

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 2018

(Form Type)

N.A.

(Amendment Designation, if applicable)

(Period Ended Date)

N.A.

(Secondary License Type and File Number)

Cashier

LCU

DTU

Pre War 476
S.E.C Registration Number

Central Receiving Unit

File Number

Document I.D.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

See Interim Consolidated Statement of Financial Position as of 31 January 2018, attached hereto as Annex “A”, and Aging Schedule of Accounts Receivables as of 31 January 2018 attached hereto as Annex “B”. For the basic earnings per share, the “weighted average number of shares outstanding” is added to the face of the Interim Consolidated Statement of Comprehensive Income.

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

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

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

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

In July 2010, the Corporation invested in Berjaya Pizza Philippines Inc. (“BPPI”), a corporation engaged in the manufacture, sale and distribution of food and beverages, and to operate, own, franchise, license or deal in restaurant related business operations. The Corporation’s equity or interest in BPPI is equivalent to forty eight point thirty eight percent (48.38%).

In August 2012, the Corporation invested in Bermaz Auto Philippines Inc. (“BAPI”), formerly Berjaya Auto Philippines Inc., a corporation engaged in the sale and distribution of all types of motor vehicles. On 12 September 2012, BAPI entered into a Distributorship Agreement with Mazda Motor Corporation of Japan for the distribution of vehicles bearing the Mazda brand within the territory of the Philippines. The Corporation’s equity or interest in BAPI is equivalent to twenty eight point twenty eight percent (28.28%).

In September 2012, the Corporation invested in Cosway Philippines Inc. (CPI), primarily to engage in the wholesale of various products. As of 31 January 2018, CPI has not yet started its commercial operations. The Corporation’s equity or interest in CPI is equivalent to 40%.

In 2014, the Corporation obtained control over H.R. Owen Plc. (“H.R. Owen”) after a series of cash offers from H.R. Owen’s existing stockholders. H.R. Owen, incorporated in England, operates a number of vehicle franchises in the prestige and specialist car market for both sales and aftersales, predominantly in the London area. H.R. Owen is an investment holding company that provides group services to its four trading subsidiaries that operate H.R. Owen’s motor vehicle dealerships. In 2015, H.R. Owen acquired 100% ownership over Bodytechnics in order to enhance its aftersales operations. In 2017, the Corporation acquired shares from Bentley Motor Limited to increase its stake in the profitable business of H.R. Owen. The Corporation’s equity in H.R. Owen is equivalent to ninety eight point thirty eight percent 98.38%.

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

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

In April 2017, the Corporation incorporated a wholly owned subsidiary under the name of Berjaya Enviro Philippines Inc. ("BEPI"), a corporation engaged in the service business of protecting, cleaning, and preserving the environment. On 6 December 2017, BEPI amended its name to Floridablanca Enviro Corporation ("FEC").

Comparable Discussion on Material Changes in Results of Operations for the Nine Months' Period Ended 31 January 2018 vs. 31 January 2017

The Corporation and its subsidiaries (the Group) generated total revenues from operating sources of about P22.64 billion for the nine months ended 31 January 2018, an increase of P1.88 billion (9.0%) over total revenues of P20.76 billion during the same period in 2017. The increase was primarily due to a higher revenue contribution from H.R. Owen and also a result of fluctuation of GBP to Peso currency in the financial period under review.

The Group's total cost and operating expenses for the nine months ended 31 January 2018 increased by P1.79 million (8.9%) to P21.83 billion from P20.04 billion for the same period in 2017. The increase is attributed to the following: (1) cost of vehicles sold and body shop repairs and parts increased by P1.18 billion (7.0%), (2) salaries and employee benefits increased by P116.82 million (8.7%), (3) marketing and selling increased by P228.55 million (88.0%), (4) rental increased by P20.86 million (8.7%), (5) professional fees increased by P36.10 million (22.1%), (6) depreciation expense increased by P20.19 million (11.9%), (7) stationery and office supplies increased by P84.20 million (135.0%), (8) miscellaneous expenses increased by P53.49 million (86.9%), (9) telecommunications increased by P21.63 million (31.4%), (10) maintenance of computer equipment increased by P11.18 million (15.1%), (11) communication, light and water increased by P14.78 million (22.2%), (12) transportation and travel expenses increased by P15.08 million (39.6%), (13) insurance expenses increased by P5.07 million (10.6%), (14) cleaning and maintenance increased by P32.34 million (1346.2%), (15) bank charges increased by P5.83 million (24.4%), and (16) representation and entertainment increased by P6.34 million (27.4%). These increases were offset by the following decreases of expenses: (1) taxes and licenses decreased by P4.28 million (3.1%), (2) charitable contribution decreased by P31.34 million (53.0%), and (3) repairs and maintenance decreased by P32.07 million (55.4%).

Other Income (net of charges) amounted to P57.40 million for the nine months ended 31 January 2018, an increase of P185.29 million (144.9%) from the Other Charges (net of other income) of P127.89 million in the same period in 2017, mainly due to foreign exchange gain of foreign deposits.

The Group's net income increased by P251.26 million (65.8%) to P633.28 million for the nine months ended 31 January 2018 from P382.01 million in the same period in 2017 due to higher revenue and foreign exchange gain under review.

Comparable Discussion on Material Changes in Financial Condition as of 31 January 2018 vs. 30 April 2017

Total assets of the group increased by p1.96 billion (13.3%) to p16.71 billion as of 31 January 2018, from p14.76 billion as of 30 April 2017.

Trade and other receivables (net) increased by P394.42 million (17.0%) to P2.71 billion in 31 January 2018 compared to P2.32 billion in 30 April 2017, mainly due to increase in trade receivables and accrued income on manufacturer bonuses for vehicles.

Inventories (net) increased by P1.11 billion (27.0%) to P5.24 billion in 31 January 2018 compared to P4.13 billion in 30 April 2017, mainly due to additions of vehicle stocks of H.R. Owen.

Advances to associates increased by P341.72 million (34.5%) to P1.33 billion in 31 January 2018 compared to P990.02 million in 30 April 2017 due to additional advances granted to associates.

Prepayments and other current assets (net) decreased by P323.38 million (40.1%) to P484.05 million in 31 January 2018 compared to P807.43 million in 30 April 2017, mainly due to decrease in prepaid expenses.

Available-for-sale financial assets increased by P308.38 million (34.2%) to P1.21 billion in 31 January 2018 compared to P901.81 billion in 30 April 2017, mainly due to acquisition of equity securities.

Property and equipment (net) increased by P46.86 million (2.5%) to P1.93 billion in 31 January 2018 compared to P1.88 billion in 30 April 2017 due to acquisition for the period.

Investment property increased by P19.72 million (13.9%) to P161.33 million in 31 January 2018 compared to P141.61 million in 30 April 2017 due to translation adjustment from gbp to peso.

Investments in associates increased by P208.99 million (32.5%) to P851.72 million in 31 January 2018 compared to P642.73 million in 30 April 2017, mainly due to newly associated company of H.R. Owen and equity earnings of associates.

Intangible assets increased by P198.30 million (11.0%) to P2.0 billion in 31 January 2018 compared to P1.81 billion in 30 April 2017, primarily due to translation adjustment of H.R. Owen intangible assets.

Meanwhile, Other non-current assets increased by P0.03 million (0.7%) to P4.74 million in 31 January 2018 compared to P4.71 million in 30 April 2017 due to additional security deposits.

Total liabilities of the Group increased by P961.56 million (12.7%) to P8.51 billion as of 31 January 2018, from P7.55 billion as of 30 April 2017 mainly due to increase in Trade and other Payables.

Trade and other payable increased by P191.96 million (6.1%) to P3.35 billion in 31 January 2018 compared to P3.17 billion in 30 April 2017, mainly due to increase in customer deposits accounted under advances from customers.

Current Loans payable and borrowings increased by P740.43 million (19.2%) to P4.60 billion in 31 January 2018 compared to P3.86 billion in 30 April 2017, mainly due to increase in vehicle stocking loans and bank loans.

Income Tax Payable decreased by P37.76 million (47.2%) to P42.28 million in 31 January 2018 compared to P80.04 million in 30 April 2017.

Non-current Loans payable and borrowings increased by P63.52 million (17.3%) to P430.91 million in 31 January 2018 compared to P367.39 million in 30 April 2017 due to additional bank loans.

Deferred tax liabilities increased by P6.77 million (16.2%) to P48.59 million in 31 January 2018 compared to P41.82 million in 30 April 2017.

Post-employment benefit obligation decreased by P3.36 million (9.1%) to P33.76 in 31 January 2018 compared P37.12 in 30 April 2017.

Total stockholders' equity of the Group increased by P996.83 billion (13.8%) to P8.20 billion as of 31 January 2018, from P7.20 billion as of 30 April 2017 under review. The book value per share increased to P1.85 in 31 January 2018 from P1.63 in 30 April 2017.

Comparable Discussion on Material Changes in Cash Flows for the Nine Months Period Ended 31 January 2018 vs. 31 January 2017

The consolidated cash and cash equivalents for 31 January 2018 increased by ₱311.66 million (77.93%) to ₱711.58million as of 31 January 2018 from Php399.92 million for the same period last year. The increase is mainly attributable to higher revenue as well as fluctuation of gbp to peso currency reported this period.

Key Performance Indicators

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

	31Jan 2018	30 April 2017
Liquidity Ratio - Current ratio	1.23 : 1.00	1.31 : 1.00
Leverage Ratio - Debt to Equity	1.04 : 1.00	1.05 : 1.00
Activity Ratio - Annualized PPE	15.63 times	15.12 times

	31 Jan 2018	31 Jan 2017
Profitability Ratios		
Return on Equity	10.29%	7.67%
Return on Assets	5.05%	3.77%

The Corporation uses the following computations in obtaining key indicators:

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

Return on Equity $\frac{\text{Net Income}}{\text{Equity}}$

Return on Assets $\frac{\text{Net Income}}{\text{Total Assets}}$

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

The Corporation and its subsidiaries (the Group) generated total revenues from operating sources of about ₱20.76 billion for the nine months ended 31 January 2017, an increase of ₱1.89 billion (10.0%) over total revenues of ₱18.87 billion during the same period in 2016. The increase was primarily due to a higher revenue contribution from H.R. Owen in the financial period under review.

The Group's total cost and operating expenses for the nine months ended 31 January 2017 increased by ₱1.81 billion (10.0%) to ₱20.04 billion from ₱18.22 billion for the same period in 2016. The increase is attributed to the following: (1) cost of vehicles sold and body shop repairs and parts increased by ₱1.84 billion (12.1%), (2) salaries and employee benefits increased by ₱51.36 million (4.0%), (3) rental increased by ₱3.85 million (1.6%), (4) taxes and licenses increased by ₱4.35 million (3.3%), (5) maintenance of computer equipment increased by ₱19.55 million (35.9%), (6) charitable contribution increased by ₱49.77 million (530.8%), (7) repairs and maintenance expense increased by ₱1.93 million (3.4%), (8) insurance expense increased by ₱2.12 million (4.6%), (9) miscellaneous expenses increased by ₱16.43 million (47.1%), (10) transportation and travel expenses increased by ₱10.92 million (40.2%), (11) sponsorship expenses increased by ₱8.97 million (717.4%), and (12) commissions increased by ₱1.27 million (37.3%). These increases were offset by the following decreases of expenses: (1) marketing and selling decreased by ₱56.5 million (17.9%), (2) depreciation expense decreased by ₱16.61 million (8.9%), (3) professional fees decreased by ₱84.19 million (34.1%), (4) management fees decreased by ₱14.34 million (18.5%), (5) stationery and office supplies decreased by ₱8.50 million (12.0%), (6) telecommunications decreased by ₱8.4 million (10.9%), and (7) representation and entertainment decreased by ₱6.9 million (23.0%).

Other Charges – net of other income amounted to ₱127.87 million for the nine months ended 31 January 2017, a decrease of ₱249.3 million (205.3%) from the Other Income (net charges) of ₱121.44 million in the same period in 2016, mainly due to foreign exchange loss as a result of fluctuation of exchange rates from gbp to peso currency and deemed disposal of equity interest in BAPI from 35% to 25.48% has resulted to loss of ₱99.08 million.

The Group's net income decreased by ₱172.73 million (31.1%) to ₱382.01 million for the nine months ended 31 January 2017 from ₱554.74 million in the same period in 2016 under review.

Comparable Discussion on Material Changes in Financial Condition as of 31 January 2017 vs. 30 April 2016

Total assets of the Group decreased by ₱2.08 billion (13.3%) to ₱13.52 billion as of 31 January 2017, from ₱15.60 billion as of 30 April 2016.

Trade and other receivables (net) increased by ₱377.63 million (12.7%) to ₱3.35 billion in 31 January 2017 compared to ₱2.97 billion in 30 April 2016, mainly due to increase in receivables related to H.R. Owen.

Inventories (net) decreased by ₱1.1 billion (20.1%) to ₱4.22billion in 31 January 2017 compared to ₱5.28 billion in 30 April 2016, mainly due to reduction of vehicle stocks arose from better stock control measurement imposed by H.R. Owen.

Prepayments and other current assets (net) decreased by ₱452.60 million (54.1%) to ₱384.23 million in 31 January 2017 compared to ₱836.83 million in 30 April 2016, mainly due to decrease prepaid expenses.

Available-for-sale financial assets decreased by P171.51 million (19.7%) to P697.90million in 31 January 2017 compared to P869.41 billion in 30 April 2016, mainly due to certain investments were found to be impaired, there is prolonged decline in the fair value of the securities below cost.

Property and equipment (net) decreased by ₱56.30 million (2.8%) to ₱1.95 billion in 31 January 2017 compared to ₱2.0 billion in 30 April 2016, mainly due to depreciation for the current period and translation adjustment on H.R. Owen assets.

Investments in associates increased by ₱51.91 million (11.1%) to ₱518.63million in 31 January 2017 compared to ₱466.71million in 30 April 2016, mainly due to acquisition of investment in associate and share on income from associates.

Intangible assets decreased by ₱144.11 million (7.5%) to ₱1.77 billion in 31 January 2017 compared to ₱1.91 billion in 30 April 2016, primarily due to translation adjustment as a result of fluctuation of exchange rate in gbp to peso.

Total liabilities of the Group decreased by ₱1.06 billion (13.4%) to ₱6.87 billion as of 31 January 2017, from ₱7.93 billion as of 30 April 2016 mainly due to decrease in Trade and other Payables and Loans payable and Borrowings. In June 2016, H.R. Owen obtained a secured loan with Maybank to facilitate its working capital requirements. In January 2017, The corporation obtained a secured loan from local bank to facilitate additional investments.

Post-employment benefit obligation decreased by ₱43.19 million (32.3%) to ₱27.60 in 31 January 2017 compared ₱40.80 million in 30 April 2016.

Total stockholders' equity of the Group decreased by ₱1.02 billion (13.3%) to ₱6.64 billion as of 31 January 2017, from ₱7.67 billion as of 30 April 2016 under review. The book value per share decreased to ₱1.53 in 31 October 2016 from ₱8.04 in 30 April 2016.

Comparable Discussion on Material Changes in Cash Flows for the Nine Months Period Ended 31 January 2017 vs. 31 January 2016

The consolidated cash and cash equivalents for 31 January 2017 decreased by ₱634.52 million (61.3%) to ₱399.91 million as of 31 January 2016 from ₱686.56 million for the same period last year. The decrease is mainly attributable to additional investment and capital project development.

Key Performance Indicators

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

	31 Jan 2017	30 April 2016
Liquidity Ratio - Current ratio	1.34 : 1.00	1.31 : 1.00
Leverage Ratio - Debt to Equity	1.03 : 1.00	1.03 : 1.00
Activity Ratio - Annualized PPE	14.23 times	13.24 times

	31 Jan 2017	31 Jan 2016
Profitability Ratios		
Return on Equity	7.67%	10.07%
Return on Assets	3.77%	5.04%

The Corporation uses the following computations in obtaining key indicators:

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

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

- i) There is no known trend, event or uncertainty that has or is reasonably likely to have an impact on the Corporation' short term or long-term liquidity.
- ii) The liquidity of the subsidiaries would continue to be generated from the collections of revenue from customers. There is no requirement for external funding for liquidity.
- iii) There is no known trend, event or uncertainty that has or that is reasonably expected to have a material impact on the net sales or revenues or income from continuing operations.
- v) There is no significant element of income or loss that would arise from the Group's continuing operations.
- vi) There is no cause for any material change from period to period in one or more of the line items of the Corporation's financial statements.
- vii) There were no seasonal aspects that had a material impact effect on the financial conditions or results of operations.

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

- 1) There are no items affecting the assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size, or incidents.
- 2) There is no change in the estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years.
- 3) There is no issuance, repurchase or repayment of debts and equity securities.
- 4) There are no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.
- 5) There are no business combinations, acquisition or disposals subsidiaries and long-term investments, restructurings and discontinuing operations for the interim period.
- 6) There are no contingent liabilities or contingent assets since the last annual balance sheet date.
- 7) There are no material contingencies and any other events or transactions that are material to an understanding of the current interim period.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the Issuer has caused this report to be signed on its behalf by the undersigned, being duly authorized, in the City of Makati on 13 March 2018.

Issuer: **BERJAYA PHILIPPINES, INC.**

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


By: **TAN ENG HWA**
Treasurer

ANNEX "A"

BERJAYA PHILIPPINES, INC. AND SUBSIDIARIES
[A Subsidiary of Berjaya Lottery Management (HK) Limited]
INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JANUARY 31, 2018 and APRIL 30, 2017
(Amounts in Philippine Pesos)

	Note	<u>January 31, 2018</u> Unaudited	<u>April 30, 2017</u> Audited
<u>ASSETS</u>			
CURRENT ASSETS			
Cash and cash equivalents	5	P 711,578,215	P 1,060,850,712
Trade and other receivables-net	6	2,714,414,863	2,319,991,807
Inventories - net	7	5,240,137,697	4,127,528,185
Advances to associates	12	1,331,746,276	990,024,320
Prepayments and other current assets - net	8	484,049,257	807,429,600
Total Current Assets		10,481,926,308	9,305,824,624
NON-CURRENT ASSETS			
Available for sale financial assets	9	1,210,185,940	901,808,762
Property and equipment - net	10	1,931,978,845	1,885,117,390
Investment Property	11	161,332,010	141,608,573
Investment in associates	12	851,721,124	642,726,373
Intangible Assets	13	2,005,255,863	1,806,955,751
Deferred tax assets - net		66,716,137	66,716,137
Other non-current assets	14	4,736,893	4,706,098
Total Non-Current Assets		6,231,926,812	5,449,639,084
TOTAL ASSETS		P 16,713,853,120	P 14,755,463,708
<u>LIABILITIES AND EQUITY</u>			
CURRENT LIABILITIES			
Trade and other payables	15	P 3,354,809,309	P 3,162,847,113
Loans Payable and borrowings	16	4,601,592,081	3,861,157,068
Income tax payable		42,278,764	80,037,505
Total Current Liabilities		7,998,680,154	7,104,041,686
NON-CURRENT LIABILITIES			
Loans Payable and borrowings	16	430,913,820	367,393,973
Deferred Tax Liabilities - net		48,587,635	41,820,538
Post-employment benefit obligation		33,756,875	37,119,233
Total Non-Current Liabilities		513,258,330	446,333,744
Total Liabilities		8,511,938,484	7,550,375,430
EQUITY			
Attributable to Owners of the Parent Company		8,171,034,898	7,185,929,442
Attributable to non-controlling interest		30,879,738	19,156,836
Total Equity		8,201,914,636	7,205,086,278
TOTAL LIABILITIES AND EQUITY		P 16,713,853,120	P 14,755,461,708

BERJAYA PHILIPPINES, INC. AND SUBSIDIARIES
[A Subsidiary of Berjaya Lottery Management (HK) Limited]
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the nine months ended **JANUARY 31, 2018** and **JANUARY 31, 2017**
(Amounts in Philippine Pesos)
(UNAUDITED)

	3 Months Ended January 31, 2018	9 Months Ended January 31, 2018	3 Months Ended January 31, 2017	9 Months Ended January 31, 2017
REVENUES				
Sales of vehicles	P 6,872,923,153	P 21,289,046,716	P 5,453,340,683	P 19,471,099,218
Rental	418,939,116	1,255,687,921	393,626,275	1,183,849,017
Hotel Operations	35,841,690	98,784,812	40,442,138	109,797,465
	<u>7,327,703,959</u>	<u>22,643,519,449</u>	<u>5,887,409,096</u>	<u>20,764,745,700</u>
COSTS AND OTHER OPERATING EXPENSES				
Cost of vehicles sold	3,824,538,042	18,234,964,368	4,703,756,562	17,049,128,652
Salaries and employee benefits	497,123,661	1,454,820,816	447,980,785	1,337,995,454
Marketing & Selling	148,928,349	488,400,823	90,243,038	259,851,216
Rental	87,898,109	259,881,611	80,522,580	239,022,824
Professional fees	51,293,794	199,069,827	59,299,975	162,972,719
Depreciation and amortization	63,539,198	189,560,176	63,679,989	169,373,461
Stationery and Office Supplies	48,474,049	146,574,214	21,704,590	62,371,417
Taxes and licences	50,789,456	133,174,010	43,872,729	137,452,974
Miscellaneous Expenses	70,366,457	115,060,000	25,640,869	61,571,760
Telecommunications	28,310,503	90,440,751	28,357,428	68,806,730
Maintenance of computer equipment	30,528,732	85,274,062	17,369,901	74,089,084
Communication, light and water	27,580,542	81,365,064	19,665,350	66,580,208
Management fees	20,946,956	62,784,396	19,681,314	63,127,314
Transportation and travel	19,645,833	53,175,023	15,809,200	38,091,562
Insurance	21,052,976	52,785,831	16,303,536	47,710,049
Cleaning and Maintenance	11,918,447	34,738,105	853,436	2,401,945
Bank Charges	11,667,664	29,721,002	7,615,942	23,893,900
Representation and entertainment	10,555,083	29,471,448	11,850,026	23,129,618
Charitable Contribution	(2,904,705)	27,805,076	14,141,540	59,141,540
Repairs and maintenance	9,131,150	25,854,736	19,468,101	57,925,623
Security Services	4,057,166	12,102,106	4,001,000	11,792,513
Cost of food and beverages	4,073,691	10,335,890	3,803,856	9,435,737
Outside Service	2,999,805	7,920,931	3,051,545	8,920,543
Commissions	1,240,739	3,835,319	1,520,478	4,674,693
	<u>7,043,755,697</u>	<u>21,829,115,585</u>	<u>5,720,193,770</u>	<u>20,039,461,536</u>
OPERATING PROFIT	<u>283,948,262</u>	<u>814,403,864</u>	<u>167,215,326</u>	<u>725,284,164</u>
OTHER INCOME (CHARGES)				
Equity share in net income (losses)	17,116,330	49,901,255	15,769,373	33,714,502
Loss on deemed disposal	0	-	-	(99,084,160)
Finance Income	14,534,487	72,420,523	25,712,614	77,533,606
Finance Costs	(40,009,308)	(110,912,216)	(31,604,636)	(98,507,698)
Others	(9,740,922)	45,995,699	78,362,834	(41,542,347)
	<u>(18,099,413)</u>	<u>57,405,261</u>	<u>88,240,185</u>	<u>(127,886,097)</u>
PROFIT BEFORE INCOME TAX	<u>265,848,849</u>	<u>871,809,125</u>	<u>255,455,511</u>	<u>597,398,067</u>
TAX EXPENSE	<u>69,377,063</u>	<u>238,532,955</u>	<u>72,183,067</u>	<u>215,387,271</u>
NET PROFIT	<u>196,471,786</u>	<u>633,276,170</u>	<u>183,272,444</u>	<u>382,010,796</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Item that will not be reclassified subsequently to profit or loss				
Net unrealized fair value gains (losses) on available-for-sale financial assets	76,248,703	48,617,242	(25,794,582)	(215,219,378)
Translation adjustment	199,786,966	366,634,799	126,255,761	(230,801,646)
	<u>276,035,669</u>	<u>415,252,041</u>	<u>100,461,179</u>	<u>(446,021,024)</u>
TOTAL COMPREHENSIVE INCOME	<u>472,507,455</u>	<u>1,048,528,211</u>	<u>283,733,623</u>	<u>(64,010,228)</u>
Net profit attributable to:				
Owners of the Parent Company	194,402,343	624,619,179	188,026,152	353,532,410
Non-controlling Interest	2,069,443	8,656,991	(4,753,708)	28,478,386
	<u>196,471,786</u>	<u>633,276,170</u>	<u>183,272,444</u>	<u>382,010,796</u>
Total comprehensive income attributable to:				
Owners of the Parent Company	468,729,532	1,036,805,309	279,669,317	(53,482,303)
Non-controlling Interest	3,777,923	11,722,902	4,034,306	(10,527,743)
	<u>472,507,455</u>	<u>1,048,528,211</u>	<u>283,703,623</u>	<u>(64,010,046)</u>
Weighted average number of shares outstanding	4,341,280,855	4,341,280,855	4,341,280,855	4,341,280,855
Basic earnings per share (annualized)	P 0.060	P 0.19	P 0.06	P 0.12

BERGAVA PHILIPPINE INC. AND SUBSIDIARIES
(A Subsidiary of Bergava Lobby Management (BKM) Limited)
 INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
 For the nine months ended JANUARY 31, 2018 and JANUARY 31, 2017
(Amounts in Philippine Pesos)
 (UNAUDITED)

	Attributable Owners of the Parent Company										Non-controlling Interest	
	Capital Stock	Treasury Shares	Retainment Reserves	Other Reserves	Translation Adjustment	Appropriated	Retained Earnings Unappropriated	Total	Non-controlling Interest	Total		
Balance at May 1, 2017	P 4,427,009,132	P (988,150,025)	P (67,236,203)	P (663,742,273)	P (163,125,003)	P 1,773,262,552	P 2,860,911,262	P 7,185,929,442	P 191,56,836	P 7,205,086,278		
Capital issuance through stock dividends	-	-	-	-	-	-	-	-	-	-		
Profit or loss for the year	-	-	-	-	-	-	624,619,179	624,619,179	8,658,991	633,276,170		
Net unrealized fair value gains on available-for-sale securities	-	-	48,617,242	-	-	-	-	48,617,242	-	48,617,242		
Reclassification adjustments to profit or loss	-	-	(51,699,853)	-	-	-	-	(51,699,853)	-	(51,699,853)		
Translation adjustment	-	-	-	-	363,568,888	-	-	363,568,888	3,065,911	366,634,799		
Total equity at January 31, 2018	P 4,427,009,132	P (988,150,025)	P (70,318,814)	P (663,742,273)	P 198,442,885	P 1,773,262,552	P 3,498,530,441	P 8,171,004,898	P 30,879,738	P 8,201,914,636		
Attributable Owners of the Parent Company												
	Capital Stock	Treasury Shares	Retainment Reserves	Other Reserves	Translation Adjustment	Appropriated	Retained Earnings Unappropriated	Total	Non-controlling Interest	Total		
Balance at May 1, 2016	P 953,984,448	P (988,150,025)	P (26,506,233)	P (14,577,611)	P (37,410,176)	P 5,246,287,236	P 2,195,843,422	P 7,229,471,659	P 335,890,074	P 7,665,361,733		
Capital issuance through stock dividends	3,473,024,684	-	-	-	-	(3,473,024,684)	-	-	-	-		
Profit or loss for the year	-	-	-	-	-	-	353,532,410	353,532,410	28,478,386	382,010,796		
Dilution gain or loss for the year	-	-	-	-	(649,164,662)	-	-	(649,164,662)	(308,139,967)	(957,304,629)		
Net unrealized fair value gains on available-for-sale securities	-	-	(215,219,378)	-	-	-	-	(215,219,378)	-	(215,219,378)		
Reclassification adjustments to profit or loss	-	-	(1,181,117)	-	-	-	-	(1,181,117)	-	(1,181,117)		
Non-controlling interest over HRO subsidiary	-	-	-	-	-	-	-	-	2,488	2,488		
Translation adjustment	-	-	-	-	(191,795,330)	-	-	(191,795,330)	(39,006,129)	(230,801,459)		
Total equity at January 31, 2017	P 4,427,009,132	P (988,150,025)	P (242,906,730)	P (663,742,273)	P (229,205,526)	P 1,773,262,552	P 2,249,375,832	P 6,625,642,862	P 17,224,882	P 6,642,867,744		

BERJAYA PHILIPPINES, INC. AND SUBSIDIARIES
[A Subsidiary of Berjaya Lottery Management (HK) Limited]
INTERIM CONSOLIDATED STATEMENTS OF CASHFLOWS
For the nine months ended JANUARY 31, 2018 and JANUARY 31, 2017
(Amounts in Philippine Pesos)
(UNAUDITED)

	3 Months Ended January 31, 2018	9 Months Ended January 31, 2018	3 Months Ended January 31, 2017	9 Months Ended January 31, 2017
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	P 265,848,849	P 871,809,125	P 255,455,511	P 597,398,067
Adjustments for:				
Depreciation and amortization	63,539,198	189,560,176	59,299,975	162,972,719
Dividend Income	26,548,084	15,712,926	20,062,288	10,445,854
Interest Expense	40,009,308	110,912,216	31,604,636	98,507,698
Interest Income	119,471,401	72,420,523	(25,712,614)	(77,533,606)
Equity Share in net losses (income) of associates	(17,116,330)	(49,901,255)	(15,769,373)	(33,714,502)
Loss (gain) on sale of property and equipment	-	(349,679)	(592,093)	(690,066)
Loss (gain) on sale of available-for-sale assets	(51,699,853)	(51,699,853)	(1,181,117)	(1,181,117)
Loss (gain) on deemed disposal	-	-	-	99,084,160
Unrealized foreign exchange losses (gain)	(16,252,079)	(58,400,957)	6,424,350	155,625,323
Operating income before working capital changes	430,348,578	1,100,063,222	329,591,563	1,010,914,530
Decrease / (Increase) in:				
Trade and other receivables	(819,787,790)	(394,423,056)	(638,422,356)	(377,573,309)
Inventories	(614,163,275)	(1,112,609,512)	303,563,029	1,058,559,640
Prepaid expenses and other current assets	(73,347,132)	323,380,343	(23,089,340)	451,747,908
Increase / (Decrease) in:				
Trade and other payables	(389,896,765)	191,962,196	(240,032,184)	(1,374,785,818)
Loans Payables and Borrowings	961,425,255	712,882,325	56,151,586	(704,315,917)
Retirement Obligation	(1,509,003)	(3,362,358)	9,244,000	(13,194,277)
Cash paid for income taxes	(85,794,894)	(238,437,277)	(51,386,955)	(144,588,642)
Net cash used in operating activities	(592,725,026)	579,455,883	(254,380,657)	(93,235,885)
CASH FLOWS FROM INVESTING ACTIVITIES				
Additional Investment in subsidiary	-	-	(902,285,027)	(902,285,027)
Acquisition of Property and equipment	(25,017,185)	(80,675,040)	(37,454,354)	(227,863,474)
Acquisition of Available-for-sale financial assets	(41,410,791)	(514,963,476)	(133,787,645)	(159,527,645)
Acquisition of Investments in associates	-	-	-	(117,283,456)
Proceeds from sale of available-for-sale financial assets	-	-	115,820,083	115,820,083
Proceeds from disposal of property and equipment	-	395,000	1,616,386	1,727,235
Interest Received	(119,471,401)	(72,420,523)	25,712,614	77,533,606
Cash dividends received	(26,548,084)	(15,712,926)	(20,062,288)	(10,445,854)
Advances to (collection from) associate - net	(156,088,369)	(342,088,369)	(1,000,000)	(3,000,000)
Net cash provided by investing activities	(368,535,830)	(1,025,465,334)	(951,440,231)	(1,225,324,532)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from bank loans and borrowings	813,649,500	813,649,500	700,000,000	873,591,040
Repayment of bank loan and borrowings	(144,545,163)	(605,152,303)	(29,166,667)	(79,166,667)
Interest paid	(40,009,308)	(110,912,216)	(31,604,636)	(98,507,698)
Net cash provided by financing activities	629,095,029	97,584,981	639,228,697	695,916,675
EFFECT OF EXCHANGE RATE CHANGES TO CASH AND CASH EQUIVALENTS	1,050,578	(848,027)	(465,674)	(11,873,111)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(331,115,249)	(349,272,497)	(567,057,865)	(634,516,853)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,042,693,464	1,060,850,712	966,973,131	1,034,432,119
CASH AND CASH EQUIVALENTS AT ENDING OF PERIOD	P 711,578,215	P 711,578,215	P 399,915,266	P 399,915,266

BERJAYA PHILIPPINES INC. AND SUBSIDIARIES
[A Subsidiary of Berjaya Lottery Management (HK) Limited]
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
AS OF JANUARY 31, 2018 and APRIL 30, 2017
(Amounts in Philippine Pesos)

1. CORPORATE MATTERS

1.1 Incorporation and Operations

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

On June 2, 2010, the Parent Company's Board of Directors (BOD) approved the Parent Company's change in corporate name from Prime Gaming Philippines, Inc. to Berjaya Philippines Inc. The application for change in name was approved by the Securities and Exchange Commission (SEC) on June 11, 2010.

The Parent Company is 74.20% owned by Berjaya Lottery Management (HK) Limited of Hong Kong (BLML) as at January 31, 2018. The Parent Company's ultimate parent company is Berjaya Corporation Berhad of Malaysia, a publicly listed company in the Main Market of Bursa Malaysia Securities Berhad.

The registered office of BPI is located at 9th Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City. BLML's registered address is at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong and the ultimate parent company's registered office is at Lot13-01A, Level 13 (East Wing), Berjaya Times Square, No. 1, Jalan Imbi 55100 Kuala Lumpur, Malaysia.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of Preparation of Interim Consolidated Financial Statements

These ICFS have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. They do not include all of the information required in annual financial statements in accordance with Philippine Financial Reporting Standards (PFRS), and should be read in conjunction with the Group's audited consolidated financial statements (ACFS) as at for the nine months ended January 31, 2018 and for the year ended April 30, 2017.

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

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

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

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

2.2 *Adoption of New and Amended PFRS*

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

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

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

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

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

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

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

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

3. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk.

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

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most relevant financial risks to which the Group is exposed to are described below and in the succeeding pages.

3.1 Market Risk

The Group is exposed to market risk through its use of financial instruments and specifically to foreign currency risk, interest rate risk and certain other price risk which result from both its operating, investing and financing activities.

(a) Interest Rate Risk

The Group's policy is to minimize interest rate cash flow risk exposures on cash and cash equivalents. As at January 31, 2018 and April 30, 2017, the Group is exposed to changes in market interest rates through short-term placements included as part of Cash and Cash Equivalents account and stocking loans of H.R. Owen presented as Loans Payable and Borrowings, which are subject to variable interest rates, in the consolidated statements of financial position.

The Group keeps placements with fluctuating interest at a minimum while H.R. Owen's stocking loans are secured at any time by fixed and floating charges on stocks of new and demonstrator cars and commercial vehicles held. As such, management believes that its exposure to interest rate risk is immaterial.

(b) Foreign Currency Risk

Except for H.R. Owen whose functional currency is GBP, most of the Group's transactions are carried out in Philippine pesos, its functional currency. Exposures to

currency exchange rates arise from the Group's overseas purchases, which is primarily denominated in United States Dollars (USD). The Group also holds USD, GBP, Malaysian Ringgit (MYR) and European Union Euro (EUR) denominated cash and cash equivalents and receivables. Further, the Group has AFS financial assets denominated in MYR and GBP. There were no foreign currency denominated financial liabilities as at January 31, 2018 and April 30, 2017.

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

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

	<u>January 31, 2018</u>	<u>April 30, 2017</u>
Php - USD	P 18,511,457	P 3,931,781
Php - MYR	4,584,791	11,310,121
Php - GBP	421,789,403	1,106,440,157
Php - EUR	308,594	280,605

The following table illustrates the sensitivity of the Group's profit before tax with respect to changes in Philippine peso against USD, MYR, GBP and EUR exchange rates. These percentages have been determined based on the average market volatility in exchange rates, using standard deviation, in the previous 12 months, estimated at 95.00% level of confidence. The sensitivity analysis is based on the Group's foreign currency financial instruments held at the end of each reporting period with effect estimated from the beginning of the year.

	<u>January 31, 2018</u>		<u>April 30, 2017</u>	
	Reasonably possible change in rate	Effect in profit before tax	Reasonably possible change in rate	Effect in profit before tax
PhP - USD	7.66%	P 1,417,978	7.69%	P 302,493
PhP - MYR	19.93%	913,749	11.95%	1,351,041
PhP - GBP	17.98%	75,837,735	30.14%	333,508,192
PhP - EUR	16.75%	51,689	17.04%	47,803
		<u>P 78,221,151</u>		<u>P 335,209,529</u>

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

(c) *Other Price Risk*

The Group's market price risk arises from its investments carried at fair value (financial assets classified as AFS financial assets). The Group manages exposure to price risk by monitoring the changes in the market price of the investments and at some extent, diversifying the investment portfolio in accordance with the limit set by management.

The sensitivity of equity with regard to the volatility of the Group's AFS financial assets assumes a +/-9.26% and a +/-40.40% volatility in the market value of the investment for the nine months ended January 31, 2018 and for the year ended April 2017, respectively. The expected change was based on the annual rate of return computed using the monthly closing market value of the investment in 2017.

3.2 Credit Risk

Credit risk is the risk that a counterparty may fail to discharge an obligation to the Group. The Group is exposed to this risk for various financial instruments arising from granting loans and selling goods and services to customers; granting advances to associates; and, placing deposits with banks, lessors and utility companies.

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. The Group's policy is to deal only with creditworthy counterparties. In addition, for a significant proportion of sales, advance payments are received to mitigate credit risk.

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

	<u>Notes</u>	<u>January 31, 2018</u>	<u>April 30, 2017</u>
Cash and cash equivalents	5	P 711,578,215	P 1,060,850,712
Trade and other receivables – net	6	2,714,414,863	3,076,920,330
Advances to associates	12	1,331,746,276	199,346,627
Other non-current assets	13	<u>4,736,893</u>	<u>4,706,098</u>
		<u>P 4,762,476,247</u>	<u>P 4,341,823,767</u>

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

(a) Cash and Cash Equivalents

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

(b) Trade and Other Receivables – net and Advances to Associates

The Group's trade receivables as at January 31, 2018 and April 30, 2017 are due mainly from customers of H.R. Owen and from PCSO. The Group maintains policies that require appropriate credit checks to be completed on potential customers prior to delivery of goods and services. On-going credit checks are periodically performed on the Group's existing customers to ensure that the credit limits remain at appropriate levels.

The Group mitigates the concentration of its credit risk from its receivables from PCSO by regularly monitoring the age of its receivables from PCSO and ensuring that collections are received within the agreed credit period. These objectives, policies and strategies are consistently applied in the previous year up to the current year. In addition, the risk is reduced to the extent that PCSO has no history of significant defaults and none of the past due receivables are impaired as at the end of the reporting period.

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

(c) Other Non-current Assets

The refundable deposits of the Group under Other Non-Current Assets account in the consolidated statements of financial position pertain to security deposits made to various lessors and utility companies which the Group is not exposed to significant credit risk.

3.3 Liquidity Risk

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

Liquidity risk is also managed by borrowing with a spread of maturity periods. The Group has significant fluctuations in short-term borrowings due to industry specific factors. The Group mitigates any potential liquidity risk through maintaining substantial unutilized banking and used vehicle stocking loan facilities.

As at January 31, 2018 and April 30, 2017, the Group's financial liabilities pertain to Trade and Other Payables, except those tax-related liabilities, and Loans Payable and Borrowings inclusive of future interest. Trade and other payables and loans payable and borrowings are considered to be current which are expected to be settled within 12 months from the end of each reporting period.

4. SEGMENT REPORTING

4.1 Business Segments

The Group is organized into different business units based on its products and services for purposes of management assessment of each unit. In identifying its operating segments, the management generally follows the Group's four service lines. The Group is engaged in the business of Leasing, Services, Holdings and Investments and Motor Vehicle Dealership. Presented below is the basis of the Group in reporting to its strategic steering committee for its strategic decision-making activities.

- (a)* The Leasing segment pertains to the lease of on-line lottery equipment, maintenance and repair services, and telecommunication and integration services rendered by the Group to PCSO.
- (b)* The Services segment pertains to the hotel operations of PHPI.
- (c)* Holdings and Investments segment relates to gains (losses) on disposal of investments and share in net gains (losses) of associates.

- (d) The Motor Vehicle Dealership segment pertains to the luxury motor vehicle retailers and provision of aftersales services of H.R. Owen.

4.2 Segment Assets and Liabilities

Segment assets are allocated based on their physical location and use or direct association with a specific segment. Segment assets include all operating assets used by a segment and consist principally of operating cash, receivables, advances, inventories and property, plant and equipment, net of allowances and provisions. Similar to segment assets, segment liabilities are also allocated based on their use or direct association with a specific segment. Segment liabilities include all operating liabilities and consist principally of accounts, taxes currently payable and accrued liabilities. Segment assets and liabilities do not include deferred taxes.

4.3 Intersegment Transactions

Segment revenues, expenses and performance include sales and purchases between business segments. Such sales and purchases are eliminated in consolidation.

The Group's operating business are organized and managed separately according to the nature of segment accounting policies.

4.4 Analysis of Segment Information

The tables in the succeeding pages present revenue and profit information regarding business segments for the nine months ended January 31, 2018, January 31, 2017 and for the year ended April 30, 2017, and certain assets and liabilities information regarding industry segments as at January 31, 2018, January 31, 2017 and April 30, 2017.

	January 31, 2018					
	Leasing	Services	Holding and Investments	Motor Vehicle Dealership	Elimination	Consolidated
Revenues:						
External	P 1,256,326,564	P 101,597,326	P 133,673,957	P21,308,223,879	P -	P 22,799,821,725
Inter-segment	-	-	450,653,589	(686,380)	(449,967,208)	-
Total revenues	P 1,256,326,564	P 101,597,326	P 584,327,546	P 21,307,537,499	(P 449,967,208)	P 22,799,821,725
Expenses:						
External	P 688,551,212	P 102,674,547	P 90,428,906	P21,046,325,147	P -	P21,927,979,812
Inter-segment	-	-	32,792	-	-	32,792
Total expenses	P 688,551,212	P 102,674,547	P 90,461,698	P21,046,325,147	P -	P21,928,012,604
Profit before tax	P 567,775,352	(P 1,077,221)	P 493,898,642	P 261,212,352	(P 450,000,000)	P 871,809,125
Net Profit	P 390,597,471	(P 1,797,042)	P 493,873,889	P 200,601,852	(P 450,000,000)	P 633,276,170
Segment assets	P 750,228,194	P 684,980,509	P 8,098,230,267	P 9,700,841,434	(P 2,520,427,284)	P16,713,853,120
Segment liabilities	P 177,054,694	P 681,942,221	P 663,776,336	P 7,843,797,820	(P 854,632,587)	P 8,511,938,484
Other segment items:						
Capital expenditures	P 16,977,386	P 11,888,728	P -	P 51,808,926	P -	P 80,657,040
Depreciation and amortization	P 9,433,772	P 18,005,566	P 1,875,903	P 160,244,936	P -	P 126,020,978

January 31, 2017						
	Leasing	Services	Holding and Investments	Motor Vehicle Dealership	Elimination	Consolidated
Revenues:						
External	P 1,212,996,421	P 114,392,221	P 288,876,344	P19,490,664,101	P -	P21,106,929,087
Inter-segment	-	-	(171,871,905)	-	-	(171,871,905)
Total revenues	<u>P 1,212,996,421</u>	<u>P 114,392,221</u>	<u>P 117,004,439</u>	<u>P19,490,664,101</u>	<u>P -</u>	<u>P20,935,057,182</u>
Expenses:						
External	P 601,537,736	P 113,066,303	P 252,876,038	P19,372,275,572	P -	P20,339,755,649
Inter-segment	-	-	-	(2,096,534)	-	(2,096,534)
Total expenses	<u>P 601,537,736</u>	<u>P 113,066,303</u>	<u>P 252,876,038</u>	<u>P19,370,179,038</u>	<u>P -</u>	<u>P20,337,659,115</u>
Profit before tax	<u>P 611,458,685</u>	<u>P 1,325,918</u>	<u>(P 135,871,599)</u>	<u>P 120,485,063</u>	<u>(P -)</u>	<u>P 597,398,067</u>
Net Profit	<u>P 428,474,834</u>	<u>P 1,138,565</u>	<u>(P 137,607,951)</u>	<u>P 90,005,348</u>	<u>(P 169,775,371)</u>	<u>P 382,010,796</u>
Segment assets	<u>P 638,081,329</u>	<u>P 761,741,313</u>	<u>P 7,568,401,134</u>	<u>P 7,543,859,841</u>	<u>(P 2,996,770,284)</u>	<u>P13,515,313,333</u>
Segment liabilities	<u>P 120,932,813</u>	<u>P 755,776,575</u>	<u>P 824,481,422</u>	<u>P 6,167,548,651</u>	<u>(P 996,293,942)</u>	<u>P 6,872,445,519</u>
Other segment items:						
Capital expenditures	<u>P 22,405,805</u>	<u>P 3,156,261</u>	<u>P -</u>	<u>P 137,696,337</u>	<u>P -</u>	<u>P 227,863,474</u>
Depreciation and amortization	<u>P 3,276,383</u>	<u>P 21,921,894</u>	<u>P 1,875,903</u>	<u>P 142,229,281</u>	<u>P -</u>	<u>P 169,373,461</u>
April 30, 2017						
	Leasing	Services	Holding and Investments	Motor Vehicle Dealership	Elimination	Consolidated
Revenues:						
External	P 1,648,911,479	P 150,496,554	P 243,144,496	P26,784,657,267	P -	P 28,827,209,796
Inter-segment	-	-	173,940,119	-	(173,940,119)	-
Total revenues	<u>P 1,648,911,479</u>	<u>P 150,496,554</u>	<u>P 417,084,615</u>	<u>P26,784,657,267</u>	<u>(P 173,940,119)</u>	<u>P 28,827,209,796</u>
Expenses:						
External	P 854,783,410	P 150,159,120	P 239,286,020	P26,598,812,788	P -	P 27,843,041,338
Inter-segment	-	-	-	3,940,119	(3,940,119)	-
Total expenses	<u>P 854,783,410</u>	<u>P 150,159,120</u>	<u>P 239,286,020</u>	<u>P26,602,752,907</u>	<u>(P 3,940,119)</u>	<u>P 27,843,041,338</u>
Profit before tax	<u>P 794,128,069</u>	<u>P 337,434</u>	<u>P 177,798,595</u>	<u>P 181,904,360</u>	<u>(P 170,000,000)</u>	<u>P 984,168,458</u>
Net profit(loss)	<u>P 547,405,677</u>	<u>(P 526,788)</u>	<u>P 198,417,024</u>	<u>P 128,797,084</u>	<u>(P 170,000,000)</u>	<u>P 704,092,997</u>
Segment assets	<u>P 781,045,030</u>	<u>P 694,397,867</u>	<u>P 7,852,974,022</u>	<u>P 8,421,660,487</u>	<u>(P 2,994,865,698)</u>	<u>P 14,755,461,708</u>
Segment liabilities	<u>P 148,469,001</u>	<u>P 689,812,536</u>	<u>P 859,410,113</u>	<u>P 6,970,265,760</u>	<u>(P 1,117,581,980)</u>	<u>P 7,550,375,430</u>
Other segment items:						
Capital expenditures	<u>P 47,898,706</u>	<u>P 3,870,368</u>	<u>P -</u>	<u>P 279,554,937</u>	<u>P -</u>	<u>P 331,324,011</u>
Depreciation and amortization	<u>P 5,045,627</u>	<u>P 28,853,083</u>	<u>P 2,501,204</u>	<u>P 192,311,587</u>	<u>P -</u>	<u>P 228,711,501</u>

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

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

	<u>January 31, 2018</u> (Unaudited)	<u>April 30, 2017</u> (Audited)
Cash on hand and in banks	P 675,213,265	P 886,267,519
Short-term placements	<u>36,364,950</u>	<u>174,583,193</u>
	<u>P 711,578,215</u>	<u>P 1,060,850,712</u>

Cash in banks generally earn interest based on daily bank deposit rates. Short-term placements have an average maturity of 30 days and average annual effective interest ranging from 0.75% to 1.50% in 2017.

6. TRADE AND OTHER RECEIVABLES

This account is composed of the following:

	<u>January 31, 2018</u> (Unaudited)	<u>April 30, 2017</u> (Audited)
Trade receivables	P1,026,891,038	P 772,457,042
Payments for future acquisition of investments	1,065,154,546	1,376,536,843
Advances to officers and employees	5,454,615	4,923,970
Other receivables	<u>629,900,442</u>	<u>178,718,850</u>
	2,727,400,641	2,332,636,705
Allowance for impairment	(12,985,778)	(12,646,898)
	<u>P2,714,414,863</u>	<u>P2,319,989,807</u>

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

7. INVENTORIES

The composition of this account are shown below.

	<u>January 31, 2018</u> (Unaudited)	<u>April 30, 2017</u> (Audited)
At cost:		
Vehicles	P3,756,085,647	P2,923,521,725
Parts and components	241,220,859	153,099,741
Work in progress	-	48,083,466
Spare parts and accessories	14,873,878	14,760,988
Hotel supplies	<u>5,701,816</u>	<u>5,840,189</u>
	<u>4,017,882,200</u>	<u>3,145,306,109</u>

At net realizable value:		
Vehicles	1,358,947,563	1,116,532,836
Parts and components	<u>62,676,009</u>	<u>46,555,940</u>
	1,421,623,572	1,163,088,776
Allowance for inventory write down	<u>(199,368,075)</u>	<u>(180,866,700)</u>
	<u>P5,240,137,697</u>	<u>P4,127,528,185</u>

Certain vehicles are carried at net realizable value which is lower than their cost. An analysis of the movements in allowance for inventory writedown is presented below.

	<u>January 31, 2018</u>	<u>April 30, 2017</u>
Balance at beginning of year	P 180,866,700	P 135,820,397
Additional provision during the year	(6,194,730)	52,855,932
Translation adjustment	24,696,105	(7,809,629)
Reversal during the year	<u>-</u>	<u>-</u>
Balance at end of year	<u>P 199,368,075</u>	<u>P 180,866,700</u>

8. PREPAYMENTS AND OTHER CURRENT ASSETS

The details of this account are as follows:

	<u>January 31, 2018</u> <u>(Unaudited)</u>	<u>April 30, 2017</u> <u>(Audited)</u>
Prepaid expenses	P 168,476,743	P 661,544,216
Refundable deposits	34,183,053	49,089,004
Input VAT	41,471,821	30,004,048
Prepaid taxes	28,112,139	28,112,139
Advance rental	12,020,000	13,070,000
Advances to supplier	9,211,388	7,966,115
Creditable withholding tax	3,401,512	3,240,421
Other current assets	<u>187,172,601</u>	<u>14,403,657</u>
	<u>P 484,049,257</u>	<u>P 807,429,600</u>

Prepaid expenses include subscriptions, refurbishment costs, maintenance expenses, license and support arrangements, prepaid insurance and benefits.

9. **AVAILABLE-FOR-SALE FINANCIAL ASSETS**

This account consists of the following financial assets:

	<u>January 31, 2018</u> (Unaudited)	<u>April 30, 2017</u> (Audited)
Equity securities	P1,200,447,246	P 891,702,782
Debt securities	85,090,492	85,321,583
Others	<u>15,360,157</u>	<u>15,496,352</u>
	1,300,897,895	992,520,717
Allowance for impairment	<u>(90,711,955)</u>	<u>(90,711,955)</u>
	<u>P 1,210,185,940</u>	<u>P 901,808,762</u>

In January 31, 2018 and April 30, 2017, certain equity securities with carrying amount of P115,697,250 and P77,033,450, respectively are carried at cost as the fair value of these unquoted equity securities is not reliably determinable. Management believes that the cost approximates the fair value of such securities as at April 30, 2017.

10. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of property and equipment at the beginning and end of reporting periods January 31, 2018 and April 30, 2017 are shown below.

	Jan 31, 2018		Apr 30, 2017		Net carrying amount		Net carrying amount	
	Cost	Accumulated depreciation and amortization	Cost	Accumulated depreciation and amortization	Cost	Accumulated depreciation and amortization	Cost	Accumulated depreciation and amortization
Computers and On-line Lottery Equipment	P 1,502,501,094	P 993,337,613	P 852,146,77	P 814,549,417	P 416,729,292	P 878,762,200	P 3,010,563	P 294,579,010
Buildings	P 95,148,607	P 65,740,851	P 45,898,668	P 38,677,848	P 49,240,757	P 101,217,233	P 45,898,668	P 38,677,848
Transportation Equipment	P 65,740,851	P 38,677,848	P 19,822,883	P 306,454,698	P 46,003,244	P 853,253,594	P 19,822,883	P 306,454,698
Workshop Equipment	P 689,587,586	P 383,143,873	P 689,587,586	P 383,143,873	P 689,587,586	P 383,143,873	P 689,587,586	P 383,143,873
Office Furniture, Fixtures and Equipment	P 45,182,027	P 12,935,363	P 45,182,027	P 12,935,363	P 45,182,027	P 12,935,363	P 45,182,027	P 12,935,363
Hotel and Kitchen Equipment and Utensils	P 12,935,363	P 3,782,237	P 12,935,363	P 3,782,237	P 12,935,363	P 3,782,237	P 12,935,363	P 3,782,237
Communication Equipment	P 3,782,237	P 1,250,045,533	P 3,782,237	P 1,250,045,533	P 3,782,237	P 1,250,045,533	P 3,782,237	P 1,250,045,533
Leasehold Improvements	P 1,410,531,057	P 579,409,822	P 1,410,531,057	P 579,409,822	P 1,410,531,057	P 579,409,822	P 1,410,531,057	P 579,409,822
Land	P 95,122,746	P 95,122,746	P 95,122,746	P 95,122,746	P 95,122,746	P 95,122,746	P 95,122,746	P 95,122,746
Construction in Progress	P 4,992,815,621	P 1,911,978,845	P 2,001,760,094	P 80,607,500	P 1,885,117,390	P 1,885,117,390	P 1,885,117,390	P 1,885,117,390
TOTAL	P 4,992,815,621	P 1,911,978,845	P 2,001,760,094	P 80,607,500	P 1,885,117,390	P 1,885,117,390	P 1,885,117,390	P 1,885,117,390
Balance at Mar 1, 2017	P 46,003,044	P 883,233,594	P 19,822,883	P 306,454,698	P 46,003,044	P 883,233,594	P 19,822,883	P 306,454,698
net of accumulated depreciation and amortization	P 1,435,057,067	P 101,217,233	P 45,898,668	P 38,677,848	P 1,435,057,067	P 101,217,233	P 45,898,668	P 38,677,848
Address	P 1,435,057,067	P 101,217,233	P 45,898,668	P 38,677,848	P 1,435,057,067	P 101,217,233	P 45,898,668	P 38,677,848
Depreciation and amortization charges for the year	P 2,001,760,094	P 80,607,500	P 1,885,117,390	P 1,885,117,390	P 2,001,760,094	P 80,607,500	P 1,885,117,390	P 1,885,117,390
Transfer to other assets	P 1,911,978,845	P 1,911,978,845	P 1,911,978,845	P 1,911,978,845	P 1,911,978,845	P 1,911,978,845	P 1,911,978,845	P 1,911,978,845
Balance at April 30, 2018	P 46,003,044	P 883,233,594	P 19,822,883	P 306,454,698	P 46,003,044	P 883,233,594	P 19,822,883	P 306,454,698
net of accumulated depreciation and amortization	P 1,435,057,067	P 101,217,233	P 45,898,668	P 38,677,848	P 1,435,057,067	P 101,217,233	P 45,898,668	P 38,677,848
Address	P 1,435,057,067	P 101,217,233	P 45,898,668	P 38,677,848	P 1,435,057,067	P 101,217,233	P 45,898,668	P 38,677,848
Depreciation and amortization charges for the year	P 2,001,760,094	P 80,607,500	P 1,885,117,390	P 1,885,117,390	P 2,001,760,094	P 80,607,500	P 1,885,117,390	P 1,885,117,390
Transfer to other assets	P 1,911,978,845	P 1,911,978,845	P 1,911,978,845	P 1,911,978,845	P 1,911,978,845	P 1,911,978,845	P 1,911,978,845	P 1,911,978,845
Balance at Mar 1, 2016	P 5,775,739	P 638,586,459	P 9,614,470	P 312,271,000	P 5,775,739	P 638,586,459	P 9,614,470	P 312,271,000
net of accumulated depreciation and amortization	P 42,176,753	P 699,030	P 15,200,030	P 89,494,804	P 42,176,753	P 699,030	P 15,200,030	P 89,494,804
Address	P 42,176,753	P 699,030	P 15,200,030	P 89,494,804	P 42,176,753	P 699,030	P 15,200,030	P 89,494,804
Depreciation and amortization charges for the year	P 1,927,448	P 1,744,733	P 5,900,312	P 85,609,67	P 1,927,448	P 1,744,733	P 5,900,312	P 85,609,67
Transfer to other assets	P 1,744,733	P 1,744,733	P 1,744,733	P 1,744,733	P 1,744,733	P 1,744,733	P 1,744,733	P 1,744,733
Balance at April 30, 2017	P 46,003,044	P 883,233,594	P 19,822,883	P 306,454,698	P 46,003,044	P 883,233,594	P 19,822,883	P 306,454,698
net of accumulated depreciation and amortization	P 1,435,057,067	P 101,217,233	P 45,898,668	P 38,677,848	P 1,435,057,067	P 101,217,233	P 45,898,668	P 38,677,848
Address	P 1,435,057,067	P 101,217,233	P 45,898,668	P 38,677,848	P 1,435,057,067	P 101,217,233	P 45,898,668	P 38,677,848

11. INVESTMENT PROPERTY

In April 2017, the Group acquired certain residential property amounting to 2,218,235GBP (about P132,720,106), which is classified by the Group as investment property. The translated amount of investment property as at January 31, 2018 and April 30, 2017 amounted to P161,332,010 and P141,608,573, respectively.

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

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

January 31, 2018 (Unaudited)										
		PLPI	BPPI	BAPI	CPI	SBMPI	NPI	VDH	Total	
Investment:										
Acquisition Costs										
Initial Investment	P	7,999,997	P 180,400,000	P 178,380,000	P 399,996	P 22,500,000	P 82,283,456	P 134,550,315	P	606,513,764
Reclassification		-	-	25,516,456	-	-	-	-		25,516,456
Additional Investment		-	-	-	-	-	-	-		-
		<u>7,999,997</u>	<u>180,400,000</u>	<u>203,896,456</u>	<u>399,996</u>	<u>22,500,000</u>	<u>82,283,456</u>	<u>134,550,315</u>		<u>632,030,220</u>
Deduction of interest in associate-										
Loss on deemed disposal				<u>(99,084,160)</u>						<u>(99,084,160)</u>
Accumulated equity share in net profit (losses)										
Share in net profit (losses) in prior years		35,228,131	(180,400,000)	333,076,497	(399,996)	(5,638,499)	87,980,951	-		269,847,084
Share in net profit (losses) in during year		<u>(2,354,829)</u>	<u>-</u>	<u>78,884,866</u>	<u>-</u>	<u>(5,020,765)</u>	<u>(9,436,017)</u>	<u>(13,145,275)</u>		<u>48,927,981</u>
		<u>32,873,302</u>	<u>(180,400,000)</u>	<u>411,961,363</u>	<u>(399,996)</u>	<u>(10,659,264)</u>	<u>78,544,934</u>	<u>(13,145,275)</u>		<u>318,775,065</u>
Total Investments in associates		40,873,299	-	516,773,659	-	11,840,736	160,828,390	121,405,040		851,721,124
Advances		320,985,100	173,920,000	-	2,723,496	-	823,208,195	10,909,485		1,331,746,276
	P	<u>361,858,399</u>	<u>P 173,920,000</u>	<u>P 516,773,659</u>	<u>P 2,723,496</u>	<u>P 11,840,736</u>	<u>P 984,036,585</u>	<u>P 132,314,525</u>	P	<u>2,183,467,400</u>
April 30, 2017 (Audited)										
		PLPI	BPPI	BAPI	CPI	SBMPI	NPI	VDH	Total	
Investment:										
Acquisition Costs										
Initial Investment	P	7,999,997	P 117,400,000	P 178,380,000	P 399,996	P 22,500,000	P -	P -	P	326,679,993
Reclassification		-	-	-	-	-	82,283,456	-		82,283,456
Additional Investment		-	63,000,000	-	-	-	-	-		63,000,000
		<u>7,999,997</u>	<u>180,400,000</u>	<u>178,380,000</u>	<u>399,996</u>	<u>22,500,000</u>	<u>82,283,456</u>	<u>-</u>		<u>471,963,449</u>
Deduction of interest in associate-										
Loss on deemed disposal				<u>(99,084,160)</u>						<u>(99,084,160)</u>
Accumulated equity share in net profit (losses)										
Share in net profit (losses) in prior years		34,608,843	(117,400,000)	223,225,677	(399,996)	-	-	-		140,034,524
Share in net profit (losses) in during year		<u>619,288</u>	<u>(63,000,000)</u>	<u>109,850,820</u>	<u>-</u>	<u>(5,638,499)</u>	<u>87,980,951</u>	<u>-</u>		<u>129,812,560</u>
		<u>35,228,131</u>	<u>(180,400,000)</u>	<u>333,076,497</u>	<u>(399,996)</u>	<u>(5,638,499)</u>	<u>87,980,951</u>	<u>-</u>		<u>269,847,084</u>
Total Investments in associates		43,228,128	-	412,372,337	-	16,861,501	170,264,407	-		642,726,373
Advances		31,683,131	165,040,000	-	2,623,496	-	790,677,693	-		990,024,320
	P	<u>74,911,259</u>	<u>P 165,040,000</u>	<u>P 412,372,337</u>	<u>P 2,623,496</u>	<u>P 16,861,501</u>	<u>P 960,942,100</u>	<u>P -</u>	P	<u>1,632,750,693</u>

13. INTANGIBLE ASSETS

The compositions of this account are shown below.

	<u>January 31, 2018</u> (Unaudited)	<u>April 30, 2017</u> (Audited)
Goodwill	P 1,219,075,027	P 1,114,063,397
Dealership rights	752,568,131	660,563,886
Customer relationship	<u>33,612,705</u>	<u>32,328,468</u>
	<u>P 2,005,255,863</u>	<u>P 1,806,955,751</u>

14. OTHER NON-CURRENT ASSETS

Other non-current assets of the Group pertain to security deposits refundable from various lessors and utility companies amounting to P4,736,893 and P4,706,098 as at January 31, 2018 and April 30, 2017, respectively.

15. TRADE AND OTHER PAYABLES

This account consists of the following:

	<u>January 31, 2018</u> (Unaudited)	<u>April 31, 2017</u> (Audited)
Trade payables	P 949,269,680	P 1,025,537,981
Advances from customers	2,082,221,399	1,285,343,581
Accrued expenses	331,391,453	314,559,038
Withholding taxes payable	(245,948,629)	40,327,109
Deferred income	22,972,393	22,648,754
Deferred output VAT	54,884,517	174,161,012
Management fee payable	19,947,000	20,223,000
Accrued interest payable	-	1,078,767
Due to a related party	1,239,360	512,644
Other payables	<u>138,832,136</u>	<u>278,455,227</u>
	<u>P3,354,809,309</u>	<u>P 3,162,847,113</u>

16. LOANS PAYABLE AND BORROWINGS

This account consists of the following:

	<u>January 31, 2018</u> (Unaudited)	<u>April 30, 2017</u> (Audited)
Current:		
Vehicle stocking loans	P 4,058,850,621	P 3,230,268,108
Bank loans and mortgages	<u>542,741,460</u>	<u>630,888,960</u>
	<u>4,601,592,081</u>	<u>3,861,157,068</u>

Non-Current:			
Bank loans and mortgages		<u>430,913,820</u>	<u>367,393,973</u>
		<u>P 5,032,505,901</u>	<u>P 4,228,551,041</u>

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

17.1 Carrying Amounts and Fair Values by Category

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

		January 31, 2018 (Unaudited)		April 30, 2017 (Audited)	
		Carrying Values	Fair Values	Carrying Values	Fair Values
Financial Assets					
Loans and receivables:					
Cash and cash equivalents	5	P 711,578,215	P 711,578,215	P 1,060,850,712	P 1,060,850,712
Trade and other receivables - net	6	2,714,414,863	2,714,414,863	3,076,920,330	3,076,920,330
Advances to associates	11	1,331,746,276	1,331,746,276	199,346,627	199,346,627
Other non-current assets	13	<u>4,736,893</u>	<u>4,736,893</u>	<u>4,706,098</u>	<u>4,706,098</u>
		<u>P 4,762,476,247</u>	<u>P 4,762,476,247</u>	<u>P 4,341,823,767</u>	<u>P 4,341,823,767</u>
AFS financial assets	9	<u>P 1,210,185,940</u>	<u>P 1,210,185,940</u>	<u>P 901,808,762</u>	<u>P 901,808,762</u>
Financial Liabilities					
Financial liabilities at amortized cost:					
Loans payable and borrowings	15	P 5,032,505,901	P 5,032,505,901	P 4,228,551,041	P 4,228,551,041
Trade and other payables	14	<u>3,354,809,309</u>	<u>3,354,809,309</u>	<u>1,856,934,874</u>	<u>1,856,934,874</u>
		<u>P 8,387,315,210</u>	<u>P 8,387,315,210</u>	<u>P 6,085,485,915</u>	<u>P 6,085,485,915</u>

17.2 Offsetting of Financial Assets and Financial Liabilities

Currently, financial assets and liabilities are settled on a gross basis; however, each party to the financial instrument (particularly related parties) will have the option to settle all such amounts on a net basis through approval by both parties' BOD and stockholders or upon instruction by the Parent Company.

18. FAIR VALUE MEASUREMENT AND DISCLOSURES

18.1 Fair Value Hierarchy

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

- (a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;

- (b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
- (c) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Parent Company uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

18.2 Financial Instruments Measured at Fair Value

Quoted equity securities, debt securities and others classified as AFS financial assets are included in Level 1 as their prices are derived from quoted prices in active market that the entity can access at the measurement date, except for certain equity securities with carrying amount of P115,697,250 and P77,033,450 which are carried at cost as at January 31, 2018 and April 30, 2017, respectively.

The fair value of these shares decreased by P48,617,242 and P44,375,819 in nine months ended January 31, 2018 and 2017, respectively. This was presented as Net Unrealized Fair Value Gains on Available-for-sale Financial Assets under Other Comprehensive Income (Loss) of the consolidated statements of comprehensive income.

The Group has no financial liabilities measured at fair value for the nine months ended January 31, 2018 and for the years ended April 30, 2017. There were no transfers across the levels of the fair value hierarchy in both years.

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

The table below shows the fair value hierarchy of the Group's classes of financial assets and financial liabilities measured at fair value in the consolidated statement of financial position on a recurring basis on nine months ended January 31, 2018 and for the year ended April 30, 2017:

January 31, 2018				
(Unaudited)				
	Level 1	Level 2	Level 3	Total
Financial assets:				
Cash and cash equivalents	P 711,578,215	P -	P -	P 711,578,215
Trade and other receivables	-	-	2,714,414,863	2,714,414,863
Advances to associates	-	-	1,331,746,276	1,331,746,276
Other non-current assets	-	-	4,736,893	4,736,893
	<u>P 711,578,215</u>	<u>P -</u>	<u>P 4,050,898,032</u>	<u>P 4,762,476,247</u>
Financial liabilities:				
Loans payable and borrowings	P -	P -	P 5,032,505,901	P 5,032,505,901
Trade and other payables	-	-	3,354,809,309	3,354,809,309
	<u>P -</u>	<u>P -</u>	<u>P 8,387,315,210</u>	<u>P 8,387,315,210</u>
April 30, 2017				
(Audited)				
	Level 1	Level 2	Level 3	Total
Financial assets:				
Cash and cash equivalents	P 1,060,850,712	P -	P -	P 1,060,850,712
Trade and other receivables	-	-	3,076,920,330	3,076,920,330
Advances to associates	-	-	199,346,627	199,346,627
Other non-current assets	-	-	4,706,098	4,706,098
	<u>P 1,060,850,712</u>	<u>P -</u>	<u>P 3,280,973,055</u>	<u>P 4,341,823,767</u>
Financial liabilities:				
Loans payable and borrowings	P -	P -	P 4,228,551,041	P 4,228,551,041
Trade and other payables	-	-	1,856,934,874	1,856,934,874
	<u>P -</u>	<u>P -</u>	<u>P 6,085,485,915</u>	<u>P 6,085,485,915</u>

19. COMMITMENTS AND CONTINGENCIES

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

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

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

Future minimum rental payable related to this lease as follows:

	January 31, 2018	April 30, 2017
	(Unaudited)	(Audited)
Within one year	P 358,467,062	P 345,186,869
After one year but not more than five years	1,157,722,753	1,032,978,854
More than five years	<u>1,212,188,734</u>	<u>1,229,742,273</u>
	<u>P2,728,378,549</u>	<u>P 2,607,907,996</u>

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

ANNEX "B"

1 Aging of Accounts Receivables as of 31 January 2018

Type of Accounts Receivables	Neither Past Due nor Impaired (Peso)	61-90 days	Past Due not Impaired		Over 180 days (Peso)	Past Due Accrs & Items in Litigation (Peso)	Total (Peso)
			91-120 days (Peso)				
a) Trade Receivables							
1) PCSO	326,354,910	-	-	-	-	-	326,354,910
2) Guest/City Ledger	2,725,649	448,466	-	42,818	100,062	-	3,316,995
3) Vehicle Debtor	595,939,055	41,491,099	24,527,504	24,527,504	73,524,983	-	735,482,641
3) Others							
Subtotal	925,019,614	41,939,565	24,570,322	24,570,322	73,625,045	-	1,065,154,546
Less: Allow: For Doubtful Acct.	-	-	-	-	12,985,778	-	12,985,778
Net Trade receivable	925,019,614	41,939,565	24,570,322	24,570,322	60,639,267	-	1,052,168,768
b) Non - Trade Receivables							
1) Advances for stock subscription	385,468,470	-	-	-	641,422,568	-	1,026,891,038
2) Payment to other related parties	19,876,218	-	-	-	-	-	19,876,218
3) Advances to employees	5,454,615	-	-	-	-	-	5,454,615
4) Other Receivables	592,524,224	-	-	-	17,500,000	-	610,024,224
Subtotal	1,003,323,527	-	-	-	658,922,568	-	1,662,246,095
Less: Allow: For Doubtful Acct.	-	-	-	-	-	-	-
Net Non - trade receivable	1,003,323,527	-	-	-	658,922,568	-	1,662,246,095
Net Receivables (a + b)	1,928,343,141	41,939,565	24,570,322	24,570,322	719,561,835	-	2,714,414,863

Notes:

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

2 Accounts Receivable Description

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

Notes:

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

3 Normal Operating Cycle:

365 days

For the Fiscal Year
Currency

Balance Sheet	Current year		Current year to date		Current year		Previous year to date		Current year	
	3 mos ended Jan 31 2018	9 mos ended Jan 31 2018	9 mos ended Jan 31 2018	9 mos ended Jan 31 2018	3 mos ended Jan 31 2017	9 mos ended Jan 31 2017	9 mos ended Jan 31 2017	9 mos ended Jan 31 2017	12 mos ended April 30 2017	12 mos ended April 30 2017
Current Assets	10,481,926,308	10,481,926,308	10,481,926,308	10,481,926,308	8,533,332,344	8,533,332,344	8,533,332,344	8,533,332,344	9,305,822,624	9,305,822,624
Total Assets	16,713,853,120	16,713,853,120	16,713,853,120	16,713,853,120	13,515,313,333	13,515,313,333	13,515,313,333	13,515,313,333	14,755,463,708	14,755,463,708
Current Liabilities	7,998,680,154	7,998,680,154	7,998,680,154	7,998,680,154	6,345,993,869	6,345,993,869	6,345,993,869	6,345,993,869	7,104,041,686	7,104,041,686
Total Liabilities	8,511,938,484	8,511,938,484	8,511,938,484	8,511,938,484	6,872,445,519	6,872,445,519	6,872,445,519	6,872,445,519	7,550,375,430	7,550,375,430
Retained Earnings	5,267,792,993	5,267,792,993	5,267,792,993	5,267,792,993	4,322,638,384	4,322,638,384	4,322,638,384	4,322,638,384	4,643,173,814	4,643,173,814
Stockholders' Equity	8,201,914,636	8,201,914,636	8,201,914,636	8,201,914,636	6,642,867,814	6,642,867,814	6,642,867,814	6,642,867,814	7,205,086,278	7,205,086,278
Stockholders' Equity-Parent	8,171,034,898	8,171,034,898	8,171,034,898	8,171,034,898	6,625,642,962	6,625,642,962	6,625,642,962	6,625,642,962	7,185,929,442	7,185,929,442
Book Value Per Share	1.85	1.85	1.85	1.85	1.50	1.50	1.50	1.50	1.63	1.63

Income Statement	3 mos ended Jan 31 2018	9 mos ended Jan 31 2018	9 mos ended Jan 31 2018	9 mos ended Jan 31 2018	3 mos ended Jan 31 2017	9 mos ended Jan 31 2017	9 mos ended Jan 31 2017	9 mos ended Jan 31 2017	12 mos ended April 30 2017
Gross Revenue	7,327,703,959	22,643,519,449	22,643,519,449	22,643,519,449	5,887,409,096	5,887,409,096	5,887,409,096	5,887,409,096	28,501,621,029
Gross Expense	7,043,755,697	21,829,115,585	21,829,115,585	21,829,115,585	5,720,193,770	5,720,193,770	5,720,193,770	5,720,193,770	27,494,341,417
Non Operating Income	31,650,817	168,317,477	168,317,477	168,317,477	119,844,821	119,844,821	119,844,821	119,844,821	325,588,767
Non Operating Expense	49,750,230	110,912,216	110,912,216	110,912,216	31,604,636	31,604,636	31,604,636	31,604,636	348,699,921
Net Income/(Loss) Before Tax	265,848,849	871,809,125	871,809,125	871,809,125	255,455,511	255,455,511	255,455,511	255,455,511	984,168,458
Income Tax Expense	69,377,063	238,532,955	238,532,955	238,532,955	72,183,067	72,183,067	72,183,067	72,183,067	280,075,461
Net Income/(Loss) After Tax	196,471,786	633,276,170	633,276,170	633,276,170	183,272,444	183,272,444	183,272,444	183,272,444	704,092,997
Net Income/(Loss) Attributable to Parent	194,402,343	624,619,179	624,619,179	624,619,179	188,026,152	188,026,152	188,026,152	188,026,152	674,067,840
Equity Holder	0.04	0.14	0.14	0.14	0.04	0.04	0.04	0.04	0.16
Earnings/(Loss) Per Share (Basic)									
Earnings/(Loss) Per Share (Diluted)									

Financial Ratios	3 mos ended Jan 31 2018	9 mos ended Jan 31 2018	9 mos ended Jan 31 2018	9 mos ended Jan 31 2018	3 mos ended Jan 31 2017	9 mos ended Jan 31 2017	9 mos ended Jan 31 2017	9 mos ended Jan 31 2017	12 mos ended April 30 2017
Liquidity Analysis Ratio:									
Current Ratio or Working Capital ratio	1.31	1.31	1.31	1.31	1.34	1.34	1.34	1.34	1.31
Current Assets/Current Liabilities	10,481,926,308 / 7,998,680,154	10,481,926,308 / 7,998,680,154	10,481,926,308 / 7,998,680,154	10,481,926,308 / 7,998,680,154	8,533,332,344 / 6,345,993,869	8,533,332,344 / 6,345,993,869	8,533,332,344 / 6,345,993,869	8,533,332,344 / 6,345,993,869	984,168,458 / 280,075,461

Quick Ratio	3 mos ended Jan 31 2018	9 mos ended Jan 31 2018	9 mos ended Jan 31 2018	9 mos ended Jan 31 2018	3 mos ended Jan 31 2017	9 mos ended Jan 31 2017	9 mos ended Jan 31 2017	9 mos ended Jan 31 2017	12 mos ended April 30 2017
Current Assets-Inventories-Prepayments/Current Liabilities	0.59	0.59	0.59	0.59	0.63	0.63	0.62	0.62	0.62
Current Assets-Inventories-Prepayments/Current Liabilities	4,757,730,354 / 7,998,680,154	4,757,730,354 / 7,998,680,154	4,757,730,354 / 7,998,680,154	4,757,730,354 / 7,998,680,154	3,928,511,942 / 6,345,993,869	3,928,511,942 / 6,345,993,869	3,928,511,942 / 6,345,993,869	3,928,511,942 / 6,345,993,869	704,092,997 / 280,075,461

Solvency Ratio	3 mos ended Jan 31 2018	9 mos ended Jan 31 2018	9 mos ended Jan 31 2018	9 mos ended Jan 31 2018	3 mos ended Jan 31 2017	9 mos ended Jan 31 2017	9 mos ended Jan 31 2017	9 mos ended Jan 31 2017	12 mos ended April 30 2017
Total Assets/Total Liabilities	1.96	1.96	1.96	1.96	2.16	2.16	1.97	1.97	1.95
Total Assets/Total Liabilities	16,713,853,120 / 8,511,938,484	16,713,853,120 / 8,511,938,484	16,713,853,120 / 8,511,938,484	16,713,853,120 / 8,511,938,484	13,515,313,333 / 6,872,445,519	13,515,313,333 / 6,872,445,519	13,515,313,333 / 6,872,445,519	13,515,313,333 / 6,872,445,519	14,755,463,708 / 7,550,375,430

Financial Leverage Ratio	3 mos ended Jan 31 2018	9 mos ended Jan 31 2018	9 mos ended Jan 31 2018	9 mos ended Jan 31 2018	3 mos ended Jan 31 2017	9 mos ended Jan 31 2017	9 mos ended Jan 31 2017	9 mos ended Jan 31 2017	12 mos ended April 30 2017
Total Debt/Total assets	0.51	0.51	0.51	0.51	0.46	0.46	0.51	0.51	0.51
Total Debt/Total assets	8,511,938,484 / 16,713,853,120	8,511,938,484 / 16,713,853,120	8,511,938,484 / 16,713,853,120	8,511,938,484 / 16,713,853,120	6,872,445,519 / 13,515,313,333	6,872,445,519 / 13,515,313,333	6,872,445,519 / 13,515,313,333	6,872,445,519 / 13,515,313,333	7,550,375,430 / 14,755,463,708

Debt to Equity Ratio	3 mos ended Jan 31 2018	9 mos ended Jan 31 2018	9 mos ended Jan 31 2018	9 mos ended Jan 31 2018	3 mos ended Jan 31 2017	9 mos ended Jan 31 2017	9 mos ended Jan 31 2017	9 mos ended Jan 31 2017	12 mos ended April 30 2017
Total Debt/Total Stockholder's Equity	1.04	1.04	1.04	1.04	0.86	0.86	1.03	1.03	1.05
Total Debt/Total Stockholder's Equity	8,511,938,484 / 8,201,914,636	8,511,938,484 / 8,201,914,636	8,511,938,484 / 8,201,914,636	8,511,938,484 / 8,201,914,636	6,872,445,519 / 6,642,867,814	6,872,445,519 / 6,642,867,814	6,872,445,519 / 6,642,867,814	6,872,445,519 / 6,642,867,814	7,550,375,430 / 7,205,086,278

Interest Coverage	3 mos ended Jan 31 2018	9 mos ended Jan 31 2018	9 mos ended Jan 31 2018	9 mos ended Jan 31 2018	3 mos ended Jan 31 2017	9 mos ended Jan 31 2017	9 mos ended Jan 31 2017	9 mos ended Jan 31 2017	12 mos ended April 30 2017
Earnings Before Interest and Taxes (EBIT)/Interest Charges	7.64	8.86	8.86	8.86	9.08	9.08	7.06	7.06	4.40
Earnings Before Interest and Taxes (EBIT)/Interest Charges	265,848,849 / 40,009,308	871,809,125 / 110,912,216	871,809,125 / 110,912,216	871,809,125 / 110,912,216	255,455,511 / 31,604,636	255,455,511 / 31,604,636	255,455,511 / 31,604,636	255,455,511 / 31,604,636	984,168,458 / 223,461,461

Assets to Equity Ratio	3 mos ended Jan 31 2018	9 mos ended Jan 31 2018	9 mos ended Jan 31 2018	9 mos ended Jan 31 2018	3 mos ended Jan 31 2017	9 mos ended Jan 31 2017	9 mos ended Jan 31 2017	9 mos ended Jan 31 2017	12 mos ended April 30 2017
Total assets/Total assets	1.31	1.31	1.31	1.31	1.34	1.34	1.34	1.34	1.31
Total assets/Total assets	16,713,853,120 / 16,713,853,120	16,713,853,120 / 16,713,853,120	16,713,853,120 / 16,713,853,120	16,713,853,120 / 16,713,853,120	13,515,313,333 / 13,515,313,333	13,515,313,333 / 13,515,313,333	13,515,313,333 / 13,515,313,333	13,515,313,333 / 13,515,313,333	14,755,463,708 / 14,755,463,708

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

Financial Indicators
 January 31, 2018

Financial Indicators	Computation		Ratios		Computation		Ratios	
	Jan 2018	Jan 2017	Jan 2018	Jan 2017	April 2017	April 2017		
Quick ratio								
Cash and cash equivalents + Trade and other receivables - net + Advances to associates	711,578,215 2,714,414,863 1,331,746,276	399,915,267 3,352,210,048 176,386,627	0.59	0.62	4,570,864,839	0.62		
Total Current Liabilities	7,998,680,154	6,345,993,869			7,104,041,686			
Current/liquidity ratio			1.23	1.34	9,305,822,624	1.31		
Total Current Assets	10,481,926,308	8,553,332,344			7,104,041,686			
Total Current Liabilities	8,511,938,484	6,345,993,869						
Debt-to-equity ratio			1.04	1.03	7,550,375,430	1.05		
Total Liabilities	8,511,938,484	6,872,445,519			7,205,086,278			
Total Equity	8,201,914,636	6,642,867,814			7,550,375,430			
Debt-to-assets ratio			0.51	0.51	14,755,461,708	0.51		
Total Liabilities	8,511,938,484	6,872,445,519			7,550,375,430			
Total Assets	16,713,853,120	13,515,313,333			14,755,461,708			
Equity-to-assets ratio			0.49	0.49	7,205,086,278	0.49		
Total Equity	8,201,914,636	6,642,867,814			7,205,086,278			
Total Assets	16,713,853,120	13,515,313,333			14,755,461,708			
Annualized PPE Turnover			15.63	14.23	28,501,621,029	15.12		
Net Revenue	22,643,519,449	20,764,745,700			1,885,117,390			
PPE	1,931,978,845	1,945,462,392						
Annualized Return on assets			5.05%	3.77%	7,04,092,997	4.77%		
Net Profit	633,276,170	382,010,796			14,755,461,708			
Total Assets	16,713,853,120	13,515,313,333						
Annualized Return on equity			10.29%	7.67%	7,205,086,278	9.77%		
Net Profit	633,276,170	382,010,796			7,205,086,278			
Total Equity	8,201,914,636	6,642,867,814						
Annualized	1	1			1			
Earnings per share			0.14	0.08	674,067,840	0.16		
Net Profit Attributable to Owners of the Parent Company	624,619,179	353,532,410			674,067,840			
Weighted Average Number of Outstanding Common Shares	4,341,280,855	4,341,280,855			4,341,280,855			