

**BERJAYA PHILIPPINES, INC.**

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

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

-----  
(Company's Address)

811-0668 / 810-1814

-----  
(Telephone Number)

APRIL 30

any day in the month of October

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(Fiscal Year Ending)  
(month and day)

-----  
(Annual Meeting)

November 2024

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(Term Expiring On)

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SEC Form 17-Q for the quarter ended 31 Oct 2018

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(Form Type)

N.A.

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(Amendment Designation, if applicable)

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(Period Ended Date)

N.A.

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(Secondary License Type and File Number)

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Cashier

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LCU

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DTU

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Pre War 476  
S.E.C Registration Number

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Central Receiving Unit

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File Number

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Document I.D.

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 October 2018**
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 V.A. Rufino Street (formerly Herera 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 **N.A.**  
Former Name:  
Former Address:  
Former Fiscal Year

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

Title of Each Class	Number of Shares of Stock Issued and Outstanding
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<b>COMMON</b>	<b>4,427,009,132</b>
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11. Are any or all of these securities listed on the Philippine Stock Exchange?

Yes [ ☒ ]                      No [ ☐ ]

12. Indicate by check mark whether the registrant:

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

Yes [ ☒ ]                      No [ ☐ ]

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

Yes [ ☒ ]                      No [ ☐ ]

## **PART I – FINANCIAL INFORMATION**

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

*See Interim Consolidated Statement of Financial Position as of 31 October 2018, attached hereto as Annex “A”, and Aging Schedule of Accounts Receivables as of 31 October 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 the 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. 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 HR Owen’s existing stockholders. Incorporated in England, HR Owen operates a number of vehicle franchises in the prestige and specialist car market for both sales and after sales, predominantly in the London area. In 2015, HR Owen acquired 100% ownership over Bodytechnics in order to enhance its aftersales operations. In 2017, the Corporation acquired shares from Bentley Motor Limited to increase its stake in the profitable business of H.R. Owen. In August 2018, the corporation acquired shares from minority shareholders which the Corporation’s equity interest in HR Owen is equivalent to one hundred percent (100%).

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., a corporation engaged in the service business of protecting, cleaning, and preserving the environment. In December 2017, the Securities and Exchange Commission approved the Corporation's application to amend its name to Floridablanca Enviro Corporation.

In April 2018, the Corporation acquired twenty five percent (25%) of the equity in Chailease Berjaya Finance Corporation, a corporation engaged in leasing and financing business.

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

The Corporation and its subsidiaries (the Group) generated total revenues from operating sources of about ₱16.89 billion for the six months ended 31 Oct 2018, an increase of ₱1.57 billion (10.3%) over total revenues of ₱15.32 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 six months ended 31 Oct 2018 increased by ₱1.28 million (8.6%) to ₱16.06 billion from ₱14.78 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 ₱1.18 billion (9.5%), (2) salaries and employee benefits increased by ₱36.19 million (3.8%), (3) marketing and selling increased by ₱109.29 million (32.2%), (4) rental increased by ₱8.15 million (4.7%), (5) depreciation expense increased by ₱2.55million (2.0%), (6) taxes and licenses increased by ₱8.49 million (10.3%), (7) maintenance of computer equipment increased by ₱13.87 million (25.3%), (8) insurance increased by ₱9.55 million (30.1%), (9) cleaning and maintenance increased by ₱2.25 million (9.9%), (10) charitable contribution increased by ₱2.12 million (6.9%), and (11) repairs and maintenance increased by ₱6.52 million (39.0%). These increases were offset by the following decreases of expenses: (1) professional fees decreased by ₱ 41.50 million (28.1%), (2) stationery and office supplies decreased by ₱ 42.70 million (43.5%), (3) miscellaneous expenses decreased by ₱ 6.13 million (13.7%), (4) telecommunications decreased by ₱6.76 million (10.9%) (5) management fees decreased by ₱4.85 million (11.6%), (6) transportation and travel expenses decreased by ₱2.19 million (6.5%), and (7) representation and entertainment expenses decreased by ₱3.14 million (16.6%).

Other Charges (net of other income) amounted to ₱6.47 million for the six months ended 31 October 2018, a decrease of ₱69.03 million (91.4%) from the Other Income (net of other charges) of ₱75.50 million in the same period in 2017, mainly due to lower equity share in net income (losses) of associated companies.

The Group's net income increased by ₱155.50 million (35.6%) to ₱592.30 million for the six months ended 31 October 2018 from ₱436.80 million in the same period in 2017 due to higher revenue under review.

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

Total assets of the Group decreased by P1.27 billion (7.3%) to ₱16.23 billion as of 31 Oct 2018, from ₱17.50 billion as of 30 April 2018.

Trade and other receivables (net) decreased by ₱ 1.11 billion (42.5%) or ₱ 1.50 billion in 31 Oct 2018 compared to ₱ 2.62 billion in 30 April 2018, mainly due to decrease in deposits and manufacturer bonuses for vehicles.

Inventories (net) decreased by ₱ 416.84 million (8.2%) to ₱ 4.64 billion in 31 Oct 2018 compared to ₱ 5.06 billion in 30 April 2018, mainly due to reduction of vehicle stocks of H.R. Owen.

Advances to associates increased by ₱ 199.09 million (13.1%) to ₱ 1.71 billion in 31 Oct 2018 compared to ₱ 1.51 billion in 30 April 2018 due to additional advances granted to associates.

Pre-payments and other current assets (net) increased by ₱ 596.79 million (107.4%) to ₱ 1.15 billion in 31 Oct 2018 compared to ₱ 555.84 million in 30 April 2018, mainly due to increase in prepaid expenses.

Available-for-sale financial assets increased by ₱ 98.72 million (8.2%) to ₱ 1.30 billion in 31 Oct 2018 compared to ₱ 1.20 billion in 30 April 2018, mainly due to acquisition of equity securities.

Property and equipment (net) decreased by ₱ 128.71 million (7.3%) to ₱ 1.64 billion in 31 Oct 2018 compared to ₱ 1.77 billion in 30 April 2018 due to disposal of H.R Owen equipment for the period.

Investment property decreased by ₱22.14 million (4.8%) to ₱ 438.03 million in 31 Oct 2018 compared to ₱ 460.17 million in 30 April 2018 due to translation adjustment from GBP to peso.

Investments in associates decreased by ₱ 97.31 million (9.9%) to ₱ 881.12 million in 31 Oct 2018 compared to ₱ 978.44 million in 30 April 2018, mainly due to lower equity earnings of associates and offset dividends received from associated company.

Intangible assets decreased by ₱ 79.85 million (4.0%) to ₱ 1.9 billion in 31 Oct 2018 compared to ₱ 1.98 billion in 30 April 2018, primarily due to translation adjustment of H.R. Owen intangible assets.

Post-employment benefit asset decreased by ₱2.22 million (4.8%) to ₱43.96 in 31 Oct 2018 compared to ₱46.18 in 30 April 2018 due to translation adjustment.

Meanwhile, Other non-current assets increased by ₱ 0.85 million (26.4%) to ₱ 4.06 million in 31 Oct 2018 compared to ₱ 3.22 million in 30 April 2018 due to additional security deposits.

Total liabilities of the Group decreased by ₱1.52 million (16.9%) to ₱7.47 billion as of 31 Oct 2018, from ₱8.99 billion as of 30 April 2018 mainly due to a decrease in Trade and other Payables and Borrowings.

Current Trade and other payables decreased by ₱491.26 million (12.2%) to ₱3.54 billion in 31 Oct 2018 compared to ₱4.03 billion in 30 April 2018, mainly due to a decrease in Trade Payables for vehicles and withholding tax payable related to H.R. Owen.

Current Loans payable and borrowings decreased by ₱977.01 million (22.7%) to ₱3.32 billion in 31 Oct 2018 compared to ₱4.30 billion in 30 April 2018, mainly due to decrease in vehicle stocking loans and bank loans.

Income Tax Payable increased by ₱35.0 million (34.5%) to ₱136.40 million in 31 Oct 2018 compared to ₱101.40 million in 30 April 2018.

Non-current Loans payable and borrowings decreased by ₱88.95 million (22.2%) to ₱311.71 million in 31 Oct 2018 compared to ₱400.67 million in 30 April 2018 due to repayment of bank loans.

Deferred tax liabilities decreased by ₱2.96 million (4.8%) to ₱59.28 million in 31 Oct 2018 compared to ₱62.24 million in 30 April 2018.

Post-employment benefit obligation increased by ₱1.80 million (7.7%) to ₱25.16 million in 31 Oct 2018 compared ₱23.36 in 30 April 2018.

Total stockholders' equity of the Group increased by ₱254.95 billion (3.0%) to ₱8.76 billion as of 31 Oct 2018, from ₱8.50 billion as of 30 April 2018 under review. The book value per share increased to ₱1.98 in 31 Oct 2018 from ₱1.92 in 30 April 2018.

**Comparable Discussion on Material Changes in Cash Flows for the Six Months Period Ended 31 Oct 2018 vs. 31 Oct 2017**

The consolidated cash and cash equivalents for 31 Oct 2018 decreased by ₱177.61 million (17.0%) to ₱865.08 million as of 31 Oct 2018 from ₱1.04 billion for the same period last year. The decrease is mainly attributable to cash used in the payment of payables and borrowings reported this period.

### **Key Performance Indicators**

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

	31 Oct 2018	30 April 2018
Liquidity Ratio - Current ratio	1.42 : 1.00	1.30 : 1.00
Leverage Ratio - Debt to Equity	0.85 : 1.00	1.06 : 1.00
Activity Ratio - Annualized PPE	20.60 times	16.35 times

	31 Oct 2018	31 Oct 2017
Profitability Ratios		
Return on Equity	13.53%	11.23%
Return on Assets	7.30%	5.69%

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 Six Months' Period Ended 31 October 2017 vs. 31 October 2016**

The Corporation and its subsidiaries (the Group) generated total revenues from operating sources of about ₱15.31 billion for the six months ended 31 October 2017, an increase of ₱438.48 million (2.9%) over total revenues of ₱14.88 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 six months ended 31 October 2017 increased by ₱ 442.40 million (3.1%) to ₱14.76billion from ₱14.32 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 ₱65.05 million (0.5%), (2) salaries and employee benefits increased by ₱67.68 million (7.6%), (3) marketing and selling increased by ₱169.86 million (100.2%), (4) rental increased by ₱13.48 million (8.5%), (5) professional fees increased by ₱44.10 million (42.5%), (6) depreciation expense increased by ₱20.33million (19.2%), (7) stationery and office supplies increased by ₱57.43 million (141.2%), (8) telecommunications increased by ₱21.68 million (53.6%), (9) communication, light and water increased by ₱6.87 million (14.6%), (10) miscellaneous expenses increased by ~~₱8.76~~ million (24.4%), (11) transportation and travel expenses increased by ₱11.25 million (50.5%), (12) cleaning and maintenance increased by ₱21.27 million (1373.7%), and (13) representation and entertainment increased by ₱7.64 million (67.7%). These increases were offset by the following decreases of expenses: (1) taxes and licenses decreased by ₱11.19 million (12.0%), (2) maintenance of computer equipment decreased by ₱1.97 million (3.5%), (3) charitable contribution decreased by ₱14.29 million (31.8%), and (4) repairs and maintenance decreased by ₱21.73 million (56.5%).

Other Charges – net of other income amounted to ₱75.50 million for the six months ended 31 October 2017, an increase of ₱291.63 million (134.9%) from the Other Income (net charges) of ₱216.13 million in the same period in 2016, mainly due to foreign exchange gain.

The Group's net income increased by ₱238.07 million (119.8%) amounting to ₱436.80 million for the six months ended 31 October 2017 from ₱198.74 million in the same period in 2016 due to higher revenue and foreign exchange gain under review.

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



Total assets of the Group increased by ₱585.29 million (4.0%) or ₱15.34 billion as of 31 October 2017, from ₱14.76 billion as of 30 April 2017.

Trade and other receivables (net) decreased by ₱425.36 million (18.3%) or ₱1.89 billion in 31 October 2017 compared to ₱2.32 billion in 30 April 2017, mainly due to redemption of deposit.

Inventories (net) increased by ₱498.45 million (12.1%) or ₱4.62 billion in 31 October 2017 compared to ₱4.13 billion in 30 April 2017, mainly due to additional vehicle stocks by H.R. Owen.

Advances to associates increased by ₱226.67 million (22.9%) amounting to ₱1.22 billion in 31 October 2017 compared to ₱990.02 million in 30 April 2017 due to additional advances granted to associates.

Pre-payments and other current assets (net) decreased by ₱396.73 million (49.1%) amounting to ₱410.70 million in 31 October 2017 compared to ₱807.43 million in 30 April 2017, mainly due to decrease in prepaid expenses.

Available-for-sale financial assets increased by ₱410.18 million (45.5%) amounting to ₱1.31 billion in 31 October 2017 compared to ₱901.81 billion in 30 April 2017, mainly due to acquisition of equity securities.

Property and equipment (net) increased by ₱6.65 million (0.4%) or ₱1.89 billion in 31 October 2017 compared to ₱1.88 billion in 30 April 2017 due to acquisition for the period.

Investment property increased by ₱9.23 million (6.5%) or ₱150.84 million in 31 October 2017 compared to ₱141.61 million in 30 April 2017 due to translation adjustment from GBP to peso.

Investments in associates increased by ₱158.48 million (24.7%) or ₱801.21 million in 31 October 2017 compared to ₱642.73 million in 30 April 2017, mainly due to new associated company of H.R. Owen and equity earnings of associates.

Intangible assets increased by ₱92.35 million (5.1%) or ₱1.90 billion in 31 October 2017 compared to ₱1.81 billion in 30 April 2017, primarily due to translation adjustment of H.R. Owen intangible assets.

Meanwhile, other non-current assets decreased by ₱0.17 million (3.7%) or ₱4.53 million in 31 October 2017 compared to ₱4.71 million in 30 April 2017 due to refund of security deposits.

Total liabilities of the Group increased by ₱9.27 million (0.1%) or ₱7.56 billion as of 31 October 2017, from ₱7.55 billion as of 30 April 2017 mainly due to increase in Trade and other Payables.

Trade and other payables increased by ₱286.39 million (9.1%) or ₱3.45 billion in 31 October 2017 compared to ₱3.17 billion in 30 April 2017, mainly due to increase in trade payables and advances from customers.

Current Loans payable and borrowings decreased by ₱68.68 million (1.8%) or ₱3.79 billion in 31 October 2017 compared to ₱3.86 billion in 30 April 2017, mainly due to decrease in vehicle stocking loans and bank loans.

Income Tax Payable decreased by ₱30.0 million (37.5%) or ₱50.03 million in 31 October 2017 compared to ₱80.04 million in 30 April 2017.

Non-current Loans payable and borrowings decreased by ₱179.86 million (49.0%) or ₱187.54 million in 31 October 2017 compared to ₱367.39 million in 30 April 2017 due to payment of bank loans.

Deferred tax liabilities increased by ₱3.27 million (7.8%) or ₱45.09 million in 31 October 2017 compared to ₱41.82 million in 30 April 2017.

Post-employment benefit obligation decreased by ₱1.85 million (5.0%) or ₱35.26 in 31 October 2017 compared ₱37.12 in 30 April 2017.

Total stockholders' equity of the Group increased by ₱576.02 billion (8.0%) or ₱7.78 billion as of 31 October 2017, from ₱7.20 billion as of 30 April 2017 under review. The book value per share increased to ₱1.76 in 31 October 2017 from ₱1.63 in 30 April 2017.

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

The consolidated cash and cash equivalents for 31 October 2017 increased by ₱99.48 million (10.28%) to ₱1.07 billion as of 31 October 2017 from ₱ 966.97 billion for the same period last year. The increase is mainly attributable to higher revenue reported this period.

**Key Performance Indicators**

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

	31Oct 2017	30 April 2017
Liquidity Ratio - Current ratio	1.34 : 1.00	1.31 : 1.00
Leverage Ratio - Debt to Equity	0.88 : 1.00	1.05 : 1.00
Activity Ratio - Annualized PPE	16.19 times	15.12 times
	31 Oct 2017	31 Oct 2016
Profitability Ratios		
Return on Equity	11.23%	5.43%
Return on Assets	5.69%	2.92%

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	$\frac{\text{Net Income}}{\text{Net Income}}$

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's 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 14 December 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**  
**OCTOBER 31, 2018 and APRIL 30, 2018**  
*(Amounts in Philippine Pesos)*

<u>ASSETS</u>	<u>Note</u>	<u>October 31, 2018</u> <u>Unaudited</u>	<u>April 30, 2018</u> <u>Audited</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	<b>P</b> 890,201,230	<b>P</b> 1,195,177,294
Trade and other receivables-net	6	1,507,934,399	2,620,625,259
Inventories - net	7	4,645,808,817	5,062,652,502
Advances to associates	12	1,714,938,608	1,515,841,109
Prepayments and other current assets - net	8	1,152,624,940	555,838,830
Total Current Assets		9,911,507,994	10,950,134,994
<b>NON-CURRENT ASSETS</b>			
Available for sale financial assets	9	1,298,088,322	1,199,369,442
Property and equipment - net	10	1,639,616,440	1,768,323,852
Investment Property	11	438,027,311	460,167,243
Investment in associates	12	881,120,167	978,436,158
Intangible Assets	13	1,898,144,057	1,977,995,204
Deferred tax assets - net		113,537,342	113,537,342
Post Employment benefit asset		43,963,380	46,185,495
Other non-current assets	14	4,065,817	3,217,271
Total Non-Current Assets		6,316,562,836	6,547,232,007
<b>TOTAL ASSETS</b>		<b>P</b> 16,228,070,830	<b>P</b> 17,497,367,001
<b><u>LIABILITIES AND EQUITY</u></b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	15	<b>P</b> 3,536,528,569	<b>P</b> 4,027,789,372
Loans Payable and borrowings	16	3,320,746,945	4,297,760,596
Income tax payable		136,402,491	101,399,903
Total Current Liabilities		6,993,678,005	8,426,949,871
<b>NON-CURRENT LIABILITIES</b>			
Trade and other payables		17,031,975	17,892,850
Loans Payable and borrowings	16	311,714,194	400,668,588
Provision for losses		63,985,202	63,985,202
Deferred Tax Liabilities - net		59,283,823	62,243,900
Post-employment benefit obligation		25,165,684	23,365,892
Total Non-Current Liabilities		477,180,878	568,156,432
Total Liabilities		7,470,858,883	8,995,106,303
<b>EQUITY</b>			
Attributable to Owners of the Parent Company		8,747,975,941	8,484,199,172
Attributable to non-controlling interest		9,236,006	18,061,526
Total Equity		8,757,211,947	8,502,260,698
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>P</b> 16,228,070,830	<b>P</b> 17,497,367,001

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

	<b>3 Months Ended October 31, 2018</b>	<b>6 Months Ended October 31, 2018</b>	<b>3 Months Ended October 31, 2017</b>	<b>6 Months Ended October 31, 2017</b>
<b>REVENUES</b>				
Sales of vehicles	<b>P</b> 6,762,307,031	<b>P</b> 15,961,258,915	<b>P</b> 6,535,941,642	<b>P</b> 14,416,123,563
Rental	459,547,931	865,081,012	428,823,658	836,748,805
Hotel Operations	27,221,101	59,631,054	31,731,941	62,943,122
	<u>7,249,076,063</u>	<u>16,885,970,981</u>	<u>6,996,497,241</u>	<u>15,315,815,490</u>
<b>COSTS AND OTHER OPERATING EXPENSES</b>				
Cost of vehicles sold	5,724,306,876	13,595,332,569	5,633,383,500	12,410,426,326
Salaries and employee benefits	454,707,618	993,890,754	469,214,774	957,697,155
Marketing & Selling	242,825,848	448,765,394	181,739,694	339,472,474
Rental	86,742,337	180,139,815	87,782,761	171,983,502
Professional fees	40,590,551	106,278,555	83,597,386	147,776,033
Depreciation and amortization	61,417,728	128,572,146	64,281,302	126,020,978
Stationery and Office Supplies	25,429,577	55,397,711	50,281,578	98,100,165
Taxes and licences	48,787,124	90,873,689	41,702,720	82,384,554
Miscellaneous Expenses	18,406,167	38,565,661	18,708,408	44,693,543
Telecommunications	21,625,968	55,366,200	31,816,476	62,130,248
Maintenance of computer equipment	37,980,635	68,616,184	26,365,259	54,745,330
Communication, light and water	24,712,720	54,295,897	25,792,837	53,784,522
Management fees	17,980,000	36,982,000	21,441,183	41,837,440
Transportation and travel	17,642,298	31,336,175	16,798,461	33,529,190
Insurance	20,565,288	41,280,519	11,150,671	31,732,855
Cleaning and Maintenance	12,287,629	25,071,593	11,535,169	22,819,658
Bank Charges	8,948,166	17,992,069	9,290,236	18,053,338
Representation and entertainment	6,235,490	15,779,786	10,013,271	18,916,365
Charitable Contribution	16,666,000	32,832,000	16,643,186	30,709,781
Repairs and maintenance	11,433,178	23,242,189	8,303,178	16,723,586
Security Services	5,486,588	8,951,236	4,028,320	8,044,940
Cost of food and beverages	2,718,809	5,759,327	3,011,314	6,262,199
Outside Service	2,781,138	5,426,045	2,489,644	4,921,126
Commissions	869,589	1,806,343	1,283,014	2,594,580
	<u>6,911,147,322</u>	<u>16,062,553,857</u>	<u>6,830,654,342</u>	<u>14,785,359,888</u>
<b>OPERATING PROFIT</b>	<u>337,928,741</u>	<u>823,417,124</u>	<u>165,842,899</u>	<u>530,455,602</u>
<b>OTHER INCOME (CHARGES)</b>				
Equity share in net income (losses)	(14,925,543)	(21,719,882)	14,712,581	32,784,925
Finance Income	26,810,844	63,057,078	28,849,099	57,886,036
Finance Costs	(33,747,419)	(76,874,138)	(38,940,698)	(70,902,908)
Others	29,267,502	42,010,039	16,999,256	55,736,621
	<u>7,405,384</u>	<u>6,473,097</u>	<u>21,620,238</u>	<u>75,504,674</u>
<b>PROFIT BEFORE INCOME TAX</b>	345,334,125	829,890,221	187,463,137	605,960,276
<b>TAX EXPENSE</b>	101,602,439	237,587,791	55,661,449	169,155,892
<b>NET PROFIT</b>	<u>243,731,686</u>	<u>592,302,430</u>	<u>131,801,688</u>	<u>436,804,384</u>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				
Item that will not be reclassified subsequently to profit or loss				
Net unrealized fair value gains (losses) on available-for-sale financial assets	(120,792,909)	(158,039,192)	9,301,157	(27,631,461)
Translation adjustment	(86,840,880)	(158,693,860)	62,873,465	166,847,833
	<u>(207,633,789)</u>	<u>(316,733,052)</u>	<u>72,174,622</u>	<u>139,216,372</u>
<b>TOTAL COMPREHENSIVE INCOME</b>	<u>36,097,897</u>	<u>275,569,378</u>	<u>203,976,310</u>	<u>576,020,756</u>
<b>Net profit attributable to:</b>				
Owners of the Parent Company	241,319,574	587,484,569	129,177,948	430,216,836
Non-controlling Interest	2,412,112	4,817,861	2,623,740	6,587,548
	<u>243,731,686</u>	<u>592,302,430</u>	<u>131,801,688</u>	<u>436,804,384</u>
<b>Total comprehensive income attributable to:</b>				
Owners of the Parent Company	33,685,785	271,029,601	200,847,072	568,075,777
Non-controlling Interest	2,412,112	4,539,777	3,129,238	7,944,979
	<u>36,097,897</u>	<u>275,569,378</u>	<u>203,976,310</u>	<u>576,020,756</u>
Weighted average number of shares outstanding	4,341,280,855	4,341,280,855	4,341,280,855	4,341,280,855
<b>Basic earnings per share (annualized)</b>	<u>0.11</u>	<u>P 0.27</u>	<u>P 0.06</u>	<u>P 0.40</u>

BERJAYA PHILIPPINE INC. AND SUBSIDIARIES  
*[A Subsidiary of Berjaya Lottery Management (HK) Limited]*  
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
For the six months ended OCT 31, 2018 and OCT 31, 2017  
*(Amounts in Philippine Pesos)*  
(UNAUDITED)

	Attributable Owners of the Parent Company								Non-controlling Interest	Total
	Capital Stock	Treasury Shares	Revaluation Reserves	Other Reserves	Translation Adjustment	Retained Earnings		Total		
						Appropriated	Unappropriated			
Balance at May 1, 2018	P 4,427,009,132	P (988,150,025)	P 144,158,758	P (677,544,362)	P 149,727,044	P 1,773,262,552	P 3,655,381,989	P 8,483,845,088	P 18,061,526	P 8,501,906,614
Profit or loss for the year	-	-	-	-	-	-	587,484,569	587,484,569	4,817,861	592,302,430
Effect of change in percentage ownership	-	-	-	(6,898,748)	-	-	-	(6,898,748)	(13,365,297)	(20,264,045)
Net unrealized fair value gains on available-for-sale securities	-	-	(158,039,192)	-	-	-	-	(158,039,192)	-	(158,039,192)
Opening effect of IFRS 9 for AFS Investments	-	-	(300,950,277)	-	-	-	300,950,277	-	-	-
Translation adjustment	-	-	-	-	(158,415,776)	-	-	(158,415,776)	(278,084)	(158,693,860)
Total equity at Oct 31, 2018	<u>P 4,427,009,132</u>	<u>P (988,150,025)</u>	<u>P (314,830,711)</u>	<u>P (684,443,110)</u>	<u>P (8,688,732)</u>	<u>P 1,773,262,552</u>	<u>P 4,543,816,835</u>	<u>P 8,747,975,941</u>	<u>P 9,236,006</u>	<u>P 8,757,211,947</u>

  

	Attributable Owners of the Parent Company								Non-controlling Interest	Total
	Capital Stock	Treasury Shares	Revaluation Reserves	Other Reserves	Translation Adjustment	Retained Earnings		Total		
						Appropriated	Unappropriated			
Balance at May 1, 2017	P 4,427,009,132	P (988,150,025)	P (67,236,203)	P (663,742,273)	P (165,125,003)	P 1,773,262,552	P 2,869,911,262	P 7,185,929,442	P 19,156,836	P 7,205,086,278
Profit or loss for the year	-	-	-	-	-	-	430,216,836	430,216,836	6,587,548	436,804,384
Net unrealized fair value gains on available-for-sale securities	-	-	(27,631,461)	-	-	-	-	(27,631,461)	-	(27,631,461)
Translation adjustment	-	-	-	-	165,490,402	-	-	165,490,402	1,357,431	166,847,833
Total equity at Oct 31, 2017	<u>P 4,427,009,132</u>	<u>P (988,150,025)</u>	<u>P (94,867,664)</u>	<u>P (663,742,273)</u>	<u>P 365,399</u>	<u>P 1,773,262,552</u>	<u>P 3,300,128,098</u>	<u>P 7,754,005,219</u>	<u>P 27,101,815</u>	<u>P 7,781,107,034</u>

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

	<b>3 Months Ended October 31, 2018</b>	<b>6 Months Ended October 31, 2018</b>	<b>3 Months Ended October 31, 2017</b>	<b>6 Months Ended October 31, 2017</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net income	<b>P 345,334,125</b>	<b>P 829,890,221</b>	<b>P 187,463,137</b>	<b>P 605,960,276</b>
Adjustments for:				
Depreciation and amortization	61,417,728	128,572,146	64,281,302	126,020,978
Dividend Income	7,916,319	17,469,037	(8,778,960)	(10,835,158)
Interest Expense	33,747,419	76,874,138	38,940,698	70,902,908
Interest Income	99,303,312	63,057,078	(18,013,941)	(47,050,878)
Equity Share in net losses (income) of associates	14,925,543	21,719,882	(14,712,581)	(32,784,925)
Loss (gain) on sale of property and equipment	-	(387,312)	(150,786)	(349,679)
Loss (gain) on sale of available-for-sale assets	521,619	521,619	-	-
Unrealized foreign exchange losses (gain)	(25,942,945)	(15,710,109)	(5,771,971)	(42,148,878)
Operating income before working capital changes	537,223,120	1,122,006,700	243,256,898	669,714,644
Decrease / (Increase) in:				
Trade and other receivables	626,150,245	1,112,690,860	141,551,124	425,364,734
Inventories	687,849,458	416,843,685	(150,197,065)	(498,446,237)
Prepaid expenses and other current assets	(621,094,422)	(596,786,110)	227,849,951	396,727,475
Increase / (Decrease) in:				
Trade and other payables	(904,457,255)	(504,547,305)	884,405,168	581,858,961
Loans Payables and Borrowings	(828,514,240)	(1,065,968,045)	(154,782,954)	(248,542,930)
Retirement Obligation	829,048	1,799,792	(2,639,156)	(1,853,355)
Cash paid for income taxes	(120,255,771)	(151,629,716)	(106,471,199)	(152,642,383)
Net cash used in operating activities	(622,269,817)	334,409,861	1,082,972,767	1,172,180,909
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Additional Investment in subsidiary	-	-	(43,274,845)	(55,657,855)
Acquisition of Property and equipment	(162,986,322)	(179,368,176)	(287,249,082)	(473,552,685)
Acquisition of Available-for-sale financial assets	(133,310,332)	(258,131,149)	-	-
Acquisition of Investments in associates	-	-	-	-
Proceeds from sale of available-for-sale financial assets	1,373,084	1,373,084	-	-
Proceeds from disposal of property and equipment	-	437,150	170,000	395,000
Interest Received	(99,303,312)	(63,057,078)	18,013,941	47,050,878
Cash dividends received	(7,916,319)	(17,469,037)	8,778,960	10,835,158
Advances to (collection from) associate - net	-	(20,000,000)	-	(186,000,000)
Net cash provided by investing activities	(402,143,201)	(536,215,206)	(303,561,026)	(656,929,504)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from bank loans and borrowings	-	-	-	-
Repayment of bank loan and borrowings	(26,834,824)	(53,079,848)	(100,808,920)	(460,607,140)
Interest paid	(33,747,419)	(76,874,138)	(38,940,698)	(70,902,908)
Net cash provided by financing activities	(60,582,243)	(129,953,986)	(139,749,618)	(531,510,048)
<b>EFFECT OF EXCHANGE RATE CHANGES TO CASH AND CASH EQUIVALENTS</b>	2,385,031	1,663,049	-	(1,898,605)
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(1,082,610,230)	(330,096,282)	639,662,123	(18,157,248)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	1,947,691,241	1,195,177,294	403,031,341	1,060,850,712
<b>CASH AND CASH EQUIVALENTS AT ENDING OF PERIOD</b>	<b>P 865,081,012</b>	<b>P 865,081,012</b>	<b>P 1,042,693,464</b>	<b>P 1,042,693,464</b>

**BERJAYA PHILIPPINES INC. AND SUBSIDIARIES**  
*[A Subsidiary of Berjaya Lottery Management (HK) Limited]*  
**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF OCTOBER 31, 2018 and APRIL 30, 2018**  
*(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 October 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 interim consolidated financial statements (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 six months ended October 31, 2018 and for the year ended April 30, 2018.

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 2018 that are Relevant to the Group*

In 2018, the Group adopted for the first time the following new PFRS, amendments, interpretation and annual improvements to existing standards that are relevant to the Group and effective for financial statements with annual periods beginning on or after January 1, 2018:

PAS 40 (Amendment)	:	Investment Property – Reclassification to and from Investment Property
PFRS 2 (Amendments)	:	Classification and Measurement of Share-based Payment
PFRS 9 (2014)	:	Financial Instruments
PFRS 15	:	Revenue from Contracts with Customers
International Financial Reporting Interpretations Committee (IFRIC) 22	:	Foreign Currency Transactions and Advance Consideration – Interpretation on Foreign Currency Transactions and Advance Consideration
Annual Improvements	:	Annual Improvements to PFRS (2014 – 2016 cycle)

### *(b) Effective Subsequent to 2018 but are not Adopted Early*

There are new PFRS, amendments, interpretation and annual improvements to existing standards effective for annual periods subsequent to 2018, which are adopted by the Financial Reporting Standards Council. Management will adopt the following relevant pronouncements in accordance with their transitional provisions:

PAS 28	:	Investment in Associates – Long-term Interest in Associates and Joint Venture
PFRS 9 (Amendment)	:	Financial Instruments – Prepayment Features with Negative

		Compensation
PFRS 16	:	Leases
IFRIC 23	:	Uncertainty over Income Tax Treatments
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
Annual Improvements	:	Annual Improvements to PFRS (2015 – 2017 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 October 31, 2018 and April 30, 2018, 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 October 31, 2018 and April 30, 2018.

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>October 31, 2018</u>	<u>April 30, 2018</u>
Php - USD	<b>P 2,197,262</b>	P 10,718,010
Php - MYR	<b>1,282,722</b>	6,148,929
Php - GBP	<b>410,803,959</b>	507,337,713
Php - EUR	<b>314,821</b>	1,271,470

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>October 31, 2018</u>		<u>April 30, 2018</u>	
	<u>Reasonably possible change in rate</u>	<u>Effect in profit before tax</u>	<u>Reasonably possible change in rate</u>	<u>Effect in profit before tax</u>
PhP - USD	7.07%	<b>P 155,275</b>	7.82%	P 838,148
PhP - MYR	12.60%	<b>161,677</b>	9.80%	602,595
PhP - GBP	21.67%	<b>89,038,152</b>	18.90%	95,886,828
PhP - EUR	15.74%	<b>49,568</b>	18.09%	230,009
		<b><u>P 89,404,672</u></b>		<b><u>P 97,557,580</u></b>

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

(c) *Other Price Risk*

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

The sensitivity of equity with regard to the volatility of the Group's AFS financial assets assumes a +/-14.13% and a +/-26.54% volatility in the market value of the investment for the six months ended October 31, 2018 and for the year ended April

2018, respectively. The expected change was based on the annual rate of return computed using the monthly closing market value of the investment in 2018.

### 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>	<b><u>October 31, 2018</u></b>	<u>April 30, 2018</u>
Cash and cash equivalents	5	<b>P 890,201,230</b>	P 1,195,177,294
Trade and other receivables – net	6	<b>1,507,934,399</b>	2,620,625,259
Advances to associates	12	<b>1,714,938,608</b>	1,515,841,109
Prepayments and other current assets	8	<b>84,023,748</b>	50,906,435
Other non-current assets	13	<b><u>4,065,817</u></b>	<u>3,217,271</u>
		<b><u>P 4,201,163,802</u></b>	<u>P 5,385,767,368</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 October 31, 2018 and April 30, 2018 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 October 31, 2018 and April 30, 2018, 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 six months ended October 31, 2018, October 31, 2017 and for the year ended April 30, 2018, and certain assets and liabilities information regarding industry segments as at October 31, 2018, October 31, 2017 and April 30, 2018.

		October 31, 2018					
		Leasing	Services	Holding and Investments	Motor Vehicle Dealership	Elimination	Consolidated
<b>Revenues:</b>							
External	P	888,434,104	P 61,681,931	P 255,100,348	P 15,993,528,294	P -	P17,198,744,676
Inter-segment		-	-	(189,499,574)	-		( 189,499,574)
Total revenues	P	<u>888,434,104</u>	<u>P 61,681,931</u>	<u>P 65,600,774</u>	<u>P 15,993,528,294</u>	<u>P</u>	<u>P17,009,245,102</u>
<b>Expenses:</b>							
External	P	390,890,066	P 69,059,797	P 35,650,421	P 15,661,174,630	P -	P16,156,774,914
Inter-segment		-	-	4,730,628	17,849,340		22,579,968
Total expenses	P	<u>390,890,066</u>	<u>P 69,059,797</u>	<u>P 40,381,049</u>	<u>P 15,679,023,971</u>	<u>P -</u>	<u>P16,179,354,882</u>
Profit before tax	P	<u>497,544,032</u>	<u>(P 7,377,866)</u>	<u>P 25,219,725</u>	<u>P 314,504,323</u>	<u>P</u>	<u>P 829,890,221</u>
Net Profit	P	<u>364,294,195</u>	<u>(P 7,638,898)</u>	<u>P 205,342,794</u>	<u>P 242,029,796</u>	<u>(P 211,725,458)</u>	<u>P 592,302,430</u>
Segment assets	P	<u>1,018,361,324</u>	<u>P 705,834,738</u>	<u>P 8,416,798,791</u>	<u>P 8,930,280,035</u>	<u>(P 2,843,204,057)</u>	<u>P16,228,070,830</u>
Segment liabilities	P	<u>265,176,450</u>	<u>P 711,139,631</u>	<u>P 725,212,466</u>	<u>P 6,820,825,687</u>	<u>(P 1,051,495,350)</u>	<u>P 7,470,858,883</u>

<b>Other segment items:</b>						
Capital expenditures	<u>P 516,116</u>	<u>P 2,159,217</u>	<u>P -</u>	<u>P 176,692,843</u>	<u>P -</u>	<u>P 179,368,176</u>
Depreciation and amortization	<u>P 10,756,293</u>	<u>P 10,959,870</u>	<u>P 1,250,602</u>	<u>P 105,605,381</u>	<u>P -</u>	<u>P 128,572,146</u>

October 31, 2017						
	Leasing	Services	Holding and Investments	Motor Vehicle Dealership	Elimination	Consolidated
Revenues:						
External	P 837,510,216	P 64,706,399	P 427,905,917	P14,427,483,527	P -	P15,757,606,059
Inter-segment	-	-	( 300,653,589)	677,770	-	( 299,975,819)
Total revenues	<u>P 837,510,216</u>	<u>P 64,706,399</u>	<u>P 127,252,328</u>	<u>P 14,428,161,297</u>	<u>P -</u>	<u>P15,457,630,240</u>
Expenses:						
External	P 460,047,308	P 67,355,650	P 33,466,288	P14,290,776,539	P -	P14,851,645,785
Inter-segment	-	-	24,181	-	-	24,181
Total expenses	<u>P 460,047,308</u>	<u>P 67,355,650</u>	<u>P 33,490,470</u>	<u>P14,290,776,539</u>	<u>P -</u>	<u>P14,851,669,966</u>
Profit before tax	<u>P 377,462,908</u>	<u>(P 2,649,251)</u>	<u>P 93,761,859</u>	<u>P 137,384,760</u>	<u>P -</u>	<u>P 605,960,276</u>
Net Profit	<u>P 260,216,508</u>	<u>(P 2,852,331)</u>	<u>P 375,983,316</u>	<u>P 104,134,659</u>	<u>(P 300,677,770)</u>	<u>P 436,804,384</u>
Segment assets	<u>P 772,617,780</u>	<u>P 676,537,084</u>	<u>P 7,739,170,439</u>	<u>P 8,577,666,640</u>	<u>(P 2,425,239,345)</u>	<u>P15,340,752,598</u>
Segment liabilities	<u>P 179,825,243</u>	<u>P 674,554,084</u>	<u>P 430,039,600</u>	<u>P 6,930,537,351</u>	<u>(P 655,310,714)</u>	<u>P 7,559,645,565</u>
Other segment items:						
Capital expenditures	<u>P 10,855,430</u>	<u>P 10,895,418</u>	<u>P -</u>	<u>P 33,907,007</u>	<u>P -</u>	<u>P 55,657,855</u>
Depreciation and amortization	<u>P 5,755,114</u>	<u>P 12,457,536</u>	<u>P 1,250,602</u>	<u>P 106,557,726</u>	<u>P -</u>	<u>P 126,020,978</u>

April 30, 2018						
	Leasing	Services	Holding and Investments	Motor Vehicle Dealership	Elimination	Consolidated
Revenues:						
External	P 1,677,543,185	P 133,755,424	P 344,558,934	P29,069,471,780	P -	P 31,225,329,323
Inter-segment	-	-	513,145,492	-	( 513,145,492)	-
Total revenues	<u>P 1,677,543,185</u>	<u>P 133,755,424</u>	<u>P 857,704,426</u>	<u>P29,069,471,780</u>	<u>(P 513,145,492)</u>	<u>P 31,225,329,323</u>
Expenses:						
External	P 922,316,313	P 137,601,740	P 396,462,295	P28,660,123,147	P -	P 30,116,503,495
Inter-segment	-	-	-	699,826	( 699,826)	-
Total expenses	<u>P 922,316,313</u>	<u>P 137,601,740</u>	<u>P 396,462,295</u>	<u>P28,660,822,973</u>	<u>(P 699,826)</u>	<u>P 30,116,503,495</u>
Profit (loss) before tax	<u>P 755,226,872</u>	<u>(P 3,846,316)</u>	<u>P 461,242,131</u>	<u>P 408,648,807</u>	<u>(P 512,445,666)</u>	<u>P 1,108,825,828</u>
Net profit (loss)	<u>P 522,448,256</u>	<u>(P 3,439,282)</u>	<u>P 507,744,727</u>	<u>P 282,057,565</u>	<u>(P 512,445,666)</u>	<u>P 796,365,600</u>
Segment assets	<u>P 692,813,229</u>	<u>P 713,535,809</u>	<u>P 8,194,540,847</u>	<u>P10,338,044,026</u>	<u>(P 2,441,566,910)</u>	<u>P 17,497,367,001</u>
Segment liabilities	<u>P 183,922,550</u>	<u>P 711,201,805</u>	<u>P 550,258,132</u>	<u>P 8,352,803,127</u>	<u>(P 803,079,311)</u>	<u>P 8,995,106,303</u>
Other segment items:						
Capital expenditures	<u>P 17,109,172</u>	<u>P 14,022,352</u>	<u>P -</u>	<u>P 238,854,875</u>	<u>P -</u>	<u>P 269,986,399</u>
Depreciation and amortization	<u>P 21,401,034</u>	<u>P 21,755,205</u>	<u>P 2,501,204</u>	<u>P 222,973,325</u>	<u>P -</u>	<u>P 268,630,768</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:

	<b><u>October 31, 2018</u></b> <b>(Unaudited)</b>	<b><u>April 30, 2018</u></b> <b>(Audited)</b>
Cash on hand and in banks	<b>P 788,444,087</b>	P 948,341,348
Short-term placements	<b><u>101,757,143</u></b>	<u>246,835,946</u>
	<b><u>P 890,201,230</u></b>	<u>P 1,195,177,294</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 1.50% to 2.25% in 2018.

## 6. TRADE AND OTHER RECEIVABLES

This account is composed of the following:

	<b><u>October 31, 2018</u></b> <b>(Unaudited)</b>	<b><u>April 30, 2018</u></b> <b>(Audited)</b>
Trade receivables	<b>P 749,152,834</b>	P 801,798,625
Deposits	<b>248,841,510</b>	1,171,695,083
Payments for future acquisition of investments	<b>136,255,800</b>	91,831,035
Manufacturer's bonuses	<b>267,514,759</b>	452,346,630
Due from related parties	<b>25,759,901</b>	21,752,409
Advances to officers and employees	<b>4,552,044</b>	4,760,526
Other receivables	<b><u>88,723,299</u></b>	<u>94,788,208</u>
	<b>1,520,800,149</b>	2,638,972,516
Allowance for impairment	<b>( 12,865,750)</b>	( 18,347,257)
	<b><u>P1,507,934,399</u></b>	<u>P2,620,625,259</u>

Deposits represent amounts provided to a foreign asset management firm engaged in the business of general trading and financing services.

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

Manufacturer's bonuses pertain to incentives received by H.R. Owen from its customers for the sale of vehicles and related parts, and various services rendered such as marketing event support and promotions.



Other receivables include receivables from TF Ventures, Inc. (TF) arising from payment made by the Group on behalf of TF.

## 7. INVENTORIES

The composition of this account are shown below.

	<b><u>October 31, 2018</u></b> <b>(Unaudited)</b>	<b><u>April 30, 2018</u></b> <b>(Audited)</b>
At cost:		
Vehicles	<b>P3,026,348,347</b>	P3,724,603,211
Parts and components	<b>239,129</b>	195,755,294
Work in progress	<b>34,317,045</b>	31,270,833
Spare parts and accessories	<b>23,529,809</b>	22,314,001
Hotel supplies	<b>4,891,986</b>	5,173,062
	<b><u>3,089,326,316</u></b>	<u>3,979,116,401</u>
At net realizable value:		
Vehicles	<b>1,523,208,153</b>	1,239,338,951
Parts and components	<b>223,480,700</b>	50,787,710
	<b>1,746,688,853</b>	1,290,126,661
Allowance for inventory write down	<b>( 190,206,352)</b>	( 206,590,560)
	<b><u>1,556,482,501</u></b>	<u>1,083,536,101</u>
	<b><u>P4,645,808,817</u></b>	<u>P5,062,652,502</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.

	<b><u>October 31, 2018</u></b>	<b><u>April 30, 2018</u></b>
Balance at beginning of year	<b>P 206,590,560</b>	P 180,886,700
Additional provision during the year	<b>-</b>	3,659,802
Translation adjustment	<b>( 9,786,112)</b>	( 22,064,058)
Reversal during the year	<b>( 6,598,096)</b>	-
Balance at end of year	<b><u>P 190,206,352</u></b>	<u>P 206,590,560</u>

## 8. PREPAYMENTS AND OTHER CURRENT ASSETS

The details of this account are as follows:

	<b><u>October 31, 2018</u></b> <b>(Unaudited)</b>	<b><u>April 30, 2018</u></b> <b>(Audited)</b>
Prepaid expenses	<b>P 233,894,955</b>	P 244,725,787
VAT Recoverable	<b>-</b>	136,410,508
Refundable deposits	<b>84,023,748</b>	50,906,435
Input VAT	<b>41,632,516</b>	39,445,598
Advances to supplier	<b>18,404,968</b>	33,554,422
Prepaid taxes	<b>11,839,245</b>	25,939,717
Advance rental	<b>12,020,000</b>	12,020,000
Creditable withholding tax	<b>4,095,476</b>	3,603,722
Other current assets	<b><u>746,714,032</u></b>	<u>9,232,641</u>

**P 1,152,624,940**    **P 555,838,830**

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

VAT recoverable pertains to the excess of input tax over output tax on sale of vehicles which the Group can reclaim under the tax laws in the United Kingdom (UK).

## 9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

This account consists of the following financial assets:

	<b><u>October 31, 2018</u></b> <b>(Unaudited)</b>	<u>April 30, 2018</u> (Audited)
Equity securities		
Quoted	<b>P 1,052,192,717</b>	P 1,248,845,520
Not quoted	<b>120,613,500</b>	116,921,250
Quoted debt securities	<b>113,569,257</b>	120,346,028
Others	<b><u>11,712,848</u></b>	<u>14,206,921</u>
	<b>1,298,088,322</b>	1,500,319,719
Allowance for impairment		
<i>(opening effect of IFRS9 this FY2019)</i>	<b><u>-</u></b>	( 300,950,277)
	<b><u>P 1,298,088,322</u></b>	<u>P 1,199,369,442</u>

Quoted equity securities include those listed in Malaysia and in England.

In October 31, 2018 and April 30, 2018, certain equity securities with carrying amount of P120,613,500 and P116,921,250, 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, 2018.

## 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 October 31, 2018 and April 30, 2018 are shown below.

	Computers and On-line Lottery Equipment	Building	Transportation Equipment	Workshop Equipment	Office Furniture, Fixtures and Equipment	Hotel and Kitchen Equipment and Utensils/Linens	Communication Equipment	Leasehold Improvements	Land	TOTAL
<b>Oct 31, 2018</b>										
Cost	P 1,501,792,603	P 720,291,386	P 76,411,447	P 605,955,840	P 48,928,086	P 13,286,571	P 3,782,238	P 1,349,634,843	P 89,113,201	P 4,409,196,216
Accumulated depreciation and amortization	( 1,473,452,389)	( 119,833,090)	( 56,191,986)	( 365,904,169)	( 42,139,824)	( 11,463,475)	( 3,700,880)	( 696,893,960)	-	( 2,769,579,776)
Net carrying amount	<u>P 28,340,215</u>	<u>P 600,458,296</u>	<u>P 20,219,461</u>	<u>P 240,051,671</u>	<u>P 6,788,263</u>	<u>P 1,823,097</u>	<u>P 81,358</u>	<u>P 652,740,884</u>	<u>P 89,113,201</u>	<u>P 1,639,616,440</u>
<b>April 30, 2018</b>										
Cost	P 1,501,969,726	P 720,291,386	P 78,588,331	P 754,311,812	P 48,067,482	P 12,822,617	P 3,782,237	P 1,380,181,970	P 93,617,473	P 4,593,633,035
Accumulated depreciation and amortization	( 1,467,261,907)	( 112,607,332)	( 51,291,459)	( 437,468,354)	( 40,735,517)	( 11,274,552)	( 3,676,737)	( 700,993,325)	-	( 2,825,309,183)
Net carrying amount	<u>P 34,707,819</u>	<u>P 607,684,054</u>	<u>P 27,296,872</u>	<u>P 316,843,458</u>	<u>P 7,331,965</u>	<u>P 1,548,065</u>	<u>P 105,500</u>	<u>P 679,188,645</u>	<u>P 93,617,473</u>	<u>P 1,768,323,852</u>

## **11. INVESTMENT PROPERTY**

In 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.

In 2018, the Group ceased to occupy and leased out a property with a carrying amount of 3,581,690GBP (about P256,346,568) that have been previously classified as Buildings under Property and Equipment account in the consolidated statements of financial position (see Note 10). The property was revalued to fair value of 4,125,000GBP (about P295,232,025) at the date of transfer and the Group recognized gain, net of related deferred tax, amounting to 450,948GBP (about P32,274,979) which is presented under Other Comprehensive Income (Loss) in the April 30, 2018 consolidated statement of comprehensive income.

The translated amount of investment property as at October 31, 2018 and April 30, 2018 amounted to P438,027,311 and P460,167,243, 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:

	PLPI	BPPI	BAPI	CPI	SBMPI	NPI	CBFC	VideoDoc	Total
<b>October 31, 2018</b>									
Investment:									
Acquisition costs:									
Beginning balance	P 8,000	P 180,400	P 203,896	P 400	P 22,500	P 82,283	P 62,500	132,407	P 692,386
Additional investment	-	-	-	-	-	-	-	-	-
Translation adjustment	-	-	-	-	-	-	-	(6,370)	(6,370)
	<u>8,000</u>	<u>180,400</u>	<u>203,896</u>	<u>400</u>	<u>22,500</u>	<u>82,283</u>	<u>62,500</u>	<u>126,037</u>	<u>686,016</u>
Deduction of interest in associate —									
Loss on deemed disposal	-	-	( 99,084 )	-	-	-	-	-	( 99,084 )
Dividend income	-	-	( 121,604 )	-	-	-	-	-	( 121,604 )
Accumulated equity share									
in net profit (losses):									
Share in net profit									
(losses) in prior years	154,408	( 180,400 )	422,146	( 400 )	( 11,840 )	74,424	-	(22,300)	436,038
Share in net profit									
(losses) during the year	(3,214)	-	18,857	-	( 2,019 )	( 8,950 )	( 9,406 )	( 16,988 )	(21,720)
Share in other comprehensive									
income during the year	-	-	-	-	-	-	-	-	-
Translation adjustment	-	-	-	-	-	-	-	P 1,475	1,475
	<u>151,194</u>	<u>(180,400)</u>	<u>441,003</u>	<u>(400)</u>	<u>(13,859)</u>	<u>65,474</u>	<u>(9,406)</u>	<u>(37,813)</u>	<u>415,793</u>
Total investments in associates	<u>159,194</u>	<u>-</u>	<u>424,211</u>	<u>-</u>	<u>8,641</u>	<u>147,757</u>	<u>53,094</u>	<u>88,223</u>	<u>881,120</u>
Advances	<u>384,422</u>	<u>325,330</u>	<u>-</u>	<u>2,723</u>	<u>-</u>	<u>944,641</u>	<u>-</u>	<u>57,821</u>	<u>1,714,939</u>
	<b><u>P 543,616</u></b>	<b><u>P 325,330</u></b>	<b><u>P 424,211</u></b>	<b><u>P 2,723</u></b>	<b><u>P 8,641</u></b>	<b><u>P 1,092,398</u></b>	<b><u>P 53,094</u></b>	<b><u>P 146,045</u></b>	<b><u>P 2,596,059</u></b>

	PLPI	BPPI	BAPI	CPI	SBMPI	NPI (As restated)	CBFC	VideoDoc	Total
<b>April 30, 2018</b>									
Investment:									
Acquisition costs:									
Beginning balance	P 8,000	P 180,400	P 178,380	P 400	P 22,500	P 82,283	P -	P -	P 471,963
Additional investment	-	-	25,516	-	-	-	62,500	125,803	213,819
Translation adjustment	-	-	-	-	-	-	-	P 6,604	6,604
	<u>8,000</u>	<u>180,400</u>	<u>203,896</u>	<u>400</u>	<u>22,500</u>	<u>82,283</u>	<u>62,500</u>	<u>132,407</u>	<u>692,386</u>
Deduction of interest in associate —									
Loss on deemed disposal	-	-	( 99,084 )	-	-	-	-	-	( 99,084 )
Dividend income	-	-	( 50,904 )	-	-	-	-	-	( 50,904 )
Accumulated equity share									
in net profit (losses):									
Share in net profit									
(losses) in prior years	35,228	( 180,400 )	333,077	( 400 )	( 5,638 )	87,981	-	-	269,848
Share in net profit									
(losses) during the year	119,180	-	89,038	-	( 6,202 )	( 13,557 )	-	(21,394)	167,065
Share in other comprehensive									
income during the year	-	-	31	-	-	-	-	-	31
Translation adjustment	-	-	-	-	-	-	-	(906)	( 906 )
	<u>154,408</u>	<u>(180,400)</u>	<u>422,146</u>	<u>(400)</u>	<u>(11,840)</u>	<u>74,424</u>	<u>-</u>	<u>(22,300)</u>	<u>436,038</u>
Total investments in associates	<u>162,408</u>	<u>-</u>	<u>476,054</u>	<u>-</u>	<u>10,660</u>	<u>156,707</u>	<u>62,500</u>	<u>110,107</u>	<u>978,436</u>
Advances	<u>373,749</u>	<u>207,692</u>	<u>-</u>	<u>2,724</u>	<u>-</u>	<u>920,365</u>	<u>-</u>	<u>11,311</u>	<u>1,515,841</u>
	<b><u>P 536,157</u></b>	<b><u>P 207,692</u></b>	<b><u>P 476,054</u></b>	<b><u>P 2,724</u></b>	<b><u>P 10,660</u></b>	<b><u>P 1,077,072</u></b>	<b><u>P 62,500</u></b>	<b><u>P 121,418</u></b>	<b><u>P 2,494,277</u></b>

### 13. INTANGIBLE ASSETS

The compositions of this account are shown below.

	<b>October 31, 2018</b> <b>(Unaudited)</b>	<b>April 30, 2018</b> <b>(Audited)</b>
Goodwill	<b>P 1,164,723,846</b>	P 1,205,393,035
Dealership rights	<b>704,949,221</b>	740,580,624
Customer relationship	<b>28,470,990</b>	32,021,545
	<b><u>P 1,898,144,057</u></b>	<b><u>P 1,977,995,204</u></b>

#### 14. OTHER NON-CURRENT ASSETS

Other non-current assets of the Group pertain to security deposits refundable from various lessors and utility companies amounting to P4,065,817 and P3,217,271 as at October 31, 2018 and April 30, 2018, respectively.

#### 15. TRADE AND OTHER PAYABLES

This account consists of the following:

	<u>October 31, 2018</u> <u>(Unaudited)</u>	<u>April 31, 2018</u> <u>(Audited)</u>
Current:		
Trade payables	P 814,671,443	P 1,307,044,834
Advances from customers	2,197,257,693	2,071,907,790
Accrued expenses	301,410,719	387,661,634
Withholding taxes payable	(66,530,940)	42,865,450
Deferred output VAT	57,758,702	35,477,524
Deferred income	72,257,473	23,179,615
Management fee payable	19,002,000	19,947,000
Accrued interest payable	-	-
Due to a related party	4,374,631	945,621
Other payables	<u>136,326,848</u>	<u>138,759,904</u>
	<u>3,536,528,569</u>	<u>4,027,789,372</u>
Non-current:		
Advances from a director	<u>17,031,975</u>	<u>17,892,850</u>
	<u><b>P3,553,560,544</b></u>	<u><b>P 4,045,682,222</b></u>

#### 16. LOANS PAYABLE AND BORROWINGS

This account consists of the following:

	<u>October 31, 2018</u> <u>(Unaudited)</u>	<u>April 30, 2018</u> <u>(Audited)</u>
Current:		
Vehicle stocking loans	P 3,126,133,443	P 4,132,408,531
Bank loans and mortgages	<u>194,613,502</u>	<u>165,352,065</u>
	<u>3,320,746,945</u>	<u>4,297,760,596</u>
Non-Current:		
Bank loans and mortgages	<u>311,714,194</u>	<u>400,668,588</u>
	<u><b>P 3,632,461,139</b></u>	<u><b>P 4,698,429,184</b></u>

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

### 17.1 Carrying Amounts and Fair Values by Category

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

		October 31, 2018 (Unaudited)		April 30, 2018 (Audited)	
		Carrying Values	Fair Values	Carrying Values	Fair Values
<b>Financial Assets</b>					
Loans and receivables:					
Cash and cash equivalents	5	P 890,201,230	P 890,201,230	P 1,195,177,294	P 1,195,177,294
Trade and other receivables - net	6	1,507,934,399	1,507,934,399	2,620,625,259	2,620,625,259
Advances to associates	11	1,714,938,608	1,714,938,608	1,515,841,109	1,515,841,109
Prepayments and other current assets	8	84,023,748	84,023,748	50,906,435	50,906,435
Other non-current assets	13	4,065,817	4,065,817	3,217,271	3,217,271
		<u>P 4,201,163,802</u>	<u>P 4,201,163,802</u>	<u>P 5,385,787,368</u>	<u>P 5,385,787,368</u>
AFS financial assets	9	<u>P 1,298,088,322</u>	<u>P 1,298,088,322</u>	<u>P 1,199,369,442</u>	<u>P 1,199,369,442</u>
<b>Financial Liabilities</b>					
Financial liabilities at amortized cost:					
Loans payable and borrowings	15	P 3,632,461,139	P 3,632,461,139	P 3,967,339,248	P 3,967,339,248
Trade and other payables	14	3,553,560,544	3,553,560,544	4,698,429,184	4,709,005,437
		<u>P 7,186,021,683</u>	<u>P 7,186,021,683</u>	<u>P 8,665,768,432</u>	<u>P 8,676,344,685</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:

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

The level within which the 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 P120,613,500 and P116,921,250 which are carried at cost as at October 31, 2018 and April 30, 2018, respectively.

The fair value of these shares decreased by P158,039,192 and P27,631,461 in six months ended October 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 three months ended October 31, 2018 and for the years ended April 30, 2018. There were no transfers across the levels of the fair value hierarchy in both years.

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

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

		October 31, 2018 (Unaudited)			
		Level 1	Level 2	Level 3	Total
<b>Financial assets:</b>					
Cash and cash equivalents	P	890,201,230	P	-	P 890,201,230
Trade and other receivables		-	-	1,507,934,399	1,507,934,399
Advances to associates		-	-	1,714,938,608	1,714,938,608
Prepayments and other					



current assets	-	-	84,023,748	84,023,748
Other non-current assets	-	-	4,065,817	4,065,817
	<b>P 890,201,230</b>	<b>P -</b>	<b>P 3,310,962,572</b>	<b>P 4,201,163,802</b>
<b>Financial liabilities:</b>				
Loans payable and borrowings	P -	P -	P 3,632,461,139	P 3,632,461,139
Trade and other payables	-	-	3,553,560,544	3,553,560,544
	<b>P -</b>	<b>P -</b>	<b>P 7,186,021,683</b>	<b>P 7,186,021,683</b>
<b>April 30, 2018</b>				
<b>(Audited)</b>				
	Level 1	Level 2	Level 3	Total
<b>Financial assets:</b>				
Cash and cash equivalents	P 1,195,177,294	P -	P -	P 1,195,177,294
Trade and other receivables	-	-	2,620,625,259	2,620,625,259
Advances to associates	-	-	1,515,841,109	1,515,841,109
Prepayments and other current assets			50,906,435	50,906,435
Other non-current assets	-	-	3,217,271	3,217,271
	<b>P 1,195,177,294</b>	<b>P -</b>	<b>P 4,190,590,074</b>	<b>P 5,385,767,368</b>
<b>Financial liabilities:</b>				
Loans payable and borrowings	P -	P -	P 3,967,339,248	P 3,967,339,248
Trade and other payables	-	-	4,709,005,437	4,709,005,437
	<b>P -</b>	<b>P -</b>	<b>P 8,676,344,685</b>	<b>P 8,676,344,685</b>

## 19. COMMITMENTS AND CONTINGENCIES

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

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

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

Future minimum rental payable related to this lease as follows:

	<b>October 31, 2018</b> <b>(Unaudited)</b>	<b>April 30, 2018</b> <b>(Audited)</b>
Within one year	<b>P 351,596,097</b>	P 341,617,786
After one year but not more than five years	<b>1,272,325,058</b>	1,144,442,767
More than five years	<b>1,483,260,677</b>	1,139,036,501
	<b>P 3,107,181,832</b>	P 2,625,097,044

## ANNEX "B"

### BERJAYA PHILIPPINES, INC. AND SUBSIDIARIES

*(Formerly Prime Gaming Philippines, Inc. and Subsidiaries)*

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

#### 1 Aging of Accounts Receivables as of 31 Oct 2018

Type of Accounts Receivables	Neither Past Due nor Impaired	Past Due not Impaired			Past Due Accts & Items in Litigation	Total
		61-90 days	91-120 days	Over 180 days		
	(Peso)		(Peso)	(Peso)	(Peso)	(Peso)
a) <u>Trade Receivables</u>						
1) PCSO	294,099,080	-	-	-	-	294,099,080
2) Guest/City Ledger	3,590,769	20,120	904,678	277	-	4,515,844
3) Vehicle Debtor	393,262,239	12,152,723	6,502,944	38,620,003	-	450,537,910
3) Others	-	-	-	-	-	-
Subtotal	690,952,088	12,172,843	7,407,622	38,620,280	-	749,152,834
Less: Allow. For Doubtful Acct.	-	-	-	12,865,750	-	12,865,750
<b>Net Trade receivable</b>	690,952,088	12,172,843	7,407,622	25,754,530	-	736,287,084
b) <u>Non - Trade Receivables</u>						
1) Advances for stock subscription	385,097,310	-	-	-	-	385,097,310
2) Payment to other related parties	25,759,901	-	-	-	-	25,759,901
3) Advances to employees	4,552,044	-	-	-	-	4,552,044
4) Other Receivables	356,238,060	-	-	-	-	356,238,060
Subtotal	771,647,315	-	-	-	-	771,647,315
Less: Allow. For Doubtful Acct.	-	-	-	-	-	-
<b>Net Non - trade receivable</b>	771,647,315	-	-	-	-	771,647,315
<b>Net Receivables (a + b)</b>	<b>1,462,599,403</b>	<b>12,172,843</b>	<b>7,407,622</b>	<b>25,754,530</b>	<b>-</b>	<b>1,507,934,399</b>

#### Notes:

If the Company's collection period does not match with the above schedule, a revision is necessary to make the schedule not misleading.

The proposed collection period in this schedule may be changed to appropriately reflect the Company's actual collection period.

#### 2 Accounts Receivable Description

Type of Receivables	Nature/Description	Collection/Liquidation Period
Trade Receivables		
1) PCSO	gross receipt from lottery ticket sales	30-60 days
2) Guest/City Ledger	rooms revenue and sale of food and beverages	30-60 days
3) Vehicle Debtor	sale of vehicles, parts and accessories and servicing and body shop sales	30-60 days
Notes:		
To indicate a brief description of the nature and collection period of each receivable accounts with major balances or separate receivable captions, both the trade and non - trade accounts.		

#### 3 Normal Operating Cycle:

365 days

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

**Financial Indicators**  
Oct 31, 2018

Financial Indicators	Computation		Ratios		Computation	Ratios
	Oct 2018	Oct 2017	Oct 2018	Oct 2017	April 2018	April 2018
<b>Quick ratio</b>						
Cash and cash equivalents +	890,201,230	1,066,381,378				
Trade and other receivables - net +	1,507,934,399	1,894,627,073				
Advances to associates	171,493,608	1,216,694,901	0.37	0.57	5,331,643,662	0.63
Total Current Liabilities	6,993,678,005	7,291,750,678			8,426,949,871	
<b>Current/liquidity ratio</b>						
Total Current Assets	9,911,507,994	9,214,379,899	1.42	1.26	10,950,134,994	1.30
Total Current Liabilities	6,993,678,005	7,291,750,678			8,426,949,871	
<b>Debt-to-equity ratio</b>						
Total Liabilities	7,470,858,883	7,559,645,565	0.85	0.97	8,995,106,303	1.06
Total Equity	8,757,211,947	7,781,107,033			8,502,260,698	
<b>Debt-to-assets ratio</b>						
Total Liabilities	7,470,858,883	7,559,645,565	0.46	0.49	8,995,106,303	0.51
Total Assets	16,228,070,830	15,340,752,598			17,497,367,001	
<b>Equity-to-assets ratio</b>						
Total Equity	8,757,211,947	7,781,107,033	0.54	0.51	8,502,260,698	0.49
Total Assets	16,228,070,830	15,340,752,598			17,497,367,001	
<b>Annualized PPE Turnover</b>						
Net Revenue	16,885,970,981	15,315,815,490	20.60	16.19	30,827,417,542	16.35
PPE	1,639,616,440	1,891,771,419			1,885,117,390	
<b>Annualized Return on assets</b>						
Net Profit	592,302,430	436,804,384	7.30%	5.69%	796,365,600	4.55%
Total Assets	16,228,070,830	15,340,752,598			17,497,367,001	
<b>Annualized Return on equity</b>						
Net Profit	592,302,430	436,804,384	13.53%	11.23%	796,365,600	9.37%
Total Equity	8,757,211,947	7,781,107,033			8,502,260,698	
<b>Annualized</b>	2	2			1	
<b>Earnings per share</b>						
Net Profit Attributable to Owners of the Parent Company	587,484,569	430,216,836	0.14	0.10	785,824,811	0.18
Weighted Average Number of Outstanding Common Shares	4,341,280,855	4,341,280,855			4,341,280,855	