.5 Others, specify (A.3.5.1 + A.3.5.2 + A.3.5.3 + A.3.5.4 + A.3.5.5 + A.3.5.6 + A.3.5.7 + A.3.5.8)			
A.3.5.1			
A.3.5.2			
A.3.5.3			
A.3.5.4			
A.3.5.5			
A.3.5.6			
A.3.5.7			
A.3.5.8			
A.4 Other Income (non-operating) (A.4.1 + A.4.2 + A.4.3 + A.4.4)	195,776	210,265	
A.4.1 Interest Income	106,989	98,589	
A.4.2 Dividend Income	16,229	13,474	
A.4.3 Gain / (Loss) from selling of Assets, specify (A.4.3.1 + A.4.3.2 + A.4.3.3 + A.4.3.4)	1,181	(19,523)	
A.4.3.1 Gain (loss) on sale of available-for-sale financial assets	1,181	(19,523)	
A.4.3.2 Gain on sale of property and equipment	0	0	
A.4.3.3			
A.4.3.4			
A.4.4 Others, specify (A.4.4.1 + A.4.4.2 + A.4.4.3 + A.4.4.4)	71,378	117,725	
A.4.4.1 Gain / (Loss) on Foreign Exchange	0	0	
A.4.4.2 Remeasurement of gain on reclassification of AFS	0	0	
A.4.4.3 Excess 7% standard input vat over actual input vat	0	0	
A.4.4.4 Income from forfeited customer deposits	0	0	
A.4.4.5 Others	71,378	117,725	
<b>B. COST OF GOODS SOLD (B.1 + B.2 + B.3)</b>			
B.1 Cost of Goods Manufactured (B.1.1 + B.1.2 + B.1.3 + B.1.4 + B.1.5)			
B.1.1 Direct Material Used			
B.1.2 Direct Labor			
B.1.3 Other Manufacturing Cost / Overhead			
B.1.4 Goods in Process, Beginning			
B.1.5 Goods in Process, End (negative entry)			
B.2 Finished Goods, Beginning			
B.3 Finished Goods, End (negative entry)			
<b>C. COST OF SALES (C.1 + C.2 + C.3)</b>			
C.1 Purchases			
C.2 Merchandise Inventory, Beginning			
C.3 Merchandise Inventory, End (negative entry)			
<b>D. GROSS PROFIT (A - B - C)</b>	28,827,210	26,767,616	

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



Control No.:

Form Type: PHFS (rev 2006)

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

NAME OF CORPORATION: BERJAYA PHILIPPINES INC. AND SUBSIDIARIES

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

TEL. NO.: 811-0668

FAX NO.: 811-0538

COMPANY TYPE: INVESTMENT COMPANY OPERATION

PSIC: 66910

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

Table 2. Income Statement

FINANCIAL DATA	2017 ( in P'000 )	2016 ( in P'000 )	
<b>E. OPERATING EXPENSES (E.1 + E.2 + E.3 + E.4)</b>	<b>27,494,341</b>	<b>25,547,239</b>	
E.1 Selling or Marketing Expenses			
E.2 Administrative Expenses			
E.3 General Expenses			
E.4 Other Expenses, specify (E.4.1 + E.4.2 + E.4.3 + E.4.4 + E.4.5 + E.4.6 + E.4.7 + E.4.8 + E.4.9 + E.4.10)	27,494,341	25,547,239	
E.4.1 Cost of vehicles sold	21,428,579	19,647,392	
E.4.2 Salaries and employee benefits	1,732,125	1,625,215	
E.4.3 Bodyshop repairs and parts	1,881,987	1,772,943	
E.4.4 Professional fees	343,849	371,719	
E.4.5 Depreciation and amortization	228,712	238,359	
E.4.6 Rental	321,414	330,016	
E.4.7 Telecommunication	100,217	100,308	
E.4.8 Taxes and licenses	175,438	148,931	
E.4.9 Communication, light and water	78,750	71,437	
E.4.10 Maintenance of computer equipment	112,225	78,435	
E.4.11 Charitable contributions	73,033	0	
E.4.12 Transportation and travel	26,322	46,481	
E.4.13 Representation and entertainment	47,705	19,262	
E.4.14 Food and beverages	12,354	12,791	
E.4.15 Others	931,632	1,083,950	
<b>F. FINANCE COSTS (F.1 + F.2 + F.3 + F.4 + F.5)</b>	<b>348,700</b>	<b>289,124</b>	
F.1 Interest on Short-Term Promissory Notes			
F.2 Interest on Long-Term Promissory Notes			
F.3 Interest on bonds, mortgages and other long-term loans			
F.4 Amortization			
F.5 Other interests, specify (F.5.1 + F.5.2 + F.5.3 + F.5.4 + F.5.5)	348,700	289,124	
F.5.1 Interest expense	141,815	117,420	
F.5.2 Bank charges	32,924	41,149	
F.5.3 Bad debts expense	2,878	111,479	
F.5.4 Foreign currency losses- net	71,998	19,077	
F.5.5 Loss on deemed disposal of investment	99,084	0	
<b>G. NET INCOME (LOSS) BEFORE TAX (D - E - F)</b>	<b>984,168</b>	<b>931,252</b>	
<b>H. INCOME TAX EXPENSE (negative entry)</b>	<b>(280,075)</b>	<b>(224,926)</b>	
<b>I. INCOME (LOSS) AFTER TAX</b>	<b>704,093</b>	<b>706,326</b>	
<b>J. Amount of (i) Post-Tax Profit or Loss of Discontinued Operations; and (ii) Post-Tax Gain or Loss Recognized on the Measurement of Fair Value less Cost to Sell or on the Disposal of the Assets or Disposal Group(s) constituting the Discontinued Operation (if any)</b>			
J.1			
J.2			
<b>K. PROFIT OR LOSS ATTRIBUTABLE TO MINORITY INTEREST</b>	<b>30,025</b>	<b>28,005</b>	
<b>L. PROFIT OR LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT</b>	<b>674,068</b>	<b>678,321</b>	
<b>M. EARNINGS (LOSS) PER SHARE</b>			
M.1 Basic	0.155	0.156	
M.2 Diluted			



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TEL. NO.: 811-0668

FAX NO.: 811-0538

COMPANY TYPE INVESTMENT COMPANY OPERATION

PSIC: 66910

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

Table 3. Cash Flow Statements

FINANCIAL DATA	2017 (in P'000)	2016 (in P'000)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income (Loss) Before Tax and Extraordinary Items	984,168	931,252
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
Depreciation	228,712	238,359
Amortization, specify:		
Others, specify:		
Dividend income	(16,229)	(13,474)
Remeasurement gain of available-for-sale financial assets	0	0
Net gain on sale of available-for-sale financial assets	(1,181)	19,523
Interest expense	141,815	117,420
Interest income	(106,989)	(98,589)
Unrealized foreign currency loss(gain)	71,998	19,077
Equity share in net losses(income) of associates	(129,813)	(55,766)
Gain on disposal of property and equipment	(3,395)	(1,438)
Bad debts expense	0	0
Impairment loss on AFS financial assets	2,878	91,158
Loss on deemed disposal of investment	99,084	0
Write-down of Property, Plant, and Equipment		
Changes in Assets and Liabilities:		
Decrease (Increase) in:		
Trade and other payables	(409,043)	725,461
Prepayments and other current assets	(22,233)	(261,844)
Other non-current assets	(354)	(1,292)
Others, specify:		
Increase (Decrease) in:		
Inventories	374,995	193,382
Trade and other receivables	(216,365)	(677,316)
Post-employment benefit obligation	(10,820)	(97)
Others, specify: Cash paid for income taxes	(209,033)	(247,129)
<b>A. Net Cash Provided by (Used in) Operating Activities (sum of above rows)</b>	<b>778,197</b>	<b>978,688</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
(Increase) Decrease in Long-Term Receivables		
(Increase) Decrease in Investment		
Reductions/(Additions) to Property, Plant, and Equipment	(198,604)	(786,031)
Others, specify:		
Acquisition of available-for-sale financial assets/investment in associates	(1,205,030)	(157,121)
Cash dividends received	16,229	13,474
Proceeds from sale of available-for-sale financial assets	106,256	20,436
Collection from associates	2,000	3,000
Payments to previous stockholders of H.R. Owen	0	0
Interest received	67,915	46,042
Acquisition of business	0	(186,493)
Additional advances granted to associates	(31,040)	(34,540)
Proceeds from disposal of property and equipment	4,123	1,795
Acquisition of investment property	(132,720)	0
<b>B. Net Cash Provided by (Used in) Investing Activities (sum of above rows)</b>	<b>(1,370,872)</b>	<b>(1,079,438)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from:		
Bank loans and borrowings	987,273	200,000
Long-term Debt		
Issuance of Securities		
Others, specify:		
Payments of:		
(Loans and Bank Borrowings)	(216,667)	(100,000)
(Long-term Debt)		
(Stock Subscriptions)		
Others, specify (negative entry):		
Interest paid	(139,856)	(115,637)
Acquisition of treasury shares		
Dividends paid to minority interest	0	0
<b>C. Net Cash Provided by (Used in) Financing Activities (sum of above rows)</b>	<b>630,750</b>	<b>(15,637)</b>
<b>D. Effect of Exchange Rate Changes to Cash and Cash Equivalents</b>	<b>(11,657)</b>	<b>4,914</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C)</b>	<b>26,419</b>	<b>(111,474)</b>
Cash and Cash Equivalents		
Beginning of year	1,034,432	1,145,906
Beginning balance from newly acquired subsidiary	0	0
End of year	1,060,851	1,034,432

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



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

NAME OF CORPORATION: BERJAYA PHILIPPINES INC. AND SUBSIDIARIES

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

TEL. NO.:

811-0668

FAX NO.:

0

COMPANY TYPE:

INVESTMENT COMPANY OPERATION

PSIC:

66910

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

Table 4. Statement of Changes in Equity

Table 4. Statement of Changes in Equity									
FINANCIAL DATA	Capital Stock	Treasury Shares	Revaluation Reserve	Other Reserves	Translation Adjustment	(Amount in P'000)		Non-controlling Interest	TOTAL
						Retained Earnings			
						Appropriated	Unappropriated		
A. Balance, 2015	953,984	(988,150)	118,104	(14,578)	(37,314)	6,053,253	710,547	306,461	7,102,318
A.1 Correction of Error(s)									
A.2 Changes in Accounting Policy									
B. Restated Balance									
C. Surplus									
C.1 Surplus (Deficit) on Revaluation of Properties									
C.2 Surplus (Deficit) on Revaluation of Investments									
C.3 Currency Translation Differences									0
C.4 Other Surplus (specify)									
C.4.1 Net unrealized fair value losses			(163,686)						(163,686)
C.4.2 Non-controlling interest in acquired subsidiary									0
C.4.3 Change in equity share in a subsidiary									0
C.4.4 Actuarial loss on remeasurement			4,569					1,774	6,343
C.4.5 Reclassification adjustments			14,507						14,507
C.4.6 Translation adjustment					(96)			(350)	(446)
D. Net Income (Loss) for the Period							678,321	28,005	706,326
E. Dividends (negative entry)								0	0
F. Appropriation for (specify)									
F.1 Reversal of appropriation						(4,280,000)	4,280,000		0
F.2 Appropriation during the year						3,473,025	(3,473,025)		0
F.3									
F.4									
F.5									
G. Issuance of Capital Stock									
G.1 Common Stock									
G.2 Preferred Stock									
G.3 Additional treasury shares acquired									
H. Balance, 2016	953,984	(988,150)	(26,506)	(14,578)	(37,410)	5,246,287	2,195,843	335,890	7,665,361
H.1 Correction of Error (s)									
H.2 Changes in Accounting Policy									
I. Restated Balance									
J. Surplus									
J.1 Surplus (Deficit) on Revaluation of Properties									
J.2 Surplus (Deficit) on Revaluation of Investments									
J.3 Currency Translation Differences									0
J.4 Other Surplus (specify)									
J.4.1 Non-controlling interest in acquired subsidiary									0
J.4.2 Change in equity share in a subsidiary									0
J.4.3 Actuarial gain on remeasurement			(5,919)					(44)	(5,963)
J.4.4 Net unrealized fair value losses			(44,376)						(44,376)
J.4.5 Reclassification adjustments			9,565						9,565
J.4.6 Translation adjustment					(127,715)			(36,576)	(166,291)
J.4.7 Effect of change in percentage ownership over a				(649,165)				(308,137)	(957,302)
K. Net Income (Loss) for the Period							574,068	30,025	704,093
L. Dividends (negative entry)	3,473,025					0	(3,473,025)		0
M. Appropriation for (specify)									
M.1 Reversal of appropriation						(3,473,025)	3,473,025		0
M.2 Appropriation during the year									0
M.3									
M.4									
M.5									
N. Issuance of Capital Stock									
N.1 Common Stock									
N.2 Preferred Stock									
N.3 Others									
O. Balance, 2017	4,427,009	(988,150)	(67,236)	(663,742)	(165,125)	1,773,263	2,869,911	19,157	7,205,086

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

NAME OF CORPORATION: BERJAYA PHILIPPINES INC. AND SUBSIDIARIES

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

TEL. NO.: 811-0668

FAX NO.: #VALUE!

COMPANY TYPE: INVESTMENT COMPANY OPERATION

PSIC: 66910

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

**Table 5. Details of Income and Expenses, by source**  
(applicable to corporations transacting with foreign corporations/entities)

FINANCIAL DATA	2017 ( in P'000 )	2016 ( in P'000 )	
<b>A. REVENUE / INCOME (A.1 + A.2)</b>	<b>28,697,397</b>	<b>26,711,850</b>	
A.1 Net Sales or Revenue / Receipts from Operations (manufacturing, mining, utilities, trade, services, etc.) (from Primary Activity) (A.1.1 + A.1.2)	28,501,621	26,501,585	
A.1.1 Domestic	26,755,974	24,774,872	
A.1.2 Foreign	1,745,647	1,726,714	
A.2 Other Revenue (A.2.1 + A.2.2)	195,776	210,265	
A.2.1 Domestic	194,595	229,788	
A.2.2 Foreign, specify (A.2.2.1+A.2.2.2+ A.2.2.3+ A.2.2.4+ A.2.2.5+ A.2.2.6+ A.2.2.7+ A.2.2.8+A.2.2.9+A.2.2.10)	1,181	(19,523)	
A.2.2.1 Gain on sale of available-for-sale financial assets - BPI	1,181	(19,523)	
A.2.2.2 Remeasurement of gain on reclassification of AFS - BPI	0	0	
A.2.2.3 Interest Income - HRO	0	0	
A.2.2.4 Other Income - HRO	0	0	
A.2.2.5			
A.2.2.6			
A.2.2.7			
A.2.2.8			
A.2.2.9			
A.2.2.10			
<b>B. EXPENSES (B.1 + B.2)</b>	<b>27,843,041</b>	<b>25,836,364</b>	
B.1 Domestic	27,843,041	25,836,364	
B.2 Foreign, specify (B.2.1+B.2.2+B.2.3+B.2.4+B.2.5+B.2.6+B.2.7+B.2.8+B.2.9+B.2.10)	0	0	
B.2.1 Finance Cost - HRO			
B.2.2 Operating Expenses - New Subsidiary - HRO			
B.2.3 Expenses incurred in relation to HRO offer - BPI			
B.2.4		0	
B.2.5		0	
B.2.6		0	
B.2.7		0	
B.2.8		0	
B.2.9		0	
B.2.10		0	



## SEC Registration Number

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





## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Berjaya Philippines, Inc. And Subsidiaries** is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended April 30, 2017 and 2016, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

**Tan Sri Dr. Ibrahim Bin Saad**  
Chairman

**Wong Ee Coln**  
President

**Tan Eng Hwa**  
Treasurer

### **BERJAYA PHILIPPINES INC.**

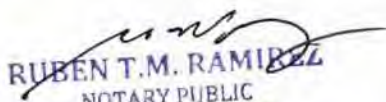
9/F Rufino Pacific Tower 6784 Ayala Ave., Cor. V.A. Rufino St., Makati City  
Tel. No.: (632) 811-0668 \* Fax No.: (632) 811-0538

SUBSCRIBED AND SWORN TO BEFORE ME this JUN 30 2017 day of \_\_\_\_\_ 2017, by the following who exhibited to me their government issued identification cards during business hours.

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

Doc No.  
Page No.  
Book No.  
Series of

CPD  
92  
JST  
don

  
RUBEN T.M. RAMIREZ  
NOTARY PUBLIC  
UNTIL DEC. 31, 2017  
IBP NO. 1052369 / 11-22-16 - Appointment # M-23  
ROLL NO. 78947/MCLE-4 NO. 0006324/6-19-12  
PTR NO. MKT. 5909552/1-3-17 MAKATI CITY





**P&A**  
**Grant Thornton**

An instinct for growth™

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

**Punongbayan & Araullo**  
20<sup>th</sup> Floor, Tower 1  
The Enterprise Center  
6766 Ayala Avenue  
1200 Makati City  
Philippines

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

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Berjaya Philippines Inc. and subsidiaries (the Group) for the year ended April 30, 2017, on which we have rendered our report dated July 28, 2017. Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The applicable supplementary information (see List of Supplementary Information) is presented for purposes of additional analysis in compliance with the requirements of Securities Regulation Code Rule 68, as amended, and is not a required part of the basic consolidated financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information is the responsibility of the Group's management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

**PUNONGBAYAN & ARAULLO**

  
**By: Ramilito L. Nañola**  
Partner

CPA Reg. No. 0090741  
TIN 109-228-427  
PTR No. 5908629, January 3, 2017, Makati City  
SEC Group A Accreditation  
Partner - No. 0395-AR-3 (until May 19, 2019)  
Firm - No. 0002-FR-4 (until Apr. 30, 2018)  
BIR AN 08-002511-19-2015 (until Mar. 18, 2018)  
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2018)

July 28, 2017

**Certified Public Accountants**  
Punongbayan & Araullo (P&A) is the Philippine member firm of Grant Thornton International Ltd

Offices in Cebu, Davao, Cavite

BOA/PRC Cert. of Reg. No. 0002  
SEC Accreditation No. 0002-FR-4

**Berjaya Philippines Inc. and Subsidiaries**  
**List of Supplementary Information**  
**April 30, 2017**

<u>Schedule</u>	<u>Content</u>	<u>Page No.</u>
<b>Schedules Required under Annex 68-E of the Securities Regulation Code Rule 68</b>		
A	Financial Assets	1
B	Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)	2
C	Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements	3
D	Intangible Assets - Other Assets	4
E	Long-term Debt	5
F	Indebtedness to Related Parties (Long-term Loans from Related Companies)	6
G	Guarantees of Securities of Other Issuers	7
H	Capital Stock	8
<b>Other Required Information</b>		
	Schedule of Philippine Financial Reporting Standards and Interpretations Adopted by the Securities and Exchange Commission and the Financial Reporting Standards Council as at April 30, 2017	9 - 11
	Map Showing the Relationship Between the Company and its Related Entities	12
	Reconciliation of Retained Earnings Available for Dividend Declaration	13
	Financial Indicators	14
	Annual Corporate Governance Report for Year 2017	15



**Berjaya Philippines Inc. and Subsidiaries**  
**SEC Released Amended SRC Rule 68**

Annex 68-E

**Schedule A - Financial Assets**

April 30, 2017

Name of Issuing Entity and Association of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Statement of Financial Position	Income Received and Accrued
<b>AVAILABLE-FOR-SALE FINANCIAL ASSETS</b>			
Equity securities	63,345,606	P 891,702,782	P 16,228,724
Debt securities	40,330,000	85,321,583	-
Others	6,000,000	15,496,352	-
Allowance for impairment	109,675,606	992,520,717	16,228,724
	-	( 90,711,955 )	-
<b>Total</b>	<b>109,675,606</b>	<b>P 901,808,762</b>	<b>P 16,228,724</b>



Berjaya Philippines Inc. and Subsidiaries  
SEC Released Amended SRC Rule 68

Annex 68-E

Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)  
April 30, 2017

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Deductions			Amounts Written off	Balance at End of Period
			Amounts Collected	Amounts Reclassified			
<b>Related Parties:</b>							
Berjaya Pizza Philippines Inc.	P 138,200,000	P 28,840,000	( P 2,000,000 )	P -	P -		P 165,040,000
Inter-Pacific Securities Sdn Berhad	72,578,345	208,108,358	( 268,487,080 )	-	-		12,199,623
Sports Toto Malaysia Sdn. Bhd	-	27,723,525	-	-	-		
Perdana Land Philippines Inc.	29,683,131	2,000,000	-	-	-		31,683,131
Cosway Philippines Inc.	2,423,496	200,000	-	-	-		2,623,496
Taaras Beach & Spa Resort	135,929	-	( 48,382 )	-	-		87,547
Colmar Tropicale	300,370	-	( 300,370 )	-	-		-
Neptune Properties, Incorporated	-	-	-	790,677,694	-		790,677,694
<b>Total</b>	<b>P 243,321,271</b>	<b>P 266,871,883</b>	<b>( P 270,835,832 )</b>	<b>P 790,677,694</b>	<b>P -</b>		<b>P 1,002,311,491</b>

Berjaya Philippines Inc. and Subsidiaries  
SEC Released Amended SRC Rule 68

Annex 68-E

Schedule C - Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements  
April 30, 2017

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Deductions		Ending Balance		Balance at End of Period
			Amounts Collected	Amounts Written off	Current	Non-current	
Perdana Hotel Philippines Inc. H.R. Owen Plc	P 741,369,964 -	P - 127,676,800	( P 72,349,587 ) -	P - -	P 669,020,377 127,676,800	P - -	P 669,020,377 127,676,800
Total	P 741,369,964	P 127,676,800	( P 72,349,587 )	P -	P 796,697,177	P -	P 796,697,177

Berjaya Philippines Inc. and Subsidiaries  
SEC Released Amended SRC Rule 68

Annex 68-E

Schedule D - Intangible Assets - Other Assets

April 30, 2017

Description	Balance at Beginning of Period	Additions at Cost	Deductions			Other Changes-Additions (Deductions)	Balance at End of Period
			Charged to Cost and Expenses	Charged to Other Accounts			
<b>Intangible Assets:</b>							
Goodwill	P 1,167,284,328	P -	P -	P -	( P -	53,220,931 )	P 1,114,063,397
Dealership rights	707,192,546	-	-	-	( -	46,628,660 )	660,563,886
Customer relationships	40,323,373	-	( 5,222,975 )	-	( -	2,771,930 )	32,328,468
<b>Total</b>	<b>P 1,914,800,247</b>	<b>P -</b>	<b>( P 5,222,975 )</b>	<b>P -</b>	<b>( P -</b>	<b>102,621,521 )</b>	<b>P 1,806,955,751</b>



Berjaya Philippines Inc. and Subsidiaries  
SEC Released Amended SRC Rule 68

Annex 68-E

Schedule E - Long-term Debt

April 30, 2017

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount Shown under Caption "Current Portion of Long-term Debt" in Relation to Statement of Financial Position	Amount Shown under Caption "Long-term Debt" in Relation to Statement of Financial Position
Term Loan	P 159,596,000	P 25,535,360	P 134,060,640

Berjaya Philippines Inc. and Subsidiaries  
SEC Released Amended SRC Rule 68

Annex 68-E

Schedule F - Indebtedness to Related Parties (Long-term Loans from Related Companies)  
April 30, 2017

Name of Related Party	Amount Authorized by Indenture	Balance at Beginning of Period	Balance at End of Period
-----------------------	--------------------------------	--------------------------------	--------------------------

**NOT APPLICABLE**

The Group has no indebtedness to related parties as at April 30, 2017.

**Berjaya Philippines Inc. and Subsidiaries**  
**SEC Released Amended SRC Rule 68**

Annex 68-E

**Schedule G - Guarantees of Securities of Other Issuers**  
**April 30, 2017**

Name of Issuing Entity of Securities Guaranteed by the Company for which this Statement is Filed	Title of Issue of Each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owned by Person for which this Statement is Filed	Nature of Guarantee
Berjaya Pizza Philippines Inc. (BPPI)*	Loan	P 240,000,000	P 240,000,000	Corporate guarantee

\* The loans of BPPI from a certain local financial institution are secured by Berjaya Philippines Inc.



Berjaya Philippines Inc. and Subsidiaries  
SEC Released Amended SRC Rule 68

Annex 68-E

Schedule H - Capital Stock

April 30, 2017

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding as shown under the Related Balance Sheet Caption	Number of Shares Reserved for Options, Warrants, Conversion and Other Rights	Number of Shares Held by		
				Related Parties	Directors, Officers and Employees	Others
Common shares - P1 par value	6,000,000,000	4,341,280,855	-	3,831,443,430	981	509,836,444

BERJAYA PHILIPPINES INC. AND SUBSIDIARIES  
[A Subsidiary of Berjaya Lottery Management (HK) Limited]  
Schedule of Philippine Financial Reporting Standards and Interpretations  
Adopted by the Securities and Exchange Commission and the  
Financial Reporting Standards Council as at April 30, 2017

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements		✓		
Conceptual Framework Phase A: Objectives and Qualitative Characteristics		✓		
Practice Statement Management Commentary			✓	
<i>Philippine Financial Reporting Standards (PFRS)</i>				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✓		
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters	✓		
	Amendments to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters	✓		
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters	✓		
	Amendments to PFRS 1: Government Loans			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
	Amendments to PFRS 2: Classification and Measurement of Share-based Payment Transactions* (effective January 1, 2018)			✓
PFRS 3 (Revised)	Business Combinations	✓		
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PFRS 4: Applying PFRS 9, <i>Financial Instruments</i> , with PFRS 4, <i>Insurance Contracts</i> * (effective January 1, 2018)			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Transition	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures – Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures* (effective when PFRS 9 is first applied)			✓
PFRS 8	Operating Segments			✓
PFRS 9	Financial Instruments (2014)* (effective January 1, 2018)			✓
PFRS 10	Consolidated Financial Statements	✓		
	Amendments to PFRS 10: Transition Guidance	✓		
	Amendments to PFRS 10: Investment Entities	✓		
	Amendments to PFRS 10: Investment Entities – Applying the Consolidation Exception	✓		
	Amendments to PFRS 10: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (effective date deferred indefinitely)			✓
PFRS 11	Joint Arrangements			✓
	Amendments to PFRS 11: Transition Guidance			✓
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations			✓
PFRS 12	Disclosure of Interests in Other Entities	✓		
	Amendments to PFRS 12: Transition Guidance	✓		
	Amendments to PFRS 12: Investment Entities	✓		
	Amendments to PFRS 10: Investment Entities – Applying the Consolidation Exception	✓		



PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PFRS 13	Fair Value Measurement	✓		
PFRS 14	Regulatory Deferral Accounts			✓
PFRS 15	Revenue from Contract with Customers* (effective January 1, 2018)			✓
PFRS 16	Leases* (effective January 1, 2019)			✓
<b>Philippine Accounting Standards (PAS)</b>				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	✓		
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Amendments to PAS 1: Disclosure Initiative	✓		
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
	Amendments to PAS 7: Disclosure Initiative* (effective January 1, 2017)			✓
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events After the Reporting Period	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendments to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
	Amendments to PAS 12 - Recognition of Deferred Tax Assets for Unrealized Losses* (effective January 1, 2017)			✓
PAS 16	Property, Plant and Equipment	✓		
	Amendments to PAS 16: Bearer Plants	✓		
	Amendments to PAS 16: Clarification of Acceptable Methods of Depreciation and Amortization	✓		
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19 (Revised)	Employee Benefits	✓		
	Amendments to PAS 19: Defined Benefit Plans - Employee Contributions	✓		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendments: Net Investment in a Foreign Operation	✓		
PAS 23 (Revised)	Borrowing Costs	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans	✓		
PAS 27 (Revised)	Separate Financial Statements			✓
	Amendments to PAS 27: Investment Entities			✓
	Amendments to PAS 27: Equity Method in Separate Financial Statements			✓
PAS 28 (Revised)	Investments in Associates and Joint Ventures	✓		
	Amendments to PAS 28: Investment Entities - Applying the Consolidation Exception	✓		
	Amendments to PFRS 10: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (effective date deferred indefinitely)			✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	✓		
	Amendments to PAS 32: Classification of Rights Issues	✓		
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
PAS 33	Earnings Per Share	✓		
PAS 34	Interim Financial Reporting			✓
PAS 36	Impairment of Assets	✓		
	Amendment to PAS 36: Recoverable Amount Disclosures for Non-financial Assets			✓
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets	✓		
	Amendments to PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization	✓		



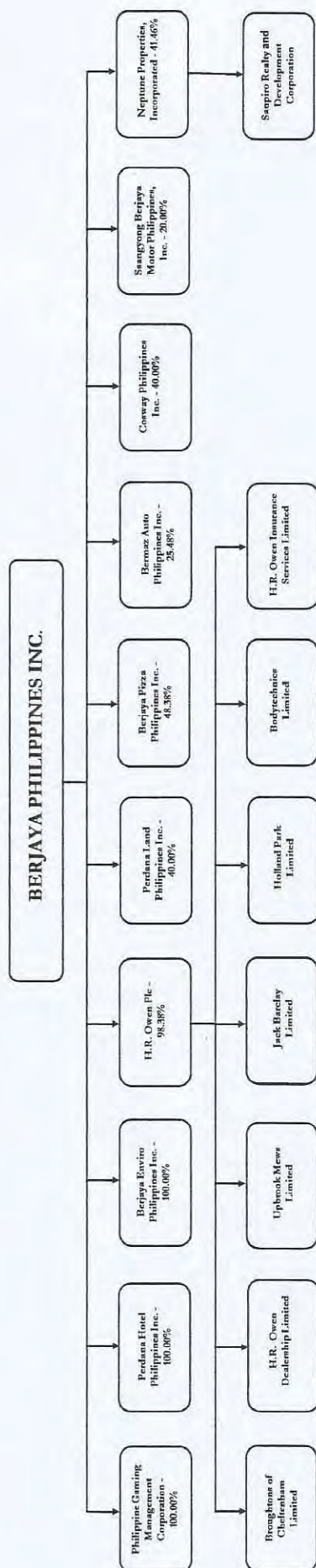
PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions	✓		
	Amendments to PAS 39: The Fair Value Option	✓		
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition	✓		
	Amendments to Philippine Interpretation IFRIC 9 and PAS 39: Embedded Derivatives	✓		
	Amendments to PAS 39: Eligible Hedged Items	✓		
	Amendments to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting	✓		
PAS 40	Investment Property	✓		
	Amendments to PAS 40: Transfers of Investment Property ( <i>effective January 1, 2018</i> )			✓
PAS 41	Agriculture			✓
	Amendments to PAS 41: Bearer Plants	✓		
<b>Philippine Interpretations - International Financial Reporting Interpretations Committee (IFRIC)</b>				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities**	✓		
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓		
IFRIC 5	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities Arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29, Financial Reporting in Hyperinflationary Economies			✓
IFRIC 9	Reassessment of Embedded Derivatives**	✓		
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives**			✓
IFRIC 10	Interim Financial Reporting and Impairment	✓		
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC - 14, Prepayments of a Minimum Funding Requirement and their Interaction			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners**	✓		
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments**	✓		
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Leases			✓
IFRIC 22	Foreign Currency Transactions and Advance Consideration* ( <i>effective January 1, 2018</i> )			✓
<b>Philippine Interpretations - Standing Interpretations Committee (SIC)</b>				
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers			✓
SIC-15	Operating Leases - Incentives			✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders**	✓		
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			✓
SIC-29	Service Concession Arrangements: Disclosures			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services**	✓		
SIC-32	Intangible Assets - Web Site Costs**	✓		

\* These standards will be effective for periods subsequent to fiscal year 2017 and are not early adopted by the Group.

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

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

Map Showing the Relationship between the Company and its Related Parties  
 April 30, 2017





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

**Reconciliation of Retained Earnings Available for Dividend Declaration  
 For the Year Ended April 30, 2017**

<b>Unappropriated Retained Earnings at Beginning of Year, as Reported in the Audited Financial Statements</b>		P 1,175,397,869
<b>Prior Years' Outstanding Reconciling Items, net of tax</b>		
Impairment loss	114,202,207	
Unrealized foreign currency gain	( 11,924,667 )	
Deferred tax income	( 35,025,562 )	( 46,950,229 )
<b>Unappropriated Retained Earnings Available for Dividend Declaration at Beginning of Year, as Adjusted</b>		1,128,447,640
<b>Net Profit Actually Earned during the Year</b>		
Net profit per audited financial statements	167,688,624	
Unrealized foreign currency gain	( 66,020,035 )	
Deferred tax income	( 20,669,410 )	
Impairment loss	2,877,999	83,877,178
<b>Other Transactions During the Year</b>		
Reversal of appropriation during the year	3,473,024,684	
Declaration of stock dividends	( 3,473,024,684 )	-
<b>Unappropriated Retained Earnings Available for Dividend Declaration at End of Year</b>		<b><u>P 1,212,324,818</u></b>

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



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

Financial Indicators  
April 30, 2017

Financial Indicators	Computation		Ratio	
	2017	2016	2017	2016
<b>Quick ratio</b>				
Cash and cash equivalents + Trade and other receivables - net + Advances to associates	4,370,864,839	4,179,318,077	0.62	0.53
Total Current Liabilities	7,104,041,686	7,845,999,342		
<b>Current/liquidity ratio</b>				
Total Current Assets	9,305,822,624	10,188,398,364	1.31	1.72
Total Current Liabilities	7,104,041,686	5,926,363,722		
<b>Debt-to-equity ratio</b>				
Total Liabilities	7,550,375,430	7,931,571,574	1.05	1.03
Total Equity	7,205,086,278	7,665,361,133		
<b>Debt-to-assets ratio</b>				
Total Liabilities	7,550,375,430	7,931,571,574	0.51	0.51
Total Assets	14,755,461,708	15,596,932,707		
<b>Equity-to-assets ratio</b>				
Total Equity	7,205,086,278	7,665,361,133	0.49	0.49
Total Assets	14,755,461,708	15,596,932,707		
<b>Return on assets</b>				
Net Profit	704,092,997	706,326,108	0.05	0.05
Total Assets	14,755,461,708	15,596,932,707		
<b>Return on equity</b>				
Net Profit	704,092,997	706,326,108	0.10	0.09
Total Equity	7,205,086,278	7,665,361,133		
<b>Earnings per share</b>				
Net Profit Attributable to Owners of the Parent Company	674,067,840	678,320,666	0.16	0.16
Weighted Average Number of Outstanding Common Shares	4,341,280,855	4,341,280,855		



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Consolidated Financial Statements and  
Independent Auditors' Report

**Berjaya Philippines Inc. and Subsidiaries**

April 30, 2017, 2016 and 2015



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## Report of Independent Auditors

**Punongbayan & Araullo**  
20<sup>th</sup> Floor, Tower 1  
The Enterprise Center  
6766 Ayala Avenue  
1200 Makati City  
Philippines

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### **The Board of Directors**

**Berjaya Philippines Inc. and Subsidiaries**

**[A Subsidiary of Berjaya Lottery Management (HK) Limited]**

9<sup>th</sup> Floor, Rufino Pacific Tower

6784 Ayala Avenue, Makati City

### **Opinion**

We have audited the consolidated financial statements of Berjaya Philippines Inc. and subsidiaries (the Group), which comprise the consolidated statements of financial position as at April 30, 2017 and 2016, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended April 30, 2017, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at April 30, 2017 and 2016, and their consolidated financial performance and its consolidated cash flows for each of the three years in the period ended April 30, 2017 in accordance with Philippine Financial Reporting Standards (PFRS).

### **Basis for Opinion**

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

#### **Certified Public Accountants**

Punongbayan & Araullo (P&A) is the Philippine member firm of Grant Thornton International Ltd.

Offices in Cebu, Davao, Cavite

BOA/PRC Cert. of Reg. No. 0002  
SEC Accreditation No. 0002-FR-4



### **Key Audit Matters**

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

#### ***(a) Impairment Assessment of Investments in Associates***

##### *Description of the Matter*

The Group's investments in associates are accounted for under the equity method in the consolidated financial statements and are considered for impairment if there are indicators that such investments are impaired. The accounting for investments in associates is significant to our audit as the carrying amount of the total investment is material to the consolidated financial statements and that management's process of assessing impairment is highly judgmental.

The Group's policy on impairment of investments in associates is more fully described in Note 2 to the consolidated financial statements while the carrying amounts of investments in associates are presented in Note 13.

##### *How the Matter was Addressed in the Audit*

Our procedures in relation to management's impairment assessment included, among others, the following:

- Obtaining cash flow projections of associates and verifying their ability to continue on a going concern basis;
- Challenging the reasonableness of key assumptions used in the cash flows projections; and,
- Reconciling input data to supporting evidence.

***(b) Impairment Assessment of Goodwill***

*Description of the Matter*

Under Philippine Accounting Standards (PAS) 36, *Impairment of Assets*, the Group is required to annually test the amount of goodwill for impairment. As at April 30, 2017, goodwill amounted to P1.1 billion. This annual impairment test was significant to our audit because the amount of goodwill is material to the consolidated financial statements. In addition, management's assessment process is based on significant assumptions, specifically in determining the fair value less costs to sell (which uses current transaction prices) and the value-in-use (which uses a certain discount rate and cash flows projections) of the identified cash generating units over which goodwill was allocated. The assumptions used by management are generally affected by expected future market and economic conditions.

The Group's policy on impairment assessment of goodwill is more fully described in Note 2 to the consolidated financial statements while the carrying amount of goodwill is presented in Note 14.

*How the Matter was Addressed in the Audit*

Our audit procedures to address the risk of material misstatement relating to the goodwill included, among others, the following:

- Evaluating the reasonableness of assumptions and methodology used in determining the value-in-use of cash-generating units attributable to goodwill, which include the discount rate and the cash flow projections by comparing them to external and historical data; and,
- Performing sensitivity analysis of the projections and discount rate to determine whether a reasonably possible change in assumptions could cause the carrying amount of the cash generating units to exceed the recoverable amount.

***(c) Revenue Recognition on Sale of Vehicles***

*Description of the Matter*

The Group recognizes revenue from sale of vehicles when the risks and rewards of ownership have passed to the buyer. We considered revenue recognition as a key audit matter since it involves significant amount of transactions and directly impacts the Group's profitability.

The Group's disclosures on its revenue recognition policy of total revenues are presented in Note 2 to the consolidated financial statements.

*How the Matter was Addressed in the Audit*

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

- Updating our understanding of the Group's revenue recognition policy, revenue processes and controls over the recognition and measurement of revenues from sale of vehicles;
- Testing the relevant controls over the revenue recognition process in relation to sale of vehicles;
- Testing the recognition and measurement of revenue by examining supporting deal files of a sample of recorded sale transactions; and,
- Testing the appropriateness of revenue cut-off.

***(d) Existence and Valuation of Vehicle Inventories***

*Description of the Matter*

The Group holds vehicle inventories amounting to P3.9 billion, net of allowance for inventory writedown, which represents 26% of the consolidated total assets. Under PAS 2, *Inventories*, the Group is required to measure its inventories at the lower of cost or net realizable value (NRV). Due to the materiality of the amount of inventories, we considered this as significant to our audit.

*How the Matter was Addressed in the Audit*

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

- Observing the physical inventory count procedure;
- Performing a physical count test, on a sample basis, to test the quantities of inventory items as of the reporting date;
- Testing the recorded unit cost of a sample of vehicle inventories by examining supporting documentation;
- Engaging a valuation expert to provide fair value of a sample of vehicle inventory and testing the competency of such expert; and,
- Testing the appropriateness of application of the lower of cost or NRV.



### **Other Information**

Management is responsible for the other information. The other information comprises the information included in the Group's Securities and Exchange Commission (SEC) Form 17-A, which we obtained prior to the date of the auditors' report, and the Group's SEC Form 20-IS (Definitive Information Statement) and Annual Report, which are expected to be made available to us after that date, for the year ended April 30, 2017, but does not include the consolidated financial statements and our auditors' report thereon.

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

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

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

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

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

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

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

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

The engagement partner on the audits resulting in this independent auditors' report is Ramilito L. Nañola.

## **PUNONGBAYAN & ARAULLO**

  
**By: Ramilito L. Nañola**  
Partner

CPA Reg. No. 0090741

TIN 109-228-427

PTR No. 5908629, January 3, 2017, Makati City

SEC Group A Accreditation

Partner - No. 0395-AR-3 (until May 19, 2019)

Firm - No. 0002-FR-4 (until Apr. 30, 2018)

BIR AN 08-002511-19-2015 (until Mar. 18, 2018)

Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2018)

July 28, 2017



**BERJAYA PHILIPPINES INC. AND SUBSIDIARIES**  
**[A Subsidiary of Berjaya Lottery Management (HK) Limited]**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**APRIL 30, 2017 AND 2016**  
**(Amounts in Philippine Pesos)**



	Notes	2017	2016
<b><u>ASSETS</u></b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	7	P 1,060,850,712	P 1,034,432,119
Trade and other receivables - net	8	3,110,667,500	2,974,579,331
Inventories - net	9	4,127,528,185	5,279,148,130
Advances to associates	13, 22	199,346,627	170,306,627
Prepayments and other current assets - net	10	807,429,600	836,832,157
Total Current Assets		<u>9,305,822,624</u>	<u>10,295,298,364</u>
<b>NON-CURRENT ASSETS</b>			
Available-for-sale financial assets - net	11	901,808,762	869,409,393
Property and equipment - net	12	1,885,117,390	2,001,760,694
Investment property	15	141,608,573	-
Investments in associates	13	642,726,373	466,714,517
Intangible assets	14	1,806,955,751	1,914,800,247
Deferred tax assets - net	24	66,716,137	44,597,174
Other non-current assets		<u>4,706,098</u>	<u>4,352,318</u>
Total Non-current Assets		<u>5,449,639,084</u>	<u>5,301,634,343</u>
<b>TOTAL ASSETS</b>		<b><u>P 14,755,461,708</u></b>	<b><u>P 15,596,932,707</u></b>
<b><u>LIABILITIES AND EQUITY</u></b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	17	P 3,162,847,113	P 3,571,890,388
Loans payable and borrowings	18	3,861,157,068	4,234,569,558
Income tax payable		<u>80,037,505</u>	<u>39,539,396</u>
Total Current Liabilities		<u>7,104,041,686</u>	<u>7,845,999,342</u>
<b>NON-CURRENT LIABILITIES</b>			
Loans payable and borrowings	18	367,393,973	-
Deferred tax liabilities - net	24	41,820,538	44,773,406
Post-employment benefit obligation	20	<u>37,119,233</u>	<u>40,798,826</u>
Total Non-current Liabilities		<u>446,333,744</u>	<u>85,572,232</u>
Total Liabilities		<u>7,550,375,430</u>	<u>7,931,571,574</u>
<b>EQUITY</b>			
Attributable to owners of the Parent Company	23		
Capital stock		4,427,009,132	953,984,448
Treasury shares - at cost		( 988,150,025 )	( 988,150,025 )
Revaluation reserves		( 67,236,203 )	( 26,506,235 )
Translation adjustment		( 165,125,003 )	( 37,410,176 )
Other reserves		( 663,742,273 )	( 14,577,611 )
Retained earnings		<u>4,643,173,814</u>	<u>7,442,130,658</u>
		<u>7,185,929,442</u>	<u>7,329,471,059</u>
Attributable to non-controlling interest		<u>19,156,836</u>	<u>335,890,074</u>
Total Equity		<u>7,205,086,278</u>	<u>7,665,361,133</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b><u>P 14,755,461,708</u></b>	<b><u>P 15,596,932,707</u></b>

*See Notes to Consolidated Financial Statements.*

**BERJAYA PHILIPPINES INC. AND SUBSIDIARIES**  
**[A Subsidiary of Berjaya Lottery Management (HK) Limited]**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED APRIL 30, 2017, 2016 AND 2015**  
*(Amounts in Philippine Pesos)*

	Notes	2017	2016	2015
<b>REVENUES</b>				
Sale of vehicles	2	P 26,755,974,154	P 24,774,871,911	P 24,713,674,808
Rental	2, 6	1,601,472,285	1,580,259,448	1,610,723,022
Hotel operations	2	144,174,590	146,454,055	143,512,739
		<u>28,501,621,029</u>	<u>26,501,585,414</u>	<u>26,467,910,569</u>
<b>COSTS AND OPERATING EXPENSES</b>				
Cost of vehicles sold	2	21,428,578,970	19,647,391,744	19,138,168,994
Bodyshop repairs and parts	2	1,881,987,340	1,772,942,701	2,155,350,270
Salaries and employee benefits	20	1,732,125,153	1,625,215,210	1,564,535,663
Professional fees	22	343,848,983	371,719,301	270,109,997
Rental	22, 28	321,414,367	330,015,723	297,326,465
Depreciation and amortization	12, 14	228,711,501	238,359,344	319,227,075
Taxes and licenses		175,438,204	148,931,177	160,945,755
Maintenance of computer equipment	22	112,224,603	78,435,458	76,506,736
Telecommunication		100,216,958	100,308,008	113,921,014
Communication, light and water		78,750,000	71,436,528	87,679,850
Charitable contributions		73,033,081	-	-
Representation and entertainment		47,704,942	19,262,134	37,408,543
Transportation and travel		26,321,899	46,480,923	39,037,938
Food and beverages		12,353,624	12,790,863	12,697,607
Others	19	931,631,792	1,083,950,209	1,001,753,317
		<u>27,494,341,417</u>	<u>25,547,239,323</u>	<u>25,274,669,224</u>
<b>OPERATING PROFIT</b>		<u>1,007,279,612</u>	<u>954,346,091</u>	<u>1,193,241,345</u>
<b>OTHER INCOME (CHARGES)</b>				
Finance costs and other charges	21	( 348,699,921 )	( 289,124,450 )	( 220,443,380 )
Equity share in net income of associates	13	129,812,560	55,765,755	70,222,574
Finance income	21	123,217,395	112,062,855	108,913,217
Net gain (loss) on sale of available-for-sale financial assets	11	1,181,117	( 19,523,036 )	8,987,180
Others	19	71,377,695	117,725,227	77,354,082
		<u>( 23,111,154 )</u>	<u>( 23,093,649 )</u>	<u>45,033,673</u>
<b>PROFIT BEFORE TAX</b>		<u>984,168,458</u>	<u>931,252,442</u>	<u>1,238,275,018</u>
<b>TAX EXPENSE</b>	24	<u>280,075,461</u>	<u>224,926,333</u>	<u>287,309,995</u>
<b>NET PROFIT</b>		<u>704,092,997</u>	<u>706,326,109</u>	<u>950,965,023</u>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				
<b>Item that will not be reclassified subsequently to profit or loss</b>				
Actuarial gain (loss) on remeasurement of post-employment benefit obligation - net of tax	20	( 5,963,139 )	6,342,575	( 4,923,159 )
<b>Items that will be reclassified subsequently to profit or loss</b>				
Translation adjustment	2	( 166,291,262 )	( 446,469 )	( 223,397,842 )
Net unrealized fair value losses on available-for-sale financial assets	11, 23	( 44,375,819 )	( 163,685,750 )	( 47,947,559 )
Reclassification adjustments to profit or loss	11, 23	9,564,509	14,506,997	( 7,334,201 )
		<u>( 201,102,572 )</u>	<u>( 149,625,222 )</u>	<u>( 278,679,602 )</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<u>P 497,027,286</u>	<u>P 563,043,462</u>	<u>P 667,362,262</u>
<i>Balance carried forward</i>		<u>P 497,027,286</u>	<u>P 563,043,462</u>	<u>P 667,362,262</u>

	Note	2017	2016	2015
<i>Balance brought forward</i>		<b>P 497,027,286</b>	P 563,043,462	P 667,362,262
<b>Net profit attributable to:</b>				
Owners of the Parent Company		<b>P 674,067,840</b>	P 678,320,666	P 892,549,186
Non-controlling interest		<b>30,025,157</b>	28,005,443	58,415,837
		<b>P 704,092,997</b>	P 706,326,109	P 950,965,023
<b>Total comprehensive income attributable to:</b>				
Owners of the Parent Company		<b>P 505,623,045</b>	P 533,614,365	P 635,393,605
Non-controlling interest		<b>( 8,595,759 )</b>	29,429,097	31,968,657
		<b>497,027,286</b>	563,043,462	667,362,262
<b>Earnings Per Share</b>	25	<b>P 0.16</b>	P 0.16	P 0.21

*See Notes to Consolidated Financial Statements.*



**BERJAYA PHILIPPINES INC. AND SUBSIDIARIES**  
*[A Subsidiary of Berjaya Lottery Management (HK) Limited]*  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED APRIL 30, 2017, 2016 AND 2015**  
*(Amounts in Philippine Pesos)*

	Notes	Attributable to Owners of the Parent Company										Non-controlling Interest	Total
		Capital Stock	Treasury Shares	Revaluation Reserves	Other Reserves	Translation Adjustment	Appropriated	Retained Earnings Unappropriated	Total	Total			
Balance at May 1, 2016	23	P 953,984,448	( P 988,150,025 )	( P 26,506,235 )	( P 14,577,611 )	( P 37,410,176 )	P 5,246,287,236	P 2,195,843,422	P 7,442,130,658	P 7,329,471,059	P 335,890,074	P 7,665,361,133	
Issuance of stock dividends	23	3,473,024,684	-	-	-	-	-	( 3,473,024,684 )	( 3,473,024,684 )	-	-	-	
Net profit for the year		-	-	-	-	-	-	674,067,840	674,067,840	674,067,840	30,025,157	704,092,997	
Reversal of prior year appropriation	23	-	-	-	-	-	( 3,473,024,684 )	3,473,024,684	-	-	-	-	
Effect of change in percentage ownership over a subsidiary		-	-	-	( 649,164,662 )	-	-	-	( 649,164,662 )	( 308,137,479 )	( 957,302,141 )		
Actuarial gain on remeasurement of post-employment benefit obligation - net of tax	20, 23	-	-	( 5,918,658 )	-	-	-	-	( 5,918,658 )	( 44,481 )	( 5,963,139 )		
Net unrealized fair value losses on available-for-sale financial assets	11, 23	-	-	( 44,375,819 )	-	-	-	-	( 44,375,819 )	-	( 44,375,819 )		
Reclassification adjustments to profit or loss	11, 23	-	-	9,564,509	-	-	-	-	9,564,509	-	9,564,509		
Translation adjustment		-	-	-	-	( 127,714,827 )	-	-	( 127,714,827 )	( 38,576,435 )	( 166,291,262 )		
Total equity at April 30, 2017	23	<u>P 4,427,009,132</u>	<u>( P 988,150,025 )</u>	<u>( P 67,236,203 )</u>	<u>( P 663,742,273 )</u>	<u>( P 165,125,003 )</u>	<u>P 1,773,262,552</u>	<u>P 2,869,911,262</u>	<u>P 4,643,173,814</u>	<u>P 7,185,929,442</u>	<u>P 19,156,836</u>	<u>P 7,205,086,278</u>	
Balance at May 1, 2015	23	P 953,984,448	( P 988,150,025 )	P 118,103,909	( P 14,577,611 )	( P 37,314,019 )	P 6,053,262,552	P 710,547,440	P 6,763,809,992	P 6,795,856,694	P 306,460,977	P 7,102,317,671	
Net profit for the year		-	-	-	-	-	-	678,320,666	678,320,666	678,320,666	28,005,443	706,326,109	
Reversal of prior year appropriation	23	-	-	-	-	-	( 4,280,000,000 )	4,280,000,000	-	-	-	-	
Appropriated for stock dividends distributable	23	-	-	-	-	-	3,473,024,684	( 3,473,024,684 )	-	-	-	-	
Actuarial gain on remeasurement of post-employment benefit obligation - net of tax	20, 23	-	-	4,568,609	-	-	-	-	4,568,609	1,773,966	6,342,575		
Net unrealized fair value losses on available-for-sale financial assets	11, 23	-	-	( 163,685,750 )	-	-	-	-	( 163,685,750 )	-	( 163,685,750 )		
Reclassification adjustments to profit or loss	11, 23	-	-	14,506,997	-	-	-	-	14,506,997	-	14,506,997		
Translation adjustment		-	-	-	-	( 96,157 )	-	-	( 96,157 )	( 350,312 )	( 446,469 )		
Total equity at April 30, 2016	23	<u>P 953,984,448</u>	<u>( P 988,150,025 )</u>	<u>( P 26,506,235 )</u>	<u>( P 14,577,611 )</u>	<u>( P 37,410,176 )</u>	<u>P 5,246,287,236</u>	<u>P 2,195,843,422</u>	<u>P 7,442,130,658</u>	<u>P 7,329,471,059</u>	<u>P 335,890,074</u>	<u>P 7,665,361,133</u>	
Balance at May 1, 2014	23	P 953,984,448	( P 988,150,025 )	P 177,926,734	( P 14,577,611 )	P 160,018,737	P 4,623,262,552	P 1,247,998,254	P 5,871,260,806	P 6,160,463,089	P 284,784,692	P 6,445,247,781	
Net profit for the year		-	-	-	-	-	-	892,549,186	892,549,186	892,549,186	58,415,837	950,965,023	
Appropriation during the year	23	-	-	-	-	-	1,430,000,000	( 1,430,000,000 )	-	-	-	-	
Actuarial loss on remeasurement of post-employment benefit obligation - net of tax	20, 23	-	-	( 4,541,065 )	-	-	-	-	( 4,541,065 )	( 382,094 )	( 4,923,159 )		
Net unrealized fair value losses on available-for-sale financial assets	11, 23	-	-	( 47,947,559 )	-	-	-	-	( 47,947,559 )	-	( 47,947,559 )		
Reclassification adjustments to profit or loss	11, 23	-	-	( 7,334,201 )	-	-	-	-	( 7,334,201 )	-	( 7,334,201 )		
Dividends from investee paid to holders of minority interest		-	-	-	-	-	-	-	-	( 10,292,372 )	( 10,292,372 )		
Translation adjustment		-	-	-	-	( 197,332,756 )	-	-	( 197,332,756 )	( 26,065,086 )	( 223,397,842 )		
Total equity at April 30, 2015	23	<u>P 953,984,448</u>	<u>( P 988,150,025 )</u>	<u>P 118,103,909</u>	<u>( P 14,577,611 )</u>	<u>( P 37,314,019 )</u>	<u>P 6,053,262,552</u>	<u>P 710,547,440</u>	<u>P 6,763,809,992</u>	<u>P 6,795,856,694</u>	<u>P 306,460,977</u>	<u>P 7,102,317,671</u>	

See Notes to Consolidated Financial Statements.

**BERJAYA PHILIPPINES INC. AND SUBSIDIARIES**  
**[A Subsidiary of Berjaya Lottery Management (HK) Limited]**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED APRIL 30, 2017, 2016 AND 2015**  
*(Amounts in Philippine Pesos)*

	Notes	2017	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before tax		P 984,168,458	P 931,252,442	P 1,238,275,018
Adjustments for:				
Depreciation and amortization	12, 14	228,711,501	238,359,344	319,227,075
Interest expense	21	141,814,994	117,419,526	114,503,425
Equity share in net income of associates	13	( 129,812,560 )	( 55,765,755 )	( 70,222,574 )
Interest income	21	( 106,988,671 )	( 98,589,178 )	( 80,947,593 )
Loss on deemed disposal of investment	21	99,084,160	-	-
Unrealized foreign currency losses - net	21	71,998,410	19,077,234	72,887,108
Net gain on disposal of property and equipment	12, 19	( 3,395,202 )	( 1,438,383 )	( 1,930,481 )
Dividend income	11, 21	( 16,228,724 )	( 13,473,677 )	( 27,965,624 )
Impairment loss on available-for-sale financial assets	21	2,877,999	91,158,267	-
Net loss (gain) on sale of available-for-sale financial assets	11	( 1,181,117 )	19,523,036	( 8,987,180 )
Operating income before working capital changes		1,271,049,248	1,247,522,856	1,554,839,174
Increase in trade and other receivables		( 216,364,742 )	( 677,316,226 )	( 104,323,390 )
Decrease (increase) in inventories		374,995,295	193,381,641	( 215,108,910 )
Increase in prepayments and other current assets		( 22,232,775 )	( 261,843,848 )	( 114,845,021 )
Increase in other non-current assets		( 353,780 )	( 1,291,789 )	( 622,427 )
Increase (decrease) in trade and other payables		( 409,043,275 )	725,460,956	303,633,650
Decrease in post-employment benefit obligation		( 10,820,430 )	( 97,405 )	( 7,923,085 )
Cash generated from operations		987,229,541	1,225,816,185	1,415,649,991
Cash paid for income taxes		( 209,032,684 )	( 247,128,579 )	( 289,372,463 )
Net Cash From Operating Activities		778,196,857	978,687,606	1,126,277,528
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Acquisition of additional investment in subsidiary and associates	13	( 1,020,302,141 )	( 138,180,000 )	-
Acquisitions of property and equipment	12	( 198,603,905 )	( 786,030,748 )	( 293,371,963 )
Acquisition of available-for-sale financial assets	11	( 184,727,645 )	( 18,940,755 )	( 221,669,861 )
Acquisitions of investment property	15	( 132,720,106 )	-	-
Proceeds from sale of available-for-sale financial assets	11	106,255,575	20,435,557	24,369,739
Interest received		67,914,648	46,041,842	38,250,016
Additional advances granted to associates	22	( 31,040,000 )	( 34,540,000 )	( 38,890,000 )
Proceeds from disposal of property and equipment		4,123,232	1,794,990	1,970,451
Cash dividends received	11	16,228,724	13,473,677	27,965,624
Collections of advances to associates	22	2,000,000	3,000,000	308,670
Acquisition of subsidiary and business unit	14	-	( 186,492,817 )	( 161,093,916 )
Net Cash Used in Investing Activities		( 1,370,871,618 )	( 1,079,438,254 )	( 622,161,240 )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from bank loans and borrowings	18	987,272,800	200,000,000	-
Repayment of bank loans and borrowings	18	( 216,666,667 )	( 100,000,000 )	( 550,000,000 )
Interest paid		( 139,855,973 )	( 115,636,846 )	( 112,885,783 )
Dividends paid to minority interest		-	-	( 10,292,372 )
Net Cash From (Used in) Financing Activities		630,750,160	( 15,636,846 )	( 673,178,155 )
<b>EFFECT OF EXCHANGE RATE CHANGES TO CASH AND CASH EQUIVALENTS</b>				
		( 11,656,807 )	4,913,849	( 3,739,491 )
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>				
		26,418,593	( 111,473,645 )	( 172,801,358 )
Balance carried forward		P 26,418,593	( P 111,473,645 )	( P 172,801,358 )

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<i>Balance brought forward</i>	<b>P 26,418,593</b>	( P 111,473,645 )	( P 172,801,358 )
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u><b>1,034,432,119</b></u>	<u>1,145,905,764</u>	<u>1,318,707,122</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><b>P 1,060,850,712</b></u>	<u>P 1,034,432,119</u>	<u>P 1,145,905,764</u>

**Supplemental Information on Non-cash Financing and Investing Activities:**

1. In 2017 and 2015, the Parent Company reclassified advances for stock subscription to an investment in an associate amounting to P82,283,456 and P7,600,000, respectively (see Notes 8 and 13). In 2016, the Parent Company also reclassified P56,000,000 advances into an investment in an associate (see Note 22).
2. On June 6, 2016 and October 5, 2015, the Parent Company's declaration of stock dividends at a rate of 4 common shares for every common share held was approved by the Securities and Exchange Commission and Board of Directors, respectively. On July 20, 2016, the Parent Company issued stock dividends of P3,473,024,684 shares at par (see Note 23).
3. In 2015, the Group purchased available-for-sale financial assets on account.

*See Notes to Consolidated Financial Statements.*



**BERJAYA PHILIPPINES INC. AND SUBSIDIARIES**  
**[A Subsidiary of Berjaya Lottery Management (HK) Limited]**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**APRIL 30, 2017, 2016 AND 2015**  
**(Amounts in Philippine Pesos)**

**1. CORPORATE MATTERS**

**1.1 Incorporation and Operations**

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

On June 2, 2010, the Parent Company's Board of Directors (BOD) approved the Parent Company's change in corporate name from Prime Gaming Philippines, Inc. to Berjaya Philippines Inc. The application for change in name was approved by the Philippine Securities and Exchange Commission (SEC) on June 11, 2010.

The Parent Company is 74.20% owned by Berjaya Lottery Management (HK) Limited of Hong Kong (BLML) as at April 30, 2017 and 2016. The Parent Company's ultimate parent company is Berjaya Corporation Berhad of Malaysia, a publicly listed company in the Main Market of Bursa Malaysia Securities Berhad.

The registered office of BPI is located at 9<sup>th</sup> Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City. BLML's registered address is at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong and the ultimate parent company's registered office is at Lot13-01A, Level 13 (East Wing), Berjaya Times Square, No. 1, Jalan Imbi 55100 Kuala Lumpur, Malaysia.

**1.2 Subsidiaries and Associates**

The Parent Company holds ownership interest in the following active entities as at April 30:

Subsidiaries/Associates	Short Name	Explanatory Notes	Effective % of Ownership	
			2017	2016
<b>Subsidiaries:</b>				
<b>Leasing –</b>				
Philippine Gaming Management Corporation	PGMC	(a)	100.00%	100.00%
<b>Services:</b>				
Perdana Hotel Philippines Inc.	PHPI	(b)	100.00%	100.00%
Berjaya Enviro Philippines Inc.	BEPI	(c)	100.00%	-

Subsidiaries/Associates	Short Name	Explanatory Notes	Effective % of Ownership	
			2017	2016
<b>Motor Vehicle Dealership:</b>				
H.R. Owen Plc	H.R. Owen	(d)	98.38%	72.03%
Broughtons of Cheltenham Limited		(e)	98.38%	72.03%
H.R. Owen Dealership Limited		(e)	98.38%	72.03%
Jack Barclay Limited		(e)	98.38%	72.03%
Holland Park Limited	Holland Park	(e)	98.38%	72.03%
Bodytechnics Limited	Bodytechnics	(e)	98.38%	72.03%
Upbrook Mews Limited	Upbrook Mews	(e)	98.38%	-
H.R. Owen Insurance Services Limited	H.R.O. Insurance	(e)	59.03%	-
<b>Associates:</b>				
Berjaya Pizza Philippines Inc.	BPPI	(f)	48.38%	41.40%
Perdana Land Philippines Inc.	PLPI	(g)	40.00%	40.00%
Cosway Philippines Inc.	CPI	(h)	40.00%	40.00%
Neptune Properties, Incorporated	NPI	(i)	41.46%	-
Sanpiro Realty and Development Corporation	SRDC	(i)	41.46%	-
Bermaz Auto Philippines Inc. (BAPI, formerly Berjaya Auto Philippines, Inc.)	BAPI	(j)	25.48%	35.00%
Ssangyong Berjaya Motor Philippines, Inc.	SBMPI	(k)	20.00%	20.00%

- (a) PGMC is involved principally in the business of leasing on-line lottery equipment and providing software support. PGMC was organized in April 1993 in the Philippines 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) In April 2017, the Group made a 100% investment in BEPI amounting to P249,993. BEPI was incorporated on April 7, 2017 and is registered to engage in the business of protecting and cleaning the environment. As at April 30, 2017, BEPI has not yet started commercial operations.
- (d) In October 2013, the Group gained control over H.R. Owen through acquisition of additional shares. H.R. Owen, incorporated in England, operates a number of vehicle franchises in the prestige and specialist car market for both sales and aftersales, predominantly in the London area. H.R. Owen is an investment holding company that provides group services to its trading subsidiaries that operate H.R. Owen's motor vehicle dealerships as discussed under (e). On September 29, 2016 and January 11, 2017, the Group purchased additional H.R. Owen shares from a certain stockholder amounting to P1,072,654 and P956,231,975, respectively, which resulted to an increase in effective ownership interest over H.R. Owen to 98.38%.

- (e) These are subsidiaries of H.R. Owen, which were incorporated and are currently operating in England and Wales. The subsidiaries of H.R. Owen, except Holland Park, Bodytechnics, Upbrook Mews and H.R.O. Insurance, are engaged in luxury motor vehicle retail and provision of aftersales services. Holland Park and Bodytechnics provide aftersales services. Upbrook Mews is engaged in operating leased properties while H.R.O. Insurance operates as an insurance broker.

On December 4, 2015, H.R. Owen acquired 100% ownership over Bodytechnics in order to enhance its aftersales operations. The acquisitions resulted to recognition of goodwill (see Note 14).

- (f) BPPI was organized as part of BPI's strategy to acquire an interest in a chain of restaurants. BPPI was incorporated on July 12, 2010 in the Philippines and started commercial operations on December 10, 2010. In 2016, BPI reclassified advances to BPPI to Investments in Associates account resulting to an increase in ownership over BPPI to 41.40%. In 2017, the Group made additional investment in BPPI amounting to P63,000,000, which resulted to the increase in its effective ownership interest over BPPI from 41.40% to 48.38%.
- (g) 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.
- (h) CPI was incorporated in the Philippines on September 28, 2012 to engage primarily in the wholesale of various products. As at April 30, 2017, CPI has not yet started its commercial operations.
- (i) NPI was incorporated on March 8, 1996 to acquire, hold, manage, and dispose of by purchase or sale, exchange, mortgage, lease or in any other manner, conditionally or absolutely, for investment or otherwise, real estate or any interest therein together with or exclusive of their appurtenances. NPI has a wholly owned subsidiary, SRDC, which was incorporated in the Philippines to engage in the real estate business or otherwise deal in real estate development. In 2017, the Group reclassified the advances to NPI for future stock subscription to Investment in Associates account amounting to P82,283,456 representing 41.46% effective ownership interest and considered as an associate starting 2017 (see Note 8).
- (j) BAPI was incorporated on August 10, 2012 and started commercial operations on January 1, 2013. BAPI is primarily to engaged in purchasing, acquiring, owning, leasing, selling, transferring, encumbering, and generally dealing in all types of new automobiles, trucks, and other motor vehicles and dealing in all types of supplies used by all types of motor vehicles. In 2017, the Group's effective ownership interest over BAPI decreased to 25.48% due to issuance of capital stock of BAPI to other stockholders.



- (k) SBMPI was incorporated on July 3, 2015 and started commercial operations on April 1, 2016. SBMPI is licensed by the SEC to engage in the business of purchasing, acquiring, owning, selling, transferring encumbering and generally dealing in all types of new automobiles, trucks and other motor vehicles and all types of supplies used by all types of motor vehicles. In fiscal year 2016, BPI subscribed 22,500,000 shares of SBMPI at P1 par value per share.

The Parent Company and its subsidiaries (the Group), including its associates, were incorporated in the Philippines and have principal place of business in Metro Manila, Philippines, except for H.R. Owen and its subsidiaries which were incorporated and has principal place of business in London, England.

### ***1.3 Approval of Consolidated Financial Statements***

The consolidated financial statements of the Group as at and for the year ended April 30, 2017 (including the comparative financial statements as at and for the years ended April 30, 2016 and 2015) were authorized for issue by the BOD on July 28, 2017.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

### ***2.1 Basis of Preparation of Consolidated Financial Statements***

#### ***(a) Statement of Compliance with Philippine Financial Reporting Standards***

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

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

#### ***(b) Presentation of Consolidated Financial Statements***

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

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

(c) *Functional and Presentation Currency*

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

Items included in the consolidated financial statements of the Group are measured using its functional currency (see Note 2.19). Functional currency is the currency of the primary economic environment in which the Group operates.

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

(a) *Effective in Fiscal Year 2017 that are Relevant to the Group*

The Group adopted for the first time the following amendments and annual improvements to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2016, for its annual reporting period beginning May 1, 2016:

PAS 1 (Amendments)	:	Presentation of Financial Statements – Disclosure Initiative
PAS 16 and PAS 38 (Amendments)	:	Property, Plant and Equipment, and Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortization
PAS 16 and PAS 41 (Amendments)	:	Property, Plant and Equipment, and Agriculture – Bearer Plants
PFRS 10, PFRS 12 and PAS 28 (Amendments)	:	Consolidated Financial Statements, Disclosure of Interests in Other Entities, and Investments in Associates and Joint Ventures – Investment Entities – Applying the Consolidation Exception
Annual Improvements	:	Annual Improvements to PFRS (2012-2014 Cycle)

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

- (i) PAS 1 (Amendments), *Presentation of Financial Statements – Disclosure Initiative*. The amendments encourage entities to apply professional judgment in presenting and disclosing information in the financial statements. Accordingly, they clarify that materiality applies to the whole financial statements and an entity shall not reduce the understandability of the financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions. Moreover, the amendments clarify that an entity's share in other comprehensive income of associates and joint ventures accounted for using equity method should be presented based on whether or not such other comprehensive income item will subsequently be reclassified to profit or loss. They further clarify that in determining the order of presenting the notes and disclosures, an entity shall consider the understandability and comparability of the financial statements.
- (ii) PAS 16 (Amendments), *Property, Plant and Equipment*, and PAS 38 (Amendments), *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortization*. The amendments in PAS 16 clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment. In addition, amendments to PAS 38 introduce a rebuttable presumption that an amortization method that is based on the revenue generated by an activity that includes the use of an intangible asset is not appropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of an intangible asset are highly correlated. The amendments also provide guidance that the expected future reductions in the selling price of an item that was produced using the asset could indicate an expectation of technological or commercial obsolescence of an asset, which may reflect a reduction of the future economic benefits embodied in the asset.
- (iii) PAS 16 (Amendments), *Property, Plant and Equipment*, and PAS 41 (Amendments), *Agriculture – Bearer Plants*. The amendments define a bearer plant as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales. On this basis, bearer plant is now included within the scope of PAS 16 rather than PAS 41, allowing such assets to be accounted for as property, plant and equipment and to be measured after initial recognition at cost or revaluation basis in accordance with PAS 16. The amendments further clarify that produce growing on bearer plants remains within the scope of PAS 41.



- (iv) PFRS 10 (Amendments), *Consolidated Financial Statements*, PFRS 12 (Amendments), *Disclosure of Interests in Other Entities*, and PAS 28 (Amendments), *Investments in Associates and Joint Ventures – Investment Entities – Applying the Consolidation Exception*. These amendments address the concerns that have arisen in the context of applying the consolidation exception for investment entities. They clarify which subsidiaries of an investment entity are consolidated in accordance with paragraph 32 of PFRS 10 and clarify whether the exemption to present consolidated financial statements, set out in paragraph 4 of PFRS 10, is available to a parent entity that is a subsidiary of an investment entity. These amendments also permit a non-investment entity investor, when applying the equity method of accounting for an associate or joint venture that is an investment entity, to retain the fair value measurement applied by that investment entity associate or joint venture to its interests in subsidiaries.
- (v) Annual Improvements to PFRS (2012-2014 Cycle). Among the improvements, the following amendments are relevant to the Group but had no impact on the Group's consolidated financial statements as these amendments merely clarify the existing requirements:
- PAS 19 (Amendments), *Employee Benefits – Discount Rate: Regional Market Issue*. The amendments clarify that the currency and term of the high quality corporate bonds which were used to determine the discount rate for post-employment benefit obligations shall be made consistent with the currency and estimated term of the post-employment benefit obligations.
  - PFRS 7 (Amendments), *Financial Instruments: Disclosures – Servicing Contracts*. The amendments provide additional guidance to help entities identify the circumstances under which a contract to “service” financial assets is considered to be a continuing involvement in those assets for the purposes of applying the disclosure requirements of PFRS 7. Such circumstances commonly arise when, for example, the servicing is dependent on the amount or timing of cash flows collected from the transferred asset or when a fixed fee is not paid in full due to non-performance of that asset.

(b) *Effective in Fiscal Year 2017 that are not Relevant to the Group*

The following new PFRS, amendments and annual improvements to existing standards are mandatorily effective for annual periods beginning on or after January 1, 2016 but are not relevant to the Group's consolidated financial statements:

PAS 27 (Amendments)	:	Separate Financial Statements – Equity Method in Separate Financial Statements
PFRS 11 (Amendments)	:	Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations
PFRS 14	:	Regulatory Deferral Accounts

Annual Improvements to  
PFRS (2012-2014 Cycle)

- PAS 34 (Amendments) : Interim Financial Reporting – Disclosure of Information “Elsewhere in the Interim Financial Report”
- PFRS 5 (Amendments) : Non-current Assets Held for Sale and Discontinued Operations – Changes in Methods of Disposal
- PFRS 7 (Amendments) : Financial Instruments: Disclosures – Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements

(c) *Effective Subsequent to Fiscal Year 2017 but not Adopted Early*

There are new PFRS, amendments, interpretation and annual improvements to existing standards effective for annual periods subsequent to fiscal year 2017, which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have significant impact on the Group’s consolidated financial statements:

- (i) PAS 7 (Amendments), *Statement of Cash Flows – Disclosure Initiative* (effective from January 1, 2017). The amendments are designed to improve the quality of information provided to users of financial statements about changes in an entity’s debt and related cash flows (and non-cash changes). They require an entity to provide disclosures that enable users to evaluate changes in liabilities arising from financing activities. An entity applies its judgment when determining the exact form and content of the disclosures needed to satisfy this requirement. Moreover, they suggest a number of specific disclosures that may be necessary in order to satisfy the above requirement, including: (a) changes in liabilities arising from financing activities caused by changes in financing cash flows, foreign exchange rates or fair values, or obtaining or losing control of subsidiaries or other businesses; and, (b) a reconciliation of the opening and closing balances of liabilities arising from financing activities in the consolidated statement of financial position including those changes identified immediately above.
- (ii) PAS 12 (Amendments), *Income Taxes – Recognition of Deferred Tax Assets for Unrealized Losses* (effective from January 1, 2017). The focus of the amendments is to clarify how to account for deferred tax assets related to debt instruments measured at fair value, particularly where changes in the market interest rate decrease the fair value of a debt instrument below cost. The amendments provide guidance in the following areas where diversity in practice previously existed: (a) existence of a deductible temporary difference; (b) recovering an asset for more than its carrying amount; (c) probable future taxable profit against which deductible temporary differences are assessed for utilization; and, (d) combined versus separate assessment of deferred tax asset recognition for each deductible temporary difference.

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

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

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

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

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

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

Management is currently assessing the impact of PFRS 9 (2014) on the consolidated financial statements of the Group and it will conduct a comprehensive study of the potential impact of this standard prior to its mandatory adoption date to assess the impact of all changes.



- (iv) PFRS 15, *Revenue from Contracts with Customers* (effective from January 1, 2018). This standard will replace PAS 18, *Revenue*, and PAS 11, *Construction Contracts*, the related Interpretations on revenue recognition: International Financial Reporting Interpretations Committee (IFRIC) 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreement for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers*, and Standing Interpretations Committee 31, *Revenue – Barter Transactions Involving Advertising Services*. This new standard establishes a comprehensive framework for determining when to recognize revenue and how much revenue to recognize. The core principle in the said framework is for an entity to recognize revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Management is currently assessing the impact of this standard on the Group's consolidated financial statements.

- (v) PAS 40 (Amendments), *Investment Property – Transfers of Investment Property* (effective from January 1, 2018). The amendments clarify that transfers to, or from, investment property are required when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use.
- (vi) Philippine IFRIC 22, *Foreign Currency Transactions and Advance Consideration* (effective from January 1, 2018). The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. The interpretation may be applied on a fully retrospective basis. Entities may apply the interpretation prospectively to all assets, expenses and income in its scope that are initially recognized on or after the beginning of the reporting period in which the entity first applies the interpretation or the beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation.
- (vii) PFRS 16, *Leases* (effective from January 1, 2019). The new standard will eventually replace PAS 17, *Leases*.

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

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

Management is currently assessing the impact of this new standard on the Group’s consolidated financial statements.

- (viii) PFRS 10 (Amendments), *Consolidated Financial Statements*, and PAS 28 (Amendments), *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associates or Joint Venture* (effective date deferred indefinitely). The amendments to PFRS 10 require full recognition in the investor’s financial statements of gains or losses arising on the sale or contribution of assets that constitute a business as defined in PFRS 3, *Business Combinations*, between an investor and its associate or joint venture. Accordingly, the partial recognition of gains or losses (i.e., to the extent of the unrelated investor’s interests in an associate or joint venture) only applies to those sale of contribution of assets that do not constitute a business. Corresponding amendments have been made to PAS 28 to reflect these changes. In addition, PAS 28 has been amended to clarify that when determining whether assets that are sold or contributed constitute a business, an entity shall consider whether the sale or contribution of those assets is part of multiple arrangements that should be accounted for as a single transaction.
- (ix) Annual Improvements to PFRS (2014-2016 Cycle). Among those improvements, the following amendments are relevant to the Group but had no material impact on the Group’s consolidated financial statements as these amendments merely clarify the existing requirements:
- PFRS 12 (Amendments), *Disclosure of Interests in Other Entities* (effective from January 1, 2017). The amendments clarify the scope of PFRS 12 by specifying that its disclosure requirements apply to an entity’s interests irrespective of whether they are classified (or included in a disposal group that is classified) as held for sale or as discontinued operations in accordance with PFRS 5.

- PFRS 1 (Amendments), *First-time Adoption of Philippine Financial Reporting Standards* (effective from January 1, 2018). The amendments deleted a number of short-term exemptions because the reliefs provided are no longer available or because they were relevant for reporting periods that have now passed.
- PAS 28 (Amendments), *Investments in Associates and Joint Ventures* (effective from January 1, 2018). The amendments clarify that a qualifying entity is able to choose between applying the equity method or measuring an investment in an associate or joint venture at fair value through profit or loss, separately for each associate or joint venture at initial recognition of the associate or joint venture.

### **2.3 Basis of Consolidation**

The Group's consolidated financial statements comprise the accounts of the Parent Company and its subsidiaries as enumerated in Note 1, after the elimination of intercompany transactions. All intercompany assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities under the Group, are eliminated in full on consolidation. Unrealized profits and losses from intercompany transactions that are recognized in assets are also eliminated in full. Intercompany losses that indicate impairment are recognized in the consolidated financial statements.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting principles.

#### **(a) Investments in Subsidiaries**

Subsidiaries are all entities (including structured entities, if any) over which the Group has control. The Group controls an entity when it has the power over the investee, it is exposed, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date the Group obtains control.

The Parent Company reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of controls indicated above. Accordingly, entities are deconsolidated from the date that control ceases.

The acquisition method is applied to account for acquired subsidiaries. This requires recognizing and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group, if any. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred and subsequent change in the fair value of contingent consideration is recognized directly in profit or loss.



Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any existing equity interest in the acquiree over the acquisition-date fair value of the identifiable net assets acquired is recognized as goodwill (see Note 2.12). If the consideration transferred is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly as gain in profit or loss.

(b) *Investments in Associates*

Associates are those entities over which the Parent Company is able to exert significant influence but which are neither subsidiaries nor interests in a joint venture. Investments in associates are initially recognized at cost and subsequently accounted for using the equity method.

Acquired investment in associate is subject to the purchase method of accounting. The purchase method involves recognition of the acquiree's identifiable assets and liabilities, including contingent liabilities, regardless of whether they were recorded in the financial statements prior to acquisition. Goodwill represents the excess of acquisition cost over the fair value of the Parent Company's share of the identifiable net assets over the acquire at the date of acquisition. Any goodwill or fair value adjustment attributable to the Parent Company's share in the associate is included in the amount recognized as investment in an associate.

All subsequent changes to the ownership interest in the equity of the associates are recognized in the Group's carrying amount of the investments. Changes resulting from the profit or loss generated by the associates are credited or charged against the Equity Share in Net Income (Losses) of Associates account in the consolidated statement of comprehensive income.

Impairment loss is provided when there is objective evidence that the investment in an associate will not be recovered (see Note 2.18).

Changes resulting from other comprehensive income of the associates or items recognized directly in the associates' equity are recognized in other comprehensive income or equity of the Parent Company, as applicable. However, when the Parent Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Parent Company does not recognize further losses, unless it has commitments, incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profit, the investor resumes recognizing its share of those profits only after its share of the profits exceeds the accumulated share of losses that has previously not been recognized.

Distributions received from the associates are accounted for as a reduction of the carrying value of the investment.

(c) *Transactions with Non-controlling Interests*

The Group transactions with non-controlling interests that do not result to loss of control are accounted for as equity transaction – that is, as transaction with the owners of the Group with their capacity as owners. The difference between any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary is recognized in equity. Disposals of equity investments to non-controlling interests result in gains and losses that are also recognized in equity.

When the Group ceases to have control over a subsidiary, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amount previously recognized in other comprehensive income in respect of that entity is accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

The Parent Company holds interest in various subsidiaries and associates as presented in Notes 1.2 and 13.

**2.4 Financial Assets**

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

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

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

(a) *Loans and Receivables*

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

The Group's financial assets categorized as loans and receivables are presented as Cash and Cash Equivalents, Trade and Other Receivables, Advances to Associates and Refundable deposits under Other Non-Current Assets account in the consolidated statement of financial position. Cash and cash equivalents are defined as cash on hand, demand deposits and short-term, highly liquid investments with original maturities of three months or less, readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

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

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

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

(b) *AFS Financial Assets*

This category includes non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. They are included in non-current assets under the Available-for-Sale Financial Assets account in the consolidated statement of financial position unless management intends to dispose of the investment within 12 months from the end of the reporting period.

All financial assets within this category are subsequently measured at fair value. Gains and losses from changes in fair value are recognized in other comprehensive income and are reported as part of Revaluation Reserves account in equity, except for interest and dividend income which are recognized in profit or loss.

When the financial asset is disposed of or is determined to be impaired, the cumulative fair value gains or losses recognized in other comprehensive income is reclassified from equity to profit or loss and is presented as reclassification adjustment within other comprehensive income even though the financial asset has not been derecognized.



Reversal of impairment losses 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 and Other Charges account in the consolidated statement of comprehensive income.

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

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

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

## ***2.5 Inventories***

Inventories are valued at the lower of cost and net realizable value. Cost is determined using specific identification for vehicles, moving average cost method for spare parts and accessories and first-in, first-out method for all other inventories. The cost of inventories include all costs directly attributable to acquisitions, such as the purchase price, import duties and other taxes that are not subsequently recoverable from taxing authorities.

Vehicles on consignment from manufacturers are included in inventories when substantially all of the principal benefits and inherent risks rest with the Group. The corresponding consignment liability after deducting any deposits is included under Loans Payable and Borrowings, as manufacturers' vehicle stocking loans.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion, if any, and the estimated costs necessary to make the sale. Net realizable value of spare parts inventory is the current replacement cost while the net realizable value of vehicles is fair value less estimated cost to sell.

## ***2.6 Prepayments and Other Assets***

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

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

## ***2.7 Property and Equipment***

Property and equipment are stated at cost less accumulated depreciation and amortization and any impairment in value.

The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized; expenditures for repairs and maintenance are charged to expense as incurred.

Computers and on-line lottery equipment are depreciated 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, except for land which is not subject to depreciation, is computed using the straight-line basis over the estimated useful lives of the assets as follows:

Buildings	50 years
Workshop equipment	5-10 years
Office furniture, fixtures and equipment	5-10 years
Communication equipment	5 years
Hotel and kitchen equipment and utensils	5 years
Transportation equipment	3-5 years

Construction in Progress represents properties under construction and is stated at cost. The account is not depreciated until such time that the assets are completed and available for use.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.18).

Fully depreciated and amortized assets are retained in the accounts until they are no longer in use and no further charge for depreciation and amortization is made in respect of those assets.

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

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

## ***2.8 Investment Property***

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment property is accounted for under the fair value model. It is revalued annually and is included in the consolidated statement of financial position at its market value.

Any gain or loss resulting from either a change in the fair value or the sale of an investment property is immediately recognized in profit or loss in the consolidated statement of comprehensive income.

Investment property is derecognized upon disposal or when permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in profit or loss in the year of retirement or disposal.

Expenditures incurred after the investment property have been put into operations, such as repairs and maintenance costs, are normally charged to profit or loss in the period in which the costs are incurred.

Transfers are made to investment properties when, and only when, there is a change in use evidenced by ending of owner occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is a change in use evidenced by commencement of owner occupation or commencement of development with a view to sale.

## ***2.9 Intangible Assets***

Intangible assets include goodwill, dealership rights and customer relationships which are accounted for under the cost model. The costs of dealership rights and customer relationship were determined using a valuation approach based on estimated economic benefits of these assets over multiple time periods.

Goodwill and dealership rights have indefinite useful lives; hence, these are not amortized, but are reviewed for impairment at least annually (see Notes 2.12 and 2.18). Customer relationship is amortized over the estimated useful life of 10 years.

When these assets are retired or otherwise disposed of, the cost and the related accumulated impairment in value are removed from the accounts. Any resulting gain or loss is credited to or charged against current operations.



## ***2.10 Financial Liabilities***

Financial liabilities, which pertain to Trade and Other Payables (except for tax-related liabilities) and Loans Payable and Borrowings are recognized when the Group becomes a party to the contractual terms of the instrument. All interest-related charges incurred on a financial liability are recognized as an expense in profit or loss under the caption Finance Costs and Other Charges in the consolidated statement of comprehensive income.

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

Loans payable and borrowings are raised for support of long-term funding of operations. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to profit or loss except for any capitalized borrowing cost, on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that these are not settled in the period in which they arise.

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

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

## ***2.11 Offsetting of Financial Instruments***

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

## ***2.12 Business Combination***

Business acquisitions are accounted for using the acquisition method of accounting.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed (see Note 2.18).

For the purpose of impairment testing, goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The cash-generating units or groups of cash-generating units are identified according to operating segment.

Gains and losses on the disposal of an interest in a subsidiary include the carrying amount of goodwill relating to it.

If the business combination is achieved in stages, the acquirer is required to remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognize the resulting gain or loss, if any, in the profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect the new information obtained about facts and circumstances that existed as at the acquisition date and, if known, would have affected the measurement of the amounts recognized as at that date. During the measurement period, the acquirer shall also recognize additional assets or liabilities if new information obtained about facts and circumstances that existed as of those assets and liabilities as at the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as at that date. The measurement period ends as soon as the acquirer receives the information it was seeking about facts and circumstances that existed as at the acquisition date or learns that more information is not obtainable. However, the measurement period shall not exceed one year from the acquisition date.

### ***2.13 Segment Reporting***

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's Strategic Steering Committee (SSC), its chief operating decision-maker. The SSC is responsible for allocating resources and assessing performance of the operating segments.

In identifying its operating segments, management generally follows the Group's products and service lines as disclosed in Note 5, which represent the main products and services provided by the Group.

Each of these operating segments is managed separately as each of these service lines requires different technologies and other resources as well as marketing approaches. All inter-segment transfers are carried out at arm's length prices.

The measurement policies the Group uses for segment reporting under PFRS 8, *Operating Segments*, are the same as those used in its consolidated financial statements.

In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

#### ***2.14 Provisions and Contingencies***

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

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

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

#### ***2.15 Equity***

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

Treasury shares are shares reacquired by the Parent Company and are stated at the cost of reacquiring such shares. These are deducted from equity until the shares are cancelled, reissued or disposed of.

Revaluation reserves represent unrealized fair value gains and losses on AFS financial assets and accumulated actuarial gains and losses arising from remeasurement of post-employment benefit obligation, net of tax.

Other reserves represent the gain or loss on change in equity share in a subsidiary.

Translation adjustments represent the adjustments resulting from the translation of foreign-currency denominated financial statements of a foreign subsidiary into the Group's functional and presentation currency.



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

### ***2.16 Revenue and Expense Recognition***

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

Revenue is recognized to the extent that the revenue can be reliably measured; it is probable that the economic benefits will flow to the Group; and, the costs incurred or to be incurred can be measured reliably. The specific recognition criteria presented below must also be met before revenues are recognized.

- (a) *Rental revenue from lease of on-line lottery equipment, maintenance and repair services, and telecommunication and integration services* – Revenue is recognized when services to the customer were performed based on certain percentages of gross receipts from lottery ticket sales.
- (b) *Revenue from motor distribution and dealership operations* – Revenue from distributions and dealership operations is recognized as follows:
  - (i) *Sale of vehicles, parts and accessories* – Revenue is recognized when substantially all the risks and rewards of ownership have been transferred to the customer.
  - (ii) *Servicing and bodyshop sales* – Revenue is recognized on completion of the agreed work.
- (c) *Revenue from hotel operations* – Revenue from hotel operations is categorized as follows:
  - (i) *Room revenues* – Revenue is recognized when the services are rendered.
  - (ii) *Sale of food, beverages and others* – Revenue is recognized upon delivery to and receipt of goods by the customer.
- (d) *Interest income* – Revenue is recognized as the interest accrues taking into account the effective yield on the asset.
- (e) *Dividends* – Revenue is recognized when the right to receive payments is established.
- (f) *Other income* – Revenue is recognized as the excess standard input VAT over actual input VAT on transactions with the government.

Costs and expenses are recognized in profit or loss upon utilization of the goods or services or at the date these are incurred. All finance costs are reported in profit or loss on an accrual basis, except capitalized borrowing costs which are included as part of the cost of the related qualifying asset (see Note 2.22).

## **2.17 Leases**

The Group accounts for its leases as follows:

*(a) Group as Lessee*

Leases which do not transfer to the Group substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments (net of any incentive received from the lessor) are recognized as expense in profit or loss on a straight-line basis over the lease term. Associated costs, such as repairs and maintenance and insurance, are expensed as incurred.

*(b) Group as Lessor*

Lease which do not transfer to the lessee substantially all the risks and benefits of ownership of the asset are classified as operating lease. Lease income from operating lease is recognized in profit or loss is 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 Equipment Lease Agreement (ELA) with PCSO.

The Group determines whether an arrangement is, or contains, a lease based on the substance of the arrangement. It makes an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

## **2.18 Impairment of Non-financial Assets**

The Group's inventories, property and equipment, investments in associates, intangible assets, and other non-financial assets are subject to impairment testing. Goodwill and dealership rights are tested for impairment at least annually. All other individual assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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

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

All assets, except goodwill, are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist and the carrying amount of the asset is adjusted to the recoverable amount resulting in the reversal of the impairment loss.

## ***2.19 Foreign Currency Transactions and Translation***

### ***(a) Transactions and Balances***

Except for H.R. Owen which uses the British Pounds (GBP) as its functional currency, the accounting records of the Group are maintained in Philippine pesos. Foreign currency transactions during the year are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates.

Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized under Other Income (Charges) section in the consolidated statement of comprehensive income.

### ***(b) Translation of Financial Statements of Foreign Subsidiaries***

The operating results and financial position of H.R. Owen, which are measured in GBP, its functional currency, are translated to Philippine pesos, the Group's functional currency, as follows:

- (i)* Assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;
- (ii)* Income and expenses for each profit or loss account are translated at the monthly average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and,
- (iii)* All resulting exchange differences are recognized in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in H.R. Owen are recognized as Translation Adjustment in the consolidated statement of comprehensive income. As this entity is not a wholly owned subsidiary, the translation adjustments are allocated between the Parent Company's shareholders and minority interest. When a foreign operation is partially disposed of or sold, such exchange differences are recognized in the consolidated statement of comprehensive income as part of gains or loss on sale.

Goodwill arising on the acquisition of a foreign entity is treated as asset of the foreign entity and translated at closing rate.

The translation of the financial statements into Philippine pesos should not be construed as a representation that the GBP amounts could be converted into Philippine peso amounts at the translation rates or at any other rates of exchange.

## ***2.20 Related Party Transactions and Relationships***

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



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

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

### ***2.21 Employee Benefits***

The Group provides post-employment benefits to employees through defined benefit plans, as well as various defined benefit contribution plans, and other employee benefits which are recognized as follows:

#### ***(a) Post-employment Defined Benefit Plan***

A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of post-employment plan remains with the Group, even if plan assets for funding the defined benefit plan have been acquired. Plan assets may include assets specifically designated to a long-term benefit fund, as well as qualifying insurance policies.

The Group's defined benefit post-employment plan covers all regular full-time employees. PGMC's pension plan is tax-qualified, noncontributory and administered by a trustee while H.R. Owen's pension plan operates on a pre-funded basis and is also administered by a trustee. PHPI, on the other hand, has an unfunded, non-contributory post-employment plan.

The liability recognized in the consolidated statement of financial position for a defined benefit plan is the present value of the defined benefit obligation (DBO) at the end of the reporting period less the fair value of plan assets. The DBO is calculated annually by independent actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows using a discount rate derived from the interest rates of a zero coupon government 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.

Remeasurements, comprising of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions and the return on plan assets (excluding amount included in net interest) are reflected immediately in the consolidated statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they arise. Net interest is calculated by applying the discount rate at the beginning of the period, taking account of any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments. Net interest is reported as part of Finance Costs and Other Charges or Finance Income account in the consolidated statement of comprehensive income. Past-service costs are recognized immediately in profit or loss in the period of a plan amendment and curtailment.

*(b) Post-employment Defined Contribution Plans*

A defined contribution plan is a post-employment plan under which the Group pays fixed contributions into an independent entity. The Group has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognized in respect of defined contribution plans are expensed as they fall due. Liabilities or assets may be recognized if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short-term nature.

*(c) Compensated Absences*

Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the end of the reporting period. They are included in the Trade and Other Payables account of the consolidated statement of financial position at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

**2.22 Borrowing Costs**

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

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

For income tax purposes, interest and other borrowing costs are charged to expense when incurred.

**2.23 Income Taxes**

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

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

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted, that is, when the investment property is depreciable and is held within the business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

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

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

## ***2.24 Earnings Per Share***

Basic earnings per share (EPS) is computed by dividing net profit attributable to equity holders of the Parent Company by the weighted average number of shares issued and outstanding, adjusted retroactively for any stock dividend, stock split or reverse stock split declared during the current period.

Diluted EPS is computed by adjusting the weighted average number of ordinary shares outstanding to assume conversion of dilutive potential shares (see Note 25).

### ***2.25 Events After the End of the Reporting Period***

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

## **3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES**

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

### ***3.1 Critical Management Judgments in Applying Accounting Policies***

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimation, which have the most significant effect on the amounts recognized in the consolidated financial statements:

#### ***(a) Impairment of AFS Financial Assets***

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

Based on the recent evaluation of information and circumstances affecting the Group's AFS financial assets, management has recognized impairment loss on certain AFS financial assets in 2017 and 2016 as disclosed in Note 11. Future changes in those information and circumstances might significantly affect the carrying amount of the assets.

#### ***(b) Distinction between Operating and Finance Leases***

The Group has entered into various lease agreements. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities.

#### ***(c) Distinction between Investment Property and Owner-managed Property***

The Group determines whether a property qualifies as investment property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-managed properties generate cash flows that are attributable not only to the property but also to other assets used in the production or supply process. The details of the Company's investment property are disclosed in Note 15.



(d) *Recognition of Provisions and Contingencies*

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition and disclosure of provision and contingencies are discussed in Note 2.14 and relevant disclosures are presented in Note 28.

**3.2 Key Sources of Estimation Uncertainty**

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

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

Adequate amount of allowance for impairment is provided for specific and groups of accounts, where objective evidence of impairment exists. The Group evaluates the amount of allowance for impairment based on available facts and circumstances affecting the collectability of the accounts, including, but not limited to, the length of the Group's relationship with the customers, the customers' current credit status, average age of accounts, collection experience and historical loss experience. The methodology and assumptions used in estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

The carrying value of trade and other receivables and its analysis of allowance for impairment and the carrying value of advances to associates are shown in Notes 8 and 13, respectively.

(b) *Estimation of Useful Lives of Property and Equipment and Intangible Assets*

The Group estimates the useful lives of property and equipment and intangible assets based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment and intangible assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

Based on management's assessment as at April 30, 2017 and 2016, there is no change in estimated useful lives of property and equipment and customer relationships during those years (see Notes 12 and 14).

On the other hand, management assessed that the acquired dealership rights resulting from the acquisition of H.R. Owen have indefinite useful lives as management has the intention and capacity to renew the dealership agreements with manufacturers indefinitely and that the Group will benefit from the use of such dealership rights over the foreseeable future. Further, these agreements were in effect for a long period (i.e., 70 to 80 years ago for Bentley dealership agreements and prior to 1990 for Ferrari and Lamborghini dealership agreements) and that there has been no compelling challenge to maintain the agreements historically.

The carrying amounts of property and equipment and intangible assets are analyzed in Notes 12 and 14, respectively.

Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned in the preceding page.

(c) *Fair Value Measurement of Investment Property*

The Group's investment property is carried at fair value at the end of the reporting period. The fair value is determined by reference to market-based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and seller in an arm's length transaction as at the valuation date. Such amount is influenced by different factors including the location and specific characteristics of the property (e.g., size, features, and capacity), quantity of comparable properties available in the market, and economic condition and behavior of the buying parties. A significant change in these elements may affect prices and the value of the assets.

The purchase price of the Group's investment property acquired in 2017 approximates its fair value as at April 30, 2017. The details of the Group's investment property are disclosed in Note 15.

(d) *Valuation of Financial Assets Other than Trade and Other Receivables and Advances to Associates*

The Group carries certain financial assets at fair value, which requires the extensive use of accounting estimates and judgment. In cases when active market quotes are not available, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net base of the instrument.

The carrying values of AFS financial assets and the amounts of fair value changes recognized on those assets are disclosed in Note 11.

(e) *Determination of Net Realizable Value of Inventories*

In determining the net realizable value of inventories, management takes into account the most reliable evidence available at the dates the estimates are made. The Group's inventories, are affected by certain factors which may cause inventory obsolescence. Moreover, future realization of the carrying amounts of inventories as presented in Note 9 is affected by price changes in different market segments of the food, transportation 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 reporting period. The amount of allowance for inventory writedown made by management are based on, among others, age and status of inventories and the Group's past experience. The net realizable value of inventories and analysis of allowance for inventory writedown are presented in Note 9.

(f) *Business Combinations*

On initial recognition, the assets and liabilities of the acquired business and the consideration paid for them are included in the consolidated financial statements at their fair values. In measuring fair value, management uses estimates of future cash flows and discount rates. Any subsequent change in these estimates would affect the amount of goodwill if the change qualifies as a measurement period adjustment. Any other change would be recognized in profit or loss in the subsequent period.

During the measurement period, the management shall recognize adjustments to the provisional amounts as if the accounting for the business combination had been completed at the acquisition date. Thus, management shall revise comparative information for prior periods presented in financial statements as needed, in accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*.

(g) *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. Management assessment on impairment of goodwill is disclosed in Note 14.

(h) *Determination of Realizable Amount of Deferred Tax Assets*

The Group reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Management assessed that the deferred tax assets recognized as at April 30, 2017 and 2016 will be fully utilized in the coming years. The carrying amount of deferred tax assets as at those dates is disclosed in Note 24.

(i) *Estimation of Impairment of Non-financial Assets Other than Goodwill*

In assessing impairment, management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate (see Note 2.18). Though management believes that the assumptions used in the estimation of fair values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

There were no impairment losses required to be recognized in 2017 and 2016 based on management's assessment.

*(j) Valuation of Post-employment Defined benefit Obligations*

The determination of the Group's obligation and cost of post-employment defined benefit is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, discount rates, expected rate of return on plan assets, salary rate increase, and employee turnover. A significant change in any of these actuarial assumptions generally affect the recognized expense, other comprehensive income or losses and the carrying amount of post-employment defined benefit obligation.

The amounts of post-employment benefit obligation and expense and an analysis of the movements in the estimated present value of post-employment benefit obligation are presented in Note 20.

#### **4. RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Group is exposed to a variety of financial risks in relation to financial instruments. The Group's financial assets and financial liabilities by category are summarized in Note 26. The main types of risks are market risk, credit risk and liquidity risk.

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

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most relevant financial risks to which the Group is exposed to are described below and in the succeeding pages.

##### ***4.1 Market Risk***

The Group is exposed to market risk through its use of financial instruments and specifically to interest rate risk, foreign currency risk and certain other price risk which result from both its operating, investing and financing activities.

*(a) Interest Rate Risk*

The Group's policy is to minimize interest rate cash flow risk exposures on cash and cash equivalents and long-term financing. As at April 30, 2017 and 2016, the Group is exposed to changes in market interest rates through short-term placements included as part of Cash and Cash Equivalents account and stocking loans of H.R. Owen presented as Loans Payable and Borrowings, which are subject to variable interest rates, in the consolidated statements of financial position (see Notes 7 and 18).

The Group keeps placements with fluctuating interest at a minimum while H.R. Owen's stocking loans are secured at any time by fixed and floating charges on stocks of new and demonstrator cars and commercial vehicles held. As such, management believes that its exposure to interest rate risk is immaterial.



(b) *Foreign Currency Risk*

Except for H.R. Owen whose functional currency is GBP, most of the Group's transactions are carried out in Philippine pesos, its functional currency. Exposures to currency exchange rates arise from the Group's overseas purchases, which is primarily denominated in United States Dollars (USD). The Group also holds USD, GBP, Malaysian Ringgit (MYR) and European Union Euro (EUR) denominated cash and cash equivalents and receivables. Further, the Group has AFS financial assets denominated in MYR and GBP. There were no foreign currency denominated financial liabilities as at April 30, 2017 and 2016.

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

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

	<u>2017</u>	<u>2016</u>
Php - USD	<b>P 6,881,074</b>	P 15,693,359
Php - MYR	<b>11,310,121</b>	24,205,757
Php - GBP	<b>978,763,357</b>	1,107,442,737
Php - EUR	<b>280,605</b>	46,907,889

The table presented below illustrates the sensitivity of the Group's profit before tax with respect to changes in Philippine peso against USD, MYR, GBP and EUR exchange rates. These percentages have been determined based on the average market volatility in exchange rates, using standard deviation, in the previous 12 months, estimated at 95.00% level of confidence. The sensitivity analysis is based on the Group's foreign currency financial instruments held at the end of each reporting period with effect estimated from the beginning of the year.

	<u>2017</u>		<u>2016</u>	
	Reasonably possible <u>change in rate</u>	Effect in profit before tax	Reasonably possible <u>change in rate</u>	Effect in profit before tax
PhP - USD	7.69%	<b>P 529,155</b>	7.83%	P 1,228,790
PhP - MYR	11.95%	<b>1,351,559</b>	20.88%	5,054,162
PhP - GBP	30.14%	<b>294,999,276</b>	18.63%	206,316,582
PhP - EUR	17.04%	<b>47,815</b>	23.15%	<b>10,859,176</b>
		<b><u>P 296,927,805</u></b>		<b><u>P 223,458,710</u></b>

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

(c) *Other Price Risk*

The Group's market price risk arises from its investments carried at fair value (financial assets classified as AFS financial assets). The Group manages exposure to price risk by monitoring the changes in the market price of the investments and at some extent, diversifying the investment portfolio in accordance with the limit set by management.

The sensitivity of equity with regard to the volatility of the Group's AFS financial assets assumes a +/-28.09% and a +/-17.54% volatility in the market value of the investment for the years ended April 30, 2017 and 2016, respectively. The expected change was based on the annual rate of return computed using the monthly closing market value of the investment in 2017 and 2016. Based on the observed volatility rate, the estimated impact to other comprehensive income amounted to P233,027,737 and P142,646,856 for the fiscal years ended April 30, 2017 and 2016, respectively.

#### 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	2017	2016
Cash and cash equivalents	7	<b>P 1,060,850,712</b>	P 1,034,432,119
Trade and other receivables – net	8	<b>3,076,920,330</b>	2,964,012,762
Advances to associates	13	<b>199,346,627</b>	170,306,627
Other non-current assets		<b>4,706,098</b>	4,352,318
		<b><u>P 4,341,823,767</u></b>	<b><u>P 4,173,103,826</u></b>

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

##### (a) Cash and Cash Equivalents

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

##### (b) Trade and Other Receivables – net and Advances to Associates

The Group's trade receivables as at April 30, 2017 and 2016 are due mainly from customers of H.R. Owen and from PCSO. The Group maintains policies that require appropriate credit checks to be completed on potential customers prior to delivery of goods and services. On-going credit checks are periodically performed on the Group's existing customers to ensure that the credit limits remain at appropriate levels.

The Group mitigates the concentration of its credit risk from its receivables from PCSO by regularly monitoring the age of its receivables from PCSO and ensuring that collections are received within the agreed credit period. These objectives, policies and strategies are consistently applied in the previous year up to the current year. In addition, the risk is reduced to the extent that PCSO has no history of significant defaults and none of the past due receivables are impaired as at the end of the reporting period.

In respect to trade receivables from the customers of H.R. Owen and other receivables and advances to associates, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group's receivables are actively monitored to avoid significant concentrations of credit risk.

H.R. Owen's trade receivables that are past due but not impaired as at April 30 are as follows:

	<u>2017</u>	<u>2016</u>
Not more than 30 days	<b>P 11,423,626</b>	P 2,050,341
31 to 90 days	<u><b>11,339,870</b></u>	<u>272,354</u>
	<u><b>P 22,763,496</b></u>	<u>P 2,322,695</u>

*(c) Other Non-current Assets*

The refundable deposits of the Group under Other Non-Current Assets account in the consolidated statements of financial position pertain to security deposits made to various lessors and utility companies which the Group is not exposed to significant credit risk.

### **4.3 Liquidity Risk**

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

Liquidity risk is also managed by borrowing with a spread of maturity periods. The Group has significant fluctuations in short-term borrowings due to industry specific factors. The Group mitigates any potential liquidity risk through maintaining substantial unutilized banking and used vehicle stocking loan facilities. As at April 30, 2017, the Group had undrawn floating rate borrowing facilities of P2,164,121,760 represented by used and demonstrator vehicle stocking loans, all of which would be repayable on demand. Further, as at April 30, 2017, the Parent Company has undrawn loan facility of P500,000,000 from a local commercial bank.

As at April 30, 2017 and 2016, the Group's financial liabilities pertain to Trade and Other Payables (except those tax-related liabilities) and Loans Payable and Borrowings inclusive of future interest. Trade and other payables and loans payable and borrowings are expected to be settled from 12 months to 5 years from the end of each reporting period.

## 5. SEGMENT REPORTING

### ***5.1 Business Segments***

The Group is organized into different business units based on its products and services for purposes of management assessment of each unit. In identifying its operating segments, management generally follows the Group's four service lines. The Group is engaged in the business of Leasing, Services, Holdings and Investments and Motor Vehicle Dealership. Presented below is the basis of the Group in reporting to its strategic steering committee for its strategic decision-making activities.

- (a) The Leasing segment pertains to the lease of on-line lottery equipment, maintenance and repair services, and telecommunication and integration services rendered by the Group to PCSO.
- (b) The Services segment pertains to the hotel operations of PHPI.
- (c) Holdings and Investments segment relates to gains (losses) on disposal of investments and share in net gains (losses) of associates.
- (d) The Motor Vehicle Dealership segment pertains to the luxury motor vehicle retailers and provision of aftersales services of H.R. Owen.

### ***5.2 Segment Assets and Liabilities***

Segment assets are allocated based on their physical location and use or direct association with a specific segment. Segment assets include all operating assets used by a segment and consist principally of operating cash, receivables, advances, inventories and property and equipment, net of allowances and provisions. Similar to segment assets, segment liabilities are also allocated based on their use or direct association with a specific segment. Segment liabilities include all operating liabilities and consist principally of accounts, taxes currently payable and accrued liabilities.

### ***5.3 Intersegment Transactions***

Segment revenues, expenses and performance include sales and purchases between business segments. Such sales and purchases are eliminated in consolidation.

The Group's operating businesses are organized and managed separately according to the nature of segment accounting policies which are the same as the policies described in Note 2.

### ***5.4 Analysis of Segment Information***

The tables in the succeeding pages present revenue and profit information regarding business segments for the years ended April 30, 2017, 2016 and 2015, and certain assets and liabilities information regarding industry segments as at April 30, 2017 and 2016.



2017						
	Leasing	Services	Holding and Investments	Motor Vehicle Dealership	Elimination	Consolidated
Revenues:						
External	P 1,648,911,479	P 150,496,554	P 243,144,496	P 26,784,657,267	P -	P 28,827,209,796
Inter-segment	-	-	173,940,119	-	( 173,940,119)	-
Total revenues	<u>P 1,648,911,479</u>	<u>P 150,496,554</u>	<u>P 417,084,615</u>	<u>P 26,784,657,267</u>	<u>(P 173,940,119)</u>	<u>P 28,827,209,796</u>
Expenses:						
External	P 854,783,410	P 150,159,120	P 239,286,020	P 26,598,812,788	P -	P 27,843,041,338
Inter-segment	-	-	-	3,940,119	( 3,940,119)	-
Total expenses	<u>P 854,783,410</u>	<u>P 150,159,120</u>	<u>P 239,286,020</u>	<u>P 26,602,752,907</u>	<u>(P 3,940,119)</u>	<u>P 27,843,041,338</u>
Profit before tax	<u>P 794,128,069</u>	<u>P 337,434</u>	<u>P 177,798,595</u>	<u>P 181,904,360</u>	<u>(P 170,000,000)</u>	<u>P 984,168,458</u>
Net profit (loss)	<u>P 547,405,677</u>	<u>(P 526,788)</u>	<u>P 198,417,024</u>	<u>P 128,797,084</u>	<u>(P 170,000,000)</u>	<u>P 704,092,997</u>
Segment assets	<u>P 781,045,030</u>	<u>P 694,397,867</u>	<u>P 7,852,974,022</u>	<u>P 8,421,660,487</u>	<u>(P 2,994,865,698)</u>	<u>P 14,755,461,708</u>
Segment liabilities	<u>P 148,469,001</u>	<u>P 689,812,536</u>	<u>P 859,410,113</u>	<u>P 6,970,265,760</u>	<u>(P 1,117,581,980)</u>	<u>P 7,550,375,430</u>
Other segment items:						
Capital expenditures	<u>P 47,898,706</u>	<u>P 3,870,368</u>	<u>P -</u>	<u>P 279,554,937</u>	<u>P -</u>	<u>P 331,324,011</u>
Depreciation and amortization	<u>P 5,045,627</u>	<u>P 28,853,083</u>	<u>P 2,501,204</u>	<u>P 192,311,587</u>	<u>P -</u>	<u>P 228,711,501</u>
2016						
	Leasing	Services	Holding and Investments	Motor Vehicle Dealership	Elimination	Consolidated
Revenues:						
External	P 1,638,353,797	P 151,136,550	P 162,560,235	P 24,835,088,669	P -	P 26,787,139,251
Inter-segment	-	-	680,000,000	-	( 680,000,000)	-
Total revenues	<u>P 1,638,353,797</u>	<u>P 151,136,550</u>	<u>P 842,560,235</u>	<u>P 24,835,088,669</u>	<u>(P 680,000,000)</u>	<u>P 26,787,139,251</u>
Expenses:						
External	P 781,841,990	P 147,280,989	P 205,727,147	P 24,721,036,683	P -	P 25,855,886,809
Inter-segment	-	-	-	-	-	-
Total expenses	<u>P 781,841,990</u>	<u>P 147,280,989</u>	<u>P 205,727,147</u>	<u>P 24,721,036,683</u>	<u>P -</u>	<u>P 25,855,886,809</u>
Profit before tax	<u>P 856,511,807</u>	<u>P 3,855,561</u>	<u>P 636,833,088</u>	<u>P 114,051,986</u>	<u>(P 680,000,000)</u>	<u>P 931,252,442</u>
Net profit	<u>P 613,846,986</u>	<u>P 2,758,074</u>	<u>P 669,594,332</u>	<u>P 100,126,717</u>	<u>(P 680,000,000)</u>	<u>P 706,326,109</u>
Segment assets	<u>P 564,967,154</u>	<u>P 769,750,002</u>	<u>P 6,975,061,212</u>	<u>P 9,060,906,438</u>	<u>(P 1,773,752,099)</u>	<u>P 15,596,932,707</u>
Segment liabilities	<u>P 306,293,471</u>	<u>P 764,923,829</u>	<u>P 114,374,617</u>	<u>P 7,645,126,716</u>	<u>(P 899,147,059)</u>	<u>P 7,931,571,574</u>
Other segment items:						
Capital expenditures	<u>P 12,509,631</u>	<u>P 1,322,305</u>	<u>P -</u>	<u>P 772,198,812</u>	<u>P -</u>	<u>P 786,030,748</u>
Depreciation and amortization	<u>P 43,016,075</u>	<u>P 30,449,519</u>	<u>P 2,501,204</u>	<u>P 162,392,546</u>	<u>P -</u>	<u>P 238,359,344</u>

2015						
	Leasing	Services	Holding and Investments	Motor Vehicle Dealership	Elimination	Consolidated
Revenues:						
External	P 1,672,163,380	P 146,703,351	P 182,935,287	P24,731,585,604	P -	P 26,733,387,622
Inter-segment	-	-	466,619,424	-	( 466,619,424)	-
Total revenues	<u>P 1,672,163,380</u>	<u>P 146,703,351</u>	<u>P 649,554,711</u>	<u>P24,731,585,604</u>	<u>(P 466,619,424)</u>	<u>P 26,733,387,622</u>
Expenses:						
External	P 713,506,086	P 143,013,254	P 188,962,281	P24,449,630,983	P -	P 25,495,112,604
Inter-segment	-	456,046	-	113,899	( 569,945)	-
Total expenses	<u>P 713,506,086</u>	<u>P 143,469,300</u>	<u>P 188,962,281</u>	<u>P24,449,744,882</u>	<u>(P 569,945)</u>	<u>P 25,495,112,604</u>
Profit before tax	<u>P 958,657,294</u>	<u>P 3,234,051</u>	<u>P 460,592,430</u>	<u>P 281,840,722</u>	<u>(P 466,049,479)</u>	<u>P 1,238,275,018</u>
Net profit	<u>P 726,761,282</u>	<u>P 2,312,412</u>	<u>P 479,089,050</u>	<u>P 208,851,758</u>	<u>(P 466,049,479)</u>	<u>P 950,965,023</u>
Segment assets	<u>P 476,903,297</u>	<u>P 795,940,615</u>	<u>P 6,406,656,622</u>	<u>P 7,149,828,762</u>	<u>(P 1,701,723,842)</u>	<u>P 13,127,605,454</u>
Segment liabilities	<u>P 152,020,818</u>	<u>P 793,928,485</u>	<u>P 10,619,851</u>	<u>P 5,839,265,688</u>	<u>(P 770,547,059)</u>	<u>P 6,025,287,783</u>
Other segment items:						
Capital expenditures	<u>P 1,195,599</u>	<u>P 5,218,115</u>	<u>P -</u>	<u>P 286,958,249</u>	<u>P -</u>	<u>P 293,371,963</u>
Depreciation and amortization	<u>P 143,186,582</u>	<u>P 32,089,093</u>	<u>P 2,501,204</u>	<u>P 141,906,242</u>	<u>(P 456,046)</u>	<u>P 319,227,075</u>

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

### 5.5 Reconciliations

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

	2017	2016	2015
<b>Revenues</b>			
Total segment revenues	<b>P 29,001,149,915</b>	P 27,467,139,251	P 27,200,007,046
Elimination of intersegment revenues	<b>( 173,940,119)</b>	( 680,000,000)	( 466,619,424)
Revenues as reported in profit or loss	<b><u>P 28,827,209,796</u></b>	<u>P 26,787,139,251</u>	<u>P 26,733,387,622</u>
<b>Profit or loss</b>			
Segment profit before tax	<b>P 1,154,168,458</b>	P 1,611,252,442	P 1,704,324,497
Elimination of intersegment revenues	<b>( 173,940,119)</b>	( 680,000,000)	( 466,619,424)
Elimination of intersegment expenses	<b><u>3,940,119</u></b>	<u>-</u>	<u>569,945</u>
Profit before tax as reported in profit or loss	<b><u>P 984,168,458</u></b>	<u>P 931,252,442</u>	<u>P 1,238,275,018</u>

	<u>2017</u>	<u>2016</u>
<b>Assets</b>		
Segment assets	P 17,750,327,406	P 17,370,684,806
Elimination of intercompany accounts	( 2,994,865,698)	( 1,773,752,099)
Total assets as reported in the consolidated statements of financial position	<u>P 14,755,461,708</u>	<u>P 15,596,932,707</u>
<b>Liabilities</b>		
Segment liabilities	P 8,667,957,410	P 8,830,718,633
Elimination of intercompany accounts	( 1,117,581,980)	( 899,147,059)
Total liabilities as reported in the consolidated statements of financial position	<u>P 7,550,375,430</u>	<u>P 7,931,571,574</u>

## 6. CONTRACTS WITH PCSO

PGMC is a party to the ELA with PCSO covering the lease of PGMC's on-line lottery equipment (see Note 12) to PCSO under certain conditions. Under the ELA, PGMC is entitled to fees equal to a certain percentage of the gross receipts from all PCSO on-line lottery operations (the ticket sales) within a specified territory subject to an annual minimum fee as prescribed in the ELA. PGMC's revenues are derived from 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.

Fees, maintenance and repair services, and telecommunication and integration services revenues recognized by PGMC from the foregoing ELA and related agreements amounted to P1,601,472,285, P1,580,259,448 and P1,610,723,022 in 2017, 2016 and 2015, respectively, and are presented as Rental under the Revenues section of the consolidated statements of comprehensive income (see Note 28.2). The related receivables amounting to P159,974,088 and P158,974,694 as at April 30, 2017 and 2016, respectively, are shown as part of Trade receivables under Trade and Other Receivables account in the consolidated statements of financial position (see Note 8).

## 7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

	<u>2017</u>	<u>2016</u>
Cash on hand and in banks	P 886,267,519	P 763,771,111
Short-term placements	<u>174,583,193</u>	<u>270,661,008</u>
	<u>P1,060,850,712</u>	<u>P 1,034,432,119</u>

Cash in banks generally earn interest based on daily bank deposit rates. Short-term placements have an average maturity of 30 days and average annual effective interest ranging from 0.75% to 1.50% in 2017 and 2016, and 0.50% to 1.15% in 2015 (see Note 21.1).

## 8. TRADE AND OTHER RECEIVABLES

This account is composed of the following:

	Notes	2017	2016
Trade receivables	6	<b>P 772,457,042</b>	P 750,151,310
Payments for future acquisition of investments	22.3	<b>1,376,536,843</b>	1,230,955,446
Loans receivable		<b>665,287,730</b>	665,287,730
Interest receivable		<b>125,389,963</b>	88,682,628
Advances to officers and employees	22.12	<b>4,923,970</b>	5,301,754
Advances for stock subscriptions	22.2	-	82,283,456
Other receivables	22.9	<b>178,718,850</b>	184,040,041
		<b>3,123,314,398</b>	3,006,702,365
Allowance for impairment		<b>( 12,646,898)</b>	( 32,123,034)
		<b><u>P3,110,667,500</u></b>	<b><u>P2,974,579,331</u></b>

Trade receivables are usually due within 60 days and do not bear any interest.

Payments for future acquisition of investments represent deposits made to foreign parties for future acquisition of investment securities. These include deposits made to Inter-Pacific Securities Sdn Berhad (IPSSB), a related party under common ownership who acts as stockbroker of the Parent Company (see Note 22.3).

In 2013, the Parent Company granted a loan to NPI, an associate beginning 2017, amounting to P471,039,787. The loan is payable in cash to the Parent Company on demand subject to interest based on current bank rate, which commenced on January 1, 2014. In 2015, additional loan was advanced to such company amounting to P194,247,943 (nil in 2017 and 2016). Unpaid interest as at April 30, 2017 and 2016 amounted to P125,389,963 and P88,682,628, respectively, and is also included as part of loans from such company. Interest income amounting to P39,917,264 in 2017 and 2016, and P39,427,699 in 2015, is recorded as part of Finance Income in the consolidated statements of comprehensive income (see Note 21.1).

Advances for stock subscription represent deposits made by the Group for future stock subscription on NPI, which remained outstanding as at April 30, 2016. In 2017, such advances were applied as investment in NPI which made it an associate of the Group [see Notes 1.2(i) and 13.1].

Other receivables include receivables from TF Ventures, Inc. (TF) arising from payment made by the Group on behalf of TF (see Note 16).

All of the Group's trade and other receivables have been reviewed for indications of impairment. Certain receivables were found to be impaired; hence, adequate amounts of allowance for impairment have been recognized accordingly.



A reconciliation of the allowance for impairment at the beginning and end of fiscal years 2017 and 2016 is shown below.

	<u>2017</u>	<u>2016</u>
Balance at beginning of year	<b>P 32,123,034</b>	P 11,921,969
Write-off during the year	<b>( 18,161,977)</b>	( 119,202)
Translation adjustment	<b>( 1,314,159)</b>	-
Impairment loss during the year	<u>-</u>	<u>20,320,267</u>
Balance at end of year	<b><u>P 12,646,898</u></b>	<b><u>P 32,123,034</u></b>

The impairment loss on receivables is included as part of Finance Costs and Other Charges account under Other Income (Charges) section in the consolidated statements of comprehensive income (see Note 21.2).

## 9. INVENTORIES

The composition of this account are shown below.

	<u>2017</u>	<u>2016</u>
At cost:		
Vehicles	<b>P2,923,521,725</b>	P4,912,230,035
Parts and components	<b>153,099,741</b>	148,479,717
Work in progress	<b>48,083,466</b>	43,209,091
Spare parts and accessories	<b>14,760,988</b>	32,265,879
Hotel supplies	<b><u>5,840,189</u></b>	<u>7,143,014</u>
	<b><u>3,145,306,109</u></b>	<b><u>5,143,327,736</u></b>
At net realizable value:		
Vehicles	<b>1,116,532,836</b>	211,179,074
Parts and components	<b><u>46,555,940</u></b>	<u>60,461,717</u>
	<b>1,163,088,776</b>	271,640,791
Allowance for inventory write down	<b><u>( 180,866,700)</u></b>	<b><u>( 135,820,397)</u></b>
	<b><u>982,222,076</u></b>	<b><u>135,820,394</u></b>
	<b><u>P4,127,528,185</u></b>	<b><u>P5,279,148,130</u></b>

Certain vehicles are carried at net realizable value which is lower than their cost. An analysis of the movements in allowance for inventory writedown is presented below.

	<u>2017</u>	<u>2016</u>
Balance at beginning of year	<b>P 135,820,397</b>	P 135,846,187
Additional provision during the year	<b>52,855,932</b>	-
Translation adjustment	<b>( 7,809,629)</b>	82,407
Reversal during the year	<u>-</u>	<u>( 108,197)</u>
Balance at end of year	<b><u>P 180,866,700</u></b>	<b><u>P 135,820,397</u></b>

# 10. PREPAYMENTS AND OTHER CURRENT ASSETS

The details of this account are as follows:

	Note	2017	2016
Prepaid expenses		P 661,544,216	P 618,696,465
Input VAT		49,089,004	52,938,782
Refundable deposits		30,004,048	111,152,403
Prepaid taxes		28,112,139	28,112,637
Advance rental	22.10	13,070,000	12,000,000
Advances to suppliers		7,966,115	-
Creditable withholding tax		3,240,421	3,062,497
Other current assets		<u>14,403,657</u>	<u>20,244,373</u>
		807,429,600	846,207,157
Allowance for impairment		<u>-</u>	<u>( 9,375,000)</u>
		<u>P 807,429,600</u>	<u>P 836,832,157</u>

Prepaid expenses include subscriptions, refurbishment costs, maintenance expenses, license and support arrangements, prepaid insurance, benefits and advertising which are expected to be realized in the next reporting period.

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

# 11. AVAILABLE-FOR-SALE FINANCIAL ASSETS

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

	2017	2016
Equity securities	P 891,702,782	P 848,086,531
Debt securities	85,321,583	96,984,777
Others	<u>15,496,352</u>	<u>15,496,352</u>
	992,520,717	960,567,660
Allowance for impairment	<u>( 90,711,955)</u>	<u>( 91,158,267)</u>
	<u>P 901,808,762</u>	<u>P 869,409,393</u>

In 2017, certain equity securities with carrying amount of P77,033,450 (nil in 2016) are carried at cost as the fair value of these unquoted equity securities is not reliably determinable (see Note 27.2). Management believes that the cost approximates the fair value of such securities as at April 30, 2017.

In 2017 and 2016, the Group disposed certain AFS financial assets at a selling price of P106,255,575 and P20,435,557, respectively. Accordingly, the cumulative fair value gains recognized in other comprehensive income amounting to P9,564,509 in 2017 and P9,212,952 in 2016 were reclassified from equity to profit or loss and are presented as part of Reclassification Adjustments to Profit or Loss account in the 2017 and 2016 consolidated statements of comprehensive income. Net realized gain arising from sale of AFS financial assets amounted to P1,181,117 and P8,987,180 in 2017 and 2015, respectively, and net realized loss of P19,523,036 in 2016 are presented as part of Net Gain (Loss) on Sale of Available-for-sale Financial Assets account under Other Income (Charges) section in the consolidated statements of comprehensive income.

The movements of AFS financial assets follow:

	<u>2017</u>	<u>2016</u>
Balance at beginning of year	<b>P 869,409,393</b>	P1,130,764,251
Additions during the year	<b>184,727,645</b>	18,940,755
Fair value losses	<b>( 44,375,819)</b>	( 163,685,750)
Disposals during the year	<b>( 105,074,458)</b>	( 25,451,596)
Impairment losses	<b>( 2,877,999)</b>	( 91,158,267)
Balance at end of year	<b><u>P 901,808,762</u></b>	<u>P 869,409,393</u>

Dividend income from these shares amounted to P16,228,724, P13,473,677 and P27,965,624 in 2017, 2016 and 2015, respectively, and are presented as part of Finance Income under Other Income (Charges) section in the consolidated statements of comprehensive income (see Note 21.1).

In 2017 and 2016, management determined that certain investments were found to be impaired, that is, there is a significant or prolonged decline in the fair value of the securities below cost. Accordingly, impairment loss amounting to P2,877,999 in 2017 and P91,158,267 (of which P5,294,045 has been previously accumulated in equity) in 2016, was recognized in profit or loss. There were no similar transactions recognized in 2015.

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

	<u>2017</u>	<u>2016</u>
Balance at beginning of year	<b>P 91,158,267</b>	P -
Impairment losses during the year	<b>2,877,999</b>	91,158,267
Write-off of investment	<b>( 3,324,311)</b>	-
Balance at end of year	<b><u>P 90,711,955</u></b>	<u>P 91,158,267</u>

In 2017, certain investments with an allowance for impairment of P3,324,311 were written-off as the investee has been dissolved.

The fair values of all of the Group's investments, except for those carried at cost in 2017, which are categorized under Level 3, are categorized under Level 1 in fair value hierarchy, since these have been determined directly by reference to published prices in active markets and retained at cost for having no observable market data, respectively (see Note 27.2).

## 12. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of property and equipment at the beginning and end of fiscal years 2017 and 2016 are shown below.

	Computers and On-line Lottery Equipment	Buildings	Transportation Equipment	Workshop Equipment	Office Furniture, Fixtures and Equipment	Hotel and Kitchen Equipment and Utensils	Communication Equipment	Leasehold Improvements	Land	Construction in Progress	Total
April 30, 2017											
Cost	P 1,501,060,111	P 954,450,637	P 65,740,851	P 689,587,568	P 45,182,027	P 12,935,363	P 3,782,237	P 1,236,045,533	P 83,502,415	P -	P 4,592,286,742
Accumulated depreciation and amortization	( 1,455,057,067 )	( 101,217,243 )	( 45,898,668 )	( 383,043,870 )	( 38,657,848 )	( 11,078,715 )	( 3,628,452 )	( 668,587,489 )	-	-	( 2,707,169,352 )
Net carrying amount	<u>P 46,003,044</u>	<u>P 853,233,394</u>	<u>P 19,842,183</u>	<u>P 306,543,698</u>	<u>P 6,524,179</u>	<u>P 1,856,648</u>	<u>P 153,785</u>	<u>P 567,458,044</u>	<u>P 83,502,415</u>	<u>P -</u>	<u>P 1,885,117,390</u>
April 30, 2016											
Cost	P 1,462,780,058	P 720,291,386	P 53,839,230	P 632,908,760	P 42,748,557	P 12,418,584	P 3,782,237	P 1,309,362,470	P 89,396,781	P 264,584,956	P 4,592,113,019
Accumulated depreciation and amortization	( 1,457,004,319 )	( 83,704,927 )	( 44,224,760 )	( 320,637,660 )	( 36,426,225 )	( 10,047,274 )	( 3,580,166 )	( 634,726,994 )	-	-	( 2,590,352,325 )
Net carrying amount	<u>P 5,775,739</u>	<u>P 636,586,459</u>	<u>P 9,614,470</u>	<u>P 312,271,100</u>	<u>P 6,322,332</u>	<u>P 2,371,310</u>	<u>P 202,071</u>	<u>P 674,635,476</u>	<u>P 89,396,781</u>	<u>P 264,584,956</u>	<u>P 2,001,760,694</u>
May 1, 2015											
Cost	P 1,464,373,633	P 720,291,386	P 47,921,590	P 455,554,914	P 37,487,189	P 12,105,408	P 3,782,237	P 960,063,243	P 89,343,937	P -	P 3,790,923,537
Accumulated depreciation and amortization	( 1,422,427,370 )	( 69,253,662 )	( 38,232,347 )	( 250,628,763 )	( 33,957,876 )	( 8,044,942 )	( 3,531,880 )	( 532,488,817 )	-	-	( 2,358,565,657 )
Net carrying amount	<u>P 41,946,263</u>	<u>P 651,037,724</u>	<u>P 9,689,243</u>	<u>P 204,926,151</u>	<u>P 3,529,313</u>	<u>P 4,060,466</u>	<u>P 250,357</u>	<u>P 427,574,426</u>	<u>P 89,343,937</u>	<u>P -</u>	<u>P 1,432,357,880</u>



The reconciliation of the carrying amounts at the beginning and end of fiscal years 2017 and 2016, of property and equipment is shown below.

	Computers and On-line Lottery Equipment	Buildings	Transportation Equipment	Workshop Equipment	Office Furniture, Fixtures and Equipment	Hotel and Kitchen Equipment and Utensils	Communication Equipment	Leasehold Improvements	Land	Construction in Progress	Total
Balance at May 1, 2016											
net of accumulated											
depreciation and amortization	P 5,775,739	P 636,586,459	P 9,614,470	P 312,271,100	P 6,322,332	P 2,371,310	P 202,071	P 674,635,476	P 89,396,781	P 264,584,956	P 2,001,760,694
Additions	42,176,753	-	15,260,030	89,494,861	2,433,470	516,779	-	48,722,012	-	-	198,603,905
Disposals	( 22,000 )	( 699,030 )	( 6,000 )	-	-	-	-	( 1,000 )	-	-	( 728,030 )
Reclassifications	-	252,303,661	-	12,281,295	-	-	-	-	-	( 264,584,956 )	-
Depreciation and amortization											
changes for the year	( 1,927,448 )	( 17,447,373 )	( 5,009,312 )	( 85,069,985 )	( 2,231,623 )	( 1,031,441 )	( 48,286 )	( 110,723,058 )	-	-	( 223,488,526 )
Translation adjustment	-	( 17,510,323 )	( 17,005 )	( 22,433,573 )	-	-	-	( 45,175,386 )	( 5,894,366 )	-	( 91,030,653 )
Balance at April 30, 2017											
net of accumulated											
depreciation and amortization	<u>P 46,003,044</u>	<u>P 853,233,394</u>	<u>P 19,842,183</u>	<u>P 306,543,698</u>	<u>P 6,524,179</u>	<u>P 1,856,648</u>	<u>P 153,785</u>	<u>P 567,458,044</u>	<u>P 83,502,415</u>	<u>P -</u>	<u>P 1,885,117,390</u>
Balance at May 1, 2015											
net of accumulated											
depreciation and amortization	P 41,946,263	P 651,037,724	P 9,689,243	P 204,926,151	P 3,529,313	P 4,060,466	P 250,357	P 427,574,426	P 89,343,937	P -	P 1,432,357,880
Property and equipment											
of new subsidiary	-	-	-	9,845,257	-	-	-	9,435,306	-	-	19,280,563
Additions	1,061,944	-	5,917,641	169,119,575	5,261,368	313,176	-	339,772,088	-	264,584,956	786,030,748
Disposals	( 12,000 )	-	-	( 180,088 )	-	-	-	-	-	-	( 192,088 )
Depreciation and amortization											
changes for the year	( 37,220,468 )	( 14,451,265 )	( 5,992,414 )	( 72,505,128 )	( 2,468,349 )	( 2,002,332 )	( 48,286 )	( 103,671,102 )	-	-	( 238,359,344 )
Translation adjustment	-	-	-	1,065,333	-	-	-	1,524,758	52,844	-	2,642,935
Balance at April 30, 2016											
net of accumulated											
depreciation and amortization	<u>P 5,775,739</u>	<u>P 636,586,459</u>	<u>P 9,614,470</u>	<u>P 312,271,100</u>	<u>P 6,322,332</u>	<u>P 2,371,310</u>	<u>P 202,071</u>	<u>P 674,635,476</u>	<u>P 89,396,781</u>	<u>P 264,584,956</u>	<u>P 2,001,760,694</u>
Balance at May 1, 2014											
net of accumulated											
depreciation and amortization	P 170,033,092	P 662,930,984	P 21,074,772	P 166,086,427	P 7,066,935	P 5,851,310	P 16,000	P 460,403,773	P -	P -	P 1,493,463,293
Property and equipment											
of new business unit	-	-	-	3,905,640	-	-	-	6,544,645	-	-	10,450,285
Additions	-	2,549,154	746,088	112,385,709	203,083	500,950	246,428	87,396,614	89,343,937	-	293,371,963
Disposals	( 4,000 )	-	( 7,000 )	( 28,005 )	-	-	-	-	-	-	( 39,005 )
Depreciation and amortization											
changes for the year	( 128,082,829 )	( 14,442,414 )	( 12,124,617 )	( 65,107,522 )	( 3,740,705 )	( 2,291,794 )	( 12,071 )	( 93,425,123 )	-	-	( 319,227,075 )
Translation adjustment	-	-	-	( 12,316,098 )	-	-	-	( 33,343,483 )	-	-	( 45,661,581 )
Balance at April 30, 2015											
net of accumulated											
depreciation and amortization	<u>P 41,946,263</u>	<u>P 651,037,724</u>	<u>P 9,689,243</u>	<u>P 204,926,151</u>	<u>P 3,529,313</u>	<u>P 4,060,466</u>	<u>P 250,357</u>	<u>P 427,574,426</u>	<u>P 89,343,937</u>	<u>P -</u>	<u>P 1,432,357,880</u>

Workshop equipment includes fixtures and fittings utilized for bodyshop works.

Construction in progress pertains to buildings and leased properties undergoing renovation. The total cost was reclassified to the appropriate accounts upon completion 2017.

The Group recognized gain on disposal of certain property and equipment totaling P3,395,202, P1,438,383 and P1,930,481 in 2017, 2016 and 2015, respectively, and are presented as part of Other Income under Other Income (Charges) section in the consolidated statements of comprehensive income (see Note 19.1).

The cost of fully depreciated assets still being used in operations as at April 30, 2017 and 2016, amounted to P1,572,231,317 and P2,029,934,011, respectively.

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

#### 13.1 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 the consolidated financial statements of the Group:

	Notes	PLPI	BPPI	BAPI	CPI	SBMPI	NPI	Total
<b>April 30, 2017</b>								
Investment:								
Acquisition costs:								
Beginning balance		P 7,999,997	P 117,400,000	P 178,380,000	P 399,996	P 22,500,000	P -	P 326,679,993
Reclassification		-	-	-	-	-	82,283,456	82,283,456
Additional investment	22.1	<u>7,999,997</u>	<u>63,000,000</u>	<u>178,380,000</u>	<u>399,996</u>	<u>22,500,000</u>	<u>-</u>	<u>63,000,000</u>
		<u>7,999,997</u>	<u>180,400,000</u>	<u>178,380,000</u>	<u>399,996</u>	<u>22,500,000</u>	<u>82,283,456</u>	<u>471,963,449</u>
Deduction of interest in associate –								
Loss on deemed disposal	21.2	<u>-</u>	<u>-</u>	<u>( 99,084,160 )</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 99,084,160 )</u>
Accumulated equity share								
in net profit (losses):								
Share in net profit								
(losses) in prior years		34,608,843	( 117,400,000 )	223,225,677	( 399,996 )	-	-	140,034,524
Share in net profit		<u>619,288</u>	<u>( 63,000,000 )</u>	<u>109,850,820</u>	<u>-</u>	<u>( 5,638,499 )</u>	<u>87,980,951</u>	<u>129,812,560</u>
(losses) during the year		<u>35,228,131</u>	<u>( 180,400,000 )</u>	<u>333,076,497</u>	<u>( 399,996 )</u>	<u>( 5,638,499 )</u>	<u>87,980,951</u>	<u>269,847,084</u>
Total investments in associates		<u>43,228,128</u>	<u>-</u>	<u>412,372,337</u>	<u>-</u>	<u>16,861,501</u>	<u>170,264,407</u>	<u>642,726,373</u>
Advances	22.1	<u>31,683,131</u>	<u>165,040,000</u>	<u>-</u>	<u>2,623,496</u>	<u>-</u>	<u>-</u>	<u>199,346,627</u>
		<b><u>P 74,911,259</u></b>	<b><u>P 165,040,000</u></b>	<b><u>P 412,372,337</u></b>	<b><u>P 2,623,496</u></b>	<b><u>P 16,861,501</u></b>	<b><u>P 170,264,407</u></b>	<b><u>P 842,073,000</u></b>
<b>April 30, 2016</b>								
Investment:								
Acquisition costs:								
Beginning balance		P 399,997	P 26,000,000	P 62,700,000	P 399,996	P 22,500,000	P -	P 111,999,993
Reclassification	22.1, 22.2	7,600,000	91,400,000	-	-	-	-	99,000,000
Additional investment	22.1	<u>-</u>	<u>-</u>	<u>115,680,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>115,680,000</u>
		<u>7,999,997</u>	<u>117,400,000</u>	<u>178,380,000</u>	<u>399,996</u>	<u>22,500,000</u>	<u>-</u>	<u>326,679,993</u>
Accumulated equity share								
in net profit (losses):								
Share in net profit								
(losses) in prior years		32,680,551	( 61,400,000 )	113,388,214	( 399,996 )	-	-	84,268,769
Share in net profit		<u>1,928,292</u>	<u>( 56,000,000 )</u>	<u>109,837,463</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,765,755</u>
(losses) during the year		<u>34,608,843</u>	<u>( 117,400,000 )</u>	<u>223,225,677</u>	<u>( 399,996 )</u>	<u>-</u>	<u>-</u>	<u>140,034,524</u>
Total investments in associates		<u>42,608,840</u>	<u>-</u>	<u>401,605,677</u>	<u>-</u>	<u>22,500,000</u>	<u>-</u>	<u>466,714,517</u>
Advances	22.1	<u>29,683,131</u>	<u>138,200,000</u>	<u>-</u>	<u>2,423,496</u>	<u>-</u>	<u>-</u>	<u>170,306,627</u>
		<b><u>P 72,291,971</u></b>	<b><u>P 138,200,000</u></b>	<b><u>P 401,605,677</u></b>	<b><u>P 2,423,496</u></b>	<b><u>P 22,500,000</u></b>	<b><u>P -</u></b>	<b><u>P 637,021,144</u></b>

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

In 2017, NPI became an associate of the Group due to reclassification of certain advances for future stock subscription to an investment in associate [see Note 1.2(i)].

Starting 2014, the Group ceased to recognize further losses of BPPI and CPI and carried the related investments at nil in the consolidated statements of financial position as a result of the accumulated share in net losses recognized to the extent of the original cost of the investments [see Note 2.3(b)]. In 2017 and 2016, the Group recognized share in net losses of BPPI equivalent to the additional investment made during those years (see Note 22.1). The cumulative unrecognized share in net losses over BPPI and CPI amounted to P4,233,317 and P1,000,996, respectively in 2017, while P25,032,030 and P898,674, respectively in 2016.

### 13.2 Summarized Financial Information

Significant financial information as at and for the years ended April 30 is presented as follows:

2017				
	Assets	Liabilities	Equity (Capital)	Net Profit (Loss)
			Deficiency)	
BAPI	P 2,454,993,018	P 998,244,921	P 1,456,748,097	P 390,410,931
NPI*	1,051,745,927	798,926,095	252,819,832	212,171,196
BPPI	222,277,258	498,590,229	( 276,312,972)	( 92,600,138)
PLPI	199,264,734	91,363,690	107,901,044	1,548,221
SBMPI	178,614,073	99,556,218	79,057,855	( 28,192,497)
CPI	155,515	2,657,996	( 2,502,481)	( 255,805)
	<u>P 4,107,160,131</u>	<u>P 2,489,713,124</u>	<u>P 1,617,747,008</u>	<u>P 483,081,908</u>
2016				
	Assets	Liabilities	Equity (Capital)	Net Profit (Loss)
			Deficiency)	
BAPI	P 2,287,632,263	P 1,302,605,094	P 985,027,169	P 366,124,878
PLPI	203,556,039	97,203,216	106,352,823	4,820,732
BPPI	186,403,874	460,277,633	( 273,873,759)	( 85,330,255)
SBMPI	132,883,725	25,633,373	107,250,352	( 5,249,648)
CPI	222,310	2,468,986	( 2,246,676)	( 803,287)
	<u>P 2,810,698,211</u>	<u>P 1,888,188,302</u>	<u>P 922,509,909</u>	<u>P 279,562,420</u>

\* Consolidated balances of NPI and SRDC as at and for the year ended April 30, 2017.

### 13.3 Subsidiary with Material Non-controlling Interest

NCI pertains to equity share of minority holders over H.R. Owen. As at April 30, 2017 and 2016, minority holders held 1.62% and 27.97%, respectively, interest over H.R. Owen. Profit allocated to NCI amounted to P30,025,157 and P28,005,443, respectively. There were no dividends paid to NCI in 2017 and 2016.

The summarized financial position of H.R. Owen, before intragroup eliminations, as at April 30 is shown in the succeeding page.

	<u>2017</u>	<u>2016</u>
Assets	<b><u>P 8,421,660,487</u></b>	<u>P 9,060,906,438</u>
Liabilities	<b><u>P 6,970,265,760</u></b>	<u>P 7,645,126,716</u>
Equity	<b><u>1,451,394,727</u></b>	<u>1,415,779,722</u>
	<b><u>P 8,421,660,487</u></b>	<u>P 9,060,906,438</u>

The summarized financial performance and cash flows of H.R. Owen, before intragroup eliminations, for the years ended April 30, 2017 and 2016 is shown below.

	<u>2017</u>	<u>2016</u>
Revenues	<b>P26,775,974,154</b>	P 24,774,871,911
Net profit	<b>129,903,676</b>	100,126,717
Other comprehensive income (loss)	<b>2,745,754</b>	( 6,342,388)
Net cash from (used in):		
operating activities	<b>51,134,558</b>	589,418,703
investing activities	<b>( 533,433,670)</b>	( 1,049,756,002)
financing activities	<b><u>287,272,800</u></b>	<u>273,378,800</u>
Net cash outflow	<b><u>(P 195,026,312)</u></b>	<u>(P 186,958,499)</u>

#### 14. INTANGIBLE ASSETS

The compositions of this account as at April 30 are shown below.

	<u>2017</u>	<u>2016</u>
Goodwill	<b>P 1,114,063,397</b>	P 1,167,284,328
Dealership rights	<b>660,563,886</b>	707,192,546
Customer relationship	<b><u>32,328,468</u></b>	<u>40,323,373</u>
	<b><u>P 1,806,955,751</u></b>	<u>P 1,914,800,247</u>

The reconciliation of the carrying amounts of intangible assets at the beginning and end of fiscal years 2017 and 2016 is shown below.

	<u>Goodwill</u>	<u>Dealership Rights</u>	<u>Customer Relationships</u>	<u>Total</u>
Balance at May 1, 2016	P 1,167,284,328	P 707,192,546	P 40,323,373	P 1,914,800,247
Amortization	-	-	( 5,222,975)	( 5,222,975)
Translation adjustment	( 53,220,931)	( 46,628,660)	( 2,771,930)	( 102,621,521)
Balance at April 30, 2017	<b><u>P 1,114,063,397</u></b>	<b><u>P 660,563,886</u></b>	<b><u>P 32,328,468</u></b>	<b><u>P 1,806,955,751</u></b>
Balance at May 1, 2015	P 1,108,183,290	P 706,774,509	P -	P 1,814,957,799
Additions	61,351,471	-	42,174,557	103,526,028
Translation adjustment	( 2,250,433)	418,037	( 1,851,184)	( 3,683,580)
Balance at April 30, 2016	<u>P 1,167,284,328</u>	<u>P 707,192,546</u>	<u>P 40,323,373</u>	<u>P 1,914,800,247</u>



Goodwill represents the excess of the acquisition cost over the fair value of identifiable net assets of subsidiaries and businesses at the date the Group acquired control over them.

The recoverable amount of a cash generating unit is determined based on value-in-use calculation using cash flow projections based on financial budgets over a certain period.

In August 2014, H.R. Owen acquired a Bentley dealership in Barnet, North London, in order to provide operational and cost synergies. Cash consideration amounted to P161,093,916 while total tangible assets and liabilities acquired amounted to P80,071,014 and P11,187,903, respectively. Consequently, the Group recorded goodwill amounting to P92,210,805 in relation to this acquisition.

In December 2015, H.R. Owen acquired Bodytechnics, in order to enhance the Group's aftersales operations. Cash consideration amounted to P186,492,817, while total tangible assets and liabilities acquired amounted to P132,772,439 and P49,805,650, respectively. The Group also recognized customer relationship amounting to P42,174,557 which was identified separately for the net assets of Bodytechnics. Consequently, the Group recorded goodwill amounting to P61,351,471.

Customer relationships pertain to the association of Bodytechnics with its insurers and franchised garages.

Dealership rights were determined as separately identifiable intangible assets acquired separately from the net assets of H.R. Owen. The dealership rights pertain to agreements with various luxury car manufacturers which authorized H.R. Owen to sell new and used cars as well as provide after-sale services across England.

Goodwill and dealership rights have indefinite useful lives, thus, not subject to amortization but would require an annual test for impairment. Goodwill and dealership rights are subsequently carried at cost less accumulated impairment losses. Customer relationship is amortized over the estimated useful life of 10 years. No impairment loss was recognized at end of the periods presented based on management's assessment.

## **15. INVESTMENT PROPERTY**

In 2017, the Group acquired certain residential property amounting to 2,218,235 GBP (about P132,720,106), which is classified by the Group as investment property. The translated amount of investment property as at April 30, 2017 amounted to P141,608,573.

The Group has not yet earned rent income from investment property in 2017. Real estate taxes on investment property amounting to P13,408,602 were recognized as related expenses in 2017. The fair value of investment property approximates its carrying amount as at April 30, 2017 due to the proximity of the purchase date to the reporting date (see Note 27.4).

## 16. MEMORANDUM OF AGREEMENT AND DEED OF ASSIGNMENTS

In December 2009, the Parent Company entered into a Memorandum of Agreement (MOA) with the stockholders of TF, whereby the stockholders agreed to sell all their interest in TF and to consent to the sale of TF's assets to PHPI and PLPI for a total consideration of P785,000,000.

Previously, both the hotel building and land were attached as a lien to an obligation of TF, which was then under court rehabilitation. Subsequently, the court approved the sale of the hotel to PHPI and the land to PLPI together with the settling of the lien over the hotel building and land. Accordingly in 2010, the Parent Company advanced funds to PHPI for the acquisition of the hotel building. On the other hand, the land was acquired by PLPI for an amount of P70,000,000 payable in equal installments over eight years (see Note 22.1). The outstanding balance is presented as part of Other receivables under Trade and Other Receivables account in the consolidated statements of financial position (see Note 8).

## 17. TRADE AND OTHER PAYABLES

This account consists of the following:

	<u>Notes</u>	<u>2017</u>	<u>2016</u>
Trade payables	22.5, 22.6	<b>P1,025,537,981</b>	P 1,367,122,558
Advances from customers		<b>1,285,343,581</b>	1,439,274,113
Accrued expenses		<b>314,559,038</b>	363,787,871
Deferred output VAT		<b>174,161,012</b>	28,732,782
Withholding taxes payable		<b>40,327,109</b>	134,088,729
Deferred income		<b>22,648,754</b>	41,890,790
Management fee payable	22.4	<b>20,223,000</b>	19,880,000
Accrued interest payable	18.1	<b>1,078,767</b>	-
Due to related parties	22.8	<b>512,644</b>	3,178,732
Other payables		<b><u>278,455,227</u></b>	<u>173,934,813</u>
		<b><u>P 3,162,847,113</u></b>	<u>P 3,571,890,388</u>

Advances from customers pertain to amounts received as deposits in anticipation of future sale of vehicles before title passes to the customer.

Accrued expenses include unpaid salaries and wages, commissions, utilities, supplies, and other operating expenses of the Group.

Deferred income includes the amount received by H.R. Owen in relation to the sale and leaseback transaction between H.R. Owen and a third party. There is no similar transaction in 2017.

## 18. LOANS PAYABLE AND BORROWINGS

This account consists of the following:

	Notes	2017	2016
Current:			
Vehicle stocking loans	18.2	<b>P3,230,268,108</b>	P 3,861,190,758
Bank loans	18.1	<b><u>630,888,960</u></b>	<u>373,378,800</u>
		<b>3,861,157,068</b>	4,234,569,558
Non-current –			
Bank loans	18.1	<b><u>367,393,973</u></b>	<u>-</u>
		<b><u>P4,228,551,041</u></b>	<u>P 4,234,569,558</u>

### 18.1 Bank Loans

In 2014, the Parent Company obtained a secured loan amounting to P1,000,000,000 from a local bank for its working capital requirements. Such loan bears a fixed annual interest based on prevailing market rate. In 2015, the Parent Company fully paid such loan. Interest expense on this loan in 2015 amounted to P20,533,333 and is presented as part of Finance Costs and Other Charges under Other Income (Charges) section in the 2015 consolidated statement of comprehensive income (see Note 21.2).

In 2016, the Parent Company obtained a secured loan amounting to P200,000,000 which represents the initial drawdown of a P700,000,000 loan from a local bank for its working capital requirements. Such loan bears a fixed annual interest based on prevailing market rate and is secured by surety from PGM C and a real estate mortgage over parcels of land owned by PLPI. Outstanding balance of such loan amounted to P100,000,000 as at April 30, 2016. In 2017, the Parent Company fully paid such loan. Interest expense on this loan amounted to P892,593 and P3,222,222 in 2017 and 2016, respectively, and is presented as part of Finance Costs and Other Charges under Other Income (Charges) section in the 2017 and 2016 consolidated statements of comprehensive income (see Note 21.2). There was no unpaid interest as at April 30, 2017 and 2016.

In 2017, the Parent Company obtained a secured loan amounting to P700,000,000 from a local bank for its working capital requirements and other purposes. Such loan bears a fixed annual interest based on prevailing market rate and is secured by surety from PGM C and real estate mortgage over parcels of land owned by PLPI. Outstanding balance of such loan amounted to P583,333,333 as at April 30, 2017. Interest expense on this loan amounted to P10,873,972 in 2017 and is presented as part of Finance Costs and Other Charges under Other Income (Charges) section in the 2017 consolidated statement of comprehensive income. As at April 30, 2017, unpaid interest amounting to P1,078,767 is presented as Accrued interest payable under Trade and Other Payables account in the 2017 consolidated statement of financial position (see Note 17).

H.R. Owen has an outstanding loan from a financial institution, which bears a fixed annual interest based on prevailing market rate. Outstanding balance of such loan amounted to P414,949,600 and P273,378,800 as at April 30, 2017 and 2016. Interest expense on this loan amounted to P6,985,961 and P7,293,309 in 2017 and 2016, respectively, and is presented as part of Finance Costs and Other Charges under Other Income (Charges) section in the 2017 and 2016 consolidated statements of comprehensive income (see Note 21.2).

### **18.2 Vehicle Stocking Loans**

Manufacturers' vehicle stocking loans and other loans amounting to P1,660,520,737 and P2,872,403,969 as at April 30, 2017 and 2016, respectively, are all at variable, floating commercial rates of interest. These are secured at any time by fixed and floating charges on stocks of new and demonstrator cars and commercial vehicles held. Other third party vehicle stocking loans amounting to P1,569,747,371 and P988,786,789 as at April 30, 2017 and 2016, respectively, are secured by fixed and floating charges on stocks of used cars.

Finance costs incurred related to H.R. Owen's vehicle stocking loans amounted to P113,605,472, P112,066,288 and P92,281,791 in 2017, 2016 and 2015, respectively, and are presented as part of Finance Costs and Other Charges under Other Income (Charges) section in the consolidated statements of comprehensive income (see Note 21.2).

## **19. OTHER INCOME AND EXPENSES**

### **19.1 Other Income**

Other income consists of the following:

	<u>Note</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Excess of 7% standard input VAT over actual input VAT related to revenues with the PCSO		<b>P 42,288,155</b>	P 55,140,463	P 57,276,573
Net gain on disposal of property and equipment	12	<b>3,395,202</b>	1,438,383	1,930,481
Gain on reversal of impairment loss		<b>1,528,706</b>	-	-
Manufacturer support		-	27,866,840	-
Income from forfeited customer deposits		-	-	2,411,612
Miscellaneous		<b>24,165,632</b>	33,279,541	15,735,416
		<b><u>P 71,377,695</u></b>	<b><u>P 117,725,227</u></b>	<b><u>P 77,354,082</u></b>

Income from excess of 7% standard input VAT over actual input VAT consists of the excess of 7% standard input VAT over actual input VAT on purchases related to revenues with the PCSO.

In 2016, manufacturer support pertains to a one-time gain related to the amount received by H.R. Owen from a manufacturer as an incentive for dealing vehicles in London. There is no similar transaction in 2017 and 2015.



Miscellaneous income include rental income from sublease of certain properties and unutilized service charge income attributable to the management.

### **19.2 Other Operating Expenses**

Other operating expenses account is composed of the following:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Advertising and promotions	<b>P 501,254,805</b>	P 704,742,326	P 671,821,189
Stationery and office supplies	<b>80,069,728</b>	115,556,592	41,956,282
Insurance	<b>72,211,800</b>	65,853,705	65,104,111
Outside services	<b>65,341,730</b>	28,399,991	12,064,404
Repairs and maintenance	<b>59,148,974</b>	76,637,025	75,697,396
Hotel supplies	<b>10,499,974</b>	9,519,342	7,665,672
Sponsorships	<b>10,257,708</b>	1,249,968	17,186,093
Commissions	<b>5,343,632</b>	5,304,884	3,800,769
Security services	<b>4,382,365</b>	4,177,485	8,580,550
Membership fees, dues and subscription	<b>4,128,426</b>	5,354,910	3,824,144
Laundry	<b>3,018,579</b>	3,209,739	3,076,341
Computer supplies	<b>1,990,233</b>	1,623,632	64,476,342
Miscellaneous expenses	<b><u>113,983,838</u></b>	<u>62,320,610</u>	<u>26,500,024</u>
	<b><u>P 931,631,792</u></b>	<u>P1,083,950,209</u>	<u>P1,001,753,317</u>

Miscellaneous expenses include gas and oil, store supplies consumable and vehicle storage.

## **20. EMPLOYEE BENEFITS**

### **20.1 Salaries and Employee Benefits**

Details of Salaries and employee benefits are presented below.

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Short-term employee benefits:			
Salaries	<b>P 1,494,502,837</b>	P 1,399,044,914	P 1,352,255,117
Social security cost	<b>173,518,187</b>	159,611,204	143,933,255
Bonuses	<b>12,797,871</b>	17,408,151	14,780,032
Fringe benefits	<b>12,772,112</b>	10,016,282	2,238,863
Compensated absences	<b>2,690,502</b>	2,199,779	2,812,471
Health benefits	<b>1,271,995</b>	1,251,341	2,938,880
Others	<b><u>16,201,595</u></b>	<u>16,763,236</u>	<u>38,762,598</u>
	<b>1,713,755,099</b>	1,606,294,907	1,557,721,216
Post-employment benefits	<b><u>18,370,054</u></b>	<u>18,920,303</u>	<u>6,814,447</u>
	<b><u>P 1,732,125,153</u></b>	<u>P 1,625,215,210</u>	<u>P 1,564,535,663</u>

## 20.2 Post-employment Defined Benefit Obligation

### (a) Characteristics of Defined Benefit Plan

PGMC maintains a tax-qualified, non-contributory post-employment plan covering all regular full-time employees. PHPI, on the other hand, has an unfunded, non-contributory post-employment defined benefit plan covering all regular full-time employees; while H.R. Owen's retirement benefit plan administered by a trustees operates on a pre-funded basis.

### (b) Explanation of Amounts Presented in the Consolidated Financial Statements

Actuarial valuations are made annually to update the post-employment benefit costs and the amount of contributions. All amounts presented below and in the succeeding pages are based on the actuarial valuation report obtained from independent actuaries in 2017 and 2016.

The amounts of post-employment benefit obligation recognized in the consolidated statements of financial position are determined as follows:

	<u>2017</u>	<u>2016</u>
Present value of the obligation	<b>P 927,419,911</b>	P 845,937,277
Fair value of plan assets	<b>( 890,300,678)</b>	( 805,138,451)
	<b><u>P 37,119,233</u></b>	<b><u>P 40,798,826</u></b>

The movements in present value of the post-employment defined benefit obligation recognized in the books are as follows:

	<u>2017</u>	<u>2016</u>
Balance at beginning of year	<b>P 845,937,277</b>	P 893,161,001
Actuarial loss (gain)	<b>137,924,064</b>	( 52,974,188)
Translation adjustment	<b>( 49,916,995)</b>	1,496,073
Benefits paid by the plan	<b>( 42,665,341)</b>	( 33,883,459)
Current service and interest costs	<b><u>36,140,906</u></b>	<u>38,137,850</u>
Balance at end of year	<b><u>P 927,419,911</u></b>	<b><u>P 845,937,277</u></b>

The movements in the fair value of plan assets are presented below.

	<u>2017</u>	<u>2016</u>
Balance at beginning of year	<b>P 805,138,451</b>	P 845,437,121
Return on plan assets	<b>129,834,566</b>	( 44,517,277)
Translation adjustment	<b>( 49,999,559)</b>	1,255,698
Benefits paid by the plan	<b>( 42,665,341)</b>	( 33,883,459)
Interest income	<b>25,485,667</b>	29,000,909
Employer's contribution	<b>22,373,112</b>	8,220,718
Actuarial gain (loss)	<b><u>133,782</u></b>	<u>( 375,259)</u>
Balance at end of year	<b><u>P 890,300,678</u></b>	<b><u>P 805,138,451</u></b>

The plan assets consist of the following:

	<u>2017</u>	<u>2016</u>
Equity securities	<b>P 587,711,632</b>	P 521,543,120
Debt securities	<b>292,433,907</b>	279,188,250
Cash in banks	<b>7,219,671</b>	3,022,613
Unit investment trust funds	<b>2,829,788</b>	1,169,741
Government bonds	<b>84,195</b>	128,285
Miscellaneous receivables	<b><u>21,485</u></b>	<u>86,442</u>
	<b><u>P 890,300,678</u></b>	<u>P 805,138,451</u>

Cash in banks includes deposit to a trustee bank and a special deposit account with Bangko Sentral ng Pilipinas. The fair values of the above plan assets, except for miscellaneous receivables which is at Level 3, are determined based on quoted market prices in active markets and are classified as Level 1 of the fair value hierarchy.

The plan asset does not comprise any of the Group's own financial instruments or any of its assets occupied and/or used in its operations.

The components of amounts recognized in profit or loss and in other comprehensive income in respect of the defined benefit post-employment plan are as follows:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<i>Reported in consolidated profit or loss:</i>			
Current service costs	<b>P 8,696,218</b>	P 7,132,699	P 6,814,446
Net interest costs	<b><u>1,959,021</u></b>	<u>2,004,242</u>	<u>1,567,403</u>
	<b><u>P 10,655,239</u></b>	<u>P 9,136,941</u>	<u>P 8,381,849</u>
<i>Reported in consolidated other comprehensive income:</i>			
Remeasurement gains (losses) arising from changes in:			
Financial assumptions	<b>(P 137,733,728)</b>	P 1,850,492	(P 105,728,755)
Demographic assumptions	<b>( 15,641,238)</b>	44,765,779	47,292,804
Experience adjustments	<b>12,563,794</b>	5,359,505	( 3,280,615)
Return on plan assets	<b>132,782,636</b>	( 44,047,523)	54,927,424
Tax effect	<b><u>2,065,397</u></b>	<u>( 1,585,678)</u>	<u>1,865,983</u>
	<b><u>(P 5,963,139)</u></b>	<u>P 6,342,575</u>	<u>(P 4,923,159)</u>

Current service cost is allocated and presented as part of Salaries and Employee Benefits under Costs and Other Operating Expenses section in the consolidated statements of comprehensive income. The net interest cost is included in Finance Costs and Other Charges under Other Income (Charges) section in the consolidated statements of comprehensive income (See Note 21.2).

Amounts recognized in other comprehensive income were included within items that will not be reclassified subsequently to profit or loss.

In determining the amounts of the defined post-employment benefit obligation, the discount rate used by the Group ranges from 2.70% to 5.08% in 2017, 3.50% to 5.11% in 2016, and 3.40% to 4.75% in 2015.

*(c) Risks Associated with the Retirement Plan*

The plan exposes the Group to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

*(i) Investment and Interest Risks*

The present value of the defined benefit obligation is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of a reference government bonds will increase the plan obligation. However, this will be partially offset by an increase in the return on the plan's investments in debt securities and if the return on plan asset falls below this rate, it will create a deficit in the plan. Currently, majority of the plan asset has been invested in equity and debt securities.

*(ii) Longevity and Salary Risks*

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of the plan participants both during their employment and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

*(d) Other Information*

The information on the sensitivity analysis for certain significant actuarial assumptions, the Group's asset-liability matching strategy, and the timing and uncertainty of future cash flows related to the retirement plan are described in the succeeding page.



(i) *Sensitivity Analysis*

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the defined benefit obligation as at April 30:

	Maximum Impact on			
	Post-employment Defined Benefit Obligation			
	Change in Assumption		Increase in Assumption	Decrease in Assumption
<u>2017</u>				
Discount rate	+/- 1.00%	(P	4,821,295)	P 4,821,295
Turn-over rate	+/-10.00%	(	30,317)	30,717
<u>2016</u>				
Discount rate	+/- 1.00%	(P	4,975,053)	P 4,975,053
Turn-over rate	+/-10.00%	(	33,999)	33,999

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation recognized in the consolidated statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

(ii) *Asset-liability Matching Strategies*

PGMC, through its BOD, envisions that the investment positions shall be managed in accordance with its asset-liability matching strategy to achieve that long-term investments are in line with the obligations under the retirement scheme. This aims to match the plan assets to the retirement obligations by investing in equities and maintaining cash and cash equivalents that match the benefit payments as they fall due and in the appropriate currency.

There are no asset-liability matching strategies currently being used by H.R. Owen's retirement plan.

(iii) *Funding Arrangements and Expected Contributions*

The undiscounted expected benefit payment from the plan is expected to be paid more than 15 years from the reporting date. The weighted average duration of the defined benefit obligation at the end of the reporting period is 15 years.

The best estimate of contribution to be paid by H.R. Owen to the plan for the fiscal year 2018 is P8,064,675.

## 21. FINANCE INCOME AND FINANCE COSTS

The components of this account follow:

### 21.1 Finance Income

	Notes	2017	2016	2015
Interest income	7, 8, 22.1	<b>P106,988,671</b>	P 98,589,178	P 80,947,593
Dividend income	11	<b>16,228,724</b>	13,473,677	27,965,624
		<b><u>P 123,217,395</u></b>	<u>P112,062,855</u>	<u>P108,913,217</u>

### 21.2 Finance Costs and Other Charges

	Notes	2017	2016	2015
Interest expense	18, 20	<b>P141,814,994</b>	P117,419,526	P114,503,425
Loss on deemed disposal of investment	13	<b>99,084,160</b>	-	-
Foreign currency losses – net		<b>71,998,410</b>	19,077,234	72,887,108
Bank charges		<b>32,924,358</b>	41,149,156	26,054,508
Impairment losses	8, 11	<b>2,877,999</b>	111,478,534	6,998,339
		<b><u>P348,699,921</u></b>	<u>P289,124,450</u>	<u>P220,443,380</u>

## 22. RELATED PARTY TRANSACTIONS

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

			2017			2016			
	Notes		Amount of Transactions		Outstanding Balance		Amount of Transactions		Outstanding Balance
<b>Associates:</b>									
Cash advances given	13.1, 22.1	P	29,040,000	P	199,346,627	P	34,540,000	P	170,306,627
Advances for stock subscription	8, 22.2	(	82,283,456	)	-	(	26,000,000	)	-
Loans granted	8		36,707,335		790,677,693		-		-
<b>Related party under common ownership:</b>									
Payments for future acquisition of investment securities	8, 22.3	(	60,378,722	)	12,199,624	(	41,240,000	)	72,578,345
Management services	22.4		1,491,243		-		8,992,211		-
Purchase of spare parts and accessories	17, 22.5		12,941,389		560,214		11,226,954		11,284,303
Software support services	22.7		19,343,632		-		18,535,298		-
Rental	22.10		6,000,000		-		6,000,000		-
Share in allocated expenses	17, 22.8		329,392		512,644	(	366,081	)	183,252
Payment for certain expenses (net)	8, 22.9		348,752		87,547		29,760		436,299
Advance rental	10, 22.10		1,070,000		13,070,000		-		12,000,000
Vehicle services	22.9		10,307,111		8,351,965		-		-
<b>Stockholders –</b>									
Purchase of inventories	17, 22.6		299,923,200		70,222,240		8,472,687,812		29,494,292

Notes	2017		2016	
	Amount of Transactions	Outstanding Balance	Amount of Transactions	Outstanding Balance
<b>Directors, officers and employees:</b>				
Key management compensation	22.11	P 82,795,789	P -	P 107,477,108
Advances	8, 22.12	( 377,784 )	4,923,970	1,166,105
Purchase of cars	22.12	-	-	40,725,445
<b>Entity owned by a key management personnel –</b>				
Management services	17, 22.4	76,083,000	20,223,000	85,910,000
				19,880,000

Unless otherwise stated, advances granted to related parties are unsecured, noninterest-bearing and are payable in cash upon demand. These advances have been reviewed for impairment. Based on management's assessment, no impairment loss is required to be recognized by the Company.

## 22.1 Advances to Associates

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

	2017	2016
PLPI	P 31,683,131	P 29,683,131
CPI	2,623,496	2,423,496
BPPI	<u>165,040,000</u>	<u>138,200,000</u>
	<u>P 199,346,627</u>	<u>P 170,306,627</u>

In 2009, the Group granted unsecured, noninterest-bearing advances to PLPI as a result of the execution of a MOA, which is part of the Group's strategy to acquire an interest in the operation of a hotel located in Makati City (see Note 16). Advances to PLPI as at April 30, 2017 and 2016 are presented as part of Advances to Associates account in the consolidated statements of financial position.

In 2017 and 2016, the Parent Company made advances to CPI for its pre-operating activities which amounted to P200,000 and P700,000, respectively. These advances are presented as part of Advances to Associates account in the consolidated statements of financial position.

In 2011, the Parent Company provided P100,000,000 loan to BPPI, bearing an annual interest rate of 7.00% payable in cash within two years from the borrowing date. In 2013, the Parent Company extended the term of this loan for an additional three years. The loan was further extended for another three years in 2016 bearing the same terms with the original loan except that the Parent Company now has the discretion to recall the loan any time prior to maturity; hence, the loan is presented under current assets in the 2017 consolidated statement of financial position. Interest income amounting to P7,000,000 in 2017, 2016 and 2015 is recorded as part of Finance Income in the consolidated statements of comprehensive income (see Note 21.1).

Also, in 2017 and 2016, the Parent Company granted cash advances to BPPI amounting to P21,000,000 and P26,000,000, respectively. Consequently, the Parent Company also made collections from BPPI amounting to P2,000,000 and P1,000,000 in 2017 and 2016, respectively. The advances are short-term, noninterest-bearing and generally payable in cash. Furthermore, the Parent Company reclassified P56,000,000 of advances to BPPI to Investments in Associate after the board of directors of BPPI and the SEC approved the conversion of advances to equity.

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

	Note	2017	2016
Balance at beginning of year		<b>P 170,306,627</b>	P 194,766,627
Interest recognized during the year		<b>7,000,000</b>	7,000,000
Additions during the year:			
BPPI		<b>21,840,000</b>	26,840,000
PLPI		<b>2,000,000</b>	-
CPI		<b>200,000</b>	700,000
		<b><u>201,346,627</u></b>	<u>229,306,627</u>
Collections during the year		<b>( 2,000,000)</b>	( 3,000,000)
Reclassification during the year		<b>-</b>	( 56,000,000)
		<b><u>( 2,000,000)</u></b>	<u>( 59,000,000)</u>
Balance at end of year	13	<b><u>P 199,346,627</u></b>	<u>P 170,306,627</u>

## ***22.2 Advances for Stock Subscription***

In 2017, the Parent Company's outstanding advances for stock subscription to NPI as at April 30, 2016 were reclassified as part of Investments in Associates account which represent 41.46% effective ownership interest; hence, obtaining significant influence over NPI (see Note 8).

## ***22.3 Payments for Future Acquisition of Investments***

The Group deposited funds to IPSSB on client-trust basis for future acquisition of investment securities. IPSSB, a related party under common ownership, is principally engaged in the business of stock brokerage. Outstanding payments to IPSSB for future acquisition of investments as at April 30, 2017 and 2016 amounted to P12,199,624 and P72,578,345, respectively, and are presented as part of Payments for future acquisition of investments under Trade and Other Receivables account in the consolidated statements of financial position (see Note 8). These advance payments are noninterest-bearing and collectible in cash upon demand of the Group.



#### ***22.4 Management Service Agreement***

Total management fees paid to an entity owned by a key management personnel of the Group based on Management Services Agreement amounted to P76,083,000, P85,910,000 and P85,038,686 in 2017, 2016 and 2015, respectively, and are shown as part of Professional Fees under Costs and Other Operating Expenses section in the consolidated statements of comprehensive income. The net outstanding liability arising from this transaction amounted to P20,223,000 and P19,880,000 as at April 30, 2017 and 2016, respectively, and is presented as Management fee payable under the Trade and Other Payables account in the consolidated statements of financial position (see Note 17). The payable arising from this transaction is unsecured, noninterest-bearing and payable in cash within a year.

In 2017 and 2016, Berjaya Sports Toto Berhad, a related party under common ownership, invoiced a total of P1,491,243 and P8,992,211, respectively, to the Group for the provision of management consultancy services, which is presented as part of Professional Fees under Costs and Other Operating Expenses section in the 2017 and 2016 consolidated statements of comprehensive income. There was no outstanding liability arising from this transaction as at April 30, 2017 and 2016.

#### ***22.5 Purchase of Goods and Services***

The Group made purchases of imported spare parts and accessories of on-line lottery equipment from International Lottery Totalizator System (ILTS). The outstanding payable related to this transaction amounted to P560,214 and P11,284,303 as at April 30, 2017 and 2016, respectively, and is presented as part of Trade payables under Trade and Other Payables account in the consolidated statements of financial position (see Note 17). The outstanding balance is unsecured, noninterest-bearing and payable in cash within a year.

#### ***22.6 Purchase of Inventories***

In the normal course of business, the Group purchased a total value of vehicles and parts from Bentley Motors Limited (Bentley Motors) of P299,923,200 and P8,472,687,812 in 2017 and 2016, respectively. As at April 30, 2017 and 2016, outstanding payable to Bentley Motors amounted to P70,222,240 and P29,494,292, respectively, and are presented as part of Trade payables under Trade and Other Payables account in the consolidated statements of financial position (see Note 17). The payable arising from this transaction is unsecured, noninterest-bearing and payable in cash within a year.

#### ***22.7 Software Support Services Agreement***

The Group entered into a Software Support Services Agreement (Software Agreement) with Sports Toto Malaysia Sdn. Bhd. (STMSB), a related party under common ownership, for the maintenance of the Group's on-line lottery equipment. The Software Agreement is automatically renewed annually unless terminated by either party. In 2017, 2016 and 2015, the Group recognized royalty expenses arising from the transaction amounting to P19,343,632, P18,535,298 and P18,953,428, respectively, and are presented as part of Maintenance of Computer Equipment under Costs and Other Operating Expenses account in the consolidated statements of comprehensive income. The Group has no outstanding payable arising from this transaction as at April 30, 2017 and 2016.

## 22.8 Due to a Related Party

Berjaya Resorts Management Services Sdn Bhd (Berjaya Resorts), a related party under common ownership, allocates costs and expenses to the Group related to advertising and promotion, among others. The outstanding allocated expenses are presented as part of Due to related parties under Trade and Other Payables account in the consolidated statements of financial position (see Note 17). The payable arising from this transaction is unsecured, noninterest-bearing and payable in cash upon demand.

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

	<u>2017</u>	<u>2016</u>
Balance at beginning of year	<b>P 183,252</b>	P 549,333
Expenses incurred during the year	<b>4,499,510</b>	4,021,061
Payments made during the year	<b>(4,170,118)</b>	<b>(4,387,142)</b>
Balance at end of year	<b><u>P 512,644</u></b>	<b><u>P 183,252</u></b>

## 22.9 Due from Other Related Parties

In 2017 and 2016, the Group paid certain expenses in behalf of Taaras Beach & Spa Resort (Taaras), The Chateau Spa & Organic Wellness Resort (Berjaya Hills) and Colmar Tropicale, related parties under common ownership. The outstanding balance as at April 30, 2017 and 2016 amounting to P87,547 and P436,299, respectively, are presented as part of Other receivables under Trade and Other Receivables account in the consolidated statements of financial position (see Note 8). The receivables arising from these transactions are noninterest-bearing and collectible upon demand of the Group.

The details of the Group's transactions with Taaras, Berjaya Hills and Colmar Tropicale are presented below.

	<u>2017</u>	<u>2016</u>
<i>Taaras:</i>		
Balance at beginning of year	<b>P 135,929</b>	P 106,169
Expenses paid during the year	<b>-</b>	38,442
Collections during the year	<b>(48,382)</b>	<b>(8,682)</b>
Balance at end of year	<b><u>87,547</u></b>	<b><u>135,929</u></b>
<i>Berjaya Hills:</i>		
Balance at beginning of year	<b>-</b>	60,725
Collections during the year	<b>-</b>	<b>(60,725)</b>
Balance at end of year	<b><u>-</u></b>	<b><u>-</u></b>
<i>Colmar Tropicale:</i>		
Balance at beginning of year	<b>300,370</b>	300,370
Collections during the year	<b>(300,370)</b>	<b>-</b>
Balance at end of year	<b><u>-</u></b>	<b><u>300,370</u></b>
	<b><u>P 87,547</u></b>	<b><u>P 436,299</u></b>

In 2017, H.R. Owen provided vehicle related services to STMSB. The total amount of income recognized in 2017 is presented as part of Other income under Other Income (Charges) in the 2017 consolidated statement of comprehensive income, while the outstanding balance is presented as part of Trade receivables under Trade and Other Receivables in the 2017 consolidated statement of financial position.

#### ***22.10 Lease Agreement with PLPI***

In 2012, the Group and PLPI amended its existing lease agreement making the lease term good for one year for an annual rental of P6,000,000 but renewable annually, at the option of the lessee, for a maximum of 25 years.

Total rent expense related to this lease agreement amounted to P6,000,000 in 2017, 2016 and 2015, and is presented as part of Rental account in the consolidated statements of comprehensive income. The Group also has advance rental to PLPI amounting to P13,070,000 and P12,000,000 as at April 30, 2017 and 2016, respectively, which are presented as Advance rental under Prepayments and Other Current Assets account in the consolidated statements of financial position (see Note 10).

#### ***22.11 Key Management Personnel Compensation***

The details of key management personnel compensation (from vice-president and up) are as follows:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Short-term benefits	<b>P 81,795,680</b>	P 105,073,156	P 178,388,360
Post-employment benefits	<u><b>1,000,109</b></u>	<u>2,403,952</u>	<u>6,022,247</u>
	<u><b>P 82,795,789</b></u>	<u>P 107,477,108</u>	<u>P 184,410,607</u>

Director emoluments in 2017, 2016 and 2015 amounted to P3,950,000, P4,000,000 and P2,850,000, respectively, and are presented as part of Professional Fees under Costs and Other Operating Expenses section in the consolidated statements of comprehensive income. There were no outstanding payable relating to this compensation as at April 30, 2017 and 2016.

#### ***22.12 Transactions with Officers and Employees***

In the normal course of business, the Group grants interest-bearing advances to its officers and employees. Outstanding advances to officers and employees amounted to P4,923,970 and P5,301,754 as at April 30, 2017 and 2016, respectively, and are presented as Advances to officers and employees under Trade and Other Receivables account in the consolidated statements of financial position (see Note 8).

In 2016, the directors of H.R. Owen purchased cars from H.R. Owen with a total cost of P40,725,445. These transactions were conducted on an arm's length basis and under normal commercial terms and no amounts remained unpaid as at April 30, 2016. There was no similar transaction in 2017.

### ***22.13 Loan Guarantee***

The loans of BPPI from a certain financial institution amounting to P240,000,000 and P250,000,000 as at April 30, 2017 and 2016, respectively, are secured by the Parent Company (see Note 28.4).

### ***22.14 Retirement Plan***

The details of the contributions of the Parent Company and benefits paid out by the plan is presented in Note 20.2.

The retirement plan neither provides any guarantee or surety for any obligation of the Group nor its investments covered by any restrictions or liens.

### ***22.15 Related Party Transactions that are Eliminated in the Consolidated Financial Statements***

The following are the related party transactions (amounts and balances) that are eliminated in the consolidated financial statements:

#### ***(a) Advances to Subsidiaries***

In 2009, the Parent Company granted advances to PHPI as a result of the execution of a MOA, which is part of the Group's strategy to acquire an interest in the operation of a hotel located in Makati City. The outstanding balance as at April 30, 2017 and 2016 amounted to P669,020,377 and P741,369,964, respectively.

In October 2016, the Parent Company granted a loan to H.R. Owen amounting to ₱2,000,000 (about P127,676,800) for business expansion. The loan remained outstanding as at April 30, 2017 and was fully paid in June 2017.

#### ***(b) Advances from a Subsidiary***

In 2017, the Parent Company obtained advances from PGMC amounting to P258,348,250 for working capital requirements and other purposes. The advances are unsecured, noninterest-bearing and payable in cash upon demand, or through offsetting arrangements. The advances remained unpaid as at April 30, 2017.

#### ***(c) Purchase of Property and Equipment***

In April 2014, the Parent Company bought transportation equipment from H.R. Owen amounting to P12,507,018 for use in its operations. As at April 30, 2017 and 2016, the Parent Company has no outstanding balance to H.R. Owen arising from such acquisition.

## **23. EQUITY**

### ***23.1 Capital Management Objectives, Policies and Procedures***

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



The Group sets the amount of capital in proportion to its overall financing structure. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

The Group monitors capital on the basis of the carrying amount of equity as presented on the face of the consolidated statements of financial position and also evaluates its capital in terms of debt-to-equity ratio as shown below.

	<u>2017</u>	<u>2016</u>
Total liabilities	<b>P 7,550,375,430</b>	P7,931,571,574
Total equity	<u><b>7,205,086,278</b></u>	<u>7,665,361,133</u>
Debt-to-equity ratio	<u><b>1.05 : 1.00</b></u>	<u>1.03 : 1.00</u>

### ***23.2 Capital Stock***

As at April 30, 2017 and 2016, the Parent Company has 6,000,000,000 and 2,000,000,000 authorized shares with P1 par value, of which 4,427,009,132 and 953,984,448 shares, respectively, are issued (see Note 23.5).

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

	<u>Number of Shares</u>		<u>Amount</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Common shares – P1 par value				
Authorized:				
Balance at beginning of year	<b>2,000,000,000</b>	2,000,000,000	<b>P 2,000,000,000</b>	P 2,000,000,000
Increase in capital stock	<u><b>4,000,000,000</b></u>	-	<u><b>4,000,000,000</b></u>	-
Balance at end of year	<u><b>6,000,000,000</b></u>	<u>2,000,000,000</u>	<u><b>P 6,000,000,000</b></u>	<u>P 2,000,000,000</u>
Issued and outstanding:				
Balance at beginning of year	<b>953,984,448</b>	953,984,448	<b>P 953,984,448</b>	P 953,984,448
Stock dividends	<u><b>3,473,024,684</b></u>	-	<u><b>3,473,024,684</b></u>	-
Balance at end of year	<u><b>4,427,009,132</b></u>	<u>953,984,448</u>	<u><b>P 4,427,009,132</b></u>	<u>P 953,984,448</u>

As at April 30, 2017 and 2016, there are 142 and 138 holders, respectively, of the Parent Company's total outstanding shares. The Parent Company's listed shares are bid at P5.3 per share and P28.5 per share as at April 30, 2017 and 2016, respectively.

The Parent Company has 126 and 117 stockholders owning 100 or more shares each of the Parent Company's capital stock, as at April 30, 2017 and 2016, respectively.

In November 1948, the Parent Company listed 953,984,448 shares in the PSE. An additional 3,473,024,684 shares were listed in July 2016.

### ***23.3 Treasury Shares***

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

The Parent Company's retained earnings is restricted for dividend declaration to the extent of the cost of treasury shares (see Note 23.5).

### 23.4 Revaluation Reserves

The movements of Revaluation Reserves follow:

	Note	2017	2016	2015
<b>Revaluation of AFS</b>				
Balance at beginning of year		(P 26,720,406)	P 122,458,347	P 177,740,107
Net unrealized fair value losses on AFS financial assets	11	( 44,375,819)	( 163,685,750)	( 47,947,559)
Reclassification adjustments:				
Due to disposal of AFS financial asset	11	9,564,509	9,212,952	( 7,334,201)
Due to impairment of AFS financial asset	11	-	5,294,045	-
Balance at end of year		(P 61,531,716)	(P 26,720,406)	P 122,458,347
<b>Measurement of post-employment benefits</b>				
Balance at beginning of year		P 214,171	(P 4,354,438)	P 186,627
Net actuarial gain (loss) on remeasurement of post-employment benefit obligation – net of tax		( 2,745,754)	6,342,575	( 4,923,159)
Actuarial gain (loss) attributable to minority interest		( 3,172,904)	( 1,773,966)	382,094
Balance at end of year		(P 5,704,487)	P 214,171	(P 4,354,438)

### 23.5 Retained Earnings

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

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

- (i) increase in authorized capital stock from P2,000,000,000 divided into 2,000,000,000 shares to P6,000,000,000 divided into 6,000,000,000 shares;
- (ii) reversal of P4,000,000,000 previously allocated funds for capital expenditures and corporate expansion back to unrestricted retained earnings; and,
- (iii) declaration of stock dividends at a rate of 4 common shares for every common share held to be taken from the increase in authorized capital stock.

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

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

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

There was no cash dividend declaration by the Parent Company in 2017, 2016 and 2015.

In addition, the Parent Company recognized dividend income amounting to P170,000,000, P680,000,000 and P440,000,000 arising from the declaration of cash dividends by PGMCI in 2017, 2016 and 2015, respectively. Further, the Company recognized dividend income in 2015 amounting to P26,619,424 from cash dividends declared by H.R. Owen. Consequently, the Parent Company received the cash dividends of P325,600,000, P524,400,000 and P977,606,091 in 2017, 2016 and 2015, respectively. Outstanding dividend receivable amounted to P155,600,000 as at April 30, 2016 (nil in 2017).

## 24. CURRENT AND DEFERRED TAXES

The components of tax expense relating to profit or loss and other comprehensive income follow:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<i>Reported in profit or loss:</i>			
Current tax expense:			
Regular corporate income tax (RCIT) at 30% and 22.5%	<b>P303,686,910</b>	P257,896,593	P308,643,363
Tax benefit from application of unrecognized minimum corporate income tax (MCIT)	( <b>4,583,464</b> )	-	-
MCIT	<b>711,912</b>	2,957,475	3,164,378
Final tax on passive income at 20% and 7.5%	<u><b>466,008</b></u>	<u>410,643</u>	<u>503,563</u>
	<b>300,281,366</b>	261,264,711	312,311,304
Deferred tax income relating to the origination, reversal of temporary differences, and unused tax losses	( <u><b>20,205,905</b></u> )	( <u>36,338,378</u> )	( <u>25,001,309</u> )
	<u><b>P280,075,461</b></u>	<u>P224,926,333</u>	<u>P287,309,995</u>
<i>Reported in other comprehensive income –</i>			
Deferred tax income relating to measurements of retirement benefit obligation	( <u><b>P 692,361</b></u> )	( <u>P 2,405,814</u> )	( <u>P 1,865,983</u> )

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Tax on pretax income at 30%	<b>P 295,250,537</b>	P279,375,733	P371,482,505
Adjustments for:			
Income subjected to lower income tax rates	( 18,550,194)	( 11,726,542)	( 24,930,219)
Application of optional standard deduction (OSD)	<b>8,637,545</b>	( 14,160,275)	( 55,521,510)
Tax effects of:			
Non-taxable income	( 39,381,155)	( 16,711,348)	( 13,251,929)
Non-deductible expenses	<b>33,413,052</b>	12,880,331	17,763,982
Fixed-asset differences	<b>15,491,908</b>	-	-
Net operating loss carry over (NOLCO)	( 9,977,852)	( 8,343,947)	( 7,586,037)
Unrecognized MCIT	( 4,583,464)	2,226,455	2,924,057
Remeasurement of deferred tax asset due to change in United Kingdom (UK) tax rate	( 1,749,552)	-	( 708,928)
Expiration of MCIT	<b>774,828</b>	-	-
Adjustments to current tax for prior years	<b>749,808</b>	( 18,614,074)	( 5,559,356)
Marginal corporate tax rate	-	-	3,597,775
Utilization of brought-forward losses	<u>-</u>	<u>-</u>	<u>( 900,345)</u>
Tax expense reported in the consolidated profit or loss	<b><u>P 280,075,461</u></b>	<u>P224,926,333</u>	<u>P287,309,995</u>

The deferred tax assets and liabilities as at April 30 presented in the consolidated statements of financial position relate to the following:

	<u>2017</u>	<u>2016</u>
Deferred tax assets – net:		
Impairment loss	<b>P 35,124,062</b>	P 34,260,662
Unrealized foreign currency losses – net	<b>17,844,999</b>	( 1,915,161)
Post-employment benefit obligation	<b>9,285,513</b>	10,892,116
Unamortized past service cost	<b><u>4,461,563</u></b>	<u>1,359,557</u>
	<b><u>P 66,716,137</u></b>	<u>P 44,597,174</u>
Deferred tax liabilities – net:		
Rolled-over and held over capital gains	<b>P 46,663,062</b>	P 51,817,516
Depreciation in excess of capital allowance	( 5,856,790)	( 11,262,318)
Advance rental	<b>3,606,000</b>	3,446,403
Post-employment benefit obligation	( 2,078,786)	( 1,259,141)
MCIT	( 1,683,253)	( 1,746,169)
Capitalized direct cost	<b>1,365,178</b>	1,396,926
NOLCO	( 537,945)	( 537,945)
Other short-term timing differences	<b>347,281</b>	2,910,664
Security deposit	( 46,739)	( 32,039)
Unrealized foreign currency gains	<b><u>42,530</u></b>	<u>39,509</u>
	<b><u>P 41,820,538</u></b>	<u>P 44,773,406</u>



The deferred tax income reported in the consolidated statements of comprehensive income is shown below.

	<b>Consolidated Profit or Loss</b>		
	<b>2017</b>	<b>2016</b>	<b>2015</b>
Deferred tax income:			
Unrealized foreign currency loss – net	(P 19,757,139)	(P 3,247,043)	(P 21,689,321)
Post-employment benefit obligation	2,840,702	( 1,528,875)	( 2,258,163)
Unamortized past service cost	( 2,602,133)	( 616,889)	( 543,520)
Impairment losses	( 863,400)	( 31,448,162)	-
Advance rental	159,597	769,688	( 110,999)
MCIT	62,916	( 731,020)	( 240,322)
Capitalized direct cost	( 31,748)	( 31,748)	( 31,748)
Security deposit	( 14,700)	1,051,248	( 730,487)
NOLCO	-	( 537,945)	1,259,282
Pre-operating expenses	-	( 17,632)	52,897
Other short-term timing differences	-	-	( 708,928)
	<b>(P 20,205,905)</b>	<b>(P 36,338,378)</b>	<b>(P 25,001,309)</b>
	<b>Consolidated Other Comprehensive Income</b>		
	<b>2017</b>	<b>2016</b>	<b>2015</b>
Deferred tax income –			
Post-employment benefit obligation	<b>(P 692,361)</b>	<b>(P 2,405,814)</b>	<b>(P 1,865,983)</b>

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

Year Incurred	Amount	Applied		Expired	Balance	Expiry Date
		Prior Year	Current Year			
NOLCO						
2016	P 1,793,151	P -	P -	P -	P 1,793,151	2019
2014	<u>33,900,690</u>	<u>( 641,184)</u>	<u>( 33,259,506)</u>	<u>-</u>	<u>-</u>	
	<b><u>P 35,693,841</u></b>	<b><u>(P 641,184)</u></b>	<b><u>(P 33,259,506)</u></b>	<b><u>P -</u></b>	<b><u>P 1,793,151</u></b>	
MCIT						
2017	P 711,912	P -	P -	P -	P 711,912	2020
2016	2,957,475	-	-	-	2,957,475	2019
2015	3,164,378	-	( 876,129)	-	2,288,249	2018
2014	<u>4,482,163</u>	<u>-</u>	<u>( 4,482,163)</u>	<u>-</u>	<u>-</u>	
	<b><u>P 11,315,928</u></b>	<b><u>P -</u></b>	<b><u>(P 5,358,292)</u></b>	<b><u>P -</u></b>	<b><u>P 5,957,636</u></b>	

The Group's NOLCO and MCIT pertain to the Parent Company and PHPI. In 2017 and 2016, the management has taken a conservative position of not recognizing additional deferred tax assets arising from NOLCO and MCIT since their recoverability and utilization are unlikely at this time based on the assessment of management.

In 2017 and 2016, the Parent Company and PHPI opted to claim itemized deductions, while PGMC continued claiming OSD.

Taxation of H.R. Owen is in accordance with the tax laws of UK. The standard rate of corporate tax in the UK was reduced to 20.00% by April 1, 2015, which was substantively enacted in July 2013. Consequently, deferred tax assets and liabilities arising from transactions of H.R. Owen have been calculated at 20.00% of the gross sum on the basis that they are expected to unwind after April 1, 2015.

## 25. EARNINGS PER SHARE

The earnings per share of the Group is presented below.

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Net profit attributable to owners of the Parent Company	<b>P 674,067,840</b>	P 678,320,666	P 892,549,186
Divided by weighted average number of outstanding shares	<u><b>4,341,280,855</b></u>	<u>4,341,280,855</u>	<u>4,341,280,855</u>
Earnings per share	<u><b>P 0.16</b></u>	<u>P 0.16</u>	<u>P 0.21</u>

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

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

### *26.1 Carrying Amounts and Fair Values by Category*

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

		2017		2016	
	Notes	Carrying Values	Fair Values	Carrying Values	Fair Values
<b>Financial Assets</b>					
Loans and receivables:					
Cash and cash equivalents	7	P 1,060,850,712	P 1,060,850,712	P 1,034,432,119	P 1,034,432,119
Trade and other receivables - net	8	3,076,920,330	3,026,920,330	2,964,012,762	2,964,012,762
Advances to associates	22.1	199,346,627	199,346,627	170,306,627	170,306,627
Other non-current assets		<u>4,706,098</u>	<u>4,706,098</u>	<u>4,352,318</u>	<u>4,352,318</u>
		<u>P 4,341,823,767</u>	<u>P 4,341,823,767</u>	<u>P 4,173,103,826</u>	<u>P 4,173,103,826</u>
AFS financial assets - net	11	<u>P 901,808,762</u>	<u>P 901,808,762</u>	<u>P 869,409,393</u>	<u>P 869,409,393</u>
<b>Financial Liabilities</b>					
Financial liabilities at amortized cost:					
Trade and other payables	17	P 1,856,934,874	P 1,856,934,874	P 2,000,465,442	P 2,000,465,442
Loans payable and borrowings	18	<u>4,228,551,041</u>	<u>4,228,551,041</u>	<u>4,234,569,558</u>	<u>4,234,569,558</u>
		<u>P 6,085,485,915</u>	<u>P 6,085,485,915</u>	<u>P 6,235,035,000</u>	<u>P 6,235,035,000</u>

See Notes 2.4 and 2.10 for a description of the accounting policies for each category of financial instruments. A description of the Group's risk management objectives and policies for financial instruments is provided in Note 4.

## ***26.2 Offsetting of Financial Assets and Financial Liabilities***

Currently, financial assets and financial liabilities are settled on a gross basis; however, each party to the financial instrument (particularly related parties) will have the option to settle all such amounts on a net basis through approval by both parties' BOD and stockholders or upon instruction by the Parent Company.

## **27. FAIR VALUE MEASUREMENT AND DISCLOSURES**

### ***27.1 Fair Value Hierarchy***

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

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

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

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

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Parent Company uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

## 27.2 Financial Instruments Measured at Fair Value

Quoted equity securities, debt securities and others classified as AFS financial assets are included in Level 1 as their prices are derived from quoted prices in active market that the entity can access at the measurement date, except for certain equity securities with carrying amount of P77,033,450, which are carried at cost as at April 30, 2017 (nil in 2016) (see Note 11).

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

The Group has no financial liabilities measured at fair value as at April 30, 2017 and 2016. There were no transfers across the levels of the fair value hierarchy in both years.

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

The table below shows the fair value hierarchy of the Group's classes of financial assets and financial liabilities measured at fair value in the consolidated statements of financial position on a recurring basis as at April 30, 2017 and 2016:

		2017			
		Level 1	Level 2	Level 3	Total
<b>Financial assets:</b>					
Cash and cash equivalents	P	1,060,850,712	P -	P -	P 1,060,850,712
Trade and other receivables		-	-	3,076,920,330	3,076,920,330
Advances to associates		-	-	199,346,627	199,346,627
Other non-current assets		-	-	4,706,098	4,706,098
		<b>P 1,060,850,712</b>	<b>P -</b>	<b>P 3,280,973,055</b>	<b>P 4,341,823,767</b>
<b>Financial liabilities:</b>					
Loans payable and borrowings	P	-	P -	P 4,228,551,041	P 4,228,551,041
Trade and other payables		-	-	1,856,934,874	1,856,934,874
		<b>P -</b>	<b>P -</b>	<b>P 6,085,485,915</b>	<b>P 6,085,485,915</b>
		2016			
		Level 1	Level 2	Level 3	Total
<b>Financial assets:</b>					
Cash and cash equivalents	P	1,034,432,119	P -	P -	P 1,034,432,119
Trade and other receivables		-	-	2,964,012,762	2,964,012,762
Advances to associates		-	-	170,306,627	170,306,627
Other non-current assets		-	-	4,352,318	4,352,318
		<b>P 1,034,432,119</b>	<b>P -</b>	<b>P 3,138,671,707</b>	<b>P 4,173,103,826</b>
<b>Financial liabilities:</b>					
Loans payable and borrowings	P	-	P -	P 4,234,569,558	P 4,234,569,558
Trade and other payables		-	-	2,000,465,442	2,000,465,442
		<b>P -</b>	<b>P -</b>	<b>P 6,235,035,000</b>	<b>P 6,235,035,000</b>



#### **27.4. Investment Property Measured at Fair Value**

The fair value of the Group's investment property (see Note 15) are determined on the basis of the appraisals performed by an independent appraiser with appropriate qualifications. In estimating the fair value of the land, management takes into account the market participant's ability to generate economic benefits by using the assets in their highest and best use. Based on management's assessment, the best use of the Group's non-financial assets indicated above is their commercial utility.

The Level 3 fair value of land was derived using the market comparable approach that reflects the recent transaction prices for similar properties in nearby locations adjusted for differences in key attributes. Under this approach, when sales prices of comparable land in close proximity are used in the valuation of the subject property with no adjustment on the price, fair value is included in Level 2. On the other hand, if the observable recent prices of the reference properties were adjusted for differences in key attributes such as property size, zoning, and accessibility, the fair value is included in Level 3. The most significant input into this valuation approach is the price per square meter, hence, the higher the price per square meter, the higher the fair value. There were no transfers into or out of Level 3 fair value hierarchy in both years.

## **28. COMMITMENTS AND CONTINGENCIES**

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

### **28.1 Operating Lease Commitments – PGMC, PHPI and H.R. Owen as Lessees**

PGMC and H.R. Owen lease its office and dealership spaces, respectively, under lease agreements from certain lessors, which will expire at various dates from 2017 to 2018. Other lease agreements by H.R. Owen are due until 2027. The lease agreements also provide for renewal options upon mutual consent of both parties.

In 2012, PHPI and PLPI amended its existing lease agreement making the lease term good for one year for an annual rental in 2012 of P6,000,000 but renewable annually for a maximum of 25 years at the option of the lessee.

Future minimum rental payable related to these leases as at April 30 are as follows:

	<u>2017</u>	<u>2016</u>
Within one year	<b>P 345,186,869</b>	P 357,125,448
After one year but not more than five years	<b>1,032,978,854</b>	1,048,054,719
More than five years	<b><u>1,229,742,273</u></b>	<u>1,325,209,406</u>
	<b><u>P2,607,907,996</u></b>	<u>P 2,730,389,573</u>

Rental expense arising from these leases amounted to P321,414,367, P330,015,723 and P297,326,465 in 2017, 2016 and 2015, respectively, presented as part of Rental under Costs and Other Operating Expenses section in the consolidated statements of comprehensive income.

H.R. Owen's total future minimum lease payments due later than five years as shown above include P194,579,443 relating to two properties, which are sub-leased to third parties. Of this amount, P185,705,905 relates to a sub-lease for a single property, which is of the same duration as the Group's own lease, while the sub-lease for the remaining properties, amounting to future minimum lease payments of P11,044,043, can be terminated by the third party on six months' written notice.

### ***28.2 Operating Lease Commitments – PGMC as Lessor***

Rental income derived from ELA amounted to P1,601,472,285, P1,580,259,448 and P1,610,723,022 in 2017, 2016 and 2015, respectively, and are recognized as Rental under Revenues in the consolidated statements of comprehensive income (see Note 6).

### ***28.3 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.

As at April 30, 2017, the case is still under arbitration.

### ***28.4 Surety Agreement***

In 2017 and 2016, the Parent Company acted as a surety in favor of a certain financial institution to the loan obtained by BPPI for the latter's working capital requirements (see Note 22.13).

### ***28.5 Contracts***

In December 2009, the Group entered into a MOA with the stockholders of TF, whereby the stockholders agreed to sell all their interest in TF and to agree to consent the sale of TF's assets for a total consideration of P785,000,000.

### ***28.6 Others***

There are other commitments, guarantees, litigations and contingent liabilities that arise in the normal course of the Group's operations which are not reflected in the consolidated financial statements. As at April 30, 2017, 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.**

-----  
(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 2017

-----  
(Form Type)

N.A.

-----  
(Amendment Designation, if applicable)

-----  
(Period Ended Date)

N.A.

-----  
(Secondary License Type and File Number)

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Cashier

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LCU

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DTU

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Pre War 476  
S.E.C Registration Number

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Central Receiving Unit

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File Number

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Document I.D.

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 2017**
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 Issued and Outstanding
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<b>COMMON</b>	<b>4,427,009,132</b>
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11. Are any or all of these securities listed on the Philippine Stock Exchange?

Yes [ ☒ ]                      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 [ ☒ ]                      No [ ☐ ]

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

Yes [ ☒ ]                      No [ ☐ ]



## **PART I – FINANCIAL INFORMATION**

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

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

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

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

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

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

In July 2010, the Corporation invested in Berjaya Pizza Philippines Inc. (“BPPI”), a corporation engaged in the manufacture, sale and distribution of food and beverages, and to operate, own, franchise, license or deal in restaurant related business operations. The Corporation’s equity or interest in BPPI is equivalent to forty eight point thirty eight percent (48.38%).

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

In September 2012, the Corporation invested in Cosway Philippines Inc. (“CPI”), primarily to engage in the wholesale of various products. As of 31 July 2016, CPI has not yet started its commercial operations. The Corporation’s equity or interest in CPI is equivalent to 40%.

In 2014, the Corporation obtained control over H.R. Owen Plc. (“H.R. Owen”) after a series of cash offers from H.R. Owen’s existing stockholders. H.R. Owen, incorporated in England, operates a number of vehicle franchises in the prestige and specialist car market for both sales and aftersales, predominantly in the London area. H.R. Owen is an investment holding company that provides group services to its four trading subsidiaries that operate H.R. Owen’s motor vehicle dealerships. In 2015, H.R. Owen acquired 100% ownership over Bodytechnics in order to enhance its aftersales operations. In 2017, the Corporation acquired

shares from Bentley Motor Limited to increase its stake in the profitable business of H.R. Owen. The Corporation's equity in H.R. Owen is equivalent to ninety eight point thirty eight percent 98.38%

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Key Performance Indicators**

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

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

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

The Corporation uses the following computations in obtaining key indicators:

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



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

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

The Group's total cost and operating expenses for the three months ended 31 July 2016 increased by ₱849.81 million (13.0%) to ₱7.38 billion from ₱6.53 billion for the same period in 2015. The increase is attributed to the following: (1) cost of vehicles sold and body shop repairs and parts increased by ₱785.59 million (14.1%), (2) salaries and employee benefits increased by ₱42.12 million (10.1%), (3) rental increased by ₱11.81 million (16.7%), (4) taxes and licenses increased by ₱17.89 million (40.6%), (5) maintenance of computer equipment increased by ₱13.80 million (103.9%), (6) charitable contribution increased by ₱27.0 million (100.0%), (7) insurance expense increased by ₱4.80 million (42.7%), (8) sponsorship expenses increased by ₱8.80 million (967.1%), (9) bank charges increased by ₱1.48 million (18.1%), and (10) commissions increased by ₱0.55 million (62.2%). These increases were offset by the following decreases of expenses: (1) marketing and selling decreased by ₱10.6 million (10.6%), (2) depreciation expense decreased by ₱25.55 million (32.7%), (3) professional fees decreased by ₱6.98 million (16.5%), (4) telecommunications decreased by ₱7.64 million (28.8%), (5) repairs and maintenance decreased by ₱3.23 million (34.3%), (5) miscellaneous expenses decreased by ₱25.31 million (79.8%), (6) representation and entertainment decreased by ₱3.97 million (44.2%).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Key Performance Indicators**

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

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

The Corporation uses the following computations in obtaining key indicators:

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

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

- i) There is no known trend, event or uncertainty that has or is reasonably likely to have an impact on the Corporation' short term or long-term liquidity.
- ii) The liquidity of the subsidiaries would continue to be generated from the collections of revenue from customers. There is no requirement for external funding for liquidity.
- iii) Except for the ongoing arbitration between the Corporation's wholly owned subsidiary Philippine Gaming Management Corporation and Philippine Charity Sweepstakes Office, there is no known trend, event or uncertainty that has or that is reasonably expected to have a material impact on the net sales or revenues or income from continuing operations.
- v) There is no significant element of income or loss that would arise from the Group's continuing operations.
- vi) There is no cause for any material change from period to period in one or more of the line items of the Corporation's financial statements.
- vii) There were no seasonal aspects that had a material impact effect on the financial conditions or results of operations.

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

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

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

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

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

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

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

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

### SIGNATURES

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

Issuer: **BERJAYA PHILIPPINES, INC.**

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

  
By: **TAN ENG HWA**  
Treasurer



# ANNEX "A"

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

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

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

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

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

	Attributable Owners of the Parent Company								
	Capital Stock	Treasury Shares	Revaluation Reserves	Other Reserves	Translation Adjustment	Retained Earnings		Non-controlling Interest	Total
						Appropriated	Unappropriated		
Balance at May 1, 2017	P 4,427,009,132	P (988,150,025)	P (67,236,203)	P (663,742,273)	P (165,125,005)	P 1,773,262,552	P 2,869,911,262	P 19,156,836	P 7,295,086,278
Capital issuance through stock dividends	-	-	-	-	-	-	-	-	-
Profit or loss for the year	-	-	-	-	-	-	301,038,888	3,963,808	305,002,696
Net unrealized fair value gains on available-for-sale securities	-	-	(36,932,618)	-	-	-	-	-	(36,932,618)
Translation adjustment	-	-	-	-	103,122,435	-	-	851,933	103,974,368
Total equity at July 31, 2017	P 4,427,009,132	P (988,150,025)	P (104,168,821)	P (663,742,273)	P (62,002,568)	P 1,773,262,552	P 3,170,950,150	P 23,972,577	P 7,577,130,724
	Attributable Owners of the Parent Company								
	Capital Stock	Treasury Shares	Revaluation Reserves	Other Reserves	Translation Adjustment	Retained Earnings		Non-controlling Interest	Total
						Appropriated	Unappropriated		
Balance at May 1, 2016	P 953,984,448	P (988,150,025)	P (26,306,235)	P (14,577,611)	P (37,410,176)	P 5,246,287,256	P 2,195,843,422	P 335,890,074	P 7,665,361,133
Capital issuance through stock dividends	3,473,024,684	-	-	-	-	(3,473,024,684)	-	-	-
Profit or loss for the year	-	-	-	-	-	-	135,979,107	16,698,972	152,678,079
Reversal of prior year appropriation	-	-	-	-	-	-	-	-	-
Net unrealized fair value gains on available-for-sale securities	-	-	(160,138,065)	-	-	-	-	-	(160,138,065)
Translation adjustment	-	-	-	-	(208,659,489)	-	-	(31,856,014)	(240,519,503)
Total equity at July 31, 2016	P 4,427,009,132	P (988,150,025)	P (186,664,300)	P (14,577,611)	P (246,069,665)	P 1,773,262,552	P 2,331,822,529	P 320,739,032	P 7,417,371,644

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

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

(788,732,148)



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

**1. CORPORATE MATTERS**

***1.1 Incorporation and Operations***

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

On June 2, 2010, the Parent Company's Board of Directors (BOD) approved the Parent Company's change in corporate name from Prime Gaming Philippines, Inc. to Berjaya Philippines Inc. The application for change in name was approved by the Securities and Exchange Commission (SEC) on June 11, 2010.

The Parent Company is 74.20% owned by Berjaya Lottery Management (HK) Limited of Hong Kong (BLML) as at July 31, 2017. The Parent Company's ultimate parent company is Berjaya Corporation Berhad of Malaysia, a publicly listed company in the Main Market of Bursa Malaysia Securities Berhad.

The registered office of BPI is located at 9th Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City. BLML's registered address is at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong and the ultimate parent company's registered office is at Lot13-01A, Level 13 (East Wing), Berjaya Times Square, No. 1, Jalan Imbi 55100 Kuala Lumpur, Malaysia.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

***2.1 Basis of Preparation of Interim Consolidated Financial Statements***

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

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

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

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

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

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

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

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

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

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

There are new PFRS, amendments, interpretation and annual improvements to existing standards effective for annual periods subsequent to fiscal year 2017, which are adopted by the Financial Reporting Standards Council. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have significant impact on the Group's consolidated financial statements:

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

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

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

### 3. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk.

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

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most relevant financial risks to which the Group is exposed to are described below and in the succeeding pages.

#### *3.1 Market Risk*

The Group is exposed to market risk through its use of financial instruments and specifically to foreign currency risk, interest rate risk and certain other price risk which result from both its operating, investing and financing activities.

##### *(a) Interest Rate Risk*

The Group's policy is to minimize interest rate cash flow risk exposures on cash and cash equivalents. As at July 31, 2017 and April 30, 2017, the Group is exposed to changes in market interest rates through short-term placements included as part of Cash and Cash Equivalents account and stocking loans of H.R. Owen presented as Loans Payable and Borrowings, which are subject to variable interest rates, in the consolidated statements of financial position.

The Group keeps placements with fluctuating interest at a minimum while H.R. Owen's stocking loans are secured at any time by fixed and floating charges on stocks of new and demonstrator cars and commercial vehicles held. As such, management believes that its exposure to interest rate risk is immaterial.

##### *(b) Foreign Currency Risk*

Except for H.R. Owen whose functional currency is GBP, most of the Group's transactions are carried out in Philippine pesos, its functional currency. Exposures to

currency exchange rates arise from the Group's overseas purchases, which is primarily denominated in United States Dollars (USD). The Group also holds USD, GBP, Malaysian Ringgit (MYR) and European Union Euro (EUR) denominated cash and cash equivalents and receivables. Further, the Group has AFS financial assets denominated in MYR and GBP. There were no foreign currency denominated financial liabilities as at July 31, 2017 and April 30, 2017.

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

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

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

The following table illustrates the sensitivity of the Group's profit before tax with respect to changes in Philippine peso against USD, MYR, GBP and EUR exchange rates. These percentages have been determined based on the average market volatility in exchange rates, using standard deviation, in the previous 12 months, estimated at 95.00% level of confidence. The sensitivity analysis is based on the Group's foreign currency financial instruments held at the end of each reporting period with effect estimated from the beginning of the year.

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

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

*(c) Other Price Risk*

The Group's market price risk arises from its investments carried at fair value (financial assets classified as AFS financial assets). The Group manages exposure to price risk by monitoring the changes in the market price of the investments and at some extent, diversifying the investment portfolio in accordance with the limit set by management.

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

### 3.2 Credit Risk

Credit risk is the risk that a counterparty may fail to discharge an obligation to the Group. The Group is exposed to this risk for various financial instruments arising from granting loans and selling goods and services to customers; granting advances to associates; and, placing deposits with banks, lessors and utility companies.

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. The Group's policy is to deal only with creditworthy counterparties. In addition, for a significant proportion of sales, advance payments are received to mitigate credit risk.

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

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

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

#### (a) Cash and Cash Equivalents

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

#### (b) Trade and Other Receivables – net and Advances to Associates

The Group's trade receivables as at July 31, 2017 and April 30, 2017 are due mainly from customers of H.R. Owen and from PCSO. The Group maintains policies that require appropriate credit checks to be completed on potential customers prior to delivery of goods and services. On-going credit checks are periodically performed on the Group's existing customers to ensure that the credit limits remain at appropriate levels.

The Group mitigates the concentration of its credit risk from its receivables from PCSO by regularly monitoring the age of its receivables from PCSO and ensuring that collections are received within the agreed credit period. These objectives, policies and strategies are consistently applied in the previous year up to the current year. In addition, the risk is reduced to the extent that PCSO has no history of significant defaults and none of the past due receivables are impaired as at the end of the reporting period.



In respect to trade receivables from the customers of H.R. Owen and other receivables and advances to associates, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group's receivables are actively monitored to avoid significant concentrations of credit risk.

*(c) Other Non-current Assets*

The refundable deposits of the Group under Other Non-Current Assets account in the consolidated statements of financial position pertain to security deposits made to various lessors and utility companies which the Group is not exposed to significant credit risk.

### ***3.3 Liquidity Risk***

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

Liquidity risk is also managed by borrowing with a spread of maturity periods. The Group has significant fluctuations in short-term borrowings due to industry specific factors. The Group mitigates any potential liquidity risk through maintaining substantial unutilized banking and used vehicle stocking loan facilities.

As at July 31, 2017 and April 30, 2017, the Group's financial liabilities pertain to Trade and Other Payables, except those tax-related liabilities, and Loans Payable and Borrowings inclusive of future interest. Trade and other payables and loans payable and borrowings are considered to be current which are expected to be settled within 12 months from the end of each reporting period.

## **4. SEGMENT REPORTING**

### ***4.1 Business Segments***

The Group is organized into different business units based on its products and services for purposes of management assessment of each unit. In identifying its operating segments, the management generally follows the Group's four service lines. The Group is engaged in the business of Leasing, Services, Holdings and Investments and Motor Vehicle Dealership. Presented below is the basis of the Group in reporting to its strategic steering committee for its strategic decision-making activities.

- (a)* The Leasing segment pertains to the lease of on-line lottery equipment, maintenance and repair services, and telecommunication and integration services rendered by the Group to PCSO.
- (b)* The Services segment pertains to the hotel operations of PHPI.
- (c)* Holdings and Investments segment relates to gains (losses) on disposal of investments and share in net gains (losses) of associates.

- (d) The Motor Vehicle Dealership segment pertains to the luxury motor vehicle retailers and provision of aftersales services of H.R. Owen.

#### 4.2 Segment Assets and Liabilities

Segment assets are allocated based on their physical location and use or direct association with a specific segment. Segment assets include all operating assets used by a segment and consist principally of operating cash, receivables, advances, inventories and property, plant and equipment, net of allowances and provisions. Similar to segment assets, segment liabilities are also allocated based on their use or direct association with a specific segment. Segment liabilities include all operating liabilities and consist principally of accounts, taxes currently payable and accrued liabilities. Segment assets and liabilities do not include deferred taxes.

#### 4.3 Intersegment Transactions

Segment revenues, expenses and performance include sales and purchases between business segments. Such sales and purchases are eliminated in consolidation.

The Group's operating business are organized and managed separately according to the nature of segment accounting policies.

#### 4.4 Analysis of Segment Information

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

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

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

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April 30, 2017							
	Leasing	Services	Holding and Investments	Motor Vehicle Dealership	Elimination	Consolidated	
Revenues:							
External	P 1,648,911,479	P 150,496,554	P 243,144,496	P 26,784,657,267	P -	P 28,827,209,796	
Inter-segment	-	-	173,940,119	-	( 173,940,119)	-	
Total revenues	<u>P 1,648,911,479</u>	<u>P 150,496,554</u>	<u>P 417,084,615</u>	<u>P 26,784,657,267</u>	<u>(P 173,940,119)</u>	<u>P 28,827,209,796</u>	
Expenses:							
External	P 854,783,410	P 150,159,120	P 239,286,020	P 26,598,812,788	P -	P 27,843,041,338	
Inter-segment	-	-	-	3,940,119	( 3,940,119)	-	
Total expenses	<u>P 854,783,410</u>	<u>P 150,159,120</u>	<u>P 239,286,020</u>	<u>P 26,602,752,907</u>	<u>(P 3,940,119)</u>	<u>P 27,843,041,338</u>	
Profit before tax	<u>P 794,128,069</u>	<u>P 337,434</u>	<u>P 177,798,595</u>	<u>P 181,904,360</u>	<u>(P 170,000,000)</u>	<u>P 984,168,458</u>	
Net profit(loss)	<u>P 547,405,677</u>	<u>(P 526,788)</u>	<u>P 198,417,024</u>	<u>P 128,797,084</u>	<u>(P 170,000,000)</u>	<u>P 704,092,997</u>	
Segment assets	<u>P 781,045,030</u>	<u>P 694,397,867</u>	<u>P 7,852,974,022</u>	<u>P 8,421,660,487</u>	<u>(P 2,994,865,698)</u>	<u>P 14,755,461,708</u>	
Segment liabilities	<u>P 148,469,001</u>	<u>P 689,812,536</u>	<u>P 859,410,113</u>	<u>P 6,970,265,760</u>	<u>(P 1,117,581,980)</u>	<u>P 7,550,375,430</u>	
Other segment items:							
Capital expenditures	<u>P 47,898,706</u>	<u>P 3,870,368</u>	<u>P -</u>	<u>P 279,554,937</u>	<u>P -</u>	<u>P 331,324,011</u>	
Depreciation and amortization	<u>P 5,045,627</u>	<u>P 28,853,083</u>	<u>P 2,501,204</u>	<u>P 192,311,587</u>	<u>P -</u>	<u>P 228,711,501</u>	

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

## 5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

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

Cash in banks generally earn interest based on daily bank deposit rates. Short-term placements have an average maturity of 30 days and average annual effective interest ranging from 0.75% to 1.50% in 2017.

## 6. TRADE AND OTHER RECEIVABLES

This account is composed of the following:

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

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

## 7. INVENTORIES

The composition of this account are shown below.

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

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

Certain vehicles are carried at net realizable value which is lower than their cost. An analysis of the movements in allowance for inventory writedown is presented below.

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

## 8. PREPAYMENTS AND OTHER CURRENT ASSETS

The details of this account are as follows:

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

Prepaid expenses include subscriptions, refurbishment costs, maintenance expenses, license and support arrangements, prepaid insurance, benefits and advertising which are expected to be realized in the next reporting period.

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



## 9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

This account consists of the following financial assets:

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

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

## 10. PROPERTY AND EQUIPMENT

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

	Computers and On-line Lottery Equipment	Building	Transportation Equipment	Workshop Equipment	Office Furniture, Fixtures and Equipment	Hotel and Kitchen Equipment and Utensils	Communication Equipment	Leasehold Improvements	Land	Construction in Progress	TOTAL
<b>Jul 31, 2017</b>											
Cost	P 1,502,501,094	P 963,898,672	P 72,417,072	P 718,512,184	P 45,309,241	P 12,935,362	P 3,782,238	P 1,283,361,221	P 86,871,633	-	P 4,689,588,717
Accumulated depreciation and amortization	( 1,456,400,434 )	( 105,590,687 )	( 46,449,008 )	( 429,351,257 )	( 39,113,110 )	( 11,227,525 )	( 3,640,523 )	( 713,987,343 )	-	-	( 2,805,759,890 )
Net carrying amount	<b>P 46,100,660</b>	<b>P 858,307,985</b>	<b>P 25,968,064</b>	<b>P 289,160,927</b>	<b>P 6,196,131</b>	<b>P 1,707,837</b>	<b>P 141,715</b>	<b>P 569,373,878</b>	<b>P 86,871,633</b>	<b>-</b>	<b>P 1,883,828,827</b>
<b>April 30, 2017</b>											
Cost	P 1,501,060,111	P 954,450,637	P 65,740,851	P 689,587,568	P 45,182,027	P 12,935,363	P 3,782,237	P 1,236,045,533	P 83,502,415	-	P 4,592,286,742
Accumulated depreciation and amortization	( 1,455,057,067 )	( 101,217,243 )	( 45,898,668 )	( 383,043,870 )	( 38,657,848 )	( 11,078,715 )	( 3,628,452 )	( 668,587,489 )	-	-	( 2,707,169,352 )
Net carrying amount	<b>P 46,003,044</b>	<b>P 853,233,394</b>	<b>P 19,842,183</b>	<b>P 306,543,698</b>	<b>P 6,524,179</b>	<b>P 1,856,648</b>	<b>P 153,785</b>	<b>P 567,458,044</b>	<b>P 83,502,415</b>	<b>-</b>	<b>P 1,885,117,390</b>
	Computers and On-line Lottery Equipment	Building	Transportation Equipment	Workshop Equipment	Office Furniture, Fixtures and Equipment	Hotel and Kitchen Equipment and Utensils	Communication Equipment	Leasehold Improvements	Land	Construction in Progress	TOTAL
Balance at May 1, 2017 net of accumulated depreciation and amortization	P 46,003,044	P 853,233,394	P 19,842,183	P 306,543,638	P 6,524,178	P 1,856,649	P 153,786	P 567,458,044	P 83,502,415	-	P 1,885,117,331
Additions	1,440,983	-	8,015,321	1,100,616	127,214	-	-	1,698,875	-	-	P 12,383,010
Disposals	-	-	( 2,000 )	-	-	-	-	-	-	-	( P 2,000 )
Depreciation and amortization charges for the year	( 1,343,368 )	( 4,239,968 )	( 2,230,412 )	( 30,379,225 )	( 455,262 )	( 148,812 )	( 12,071 )	( 21,965,894 )	-	-	( P 60,775,013 )
Translation adjustment	-	9,314,559	342,972	11,895,898	-	-	-	22,182,853	3,369,218	-	P 47,105,499
Balance at Jul 31, 2017 net of accumulated depreciation and amortization	<b>P 46,100,660</b>	<b>P 858,307,985</b>	<b>P 25,968,064</b>	<b>P 289,160,927</b>	<b>P 6,196,131</b>	<b>P 1,707,837</b>	<b>P 141,715</b>	<b>P 569,373,878</b>	<b>P 86,871,633</b>	<b>-</b>	<b>P 1,883,828,827</b>
Balance at May 1, 2016 net of accumulated depreciation and amortization	P 5,775,739	P 636,586,459	P 9,614,470	312,271,100	P 6,322,332	P 2,371,310	P 202,071	P 674,635,476	P 89,396,781	P 264,584,956	P 2,001,760,694
Additions	42,176,753	-	15,260,030	89,494,861	2,433,470	516,779	-	48,722,012	-	-	198,603,905
Disposals	( 22,000 )	( 699,030 )	( 6,000 )	-	-	-	-	( 1,000 )	-	-	( 728,030 )
Reclassifications	-	252,303,661	-	12,281,295	-	-	-	-	-	( 264,584,956 )	-
Depreciation and amortization charges for the year	( 1,927,448 )	( 17,447,373 )	( 5,009,312 )	( 85,069,967 )	( 2,231,623 )	( 1,031,441 )	( 48,286 )	( 110,723,058 )	-	-	( 223,488,508 )
Translation adjustment	-	( 17,510,323 )	( 17,005 )	( 22,433,291 )	-	-	-	( 45,175,386 )	( 5,894,366 )	-	( 91,030,671 )
Balance at April 30, 2017 net of accumulated depreciation and amortization	<b>P 46,003,044</b>	<b>P 853,233,394</b>	<b>P 19,842,183</b>	<b>P 306,543,698</b>	<b>P 6,524,179</b>	<b>P 1,856,648</b>	<b>P 153,785</b>	<b>P 567,458,044</b>	<b>P 83,502,415</b>	<b>-</b>	<b>P 1,885,117,390</b>

## 11. INVESTMENT PROPERTY

In April 2017, the Group acquired certain residential property amounting to 2,218,235GBP (about P132,720,106), which is classified by the Group as investment property. The translated amount of investment property as at July 31, 2017 and April 30, 2017 amounted to P147,322,303 and P141,608,573, respectively.

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

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

### July 31, 2017 (Unaudited)

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

### April 30, 2017 (Audited)

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

### 13. INTANGIBLE ASSETS

The compositions of this account are shown below.

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

### 14. OTHER NON-CURRENT ASSETS

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

### 15. TRADE AND OTHER PAYABLES

This account consists of the following:

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

### 16. LOANS PAYABLE AND BORROWINGS

This account consists of the following:

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

Non-Current:

Bank loans and mortgages

	<u>278,661,733</u>	<u>367,393,973</u>
	<u><b>P 3,837,631,170</b></u>	<u><b>P 4,228,551,041</b></u>

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

### 17.1 Carrying Amounts and Fair Values by Category

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

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

### 17.2 Offsetting of Financial Assets and Financial Liabilities

Currently, financial assets and liabilities are settled on a gross basis; however, each party to the financial instrument (particularly related parties) will have the option to settle all such amounts on a net basis through approval by both parties' BOD and stockholders or upon instruction by the Parent Company.

## 18. FAIR VALUE MEASUREMENT AND DISCLOSURES

### 18.1 Fair Value Hierarchy

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

- (a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;



- (b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
- (c) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Parent Company uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

### **18.2 Financial Instruments Measured at Fair Value**

Quoted equity securities, debt securities and others classified as AFS financial assets are included in Level 1 as their prices are derived from quoted prices in active market that the entity can access at the measurement date, except for certain equity securities with carrying amount of P78,402,100 and P77,033,450 which are carried at cost as at July 31, 2017 and April 30, 2017, respectively.

The fair value of these shares decreased by P36,932,618 and P44,375,819 in three months ended July 31, 2017 and 2016, respectively. This was presented as Net Unrealized Fair Value Gains on Available-for-sale Financial Assets under Other Comprehensive Income (Loss) of the consolidated statements of comprehensive income.

The Group has no financial liabilities measured at fair value for the three months ended July 31, 2017 and for the years ended April 30, 2017. There were no transfers across the levels of the fair value hierarchy in both years.

### **18.3 Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed**

The table below shows the fair value hierarchy of the Group's classes of financial assets and financial liabilities measured at fair value in the consolidated statement of financial position on a recurring basis on three months ended July 31, 2017 and for the year ended April 30, 2017:

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

## 19. COMMITMENTS AND CONTINGENCIES

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

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

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

Future minimum rental payable related to this lease as follows:

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

# ANNEX "B"

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

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

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

#### Notes:

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

### 2 Accounts Receivable Description

Type of Receivables	Nature/Description	Collection/Liquidation Period
Trade Receivables		
1) PCSO	Gross receipt from lottery ticket sales	30-60 days
2) Guest/City Ledger	rooms revenue and sale of food and beverages	30-60 days
3) Vehicle Debtor	sale of vehicles, parts and accessories and servicing and body shop sales	30-60 days
Notes:		
To indicate a brief description of the nature and collection period of each receivable accounts with major balances or separate receivable captions, both the trade and non - trade accounts.		

### 3 Normal Operating Cycle:

365 days

For the Fiscal Year  
Currency

July 2017  
Philippine Peso

July 2016  
Philippine Peso

April 2017  
Philippine Peso

Balance Sheet

Current Assets  
Total Assets  
Current Liabilities  
Total Liabilities  
Retained Earnings  
Stockholders Equity-Parent  
Book Value Per Share

3 mos ended  
July 31 2017

3 mos ended  
July 31 2017

3 mos ended  
July 31 2016

3 mos ended  
July 31 2016

12 mos ended  
April 30 2017

8,743,771,983  
14,431,731,472  
6,494,587,311  
6,854,600,748  
4,944,212,702  
7,577,130,724  
7,553,158,147  
1.71

8,743,771,983  
14,431,731,472  
6,494,587,311  
6,854,600,748  
4,944,212,702  
7,577,130,724  
7,553,158,147  
1.71

9,433,703,844  
14,375,716,155  
6,732,711,129  
6,958,344,511  
4,105,085,081  
7,417,371,644  
7,096,632,612  
1.68

9,433,703,844  
14,375,716,155  
6,732,711,129  
6,958,344,511  
4,105,085,081  
7,417,371,644  
7,096,632,612  
1.68

9,305,822,624  
14,755,463,708  
7,104,041,686  
7,550,375,430  
4,643,173,814  
7,205,086,278  
7,185,929,442  
1.63

Income Statement

Operating Revenue  
Other Revenue  
Gross Revenue  
Operating Expense  
Other Expense  
Gross Expense

3 mos ended  
July 31 2017

3 mos ended  
July 31 2017

3 mos ended  
July 31 2016

3 mos ended  
July 31 2016

12 mos ended  
April 30 2017

Operating Revenue  
Other Revenue  
Gross Revenue  
Operating Expense  
Other Expense  
Gross Expense

8,319,318,249  
85,846,646  
8,405,164,895  
7,954,705,546  
31,962,210  
7,986,667,756

8,319,318,249  
85,846,646  
8,405,164,895  
7,954,705,546  
31,962,210  
7,986,667,756

7,686,430,029  
58,220,408  
7,744,650,437  
7,378,011,603  
127,987,073  
7,505,998,676

7,686,430,029  
58,220,408  
7,744,650,437  
7,378,011,603  
127,987,073  
7,505,998,676

28,501,621,029  
325,588,767  
28,827,209,796  
27,494,341,417  
348,699,921  
27,843,041,338

Net Income/(Loss) Before Tax  
Income Tax Expense  
Net Income/(Loss) After Tax  
Net Income/(Loss) Attributable to Parent  
Equity Holder

418,497,139  
113,494,443  
305,002,696

418,497,139  
113,494,443  
305,002,696

238,651,761  
85,973,682  
152,678,079

238,651,761  
85,973,682  
152,678,079

984,168,458  
280,075,461  
704,092,997

Earnings/(Loss) Per Share (Basic)  
Earnings/(Loss) Per Share (Diluted)

301,038,888  
0.07

301,038,888  
0.07

133,979,107  
0.03

133,979,107  
0.03

674,067,840  
0.16

Financial Ratios		3 mos ended July 31 2017		3 mos ended July 31 2017		3 mos ended July 31 2016		3 mos ended July 31 2016		12 mos ended April 30 2017	
<b>Liquidity /Analogic Ratios:</b>											
<b>Current Ratio or Working Capital ratio</b>											
	Current Assets/	8,743,771,983	1.35	8,743,771,983	1.35	9,433,703,844	1.40	9,433,703,844	1.40		1.31
	Current Liabilities	6,494,587,311		6,494,587,311		6,732,711,129		6,732,711,129			
<b>Quick Ratio</b>											
	Current Assets-Inventories-Prepayments/	3,629,442,530	0.56	3,629,442,530	0.56	6,732,711,129	-	6,732,711,129	0.62		0.62
	Current Liabilities	6,494,587,311		6,494,587,311							
<b>Solvency Ratio</b>											
	Total Assets/	14,431,731,472	2.11	14,431,731,472	2.11	14,375,716,155	2.07	14,375,716,155	2.07		1.95
	Total Liabilities	6,854,600,748		6,854,600,748		6,958,344,511		6,958,344,511			
<b>Financial Leverage Ratios</b>											
<b>Debt Ratio</b>											
	Total Debt/	6,854,600,748	0.47	6,854,600,748	0.47	6,958,344,511	0.48	6,958,344,511	0.48		0.51
	Total assets	14,431,731,472		14,431,731,472		14,375,716,155		14,375,716,155			0.00
<b>Debt to Equity Ratio</b>											
	Total Debt/	6,854,600,748	0.90	6,854,600,748	0.90	6,958,344,511	0.94	6,958,344,511	0.94		1.05
	Total Stockholder's Equity	7,577,130,724		7,577,130,724		7,417,371,644		7,417,371,644			
<b>Interest Coverage</b>											
	Earnings Before Interest and Taxes (EBIT)/	418,497,139	13.88	418,497,139	13.88	238,651,761	8.35	238,651,761	8.35		4.40
	Interest Charges	32,482,965		32,482,965		32,482,965		32,482,965			
		32,482,965		32,482,965		32,482,965		32,482,965			
<b>Assets to Equity Ratio</b>											
	Total assets/	14,431,731,472	1.90	14,431,731,472	1.90	14,375,716,155	1.94	14,375,716,155	1.94		2.05
	Total Stockholders Equity	7,577,130,724		7,577,130,724		7,417,371,644		7,417,371,644			
<b>Profitability Ratios</b>											
<b>Gross Profit Margin</b>											
	Sales-Cost of Goods Sold or Cost of Service/	8,319,318,249	0.24	8,319,318,249	0.24	7,686,430,029	0.17	7,686,430,029	0.17		0.25
	Sales	(6,356,913,302)		(6,356,913,302)		(6,356,913,302)		(6,356,913,302)			
		8,319,318,249		8,319,318,249		7,686,430,029		7,686,430,029			
<b>Net Profit Margin</b>											
	Net Profit/	305,002,696	0.04	305,002,696	0.04	152,678,079	0.02	152,678,079	0.02		0.02
	Sales	8,319,318,249		8,319,318,249		7,686,430,029		7,686,430,029			
<b>Return of Assets</b>											
	Net Income/	305,002,696	0.08	305,002,696	0.08	152,678,079	0.04	152,678,079	0.04		0.05
	Total Assets	14,431,731,472		14,431,731,472		14,375,716,155		14,375,716,155			
<b>Return of Equity</b>											
	Net Income/	305,002,696	0.16	305,002,696	0.16	152,678,079	0.08	152,678,079	0.08		0.10
	Total Stockholders Equity	7,577,130,724		7,577,130,724		7,417,371,644		7,417,371,644			
<b>Price/Earnings Ratio</b>											
	Price Per Share/	5.30	76.43	5.30	83.64	5.80	185.17	5.80	185.17		34.39
	Earnings Per Common Share	0.069		0.069		0.031		0.031			



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

Financial Indicators  
July 31, 2017

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