COVER SHEET

P	R	E	W	A	R	4	7	6

S.E.C. Registration Number

BERJAYA PHILIPPINES INC.

(Company's Full Name)

9F RUFINO PACIFIC TOWER 6784 AYALA AVENUE COR. HERRERA STREET MAKATI

Business Address: No. Street City/Town/Province

Atty. Malu Sia-Bernas
Contact Person

811-0668/810-1814
Company/Telepone Number

Month Day

SEC17-Q
FORM TYPE

Month Day

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

nine (9)
Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

Remarks - pls. use black ink for scanning purposes

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 January 2013

(Form Type)

N.A.

(Amendment Designation, if applicable)

(Period Ended Date)

N.A.

(Secondary License Type and File Number)

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LCU

____
Cashier

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DTU

Pre War 476
S.E.C Registration Number

____
Central Receiving Unit

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File Number

____
Document I.D.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

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

2. SEC Identification Number **476**

3. BIR Tax Identification No. **001-289-374**

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

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

6. Industry Classification Code: (SEC Use Only)

7. Address of Issuer's principal office

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

8. Issuer's telephone number, including area code

   (632) 811-0540

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

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

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

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

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

    Yes [**X**] No [ ]

12. Indicate by check mark whether the registrant:

    (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports);

    Yes [**X**] No [ ]

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

Yes [**X**]   No [ ]

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

See Interim Balance Sheet as of 31 January 2013, attached hereto as Annex "A", and Aging Schedule of Accounts Receivables as of 31 January 2013 attached hereto as Annex "B". For the basic earnings per share, the "weighted average number of shares outstanding" is added to the face of the Interim Consolidated Income Statement.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

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

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

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

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

In July 2010, the Corporation invested in Berjaya Pizza Philippines Inc. (BPPI), an exclusive franchise of Papa John's Pizza in the Philippines. The Corporation's current equity or interest in BPPI is equivalent to thirty percent (30%).

In September 2012, the Corporation invested in Berjaya Auto Philippines Inc. (BAP), an exclusive distributorship of Mazda brand vehicles in Philippines. The Corporation's current equity or interest in BPPI is equivalent to thirty percent (30%).

The revenue of the subsidiaries increased by 7.09% for the period under review because of increased gross receipts from lottery ticket sales.

As a result, the Corporation has, for the period under review, recorded a higher consolidated net profit of Php849,827,399 mainly due to higher other income due to gain on sale of available-for-sale financial asset and interest income.

Decreased ~~in~~ operating expenses resulted mainly from the subsidiaries, as a result of decreased ~~in~~ professional fees, telecommunications, maintenance of computer equipment and cost of food and beverages.

Financial Position

Financial Position as of 31 January 2013 vs. 30 April 2012

On a consolidated base, Total Assets as of January 31, 2013 increased to Php4,862,052,619 from Php4,081,298,978 reported for the previous fiscal year. The current assets increased to Php2,809,162,473 from Php2,014,738,237 mainly due to the increase in prepayments and other current assets.

The consolidated cash position of the Corporation increased from Php1,876,726,119 to Php1,570,332,092 due to an increase in collections from customers.

Meanwhile, trade and other receivables marginally decreased to Php282,158,333 from Php282,447,212. The collections of payments by the subsidiary are still prompt. The increase in prepaid expenses and other current assets from Php161,958,933 to Php650,278,021 is primarily caused by an increase in advance payments to suppliers.

Goodwill remained at Php360,110,253 for fiscal year 2012.This is attributable to the Revised Philippines Financial Reporting Standards where goodwill is no longer amortized. Instead, goodwill is tested for impairment annually or more frequently if events or change in circumstances indicate that it might already be impaired.

Property and equipment decreased to Php1,113,573,209 from Php1,202,407,380 due to depreciation for the current period.

As of January 31, 2013, Trade Payables increased to Php140,838,132 from Php92,115,807 primarily due to increase in trade payables and professional fee payable.

Total Consolidated Liabilities increased to Php232,943,987 as of January 31, 2013 compared to Php189,594,689 as of last fiscal year. This is accounted for by higher trade payable and estimated liability for retirement benefits.

Total stockholders' equity increased to Php4,629,108,632 from Php3,891,704,289 and the book value per share increased to Php5.31 compared with a book value of Php4.40 in the previous fiscal year.

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

The consolidated cash and cash equivalents for 31 January 2013 increased to Php1,876,726,119 from Php1,148,473,945 for the same period last year. The increase is mainly due to higher operating income which resulted in higher operating liquidity.

Key Performance Indicators

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

	As of 31 Jan 2013	As of 30 April 2012
Liquidity Ratios Current ratio	13.82:1	12:35:1
Leverage Ratios Debt to Equity	0.64%	0.68%

	For the (9) Months Ended	
	January 31, 2013	January 31, 2012
Activity Ratio Annualized PPE Turnover	1.96 times	1.84 times
Profitability Ratios Annualized Return on Average Equity Annualized Return on Average Assets	24.48% 23.31%	27.57% 25.43%

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

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

Arising from the above, the current ratio of the Corporation increased to 13.82:1 from 12:35:1 compared to the last fiscal year. This is due to the increase in the current assets mainly caused by increase in prepayments and other current assets. The Corporation and its subsidiary are still in good liquidity position.

The leverage ratio is still marginal at 0.64% as there is no long-term debt except for the provision of Php29,686,198 for retirement benefits as mandated under the Republic Act 7641 (Retirement Law).

The annualized PPE turnover increased to 1.96 times from 1.84 times due to increase in net revenue offset by increase in plant, property and equipment (net). The plant, property and equipment (net) increased ~~from~~ to Php1,113,573,209 ~~to~~ from Php1,107,619,050 for the corresponding period mainly due to additional acquisition of terminals for the period under review.

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

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

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

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

iii) Except for the dispute between Philippine Gaming Management Corporation (PGMC), the Issuer's wholly owned subsidiary and Philippine Charity Sweepstakes Office (PCSO) about the entry of Pacific Online Services into Luzon which PGMC claims breaches the contractual exclusivity over Luzon, the entry of Pacific Online so far has not caused revenue of PGMC to erode materially, but the revenue paid by PCSO to Pacific Onine is claimed by PGMC and the Issuer to be earnings that should have been earned by PGMC. Should PCSO make further changes in its policies, and the revenue of PCSO does not grow or falls, the earnings of both Pacific Online and PGMC could be affected.

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.

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

Accounts Receivables – Others – Php 76,854,645 – Part IV (b)(3)(B-F)

The breakdown is as follows:

	Peso
Advances to employees	9,861,307
Advances to related parties	1,869,174
Others	65,124,164

TOTAL	76,854,645
	=========

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

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

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

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

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

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

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

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

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

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

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the Issuer has caused this report to be signed on its behalf by the undersigned, being duly authorized, in the City of Makati on 21 March 2013.

Issuer: **BERJAYA PHILIPPINES, INC.**

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

By: **TAN ENG HWA**
Treasurer

BERJAYA PHILIPPINES, INC. AND SUBSIDIARIES
(Formerly Prime Gaming Philippines, Inc. and Subsidiaries)
[A Subsidiary of Berjaya Lottery Management (HK) Limited]
INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JANUARY 31, 2013 and APRIL 30, 2012
(Amounts in Philippine Pesos)

	Notes		Consolidated Unaudited January 31, 2013		Consolidated Audited April 30, 2012
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	7	P	1,876,726,119	P	1,570,332,092
Trade and other receivables-net	8		282,158,333		282,447,212
Prepayments and other current assets	9		650,278,021		161,958,933
Total Current Assets		P	2,809,162,473	P	2,014,738,237
NON-CURRENT ASSETS					
Available for sale financial assets	10		323,625,249		297,475,142
Property and equipment - net	11		1,113,573,209		1,202,407,380
Investment in and advances to an associate	12		242,975,991		193,982,522
Goodwill			360,110,253		360,110,253
Deferred tax assets - net			9,940,452		9,940,452
Other non-current assets	13		2,664,992		2,644,992
Total Non-Current Assets		P	2,052,890,146	P	2,066,560,741
TOTAL ASSETS		P	4,862,052,619	P	4,081,298,978
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Trade and other payables	15	P	140,838,132	P	92,115,807
Income tax payable			62,419,657		70,996,684
Total Current Liabilities			203,257,789		163,112,491
NON-CURRENT LIABILITIES					
Retirement benefit obligation	17		29,686,198		26,482,198
Total Liabilities		P	232,943,987	P	189,594,689
EQUITY					
Capital stock	20		953,984,448		953,984,448
Treasury shares - at cost	20		(902,427,725)		(902,427,725)
Revaluation Reserves	10		52,051,860		164,474,916
Retained earnings	20		4,525,500,049		3,675,672,650
Total Equity			4,629,108,632		3,891,704,289
TOTAL LIABILITIES AND EQUITY		P	4,862,052,619	P	4,081,298,978

See Notes to Financial Statements

BERJAYA PHILIPPINES, INC. AND SUBSIDIARIES

(Formerly Prime Gaming Philippines, Inc. and Subsidiaries)

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

INTERIM CONSOLIDATED STATEMENTS OF CASHFLOWS

JANUARY 31, 2013 and JANUARY 31, 2012

(Amounts in Philippine Pesos)

		3 Months Ended January 31, 2013	9 Months Ended January 31, 2013	3 Months Ended January 31, 2012	9 Months Ended January 31, 2012
CASH FLOWS FROM OPERATING ACTIVITIES					
Net income		P 212,534,878	P 849,827,399	P 203,120,885	P 706,192,801
Adjustments for:					
Depreciation and amortization	11	55,135,343	160,530,477	43,430,357	127,568,640
Interest Income	18	17,963,333	48,157,878	11,802,629	36,652,337
Equity Share in net losses (income) of associates	12	(8,151,525)	(23,841,461)	(613,563)	(290,774)
Loss (gain) on sale of property and equipment	16	0	0	0	(345,080)
Loss (gain) on sale of available-for-sale assets	16	0	(153,956,044)	0	0
Unrealized foreign exchange losses (gain)	18	(2,281,028)	(902,638)	(1,808,097)	(1,925,571)
Operating income before working capital changes			879,815,611	255,932,211	867,852,353
Decrease / (Increase) in:					
Trade and other receivables		(39,811,414)	288,879	88,567,163	186,592,126
Prepaid expenses and other current assets		38,051,871	(488,319,088)	(21,008,154)	(155,384,548)
Increase / (Decrease) in:		0			
Trade and other payables		17,203,948	48,722,325	66,064,084	78,355,922
Retirement Obligation		1,068,000	3,204,000	2,058,000	4,674,000
Cash paid for income taxes		(80,996,714)	(284,072,906)	6,948,981	6,568,335
Net cash used in operating activities		210,716,692	159,638,821	398,562,285	988,658,188
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of Property and equipment	11	(58,034,006)	(71,696,307)	(50,874,368)	(70,505,644)
Acquisition of Available-for-sale financial assets	10	0	(66,063,560)	0	0
Interest Received		(17,963,333)	(48,157,878)	(11,802,629)	(36,652,337)
Advances to (collection from) associate - net	12	6,558,340	72,834,930	(156,870,809)	(157,193,598)
(Increase) / Decrease in other non current assets		76,267,913	80,181,540	(4,435,400)	402,760
Proceeds from sale of available-for-sale financial assets		0	178,753,843	0	0
Proceeds from disposal of property and equipment		0	0	0	757,366
Dividends paid		0	0	(87,167,617)	(87,167,617)
Net cash provided by investing activities		6,828,914	145,852,568	(311,150,823)	(350,359,070)
CASH FLOWS FROM FINANCING ACTIVITIES					
Purchase of treasury shares		0	0	(401,040,252)	(401,040,252)
Net cash provided by financing activities		0	0	(401,040,252)	(401,040,252)
EFFECT OF EXCHANGE RATE CHANGES TO CASH AND CASH EQUIVALENTS		2,281,028	902,638	1,808,097	1,925,571
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		219,826,634	306,394,027	(311,820,693)	239,184,437
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		1,656,899,485	1,570,332,092	1,460,294,638	909,289,508
CASH AND CASH EQUIVALENTS AT ENDING OF PERIOD		P 1,876,726,119	P 1,876,726,119	P 1,148,473,945	P 1,148,473,945

See Notes to Financial Statements

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

	3 Months Ended January 31, 2013	**9 Months Ended January 31, 2013**	3 Months Ended January 31, 2012	9 Months Ended January 31, 2012
CAPITAL STOCK - P1 par value				
Authorized -2,00,000,000 shares				
Issued - 953,984,448 shares	P 953,984,448	P 953,984,448	P 953,984,448	P 953,984,448
TREASURY SHARES				
Balance at beginning of period (note 20)	(902,427,725)	(902,427,725)	(902,427,725)	(902,427,725)
	0	0	0	0
Balance at end of period	(902,427,725)	(902,427,725)	(902,427,725)	(902,427,725)
REVALUATION RESERVE				
Balance at end of period	39,648,120	52,051,860	72,893,402	72,893,402
RETAINED EARNINGS				
Balance at beginning of period	4,325,368,911	3,675,672,650	3,174,257,233	2,671,185,317
Net income	212,534,878	849,827,399	203,120,885	706,192,801
Dividends			(87,167,617)	(87,167,617)
Balance at end of period	4,537,903,789	4,525,500,049	3,290,210,501	3,290,210,501
TOTAL EQUITY	P 4,629,108,632	P 4,629,108,632	P 3,414,660,626	P 3,414,660,626
Net losses directly recognized in equity	P 0	P 0	P	P 0

See Notes to Financial Statements

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

Appendix A

	Notes	3 Months Ended January 31, 2013	9 Months Ended January 31, 2013	3 Months Ended January 31, 2012	9 Months Ended January 31, 2012
REVENUES					
Rental	6,24	P 475,587,627	P 1,527,606,300	P 486,535,060	P 1,423,112,019
Hotel Operations		41,849,648	108,771,772	35,191,889	104,893,262
		517,437,275	1,636,378,072	521,726,949	1,528,005,281
COSTS AND OTHER OPERATING EXPENSES					
Professional fees	19	62,567,399	181,267,100	63,876,754	204,514,276
Depreciation and amortization	11	55,135,343	160,530,477	43,430,357	127,568,640
Salaries and employee benefits	17	28,812,893	85,639,739	33,364,333	83,349,334
Telecommunications		24,596,326	79,667,207	31,851,651	99,256,274
Maintenance of computer equipment	19	10,907,696	33,118,717	16,884,868	60,837,217
Communication, light and water		7,761,003	24,788,076	8,891,532	24,737,054
Transportation and travel		8,461,556	17,955,102	5,368,648	11,696,320
Taxes and licences		6,634,403	19,215,219	10,459,502	18,823,229
Representation and entertainment		5,239,040	14,147,297	3,802,192	8,069,408
Cost of food and beverages		3,580,972	9,354,939	4,184,276	11,834,307
Rental	24	4,585,416	13,231,269	3,522,109	10,280,155
Others	16	40,560,669	67,712,277	38,719,203	67,001,161
		258,842,716	706,627,419	264,355,425	727,967,375
OPERATING PROFIT		258,594,559	929,750,653	257,371,524	800,037,906
OTHER INCOME (CHARGES)					
Finance Income	18	17,963,333	48,157,878	11,802,629	36,652,337
Equity share in net income (losses)	12	(8,151,525)	(23,841,461)	(613,563)	(290,774)
Finance Costs	18	475,752	(902,638)	(1,808,097)	(1,925,571)
Others	16	16,734,303	172,158,846	9,571,186	98,298,665
		27,021,863	195,572,625	18,952,155	132,734,657
PROFIT BEFORE INCOME TAX		285,616,422	1,125,323,278	276,323,679	932,772,563
TAX EXPENSE		73,081,544	275,495,879	73,202,794	226,579,762
NET INCOME		212,534,878	849,827,399	203,120,885	706,192,801
Weighted average number of shares outstanding		871,676,171	871,676,171	871,676,171	871,676,171
Basic earnings per share (annualized)		P 0.325	P 1.300	P 0.311	P 1.080
CASH DIVIDENDS AT P1.00 PER SHARE		P	P		P

See Notes to Financial Statements

BERJAYA PHILIPPINES INC. AND SUBSIDIARIES
[A Subsidiary of Berjaya Lottery Management (HK) Limited]
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JANUARY 31, 2013, JANUARY 31, 2012 and APRIL 30, 2012
(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 are listed in the Philippine Stock Exchange.

The Parent Company is 67.53% owned as of July 31, 2012 and April 30, 2012, by Berjaya Lottery Management (HK) Limited of Hong Kong (BLML). The Company's ultimate parent is Berjaya Corporation Berhad of Malaysia, a publicly listed company in the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Group is located at 9th Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City. BLML's registered address is Level 28 Three Pacific Place 1 Queen's Road East, Hong Kong and the ultimate parent's registered office is at Lot13-01A, Level 13 (East Wing), Berjaya Times Square, No. 1, Jalan Imbi 55100 Kuala Lumpur, Malaysia.

1.2 Subsidiaries and Associates

The Parent Company holds ownership interest in the following entities as of Jan 31:

Subsidiaries and Associates	Notes	Nature of Business	Effective % of Ownership **Jan 31, 2013**
Philippine Gaming Management Corporation (PGMC)	(a)	Leasing	**100.00**
Perdana Hotel Philippines Inc. (PHPI)	(b)	Service	**100.00**
Perdana Land Philippines Inc. (PLPI)	(c)	Land Owner	**40.00**
Berjaya Pizza Philippines Inc. (BPPI)	(d)	Food and Beverages	**30.00**
Berjaya Auto Philippines Inc. (BAP)	(e)	Motor Vehicles, Wholesaling	**40.00**

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

(b) PHPI was incorporated in the Philippines on December 11, 2009 primarily to manage and/or operate hotels or other buildings, and to sell, lease or otherwise dispose of the same; to own, lease, and operate one or more hotels, and all adjuncts and accessories thereto. PHPI started its commercial operations on May 1, 2010.

(c) PLPI was incorporated in the Philippines primarily to acquire, hold, develop and dispose of, by purchase or sale, exchange, mortgage, lease or in any other manner, real estate or any interest therein, either together with or exclusive of their appurtenances. PLPI started its commercial operations on May 1, 2010.

(d) BPPI was organized as part of BPI's strategy to acquire an interest in a chain of restaurants. BPPI was incorporated on July 12, 2010 and started commercial operations on December 10, 2010.

(e) BAP was incorporated in the Philippines on September 12, 2012 intends to enter into a distributorship agreement by Berjaya Auto Philippines Inc. with Mazda Motor Corporation Japan for the sale and distribution of Mazda brand cars within the territory of the Philippines.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of Preparation of Consolidated Financial Statements

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

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.

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

(b) Presentation of Financial Statements

The consolidated financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1 (Revised 2007), *Presentation of Financial Statements*. The Group presents all items of income and expenses in a consolidated single statement of comprehensive income. Two comparative periods are presented for the consolidated statement of financial position when the Group applies an accounting policy retrospectively, makes a retrospective restatement of items in its consolidated financial statements, or reclassifies items in the consolidated financial statements.

(c) Functional and Presentation Currency

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

Items included in the consolidated financial statements of the Group are measured using its functional currency. Functional currency is the currency of the primary economic environment in which the Group operates.

2.2 Adoption of New Interpretations, Revisions and Amendments to PFRS

(a) Effective in Fiscal Year 2012 that are Relevant to the Group

In fiscal year 2012, the Group adopted the following new revision and amendments to PFRS that are relevant to the Group and effective for financial statements for the annual period beginning on or after July 1, 2010 or January 1, 2011:

PAS 24 (Amendment)	:	Related Party Disclosures
Philippine Interpretation International Financial Reporting Interpretations Committee (IFRIC) 14 (Amendment)	:	Prepayment of a Minimum Funding Requirement
IFRIC 19	:	Extinguishing Financial Liabilities With Equity Instruments
Various Standards	:	2010 Annual Improvements to PFRS

Discussed below are relevant information about these revised and improved standards.

(i) PAS 24 (Amendment), *Related Party Disclosures* (effective from January 1, 2011). The amendment simplifies and clarifies the definition of a related party by eliminating inconsistencies in determining related party relationships. The amendment also provides partial exemption from the disclosure requirements for government-related entities to disclose details of all transactions with the government and other government-related entities. The adoption of this amendment did not result in any significant changes on the Group's disclosures of related parties in its consolidated financial statements.

(ii) Philippine Interpretation IFRIC 14 (Amendment), *Prepayments of a Minimum Funding Requirement* (effective from January 1, 2011). This interpretation addresses unintended consequences that can arise from the previous requirements when an entity prepays future contributions into a defined benefit pension plan. It sets out guidance on when an entity recognizes an asset in relation to a surplus for defined benefit plans based on PAS 19, *Employee Benefits*, that are subject to a minimum funding requirement. The Group is not subject to minimum funding requirements and it does not usually make substantial advance contributions to its retirement fund, hence, the adoption of the revised standard has no material effect on its consolidated financial statements.

(iii) Philippine Interpretation IFRIC 19, *Extinguishing Financial Liabilities with Equity Instruments (*effective from July 1, 2010). This interpretation clarifies the accounting when an entity renegotiates the terms of a financial liability through issuance of equity instruments to extinguish all or part of the financial liability. These transactions are sometimes referred to as "debt for equity" exchanges or swaps. The interpretation requires the debtor to account for a financial liability which is extinguished by equity instruments as follows:

- the issue of equity instruments to a creditor to extinguish all or part of a financial liability is consideration paid in accordance with PAS 39, *Financial Instruments: Recognition and Measurement*;
- the entity measures the equity instruments issued at fair value, unless this cannot be reliably measured;
- if the fair value of the equity instruments cannot be reliably measured, then the fair value of the financial liability extinguished is used; and,
- the difference between the carrying amount of the financial liability extinguished and the consideration paid is recognized in profit or loss.

The adoption of the interpretation did not have a material effect on the Group's consolidated financial statements as it did not extinguish financial liabilities through equity swap during the year.

(iv) 2010 Annual Improvements to PFRS. The FRSC has adopted the *2010 Improvements* to PFRS. Most of these amendments became effective for annual periods beginning on or after July 1, 2010 or January 1, 2011. Among those improvements, only the following amendments which are effective from January 1, 2011 were identified to be relevant to the Group's consolidated financial statements but which did not have any material impact on its consolidated financial statements:

- PAS 1 (Amendment), *Presentation of Financial Statements: Clarification of Statement of Changes in Equity* (effective from July 1, 2010). The amendment clarifies that, for each component of equity, an entity may present an analysis of other comprehensive income either in the consolidated statement of changes in equity or in the notes to the consolidated financial statements. As the Group's other comprehensive income only pertains to fair value changes on available-for-sale (AFS) financial assets, the Group has elected to continue presenting each item of other comprehensive income in the consolidated statement of changes in equity.

- PAS 27 (Amendment), *Consolidated and Separate Financial Statements* (effective from July 1, 2010). This amendment clarifies that the consequential amendments made to PAS 21, *The Effect of Changes in Foreign Exchange Rates,* PAS 28, *Investment in Associate*, and, PAS 31, *Investment in Joint Ventures*, arising from the PAS 27 (2008) amendments apply prospectively, to be consistent with the related PAS 27 transition requirements. The amendment has no impact on the Group's consolidated financial statements.

- PAS 34 (Amendment), *Interim Financial Reporting – Significant Event and Transactions* (effective from January 1, 2011). The amendment provides further guidance to illustrate how to apply disclosure principles under PAS 34 for significant events and transactions to improve interim financial reporting. It requires additional disclosure covering significant changes to fair value measurement and classification of financial instruments, and to update relevant information from the most recent annual report.

- PFRS 3 (Amendments), *Business Combinations* (effective from July 1, 2010). The amendment clarifies that contingent consideration arrangement and balances arising from business combinations with acquisition dates prior to the entity's date of adoption of PFRS 3 (Revised 2008) shall not be adjusted on the adoption date. It also provides guidance on the subsequent accounting for such balances.

  It further clarifies that the choice of measuring non-controlling interest (NCI) at fair value or at the proportionate share in the recognized amounts of an acquiree's identifiable net assets, applies only to instruments that represent present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation. All other components of NCI are measured at fair value unless PFRS requires another measurement basis.

  This amendment also clarifies accounting for all share-based payment transactions that are part of a business combination, including unreplaced and voluntary replaced share-based payment awards. Specifically, this provides guidance for situations where the acquirer does not have an obligation to replace an award but replaces an existing acquiree award that would otherwise have continued unchanged after the acquisition, thus resulting to the accounting for these awards being the same as for the awards that the acquirer is obliged to replace. The amendment has no impact on the Group's consolidated financial statements.

- PFRS 7 (Amendment), *Financial Instruments: Clarification of Disclosures* (effective from January 1, 2011). The amendment clarifies the disclosure requirements which emphasize the interaction between quantitative and qualitative disclosures about the nature and extent of risks arising from financial instruments. It also amends the required disclosure of financial assets including the financial effect of collateral held as security. This amendment has no significant effect on the consolidated financial statements since the Group already provides adequate information in its consolidated financial statements in compliance with the disclosure requirements.

(b) Effective in Fiscal Year 2012 but not Relevant to the Group

The following interpretations to published standards are mandatory for accounting periods beginning on or after January 1, 2011 but are not relevant to the Group's operations:

PAS 32 (Amendment)	:	Financial Instruments: Presentation – Classification of Rights Issues
PFRS 1 (Amendment)	:	First-time Adoption of PFRS – Limited Exemption from PFRS 7 Comparative Disclosures
2010 Annual Improvements		
PAS 21 (Amendment)	:	Effect of Changes in Foreign Exchange Rates
PAS 31 (Amendment)	:	Interests in Joint Ventures
PFRS 1 (Amendment)	:	First-time Adoption of PFRS
Philippine Interpretation IFRIC 13	:	Customer Loyalty Programmes – Fair Value Award Credits

(c) Effective Subsequent to Fiscal Year 2012 but not Adopted Early

There are new and amended PFRS that are effective for periods subsequent to 2012. Management has initially determined the following pronouncements, which the Group will apply in accordance with their transitional provisions, to be relevant to its consolidated financial statements:

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

(ii) PFRS 7 (Amendment), *Financial Instruments: Disclosures – Transfers of Financial Assets (*effective from July 1, 2011). The amendment requires additional disclosures that will allow users of financial statements to understand the relationship between transferred financial assets that are not derecognized in their entirety and the associated liabilities; and, to evaluate the nature of, and risk associated with any continuing involvement of the reporting entity in financial assets that are derecognized in their entirety. The Group does not usually enter into this type of arrangement with regard to transfer of financial asset, hence, the amendment may not significantly change the Group's disclosures in its consolidated financial statements.

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

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

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

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

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

(v) Consolidation Standards

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

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

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

- PAS 27 (Revised), *Separate Financial Statements*. This revised standard now covers the requirements pertaining solely to separate financial statements after the relevant discussions on control and consolidated financial statements have been transferred and included in the new PFRS 10. No new major changes relating to separate financial statements have been introduced as a result of the revision.
- PAS 28 (Revised), *Investments in Associate and Joint Venture*. This revised standard includes the requirements for joint ventures, as well as associates, to be accounted for using equity method following the issuance of PFRS 11, *Joint Arrangement*.

(vi) PFRS 9, *Financial Instruments: Classification and Measurement* (effective from January 1, 2015). This is the first part of a new standard on classification and measurement of financial assets and financial liabilities that will replace PAS 39 in its entirety. This chapter deals with two measurement categories for financial assets: amortized cost and fair value. All equity instruments will be measured at fair value while debt instruments will be measured at amortized cost only if the entity is holding it to collect contractual cash flows which represent payment of principal and interest. The accounting for embedded derivatives in host contracts that are financial assets is simplified by removing the requirement to consider whether or not they are closely related, and, in most arrangement, does not require separation from the host contract.

For liabilities, the standard retains most of the PAS 39 requirements which include amortized-cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in case where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than in profit or loss, unless this creates an accounting mismatch.

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

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

2.3 Basis of Consolidation

The Parent Company obtains and exercises control through voting rights. The Group's consolidated financial statements comprise the accounts of the Parent Company and its subsidiaries, after the elimination of material intercompany transactions. All intercompany balances and transactions with the subsidiaries, including income, expenses and dividends, are eliminated in full. Unrealized profits and losses from intercompany transactions that are recognized in assets are also eliminated in full. Intercompany losses that indicate an impairment are recognized in the consolidated financial statements.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting principles.

The Parent Company accounts for its investments in subsidiaries, transactions with non-controlling interest and investment in associates as follows:

(a) Investments in Subsidiaries

Subsidiaries are all entities over which the Group has the power to control the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date the Parent Company obtains control until such time that such control ceases.

The acquisition method is applied to account for acquired subsidiaries.
This requires recognizing and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group, if any. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred and subsequent change in the fair value of contingent consideration is recognized directly in profit or loss.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any
non-controlling interest in the acquiree and the acquisition-date fair value of any existing equity interest in the acquiree over the acquisition-date fair value of identifiable net assets acquired is recognized as goodwill. If the consideration transferred is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly as gain in profit or loss (see Note 2.11).

(b) Investment in Associates

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

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

2.4 Financial Assets

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

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

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

(a) Loans and Receivables

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

Loans and receivables are subsequently measured at amortized cost using the effective interest method, less impairment loss, if any. Impairment loss is provided when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the impairment loss is determined as the difference between the assets' carrying amount and the present value of estimated cash flows, discounted at the effective interest rate.

The Group's financial assets categorized as loans and receivables are presented as Cash and Cash Equivalents, Trade and Other Receivables and Advances to Associates (presented as part of Investments in and Advances to Associates) 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 readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

(b) AFS Financial Assets

This category includes non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets.

All financial assets within this category are subsequently measured at fair value, unless otherwise disclosed, with changes in value recognized in other comprehensive income, net of any effects arising from income taxes. Gains and losses arising from securities classified as AFS are recognized in profit or loss when they are sold or when the investment is impaired.

In the case of impairment, the cumulative loss previously recognized directly in equity is transferred to the profit or loss. If circumstances change, impairment losses on AFS equity instruments are not reversed through the profit or loss. On the other hand, if in a subsequent period the fair value of a debt instrument classified as AFS increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through the profit or loss.

All income and expenses, including impairment losses, relating to financial assets that are recognized in profit or loss are presented as part of Finance Costs or Finance Income 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.

Derecognition of financial assets occurs when the rights to receive cash flows from the financial instruments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

2.5 Inventories

Inventories, which are presented as part of Prepayments and Other Current Assets, are valued at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method. The cost of raw materials include all costs directly attributable to acquisitions, such as the purchase price, import duties and other taxes that are not subsequently recoverable from taxing authorities.

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

2.6 Spare Parts and Accessories

At the end of the reporting period, spare parts and accessories, which are presented as part of Prepayments and Other Current Assets, are valued at cost since these inventories are generally used for providing maintenance and repair services as discussed in Note 6. Cost is determined using the moving average cost method.

2.7 Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization and any impairment in value.

The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized; expenditures for repairs and maintenance are charged to expense as incurred.

Computers and on-line lottery equipment are depreciated over the shorter of eight years or the remaining term of the lease agreement with Philippine Charity Sweepstakes Office (PCSO). Leasehold improvements are amortized over the shorter of the lease term or estimated useful lives of the improvements.

Depreciation on all other classes of property and equipment is computed using the straight-line basis over the estimated useful lives of the assets as follows:

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

Construction in progress represents properties under construction and is stated at cost. This includes cost of construction, applicable borrowing cost and other direct costs (see Note 2.16). 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 2.15).

The residual values and estimated useful lives of property and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

2.8 Intangible Asset

Intangible asset pertains to Goodwill. Goodwill represents the excess of the cost of acquisition of the investment over the fair value of identifiable net assets of a subsidiary at date of acquisition. Goodwill is carried at amortized cost up to the date of transition to PFRS less any impairment in value. Upon adoption of PFRS, goodwill is no longer amortized but is subject to annual test for impairment whether there is an objective evidence of impairment or not (see Note 2.15).

2.9 Financial Liabilities

Financial liabilities, which include Trade and Other Payables (except for tax-related liabilities) are recognized when the Group becomes a party to the contractual terms of the instrument. All interest related charges are recognized as an expense in profit or loss under the caption Finance Costs in the consolidated statement of comprehensive income.

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

Dividend distributions to stockholders are recognized as financial liabilities upon declaration of the Group.

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after 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 reporting period. Otherwise, these are presented as non-current liabilities.

Financial liabilities are derecognized from the consolidated statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration.

2.10 Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statement of financial position.

2.11 Business Combination

Business acquisitions are accounted for using the acquisition method of accounting.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

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

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For the purpose of impairment testing, goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The cash-generating units or groups of cash-generating units are identified according to operating segment.

Gains and losses on the disposal of an interest in a subsidiary include the carrying amount of goodwill relating to it.

If the business combination is achieved in stages, the acquirer is required to remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognize the resulting gain or loss, if any, in the profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

2.12 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 commitment that has resulted from past events.

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

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

2.13 Revenue and Expense Recognition

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

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

(a) *Revenue from lease of on-line lottery equipment, maintenance and repair services, and telecommunication and integration services* – Revenue is recognized when sales to customers are made based on certain percentages of gross receipts from lottery ticket sales.

(b) *Revenue from hotel operations* – Revenue from hotel operations is categorized as follows:

   a. *Room revenues* – Revenue is recognized when the services are rendered.

   b. *Sale of food, beverages and others* – Revenue is recognized upon delivery to and receipt of goods by the customer.

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

Costs and expenses are recognized in profit or loss upon utilization of the goods or services or at the date these are incurred. All finance costs are reported in profit or loss on an accrual basis.

2.14 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 are recognized as expense in the consolidated statement of comprehensive income on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

(b) Group as Lessor

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

The Group determines whether an arrangement is, or contains a lease based on the substance of the arrangement. It makes an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

2.15 Impairment of Non-financial Assets

The Group's property and equipment, investment in associates and goodwill are subject to impairment testing. Goodwill is tested for impairment at least annually. All other individual assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use, based on an internal discounted cash flow evaluation.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist and the carrying amount of the asset is adjusted to the recoverable amount resulting in the reversal of the impairment loss.

2.16 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 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.

2.17 Foreign Currency Transactions

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

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

2.18 Related Party Transactions

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

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

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

2.19 Employee Benefits

(a) Post-employment Defined Benefit Obligations

A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of post-employment plan remains with the Group, even if plan assets for funding the defined benefit plan have been acquired. Plan assets may include assets specifically designated to a long-term benefit fund, as well as qualifying insurance policies.

The liability recognized in the consolidated statement of financial position for post-employment defined benefit pension plans is the present value of the defined benefit obligation (DBO) at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. The DBO is calculated annually by independent actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related post-employment liability.

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

(b) Compensated Absences

Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the end of the reporting period. They are included in Trade and Other Payables account at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

2.20 Income Taxes

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

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

Deferred tax is provided, using the liability method on temporary differences at the end of the reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carryforward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deferred tax asset can be utilized.

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

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

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

2.21 Earnings Per Share

Earnings per share are determined by dividing the net profit by the weighted average number of common shares subscribed and issued during the year after retroactive adjustment for any stock dividends declared during the year.

Diluted earnings per share is computed by adjusting the weighted average number of ordinary shares outstanding to assume conversion of dilutive potential shares.

2.22 Equity

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

Treasury shares are stated at the cost of reacquiring such shares.

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

Retained earnings include all current and prior period results of operations as disclosed in the profit or loss of the consolidated statement of comprehensive income.

2.23 Events After the Reporting Period

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

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

3.1 Critical Management Judgments in Applying Accounting Policies

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimation, which have the most significant effect on the amounts recognized in the consolidated financial statements:

a) *Impairment of AFS Financial Assets*

The Group follows the guidance of PAS 39 on determining when an investment is other-than-temporarily impaired. This determination 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 flow.

There were no impairment losses recognized on the Group's AFS financial assets as of January 31, 2013 and April 30, 2012.

b) 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) 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 2.12 and relevant disclosures are presented in Note 24.

3.2 Key Sources of Estimation Uncertainty

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

(a) Useful Lives of Property and Equipment

The Group estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. The carrying amounts of property and equipment are analyzed in Note 11. Based on management's assessment as at January 31, 2013, there is no change in estimated useful lives of property and equipment during the year. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

(b) *Allowance for Impairment of Trade and Other Receivables and Advances to Associates*

Allowance is made for specific and groups of accounts, where objective evidence of impairment exists. The Group evaluates these accounts based on available facts and circumstances, including, but not limited to, the length of the Group's relationship with the customers, the customers' current credit status, and average age of accounts, collection experience and historical loss experience.

Allowance for impairment losses on trade and other receivable amounted to P1,856,520 as of January 31, 2013 and April 30, 2012. There were no impairment losses recognized on the Group's trade and other receivables and advances in associates in 2013 and 2012. (see Notes 8 and 12).

(c) *Valuation of Financial Assets Other than Trade and Other Receivables and Advances to Associates*

The Group carries certain financial assets at fair value, which requires the extensive use of accounting estimates and judgment. Significant components of fair value measurement were determined using verifiable objective evidence such as foreign exchange rates, interest rates, volatility rates, etc. However, the amount of changes in fair value would differ if the Group utilized different valuation methods and assumptions. Any change in fair value of these financial assets and liabilities would affect profit and loss and other comprehensive income.

(d) *Determining Net Realizable Value of Inventories*

In determining the net realizable value of inventories, management takes into account the most reliable evidence available at the times the estimates are made. The Group's core business is continuously subject to changes which may cause inventory obsolescence. Moreover, future realization of the carrying amounts of food inventories as presented in Note 9 is affected by price changes in different market segments of the food industry. Both aspects are considered key sources of estimation uncertainty and may cause significant adjustments to the Group's inventories within the next financial year.

(e) *Impairment of Goodwill*

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

Though management believes that the assumptions used in the estimation of the recoverable amount are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

In 2013 and 2012, no impairment loss was recognized for goodwill.

(f) Realizable Amount of Deferred Tax Assets

The Group reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

In 2012, management has taken a conservative position of not recognizing additional deferred tax assets arising from net operating loss carry over (NOLCO) and minimum corporate income tax (MCIT) of BPI.

The carrying value of deferred tax assets as of January 31, 2013 and April 30, 2012 is disclosed in Note 21.

(g) Impairment of Non-financial Assets

PFRS requires that an impairment review be performed when certain impairment indicators are present. The Group's policy on estimating the impairment of non-financial assets is discussed in detail in Note 2.15. 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.

No impairment losses on property and equipment and investment in associates were recognized in 2013 and 2012.

(h) Post-employment Defined Benefit Obligations

The determination of the Group's obligation and cost of post-employment defined benefit is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, discount rates, expected rate of return on plan assets, salary rate increase, and employee turnover. In accordance with PFRS, actual results that differ from the assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded obligation in such future periods.

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

4. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks which result from both its operating and investing activities. 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 engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed to are described below.

4.1 Foreign Currency Risk

Most of the Group's transactions are carried out in Philippine pesos, its functional currency. Exposures to currency exchange rates arise from the Group's overseas purchases, which is primarily denominated in United States (U.S.) dollars. The Group also holds U.S. dollar-denominated cash.

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

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

	April 30, 2012
Financial assets	**P 59,568,979**
Financial liabilities	**(8,037,819)**
Total net exposure	**P 51,531,160**

The sensitivity of the net result and equity with regard to the Group's financial assets and liabilities assumes a +/-16.43% and +/-20.67% change of the Philippine peso/U.S. dollar exchange rate for the fiscal years ended April 30, 2012. These percentages have been determined based on the average market volatility in exchange rates, using standard deviation, in the previous 12 months, estimated at 99% level of confidence. The sensitivity analysis is based on the Group's foreign currency financial instruments held at the end of each reporting period with effect estimated from the beginning of the year.

If the Philippine peso had strengthened against the U.S. dollar, profit before tax for 2012 would have decreased by P8,466,570. Conversely, if the Philippines peso had weakened against the U.S. dollar, then net profit for 2012 and 2011 would have increased by same amounts.

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.

4.2 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 as of January 31, 2013 and April 30, 2012 (or in the detailed analysis provided in the notes to the consolidated financial statements), as summarized below.

	Notes	January 31, 2013	April 30, 2012
Cash and cash equivalents	7	**P 1,876,726,119**	P 1,570,332,092
Trade and other receivables – net	8	**282,158,333**	282,447,212
Advances to associates	12	**145,214,613**	135,176,465
Security deposits	13	**2,664,992**	2,644,992
		P 2,306,764,057	P 1,990,600,761

As part of Group's policy, bank deposits are only maintained with reputable financial institutions. Cash in banks which are insured by the Philippine Deposit Insurance Corporation (PDIC) up to a maximum coverage of P500,000 per depositor per banking institution, as provided for under Republic Act (RA) No. 9576, *Charter of PDIC,* are still subject to credit risk.

The Group's trade receivable as of January 31, 2013 and April 30, 2012 is due mainly from PCSO. As such, the Group mitigates the concentration of its credit risk by regularly monitoring the age of its receivables from PCSO and ensuring that collections are received within the agreed credit period. In addition, the risk is reduced to the extent that PCSO has no history of significant defaults.

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

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 ongoing basis to avoid raising funds above market rates or through forced sale of assets.

As of January 31, 2013 and April 30, 2012, the Group's financial liabilities pertain to trade and other payables. Trade and other payables are considered to be current which are expected to be settled within 12 months from the end of each reporting period.

4.4 Other Price Risk

The Group'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.

5. SEGMENT REPORTING

5.1 Business Segments

The Group's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Group is engaged in the business of Leasing, Services, and Holdings and Investments.

(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. PHPI was incorporated on December 11, 2009 and started commercial operations on May 1, 2010.

(c) Holdings and Investments relates to gains (losses) on disposal of investments and share in net gains (losses) of associates.

5.2 Segment Assets and Liabilities

Segment assets include all operating assets used by a segment and consist principally of operating cash, receivables and advances and property and equipment, net of allowances and provisions. 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 income taxes.

5.3 Intersegment Transactions

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. Intersegment sales and transfers are eliminated in consolidation.

The following tables present revenue and profit information regarding industry segments for the years ended January 31,2013 and April 30, 2012, and certain assets and liabilities information regarding industry segments at January 31, 2013 and April 30, 2012.

	January 31, 2013				
	Leasing	Services	Holding and Investments	Elimination	Group
Revenues:					
External	P 1,593,171,083	P 113,537,507	P 125,242,107	(P -)	P 1,831,950,697
Inter-segment	-	-	1,223,841,461	(1,223,841,461)	-
Total revenues	1,593,171,083	113,537,507	1,349,083,568	(1,223,841,461)	1,831,950,697
Expenses:					
External	582,202,396	108,130,350	16,294,673	-	706,627,419
Inter-segment	-	-	-	-	-
Total expenses	582,202,396	108,130,350	16,294,673	-	706,627,419
Profit before tax	P 1,010,968,687	P 5,407,157	P 1,332,788,895	(P 1,223,841,461)	P 1,125,323,278
Net Profit	P 774,869,989	P 3,602,610	P 1,295,196,261	(P 1,223,841,461)	P 849,827,399
Segment assets	P 1,757,279,915	P 787,842,648	P 3,562,076,817	(P 1,245,146,759)	P 4,862,052,621
Segment liabilities	P 533,177,404	P 780,988,478	P (585,590)	(P 1,080,636,306)	P 232,943,986
Other segment items:					
Capital expenditures	P 48,199,737	P 23,496,569	P -	P -	P 71,696,306
Depreciation and amortization	P 142,465,835	P 18,064,642	P -	P -	P 160,530,477

	April 30, 2012				
	Leasing	Services	Holding and Investments	Elimination	Group
Revenues:					
External	P 2,087,272,608	P 142,232,796	P 23,230,211	P -	P 2,252,735,615
Inter-segment	693,426	-	910,000,000	(910,693,426)	-
Total revenues	2,087,966,034	142,232,796	933,230,211	(910,693,426)	2,252,735,615
Expenses:					
External	693,284,950	129,288,010	25,378,575	-	847,951,535
Inter-segment	-	-	-	-	-
Total expenses	693,284,950	129,288,010	25,378,575	-	847,951,535
Profit before tax	P 1,394,681,084	P 12,944,786	P 907,851,636	(P 910,693,426)	P 1,404,784,080
Net Profit	P 1,088,882,425	P 8,919,408	P 904,546,543	(P 910,693,426)	P 1,091,654,950
Segment assets	P 1,805,237,368	P 791,222,259	P 2,380,118,585	(P 895,279,234)	P 4,081,298,978
Segment liabilities	P 156,004,846	P 787,970,702	P 229,383	(P 754,610,242)	P 189,594,689
Other segment items:					
Capital expenditures	P 152,647,876	P 60,909,467	P -	(P 1,325,000)	P 212,232,343
Depreciation and amortization	P 157,940,716	P 16,566,292	P -	P -	P 174,507,008

6. CONTRACTS WITH PCSO

PGMC is a party to the Equipment Lease Agreement (ELA) with PCSO covering the lease of the PGMC's on-line lottery equipment (see Note 11) to PCSO under certain conditions. Under the ELA, PGMC is entitled to fees equal to a certain percentage of the gross receipts from all PCSO on-line lottery operations (the ticket sales) within a specified territory subject to an annual minimum fee as prescribed in the ELA. PGMC's revenues are derived from the ELA with PCSO.

In addition, PGMC also has an agreement with PCSO whereby PGMC agreed to provide maintenance and repair services on the equipment under the ELA. This agreement will run concurrently with the ELA. Any extension or termination of the ELA by PCSO will have a similar effect on this agreement.

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

Fees, maintenance and repair services, and telecommunication and integration services revenues recognized by PGMC from the foregoing ELA and related agreements amounted to P1,527,606,300 and P1,423,112,019 in January 31, 2013 and 2011 respectively, and are presented as Revenues in the consolidated statements of comprehensive income. The related receivables are shown as part of Trade and Other Receivables in the consolidated statements of financial position (see Note 8).

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

	January 31, 2013	April 30, 2012
Cash on hand and in banks	**P 220,006,413**	P 208,901,860
Short-term placements	**1,656,719,706**	1,361,430,232
	P 1,876,726,119	P 1,570,332,092

Cash in banks generally earn interest at rates based on daily bank deposit rates.

Short-term placements have an average maturity of 7 to 30 days and average annual effective interest ranging from 1.40% to 3.625% in 2013 for Philippine peso placements.

8. TRADE AND OTHER RECEIVABLES

This account includes the following:

	Notes	**January 31, 2013**	April 30, 2012
Trade	6	**P 205,303,688**	P 208,932,399
Advances to officers and employees	19.4	**9,861,307**	9,269,978
Other receivables	14	**68,849,858**	66,101,355
		284,014,853	284,303,732
Allowance for impairment		**(1,856,520)**	(1,856,520)
		P 282,158,333	P 282,447,212

Other receivables include receivables from TF Ventures, Inc. (TF) arising from payment made by the Group on behalf of TF. The outstanding receivable from TF, which is due upon demand, amounted to P61,250,000 as of January 31, 2013 and April 30, 2012, respectively (see Note 14).

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

All of the Group's trade and other receivables have been reviewed for indicators of impairment. In 2013, no receivables were found to be impaired.

Trade receivables are usually due within 60 days and do not bear any interest. All receivables are subject to credit risk exposure (see Note 4.2).

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

9. PREPAYMENTS AND OTHER CURRENT ASSETS

The details of this account are as follows:

	Note	**2012**	2011
Spare parts and accessories		**P 45,680,909**	P 50,184,523
Input VAT		**14,945,490**	40,787,140
Prepaid withholding VAT		**9,058,781**	18,357,401
Advances to a supplier	19.1	**550,047,401**	17,619,464
Inventories		**8,378,852**	7,357,270
Creditable withholding tax		-	1,657,010
Other prepayments		**22,166,588**	25,996,125
		P 650,278,021	P 161,958,933

Advances to suppliers include advance payment for the acquisition of on-line lottery and wagering equipment from International Lottery Totalizator System (ILTS), a related party by common indirect ownership (see Note 19).

Prepaid withholding VAT pertains to VAT deducted and withheld by PCSO on the fees billed by the Group (see Note 6).

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

This account consists of investments in the following companies as of:

	January 31, 2013	April 30, 2012
At fair value-		
AFS (quoted outside Philippines)	**P 319,092,705**	P 101,235,098
AFS (quoted in Philippines)	**4,532,544**	196,240,044
Balance at end of year	**P 323,625,249**	P 297,475,142

In 2012, the Group acquired 18,860,000 and 1,740,000 shares which are quoted outside the Philippines, as at January 31, 2013 and April 30, 2012, respectively. In addition, the Group sold Philippine Seven Corporation shares totalling to 4,418,945 shares (carried at P43.52 per share) as at January 31, 2013. Realized fair value gain on sale of these investment amounted to P153,956,044 is transferred to profit for the period and is presented as other comprehensive income.

Unrealized fair value gain on these investments amounted to P41,532,989 and P136,511,171 as at October 31, 2012 and April 30, 2012 , respectively, and is presented as other comprehensive income and goes directly to Revaluation Reserves until the gain or loss is actually realized at which time, the realized amount is transferred to profit or loss for the period.

The movements of AFS financial assets follow:

	Note	January 31, 2013	April 30, 2012
Balance at beginning of year		**P 297,475,142**	P 80,200,368
Additions during the year		**179,050,698**	92,163,603
Disposal		**(194,433,580)**	
Fair value gain		**41,532,989**	136,511,171
Reclassification	12	**-**	(11,400,000)
Balance at end of year		**P 323,625,249**	**P 297,475,142**

The fair values of the Group's investment in PSC and AHB are categorized under level one, since these have been determined directly by reference to published prices in active markets.

11. PROPERTY AND EQUIMENT

The gross carrying amounts and accumulated depreciation and amortization of property and equipment at the beginning and end of January 31, 2013 and April 30, 2012 are shown below.

	Computers and On-line Lottery Equipment	Building	Transportation Equipment	Office, Furniture, Fixtures and Equipment	Hotel and Kitchen Equipment and Utensils	Communication Equipment	Leasehold Improvements	Construction in Progress	TOTAL
January 31, 2013									
Cost	P 1,471,982,237	P 695,661,607	P 47,806,745	P 36,143,092	P 10,809,552	P 3,535,809	P 84,311,516	-	P 2,350,250,558
Accumulated Depreciation and amortization	(1,098,495,329)	(36,975,917)	(31,156,971)	(25,976,903)	(3,001,690)	(3,484,468)	(37,586,071)	-	(1,236,677,349)
Net carrying amount	**P 373,486,908**	**P 658,685,690**	**P 16,649,774**	**P 10,166,189**	**P 7,807,862**	**P 51,341**	**P 46,725,445**	**-**	**P 1,113,573,209**
April 30, 2012									
Cost	P 1,426,561,581	P 685,661,607	P 45,862,102	P 34,003,404	P 9,367,090	P 3,535,809	P 46,903,642	P 26,659,017	P 2,278,554,252
Accumulated Depreciation and amortization	(964,097,819)	(26,661,146)	(26,568,945)	(23,411,169)	(1,667,288)	(3,391,790)	(30,348,715)	-	(1,076,146,872)
Net carrying amount	P 462,463,762	P 659,000,461	P 19,293,157	P 10,592,235	P 7,699,802	P 144,019	P 16,554,927	P 26,659,017	P 1,202,407,380

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

	Computers and On-line Lottery Equipment	Building	Transportation Equipment	Office, Furniture, Fixtures and Equipment	Hotel and Kitchen Equipment and Utensils	Communication Equipment	Leasehold Improvements	Construction in Progress	TOTAL
Balance at May 1, 2012 net of accumulated depreciation and amortization	P 462,463,762	P 659,000,461	P 19,293,157	P 10,592,235	P 7,699,802	P 144,019	P 16,554,927	26,659,017	P 1,202,407,380
Additions	45,420,656	10,000,000	1,944,643	2,139,688	1,442,462	-	10,748,857	-	71,696,306
Reclassifications during the year	-	-	-	-	-	-	26,659,017	(26,659,017)	-
Disposals	-	-	-	-	-	-	-	-	-
Depreciation and amortization charges for the year	- (134,397,510)	(10,314,770)	(4,588,026)	(2,565,734)	(1,334,402)	(92,678)	(7,237,357)	-	(160,530,477)
Balance at January 31, 2013 net of accumulated depreciation and amortization	**P 373,486,908**	**P 658,685,691**	**P 16,649,774**	**P 10,166,189**	**P 7,807,862**	**P 51,341**	**P 46,725,444**	**-**	**P 1,113,573,209**
Balance at May 1, 2011 net of accumulated depreciation and amortization	P 468,713,614	652,348,395	P 12,731,000	P 10,645,655	5,162,784	P 312,763	P 15,180,121	-	P 1,165,094,332
Additions	138,130,459	20,000,000	11,920,941	3,739,089	4,060,853	-	7,721,984	26,659,017	212,232,343
Reclassifications during the year	-	-	-	-	-	-	-		-
Disposals	(412,287)	-	-	-	-	-	-	-	(412,287)
Depreciation and amortization charges for the year	(143,968,024)	(13,347,934)	(5,358,784)	(3,792,509)	(1,523,835)	(168,744)	(6,347,178)	-	(174,507,008)
Balance at April 30, 2012 net of accumulated depreciation	P 462,463,762	P 659,000,461	P 19,293,157	P 10,592,235	P 7,699,802	P 144,019	P 16,554,927	P 26,659,017	P 1,202,407,380

12. INVESTMENT IN AND ADVANCES TO ASSOCIATES

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

	Note	PLPI	BPPI	BAP	Total
January 31, 2013					
Investment:					
Acquisition costs					
Initial investment		P 399,997	P 37,400,000	P 62,700,000	P 100,499,997
Reclassification		-	-	-	-
		399,997	37,400,000	62,700,000	100,499,997
Accumulated equity share in net income (losses)		30,748,557	(29,803,452)	(3,683,724)	(2,738,619)
Advances	19.8	30,141,714	114,568,643	504,256	145,214,613
		P61,290,268	**P 122,165,191**	**P59,117,177**	**P242,975,991**
April 30, 2012					
Investment:					
Acquisition costs					
Initial investment		P 399,997	P26,000,000	P -	P26,399,997
Reclassification		-	11,400,000	-	11,400,000
		399,997	37,400,000		37,799,997
Accumulated equity share in net income (losses)		29,539,873	(8,533,813)	(-)	21,006,060
Advances	19.8	26,683,131	108,493,334	-	135,176,465
		P56,623,001	**P137,359,521**	**P -**	**P193,982,522**

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

In 2012, the Group increased its ownership in BPPI to 30% as part of the Group's strategy of operating a chain of restaurants located in various places in Metro Manila and whose principal place of business is located at Pasig City (see Note 10).

The accumulated equity in net income (losses) relates to the Group's equity in the net income or loss of PLPI and BPPI.

Significant financial information as of January 31, 2013 and April 30, 2012 follows:

	PLPI	
	January 31, 2013	**April 30, 2012**
Total Assets	P 224,876,592	P 195,565,271
Total Liabilities	147,174,475	120,884,874
Total Equity (Capital Deficiency)	77,702,117	74,680,397
Net Profit (Loss)	3,021,718	74,849,676

	BPPI	
	January 31, 2013	**April 30, 2012**
Total Assets	P 243,643,531	P 266,971,705
Total Liabilities	301,923,822	254,518,071
Total Equity (Capital Deficiency)	(70,898,796)	12,453,634
Net Profit (Loss)	(21,269,639)	(85,338,126)

	BAP January 31, 2013
Total Assets	P 198,858,426
Total Liabilities	2,137,505
Total Equity (Capital Deficiency)	196,720,920
Net Profit (Loss)	(12,279,080)

13. OTHER NON-CURRENT ASSETS

Other non-current assets pertain to security deposits from the Group's various lease agreements with third parties and a related party amounting to P2,664,992 as of January 31, 2013 and April 30, 2012.

14. MEMORANDUM OF AGREEMENT AND DEED OF ASSIGNMENTS

In December 2009, the Parent Company entered into a Memorandum of Agreement (MOA) with the stockholders of TF, whereby the stockholders agreed to sell all their interest in TF and to consent to the sale of TF's assets to PHPI and PLPI for a total consideration of P785.0 million.

Previously, both the hotel building and land were attached as a lien to an obligation of TF, which was then under court rehabilitation. Subsequently, the court approved the sale of the hotel to PHPI and the land to PLPI together with the settling of the lien over the hotel building and land. Accordingly in 2010, the Parent Company advanced funds to PHPI for the acquisition of the hotel building. On the other hand, the land was acquired by PLPI for the amount of P70.0 million payable in equal installments over eight years.

15. TRADE AND OTHER PAYABLES

This account consists of the following:

	Notes	**January 31, 2013**	April 30, 2012
Trade payables	19.1,19.2	**P 45,617,862**	**47,897,614**
Deferred output VAT		**21,555,638**	**21,816,075**
Professional fee payable	19.3	**57,721,000**	**5,266,002**
Accrued expenses		**3,442,123**	**3,094,175**
Withholding taxes payable		**2,648,916**	**2,895,787**
Other payables		**9,852,593**	**11,146,154**
		P 140,838,132	**P 92,115,807**

Other payables include liabilities of TF that were assumed by the Group upon acquisition of the hotel building (see Note 14).

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

16. OTHER INCOME AND EXPENSES

Other income consists of the following:

	January 31, 2013	January 31, 2012
Excess of 7% standard input VAT over actual input VAT related to revenues to government	**P 36,618,543**	P 97,953,585
Gain on sale of available for sale asset	**131,229,875**	
Gain on sale of property and equipment	**-**	345,080
Miscellaneous	**4,310,428**	-
	P 172,158,846	P 98,298,665

On the other hand, Other Expense account is composed of the following:

	January 31, 2013	January 31, 2012
Donation	**P 20,102,554**	P 20,001,508
Supplies	**10,050,099**	11,586,894
Outside services	**5,583,790**	5,854,196
Insurance	**4,132,704**	3,810,525
Repairs and maintenance	**3,930,980**	3,411,400
Commissions	**3,499,123**	3,094,044
Security services	**2,601,065**	2,367,250
Listing Fees	**2,000,000**	2,240,000
Membership fees, dues and subscription	**1,965,066**	1,841,794
Cleaning and maintenance	**1,756,569**	2,406,587
Miscellaneous	**12,090,327**	10,386,963
	P 67,712,277	P 67,001,161

17. EMPLOYEE BENEFITS

17.1 Salaries and Employee Benefits

The expenses recognized for employee benefits are presented below.

	January 31, 2013	January 31, 2012
Salaries	**P 51,927,531**	P 50,095,592
Bonuses	**14,522,755**	10,233,057
Retirement benefits	**3,204,000**	7,224,194
Social security cost	**2,239,556**	2,208,151
Others	**13,745,897**	13,588,340
	P 85,639,739	P 83,349,334

17.2 Retirement Benefit Obligation

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

18. FINANCE COSTS AND FINANCE INCOME

The components of this account follow:

18.1 Finance Income

	Notes	**January 31, 2013**	January 31, 2012
Interest income	19.8, 19.9	**P 42,279,552**	P 36,257,811
Dividend income		**5,878,326**	394,526
		P 48,157,878	P 36,652,337

18.2 Finance Costs

Finance costs pertain to unrealized foreign currency losses amounting to P902,638 and P1,925,571 for the nine months ended January 31, 2013 and April 30, 2012, respectively.

19. RELATED PARTY TRANSACTIONS

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

19.1 Purchases of Goods and Services

The Group has outstanding trade payables arising from purchases of spare parts and accessories from ILTS amounting to U.S.$55,325.90 (P2,249,302.47) and U.S.$177,971 (P7,652,748) as of January 31,2013 and April 30, 2012, respectively. The amount is presented as part of Trade Payables under Trade and Other Payables in the consolidated statements of financial position (see Note 15).

19.2 Software Support Services Agreement

The Group entered into a Software Support Services Agreement (Software Agreement) with Sports Toto Malaysia Sdn Bhd, also a related party by common indirect ownership, for the Group's on-line lottery equipment (see Note 11). The Software Agreement is automatically renewed annually unless terminated by either party. In January 31, 2013 and 2012, the Group recognized royalty expenses arising from the transaction amounting to P13,522,430 and P13,880,466, respectively, and are presented as part of Maintenance of Computer Equipment account in the consolidated statements of comprehensive income.

19.3 Management Services Agreement

Total management fees paid to an entity based on Management Services Agreement amounted to P163,445,565 and P156,578,814 in January 31, 2013 and 2012, respectively, and are shown as part of Professional Fees account in the consolidated statements of comprehensive income. The net outstanding liability arising from this transaction amounted to P57,721,000 and P5,266,002 as of January 31, 2013 and April 30, 2012, respectively, and is presented as Management Fee Payable under the Trade and Other Payables account in the consolidated statements of financial position (see Note 15).

19.4 Advances to Officers and Employees

In the normal course of business, the Group grants interest-bearing advances to its officers and employees. Outstanding advances to officers and employees amounted to P9,861,307 and P9,269,978 as of January 31, 2013 and April 30, 2012, respectively, and are presented as Advances to Officers and Employees under Trade and Other Receivables account in the consolidated statements of financial position (see Note 8).

19.6 Share Buy-back

In December 2008 and March and April 2009, the Group, reacquired 63,255,814 shares (with total cost of P501,387,473) from various stockholders after the Group reduced its par value from P10 per share to P1 per share. Subsequently, in December 2011, the Group, again, reacquired 19,047,631 shares (with total cost of P401,040,252) from various stockholders.

19.7 Advances to Associates

In 2009, the Group granted advances to PLPI as a result of the execution of a MOA being a part of the Group's strategy to acquire an interest in the operation of a hotel located in Makati City (see Note 14).

Outstanding advances to PLPI as of January 31, 2013 and April 30, 2012 amount to P30,141,714 and P26,683,131, respectively.

In 2011, the Group provided to BPPI P100,000,000 secured loan, bearing an annual interest rate of 7%, payable within two years from the borrowing date. Outstanding receivable from this transaction amounted to P114,568,643 and P108,493,334 as of January 31, 2013 and April 30, 2012 presented as Investment in and advances to associates account in the 2013 consolidated statement of financial position .

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

	January 31, 2013	April 30, 2012
Balance at beginning of year	**P 135,176,465**	P 31,441,318
Net additions (repayments)	**9,734,933**	3,030,314
Reclassifications	**-**	100,704,833
Balance at end of year	**P 144,911,398**	P 135,176,465

The carrying amount of advances to an associate is a reasonable approximation of fair value.

19.8 Lease agreement with PLPI

The Group leases land under lease agreement with PLPI, an associate, for a period of 15 years starting on May 1, 2010 and is payable annually.

In 2012, the Group and PLPI amended the 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.

19.9 Related Party Transactions that are Eliminated in the Consolidated Financial Statements

The following are the related party transactions (amounts and balances) that are eliminated in the consolidated financial statements:

a) Advances to Subsidiaries

In 2009, the Parent Company granted advances to PHPI as a result of the execution of a MOA which is part of the Group's strategy to acquire an interest in the operation of a hotel located in Makati City. In addition, the Parent Company made various advances to PHPI for their operating activities, which are due upon demand. The outstanding balance as of January 31, 2013 and April 30, 2012 amounted to P753,020,289 and P743,027,565, respectively.

b) Dividend Income

The Parent Company recognized dividend income amounting to P1,200,000,000 and P910,000,000 arising from the declaration of cash dividends of PGMC and PHPI in January 31, 2013 and April 30, 2012 respectively. Consequently, the Parent Company received the cash dividends of P877,553,689 and P900,000,000 in January 31, 2013 April 30, 2012, respectively.

20. EQUITY

20.1 Capital Management Objectives, Policies and Procedures

The Group's capital management objectives are:

- To ensure the Group's ability to continue as a going concern; and,
- To provide adequate return to shareholders.

The Group sets the amount of capital in proportion to its overall financing structure.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.The Group monitors capital on the basis of the carrying amount of equity as presented on the face of the consolidated statements of financial position and also evaluates its capital in terms of debt-to-equity ratio as shown below.

	January 31, 2013	April 30, 2012
Total liabilities	**P 232,943,987**	**P 189,594,689**
Total equity	**4,629,108,632**	**3,891,704,289**
Debt-to-equity ratio	**1 : 19.87**	**1 : 20.53**

20.2 Capital Stock

As of January 31, 2013, the Group has 2,000,000,000 authorized shares with P1 par value of which 953,984,448 shares are issued and outstanding.

On April 14, 1993, the SEC approved the listing of the Parent Company's shares totaling 100,000,000 shares at an offer price of P10 per share. Subsequently, the Parent Company decreased the par value from P10 per share to P1 per share, which was approved by SEC on November 19, 2008. As of April 30, 2012, there are 136 holders of the Parent Company's total outstanding shares. Such listed shares are bid at P19 per share as of April 30, 2012.

20.3 Treasury Shares

The Group made the following transactions for its treasury shares:

	Note	**April 30, 2012**
Treasury shares at beginning of year		**63,260,646**
Buy-back of shares during the year	19.6	**19,047,631**
Treasury shares at end of year		**82,308,277**

	Note	**2012**
Balance at beginning of year		**P 501,387,473**
Amount of shares bought-back	19.6	**401,040,252**
Balance at end of year		**P 902,427,725**

The Group's retained earnings is restricted for dividend declaration to the extent of the cost of such treasury shares (see also Note 20.4).

20.4 Retained Earnings

In 2012, the BOD approved an additional appropriation of retained earnings amounting to P511,500,000, for future capital expenditures and expansion, including, but not limited to the purchase, improvements, renewals, expenditures and repairs of property and equipment. A portion of these appropriations amounting to P2,200,000 was reversed in 2012.

The Group's dividend policy is to declare cash dividend on the excess of retained earnings over the capital stock after considering the Group's future financial and operating needs. In 2012, the Group declared and paid cash dividend to stockholders amounting to P87,167,617. There is no outstanding dividends payable as of January 31, 2013.

21. EARNINGS PER SHARE

Earnings per share were computed as follows:

	January 31, 2013	January 31. 2012
Net profit	**P 879,612,684**	P 706,192,801
Divided by the weighted average number of outstanding common shares	**871,676,171**	871,676,171
Earnings per share	**P 0.990**	P 0.810

Dilutive earnings per share were not determined since the Group does not have dilutive shares as of January 31, 2013 and 2012.

22. CATEGORIES AND FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

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

	Notes	**January 31, 2013**		April 30, 2012	
		Carrying Values	**Fair Values Values**	Carrying Values	Fair Values
Financial assets					
Loans and receivables:					
Cash and cash equivalents	7	**P 1,876,726,119**	**P 1,876,726,119**	P 1,570,332,092	P 1,570,332,092
Trade and other receivables - net	8	**282,158,333**	**282,158,333**	282,447,212	282,447,212
Advances to associates	12	**145,214,613**	**145,214,613**	135,176,465	135,176,465
Security deposits	13	**2,664,992**	**2,664,992**	2,644,992	2,644,992
		P 2,306,764,057	**P 2,306,764,057**	P 1,990,600,761	P 1,990,600,761
AFS financial asset –					
Equity securities	10	**P 323,625,249**	**P 323,625,249**	P 297,475,142	P 297,475,142
Financial Liabilities					
Financial liabilities at amortized cost:					
Trade and other payables	15	**P 103,338,862**	**P 103,338,862**	P 81,363,310	P 81,363,310

See Notes 2.4 and 2.9 for a description of the accounting policies for each category of financial instruments. A description of the Group's risk management objectives and policies for financial instruments is provided in Note 4.

23.1 Fair Value Hierarchy

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

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

b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,

c) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

As of January 31, 2013, and April 30, 2012, the Group's financial assets measured at fair value in the consolidated statements of financial position include AFS financial assets. There were no financial liabilities measured at fair value as of 2013 and 2012.

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

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

23. COMMITMENTS AND CONTINGENCIES

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

24.1 Operating Lease Commitments – PGMC as Lessee

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

Future minimum rental payable related to this lease as of Jan 31 is as follows:

Within one year	**P 8,265,090**
After one year but not more than five years	**23,477,934**
	P 31,743,024

Rental expense arising from these leases amounted to P8,458,337 and P7,801,212 in 2013 and 2012, respectively, presented as part of Rental in the consolidated statements of comprehensive income.

24.2 Operating Lease Commitments – PGMC as Lessor

The PGMC entered into an ELA with PCSO covering the lease of the PGMC's on-line lottery equipment for a period of eight years under certain conditions. Under the agreement, the PGMC is entitled to rentals equal to a certain percentage of the gross receipts from all PCSO's ticket sales subject to an annual minimum fee as prescribed in the ELA. Rental income derived from ELA amounted to P1,527,606,300 and P1,423,112,019 in January 31, 2013 and 2012, respectively, and is recognized as Revenues in the consolidated statements of comprehensive income (see Note 6).

24.3 Operating Lease Commitments –PHPI as Lessee

In 2012, the PHPI and PLPI amended the lease agreement whereby the term of the lease shall be for a period of one year, renewable annually for a maximum of 25 years at the option of the lessee.

Total rent expense amounted to P4,772,932 and 1,500,322 in January 31, 2013 and 2012, respectively, and is presented as part of Rental in the consolidated statements of comprehensive income. Total outstanding payable amounted to P5,364,000 and P2,812,800 as of January 31, 2013 and April 30, 2012 is part of Accrued Expenses under Trade and Other Payables account in the consolidated statement of financial position (see Note 15).

24.4 Contracts

In December 2009, the Group entered into a MOA with the stockholders of TF, whereby the shareholders agreed to sell all their interest in TF and to agree to consent the sale of TF's assets for a total consideration of P785.0 million.

24.5 Others

There are commitments, guarantees, litigations and contingent liabilities that arise in the normal course of the Group's operations which are not reflected in the consolidated financial statements. As of January 31, 2013, management is of the opinion that losses, if any, from these commitments and contingencies will not have material effect on the Group's consolidated financial statements.

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

		Consolidated Unaudited 31.01.2013	Consolidated Unaudited 30.04.2012	Consolidated Unaudited 31.01.2012
1	**Current Ratio**	13.82	12.35	7.33
	Current Assets	**2,809,162,473**	**2,014,738,237**	**1,909,077,415**
	Current Liabilities	**203,257,789**	**163,112,491**	**260,567,502**
2	**Quick Ratio**	13.55	12.00	7.14
	Current Assets less Inventories	2,755,102,712	1,957,196,444	1,860,560,800
	Inventories	**54,059,761**	**57,541,793**	**48,516,615**
	Current Liabilities	203,257,789	163,112,491	260,567,502
	Note: The spare parts classified as Inventories under Prepaid Expenses and Other Current Assets			
3	**Debt to Equity Ratio**	0.64%	0.68%	0.80%
	Long term Debt	**29,686,198**	**26,482,198**	**27,269,180**
	Stockholders' Equity	**4,629,108,632**	**3,891,704,289**	**3,414,660,626**
4	**Debt to Asset Ratio**	0.61%	0.65%	0.74%
	Long term Debt	29,686,198	26,482,198	27,269,180
	Total Assets	4,862,052,619	4,081,298,978	3,702,497,308
5	**Book Value per Share**	5.31	4.40	3.92
	Weighted Average number of BPI shares	**871,676,171**	**884,374,592**	**871,676,171**
6	PPE Turnover			
	Net revenues/ PPE (in times)	1.47	1.73	1.38
	Annualized	1.96	1.73	1.84
7	Return on Average Equity			
	Net income/average equity	18.36%	28.05%	20.68%
	Annualized	24.48%	28.05%	27.57%
8	Return on Average Assets			
	Net income/ave. total assets	17.48%	26.75%	19.07%
	Annualized	23.31%	26.75%	25.43%
	Net revenues	**1,636,378,072**	**2,082,072,208**	**1,528,005,281**
	Plant, prop and equipment	**1,113,573,209**	**1,202,407,380**	**1,107,619,050**
	Total assets	**4,862,052,619**	**4,081,298,978**	**3,702,497,308**
	Net income	**849,827,399**	**1,091,654,950**	**706,192,801**
	To annualize	1 1/3	1	1 1/3

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 January 2013 Appendix B :

Type of Accounts Receivables	Total	1 Month	2 -3 Mos.	4 - 6 Mos.	7 Mos. to 1 year	1 - 2 Years	3-5 Years	5 Years and above	Past Due Accts & Items in Litigation
	(Peso)	(Peso)	(Peso)	(Peso)	(Peso)	(Peso)	(Peso)	(Peso)	(Peso)
a) Trade Receivables									
1) PCSO	196,628,171	196,628,171	-	-	-	-	-	-	-
2) Guest/City Ledger	8,675,517	5,661,749	1,907,997	761,483	344,288	-	-	-	-
3) N/A	-	-	-	-	-	-	-	-	-
Subtotal	205,303,688	202,289,920	1,907,997	761,483	344,288	-	-	-	-
Less: Allow. For Doubtful Acct.	-	-	-	-	-	-	-	-	-
Net Trade receivable	205,303,688	202,289,920	1,907,997	761,483	344,288	-	-	-	-
b) Non - Trade Receivables									
1) Advances to Employees	9,861,307	9,861,307	-	-	-	-	-	-	-
2) Advances to related parties	1,869,174	1,869,174							
3) Loans Receivables	-								
3) Other Receivables	66,980,684	3,874,164				61,250,000	1,856,520		-
			-	-	-	-	-	-	-
Subtotal	78,711,165	15,604,645	-	-	-	61,250,000	1,856,520	-	-
Less: Allow. For Doubtful Acct.	1,856,520	-	-	-	-	-	-	-	-
Net Non - trade receivable	76,854,645	15,604,645	-	-	-	61,250,000	1,856,520	-	-
Net Receivables (a + b)	282,158,333								

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

2. Accounts Receivable Description

Type of Receivables	Nature/Description	Collection Period
1) Trade	gross receipt from lottery ticket sales	45 days
2) N/A		
3) N/A		

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

3. Normal Operating Cycle: 45 days