

# 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  
Jun 30, 2018
2. SEC Identification Number  
AS093-009289
3. BIR Tax Identification No.  
003-457-827
4. Exact name of issuer as specified in its charter  
Premium Leisure Corp.
5. Province, country or other jurisdiction of incorporation or organization  
Philippines
6. Industry Classification Code(SEC Use Only)
7. Address of principal office  
5/F Tower A, Two E-Com Center, Palm Coast Avenue, Mall of Asia Complex, Pasay City  
Postal Code  
1300
8. Issuer's telephone number, including area code  
02-6628888
9. Former name or former address, and former fiscal year, if changed since last report  
n.a.
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock, Php0.25 par value	31,598,931,000

11. Are any or all of registrant's securities listed on a Stock Exchange?  
Yes          No  
If yes, state the name of such stock exchange and the classes of securities listed therein:  
The Philippine Stock Exchange, Inc.
12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the SRC 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 twelve (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 ninety (90) days

Yes            No

*The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.*



## Premium Leisure Corp. PLC

### PSE Disclosure Form 17-2 - Quarterly Report *References: SRC Rule 17 and Sections 17.2 and 17.8 of the Revised Disclosure Rules*

For the period ended	Jun 30, 2018
Currency (indicate units, if applicable)	Php

#### Balance Sheet

	Period Ended	Fiscal Year Ended (Audited)
	Jun 30, 2018	Dec 31, 2017
<b>Current Assets</b>	5,866,565,717	5,938,867,856
<b>Total Assets</b>	18,204,806,472	18,634,023,269
<b>Current Liabilities</b>	1,450,982,410	1,512,362,879
<b>Total Liabilities</b>	1,495,785,686	1,567,979,431
<b>Retained Earnings/(Deficit)</b>	1,462,667,312	1,604,112,304
<b>Stockholders' Equity</b>	16,709,020,786	17,066,043,838
<b>Stockholders' Equity - Parent</b>	16,011,669,939	16,315,083,509
<b>Book Value per Share</b>	0.52	0.53

**Income Statement**

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Gross Revenue	1,606,331,603	1,254,334,419	2,830,463,180	2,516,295,324
Gross Expense	797,739,409	712,268,087	1,516,401,954	1,424,018,335
Non-Operating Income	22,018,546	35,435,099	119,629,188	50,105,953
Non-Operating Expense	4,991,712	0	0	9,658,041
Income/(Loss) Before Tax	825,619,028	577,501,431	1,433,690,414	1,132,724,901
Income Tax Expense	41,937,077	52,150,423	93,659,658	105,638,579
Net Income/(Loss) After Tax	783,681,952	525,351,008	1,340,030,756	1,027,086,322
Net Income Attributable to Parent Equity Holder	756,759,228	470,250,318	1,231,181,740	895,213,783
Earnings/(Loss) Per Share (Basic)	0.03	0.02	0.03	0.02
Earnings/(Loss) Per Share (Diluted)	0.03	0.02	0.03	0.02

	Current Year (Trailing 12 months)	Previous Year (Trailing 12 months)
Earnings/(Loss) Per Share (Basic)	0.06	0.04
Earnings/(Loss) Per Share (Diluted)	0.06	0.04

**Other Relevant Information**

Amended to correct financial ratios as of December 31, 2017.

**Filed on behalf by:**

Name	Esperanza Bagsit
Designation	Manager



108032018002486



# SECURITIES AND EXCHANGE COMMISSION

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Company Information \_\_\_\_\_

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Industry Classification Financial Holding Company Activities  
Company Type Stock Corporation

## Document Information

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# COVER SHEET

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S.E.C. Registration Number

P R E M I U M   L E I S U R E   C O R P   A N D   S U B S I -  
 D I A R I E S

(Company's Full Name)

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 C e n t e r ,   P a l m   C o a s t   A v e n u e ,   M a i l  
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 C i t y

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

**JACKSON T. ONGSIP**

Contact Person

**(632) 662-8888**

Company Telephone Number

1 2

Month

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Day

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FORM TYPE

Month

Day

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

366

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be Accomplished by SEC Personnel concerned

File Number

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**SECURITIES AND EXCHANGE COMMISSION  
SEC FORM 17-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES  
REGULATION CODE**

1. For quarterly period ended **June 30, 2018**
2. SEC Identification Number **AS093-009289**
3. BIR Tax Identification No. **003-457-827**
4. Exact name of registrant as specified in its charter:

**PREMIUM LEISURE CORP**

5. Province, Country or other jurisdiction of incorporation/organization: **Philippines**
6.  (SEC Use Only)
7. Address of Principal Office:  
**5<sup>th</sup> Floor, Tower A, Two E-Com Center, Palm Coast Avenue,  
Mall of Asia Complex, CBP-1A, Pasay City**
8. Registrant's telephone number, including area code: **(632) 662-8888**
9. Former name, former address, and former fiscal year, if changed since last report.  
Not applicable
10. Securities registered pursuant to Sections 4 and 8 of the SRC

Title of Each Class	Number of Shares of Common Stock Outstanding
<b>Common Stock, ₱0.25<sup>1</sup> par value</b>	<b>31,598,931,000</b>

11. Are any or all of these securities listed on the Philippine Stock Exchange (PSE).  
Yes  No

Out of a total of 31,598,931,000 outstanding shares, 31,598,930,995 shares are listed on the PSE. With the exception of shares initially offered to the public in August 1995, only fully paid shares were allowed to be listed in the PSE under PSE Circular No. 562 dated November 27, 1995.

12. Check whether the issuer:
  - a) has filed all reports required to be filed by Section 17 of the Securities Regulation Code and under Section 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

<sup>1</sup>New par value of ₱0.25 was approved by the Securities and Exchange Commission on May 29, 2014.

## PART 1- FINANCIAL INFORMATION

### Item 1. Financial Statements

The following unaudited financial statements are submitted as part of this report:

- a.) Consolidated Statements of Financial Position as of June 30, 2018 and December 31, 2017;
- b.) Consolidated Statements of Comprehensive Income for the Six Months ended June 30, 2018 and June 30, 2017;
- c.) Consolidated Statements of Changes in Equity for the Six Months ended June 30, 2018 and June 30, 2017;
- d.) Consolidated Statements of Cash Flows for the Six Months ended June 30, 2018 and June 30, 2017.

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

#### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Six Months Ended June 30		Horizontal Analysis		Vertical Analysis	
	2018 (Unaudited)	2017 (Audited)	Increase (Decrease) Amount	%	2018 %	2017 %
<b>INCOME</b>						
Gaming share revenue	1,732,583,702	1,464,393,847	268,189,855	18%	61%	58%
Equipment lease rentals	855,252,481	893,140,698	(37,888,217)	-4%	30%	35%
Commission and distribution income	242,626,997	158,760,779	83,866,218	53%	9%	6%
	<b>2,830,463,180</b>	<b>2,516,295,324</b>	<b>314,167,856</b>	<b>12%</b>	<b>100%</b>	<b>100%</b>
<b>COST AND EXPENSES</b>						
Salaries and payroll related expenses	202,380,298	121,364,755	81,015,543	67%	7%	5%
Service and consultancy fees	167,755,412	202,391,165	(34,635,753)	-17%	6%	8%
Online lottery expenses	117,643,111	194,614,784	(76,971,673)	-40%	4%	8%
Software and license fees	116,868,842	81,024,007	35,844,835	44%	4%	3%
Repairs, maintenance and communication	67,455,854	50,795,608	16,660,246	33%	2%	2%
General and administrative expenses	620,665,446	561,009,568	59,655,878	11%	22%	22%
Amortization of intangible	119,236,242	119,236,242	0	0%	4%	5%
Depreciation expense	104,396,749	93,582,206				
	<b>1,516,401,954</b>	<b>1,424,018,335</b>	<b>92,383,619</b>	<b>6%</b>	<b>54%</b>	<b>57%</b>
<b>OTHER INCOME (EXPENSES)</b>						
Interest income	47,320,360	32,177,594	15,142,766	47%	2%	1%
Dividend Income	22,827,521	17,928,359	4,899,162	27%	1%	1%
Other income (charges)	49,481,307	(9,658,041)	59,139,348	-612%	2%	0%
	<b>119,629,188</b>	<b>40,447,912</b>	<b>79,181,276</b>	<b>196%</b>	<b>4%</b>	<b>2%</b>
<b>NET INCOME (LOSS) BEFORE INCOME TAX</b>	<b>1,433,690,414</b>	<b>1,132,724,901</b>	<b>300,965,513</b>	<b>27%</b>	<b>51%</b>	<b>45%</b>
<b>PROVISION(BENEFIT FROM) INCOME TAX</b>	<b>93,659,658</b>	<b>105,638,579</b>	<b>(11,978,921)</b>	<b>-11%</b>	<b>3%</b>	<b>4%</b>
<b>NET INCOME(LOSS)</b>	<b>1,340,030,756</b>	<b>1,027,086,322</b>	<b>312,944,434</b>	<b>30%</b>	<b>47%</b>	<b>41%</b>
<i>Net income attributable to Parent</i>	<b>1,231,181,740</b>	<b>895,213,783</b>	<b>335,967,957</b>	<b>38%</b>	<b>43%</b>	<b>36%</b>
<i>Net income attributable to Minority interest</i>	<b>108,849,016</b>	<b>131,872,539</b>	<b>(23,023,523)</b>	<b>-17%</b>	<b>4%</b>	<b>5%</b>

For the six months ended June 30, 2018, PLC recognized net income of Php1.3 billion, higher by 30% (or Php312.9 million) than the net income of Php1.0 billion recognized in the same period in 2017. Operating EBITDA (proxy for cash flow) for the period is at Php1.5 billion, 18% more than its reported EBITDA of Php1.3 billion for the same period in 2017.

The revenues for the period increased substantially by 12% from Php2.5 billion to Php2.8 billion due mostly to the growth in the gaming segments of City of Dreams Manila which contributed Php1.7 billion in gaming

revenue share, up by 18% versus Php1.5 billion recognized in the same period in 2017. The KENO equipment lease rental revenue provided Php409.1 million in equipment lease rental revenues, increasing by 9% versus the prior period's revenues of Php376.4 million driven by the improvement in the ticket sales for the six months ended June 30, 2018. Commission and distribution income from Lucky Circle outlets increased by 51% or Php81.4 million. These are offset slightly by the decrease in lotto equipment lease rental revenue by 14% (or Php70.6 million) for the period.

Costs and expenses increased by Php92.4 million (6%) for the period as of June 30, 2018 due to the increase in costs of services directly attributable to the Company's gaming share revenue, equipment lease rentals, the increase in general and administrative expenses.

#### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Six Months Ended June 30		Horizontal Analysis		Vertical Analysis	
	2018 (Unaudited)	2017 (Audited)	Increase (Decrease) Amount	%	2018 %	2017 %
<b>NET INCOME(LOSS)</b>	<b>1,340,030,756</b>	<b>1,027,086,322</b>	<b>312,944,434</b>	<b>30%</b>	<b>47%</b>	<b>41%</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>						
Unrealized gains (loss) arising from changes in market value of available for sale investments during the year	(122,947,532)	153,960,914	(276,908,446)	-180%	-4%	6%
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD</b>	<b>P 1,217,083,224</b>	<b>P 1,181,047,236</b>	<b>P 36,035,988</b>	<b>3%</b>	<b>43%</b>	<b>47%</b>
<i>Total Comprehensive income attributable to Parent</i>	<i>1,132,813,261</i>	<i>1,026,483,625</i>	<i>106,329,636</i>	<i>10%</i>	<i>40%</i>	<i>41%</i>
<i>Total Comprehensive income attributable to Minorit</i>	<i>84,269,963</i>	<i>154,563,611</i>	<i>(70,293,648)</i>	<i>-45%</i>	<i>3%</i>	<i>6%</i>

Comprehensive income pertains to the unrealized gains (losses) arising from changes in market value of available for sale (AFS) investments during the year. PLC recognized comprehensive loss on its Available for Sale investments amounting to Php122.9 million for the six months ending June 30, 2018 as a result of the lower share prices of its AFS investments. As such, PLC recognized a total comprehensive income amounting to Php1,217.1 million (of which Php1,132.8 million is attributable to parent shareholders) as of June 30, 2018.

Aside from what has been mentioned in the foregoing, there were no significant elements that arose from continuing operations, nor were there any seasonal events that had a material effect on the results of operations of PLC during the six months ended June 30, 2018.

**Consolidated Statements of Financial Position**

	June 30, 2018	December 31, 2017	Horizontal Analysis		Vertical Analysis	
	(Unaudited)	(Audited)	Increase (Decrease)		2017	2016
			Amount	%	%	%
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	P 2,592,693,861	2,962,635,687	(369,941,825)	-12%	14%	16%
Investment held for trading	167,697,633	178,482,842	(10,785,210)	-6%	1%	1%
Trade and other receivables	762,629,629	700,656,306	61,973,323	9%	4%	4%
Notes receivable	1,605,925,000	1,605,925,000	-	0%	9%	9%
Other assets	452,109,142	205,657,568	246,451,574	120%	2%	1%
	5,581,055,265	5,653,357,403	(72,302,137)	-1%	31%	30%
Non-current asset held for sale	285,510,452	285,510,452	-	0%	2%	2%
<b>Total Current Assets</b>	<b>5,866,565,717</b>	<b>5,938,867,855</b>	<b>(72,302,137)</b>	<b>-1%</b>	<b>32%</b>	<b>32%</b>
<b>Noncurrent Assets</b>						
Intangible asset	9,548,835,728	9,668,071,971	(119,236,242)	-1%	52%	52%
Available-for-Sale investments	525,650,358	648,597,890	(122,947,532)	-19%	3%	3%
Property and equipment	334,028,992	438,063,955	(104,034,963)	-24%	2%	2%
Goodwill	1,832,260,734	1,832,260,734	-	0%	10%	10%
Other non-current assets	97,464,943	108,160,864	(10,695,921)	-10%	1%	1%
<b>Total Noncurrent Assets</b>	<b>12,338,240,755</b>	<b>12,695,155,415</b>	<b>(356,914,659)</b>	<b>-3%</b>	<b>68%</b>	<b>68%</b>
<b>Total Assets</b>	<b>P 18,204,806,472</b>	<b>P 18,634,023,269</b>	<b>(429,216,797)</b>	<b>-2%</b>	<b>100%</b>	<b>100%</b>
<b>LIABILITIES AND EQUITY</b>						
<b>Current Liabilities</b>						
Trade payables and other current liabilities	P 1,389,480,199	1,432,358,126	(42,877,926)	-3%	8%	8%
Current portion of obligations under finance lease	12,045,843	11,081,798	964,045	9%	0%	0%
Current portion of installment payable	3,953,243	29,434,444	(25,481,201)	-87%	0%	0%
Income tax payable	45,503,124	39,488,510	6,014,614	15%	0%	0%
<b>Total current liabilities</b>	<b>1,450,982,410</b>	<b>1,512,362,879</b>	<b>(61,380,469)</b>	<b>-4%</b>	<b>8%</b>	<b>8%</b>
<b>Noncurrent Liability</b>						
Installment payable	2,762,995	2,762,995	-	0%	0%	0%
Obligation under finance lease	35,374,474	35,374,474	-	0%	0%	0%
Retirement liability	6,665,808	17,479,083	(10,813,275)	-62%	0%	0%
<b>Total non-current liabilities</b>	<b>44,803,276</b>	<b>55,616,552</b>	<b>(10,813,275)</b>	<b>-19%</b>	<b>0%</b>	<b>0%</b>
<b>Total Liabilities</b>	<b>P 1,495,785,686</b>	<b>P 1,567,979,431</b>	<b>(72,193,745)</b>	<b>-5%</b>	<b>8%</b>	<b>8%</b>
<b>Equity</b>						
Capital Stock	7,906,827,500	7,906,827,500	-	0%	43%	42%
Additional paid-in capital	7,238,721,924	7,238,721,924	-	0%	40%	39%
Treasury shares	(29,430,080)	-	(29,430,080)	-100%	0%	0%
Cost of parent shares held by a subsidiary	(509,597,055)	(475,427,035)	(34,170,020)	-7%	-3%	-3%
Other reserves	(57,519,662)	40,848,817	(98,368,479)	241%	0%	0%
Retained earnings (deficit)	1,462,667,312	1,604,112,305	(141,444,992)	-9%	8%	9%
<b>Total equity attributable to Parent</b>	<b>16,011,669,939</b>	<b>16,315,083,510</b>	<b>(303,413,571)</b>	<b>-2%</b>	<b>88%</b>	<b>88%</b>
<b>Non-controlling interest</b>	<b>697,350,847</b>	<b>750,960,328</b>	<b>(53,609,481)</b>	<b>-7%</b>	<b>4%</b>	<b>4%</b>
<b>Total Equity</b>	<b>16,709,020,786</b>	<b>17,066,043,839</b>	<b>(357,023,053)</b>	<b>-2%</b>	<b>92%</b>	<b>92%</b>
<b>Total Liabilities and Equity</b>	<b>P 18,204,806,472</b>	<b>P 18,634,023,269</b>	<b>(429,216,797)</b>	<b>-2%</b>	<b>100%</b>	<b>100%</b>

As at June 30, 2018, PLC's total assets amounted to Php18.2 billion, lower by 2% versus total assets as at December 31, 2017. Key movements in balance sheet items are as follows:

Cash and cash equivalents

Cash and cash equivalents include cash in bank and short-term investments or cash equivalents of the Company.

Cash and cash equivalents decreased by 12% (Php370.0 million) as at June 30, 2018 due mainly to the payment of dividends to shareholders in March 2018. The remarkable success of the Company in 2017 allowed it to declare and pay around Php1,388.8 million in dividends (Php0.04391 per share). This dividend comprises 81% of PLC's unrestricted retained earnings and is 56% higher than the dividends paid in 2017. The cash dividend payout was tempered by the cash collections from gaming revenue share, equipment lease rentals, commission and distribution income and other income.

#### Investments held for trading

Investments held for trading decreased by 12% mainly due to disposals of trading instruments during the year, tempered by the mark-to-market gains and losses due to changes in share prices.

#### Trade, notes and other receivables

Trade and other receivables includes trade receivables from PCSO for POSC's equipment rentals and receivables from Melco for City of Dreams Manila's gaming share revenue. The Company recorded net increase in trade and other receivables by P62.0 million (9%).

#### Noncurrent asset held for sale

As at June 30, 2018 and December 31, 2017, this account pertains to property held for sale.

#### Intangible Asset

The Company's intangible asset pertains to the Philippine Gaming and Amusement Corporation (PAGCOR) gaming license obtained by PLC through its subsidiary, PremiumLeisure and Amusement, Inc. (PLAI). The decrease in the intangible asset account is brought about by the amortization of the license.

#### Property and equipment

Property and equipment (PPE) of the Company pertains to online lottery equipment, leasehold improvements, office and transportation equipment. There is decrease of Php104.0 million (24%) in the account compared to balances at December 31, 2017 due to recognized depreciation that was tempered by additions in PPE for the period.

#### Goodwill

Goodwill pertains mostly to the goodwill recognized upon acquisition of controlling interest in POSC through the pooling method in 2015.

#### Total Liabilities

PLCs total liabilities decreased by P72.2 million or 5% as at June 30, 2018 from total liabilities of P1,568.0 million as at December 31, 2017. The decrease is due mostly to the decrease in trade and other payables related to POSC's operations, service fees related to the gaming share revenue from City of Dreams Manila.

## Equity

Stockholders' equity decreased by ₱357.0 million as at June 30, 2018 from ₱17.1 billion as of December 31, 2017 to ₱16.7 billion. The decrease is due mainly to the dividends declared and paid in March 2018 amounting to around ₱1,388.8 million. Treasury shares obtained by the Company pursuant to its share buy-back program, change in market prices of its available for share investments (under Other Reserves) and additional parent shares of the Company held by its subsidiaries also contributed to the decline in equity. These are tempered by the net income earned for the quarter.

Below are the comparative key performance indicators of the Company and its subsidiaries:

Ratio	Manner in which the financial ratios are computed	June 30, 2018	June 30, 2017	Dec 31, 2017
Current ratio	Current assets divided by current liabilities	4.04	4.08	3.93
Quick ratio	(Current assets less invty - prepayments) / Current liabilities	3.53	3.66	3.68
Solvency ratio	Total assets / Total liabilities	12.17	14.42	12.18
Asset to equity	Total assets divided by total equity	1.09	1.07	1.09
Interest rate coverage	Earnings before interest, tax, depreciation and amortization divided by interest expense	7,451	7,086	239
Debt ratio	Total debt / total assets	0.08	0.07	0.08
Return on assets	Net income (loss) divided by average total assets during the period	14.6%	12.0%	11.3%
Return on equity	Net income (loss) divided by average total equity during the period	15.9%	12.7%	12.0%

The Company does not foresee any liquidity problems over the next twelve (12) months. The changes in the key performance indicators of the Company are mostly due to the following:

- Net income increased by 30% for the first two quarters of 2018, contributing to the higher return on assets and return on equity versus the same period in 2017.
- There is no significant change in the other ratios presented.

As at June 30, 2018, except for what has been noted in the preceding, there were no material events or uncertainties known to management that had a material impact on past performance, or that would have a material impact on the future operations, in respect of the following:

- Known trends, demands, commitments, events or uncertainties that would have a material impact on the Company;
- Material commitments for capital expenditures that are reasonably expected to have a material impact on the Company's short-term or long-term liquidity;
- Known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations;
- Significant elements of income or loss that did not arise from the Company's continuing operations;
- Seasonal aspects that had a material impact on the Company's results of operations; and
- Material changes in the financial statements of the Company for the periods ended June 30, 2018 and December 31, 2017, except those mentioned in the preceding.

## **PART II - OTHER INFORMATION**

### **Financial Risk Management**

The Company's principal financial instruments comprise cash and cash equivalents, trade receivables, and obligations under finance lease. The main purpose of these financial instruments is to raise financing for the Company's operations and capital expenditures. The Company has other financial assets and liabilities such as investments held for trading, AFS financial assets, trade and other receivables and trade and other current liabilities which arise directly from its operations.

The main risks arising from the Company's financial instruments are credit risk, liquidity risk, equity price risk and foreign currency risk. The BOD and management review and approve the policies for managing credit, liquidity, equity price and foreign currency risks and they are summarized below:

*Credit Risk.* Credit risk is the risk that the Company will incur a loss because its counterparties failed to discharge their contractual obligations. Credit risk arises from the Company's financial assets which are composed of cash and cash equivalents, trade receivables and others and AFS financial assets.

The Company's credit risk is concentrated on a few companies with which it transacts business. One of which is the PCSO, through its subsidiary, POSC. POSC's trade receivable arises from equipment lease agreement with PCSO, POSC's sole customer. It is part of the Company policy that all the terms specified in the ELA with PCSO are complied with and ensure that payment terms are met. Another major customer is Melco, from whom gaming revenue share is collected. Belle, a major stockholder, also has outstanding loans payable to the Company. The Company keeps close coordination with Melco and Belle and ensures that contract and agreement terms and conditions are met.

With respect to credit risk arising from the other financial assets which are composed of cash and cash equivalents, other receivables, investments held for trading and AFS financial assets, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

High grade financial assets pertain to those receivables from related parties or customers that consistently pay on or before the maturity date while medium grade includes those financial assets being collected on due dates with an effort of collection. The Company assessed its cash in bank and cash equivalents as high grade since this is deposited with reputable banks.

*Liquidity Risk.* Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or other financial asset.

The Company seeks to manage its liquidity profile to be able to finance its investments and pay its outstanding liabilities. To limit this risk, the Company closely monitors its cash flows and ensures that credit facilities are available to meet its obligations as and when they fall due. To cover its financing requirements, the Company uses internally generated funds as well as a committed line of credit that it can access to meet liquidity needs. The Company maintains sufficient cash to finance its operations. Any excess cash is invested in short-term money market placements. These placements are maintained to meet the requirements for additional capital expenditures, maturing obligations and cash dividends. Liquidity risk is minimal as at June 30, 2018 and December 31, 2017 as the total current assets can cover the total current liabilities as they fall due.

*Equity Price Risk.* Equity price risk is the risk that the fair value of quoted investment held for trading and AFS financial assets decrease as the result of changes in the value of individual stocks. The Company's exposure to equity price risk is primarily to the Company's quoted investments held for trading and AFS financial assets. The Company monitors the equity investments based on market expectations. Significant

movements within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the BOD.

*Foreign Currency Risk.* The Company, through POSC, has foreign currency exposures. Such exposure arises from cash and cash equivalents and payables to certain suppliers which are denominated in U.S. dollar (US\$). The Company's financial instruments which are denominated in foreign currency include cash and cash equivalents and consultancy and software license fees payable. The Company maintains a US\$ account to match its foreign currency requirements.

#### Fair Value of Financial Instruments

Set out below is a comparison by category of carrying values and fair values of all the Company's financial instruments.

	June 30, 2018		December 31, 2017	
	Carrying value	Fair value	Carrying value	Fair value
<b>Financial Assets</b>				
Cash and cash equivalents	2,592,693,861	2,592,693,861	2,962,635,687	2,962,635,687
Investment held for trading	167,697,633	167,697,633	178,482,842	178,482,842
Notes receivable	1,605,925,000	1,605,925,000	1,605,925,000	1,605,925,000
Trade and other receivables:				
Trade receivables	720,633,394	720,633,394	682,390,655	682,390,655
Nontrade and others	41,996,235	41,996,235	18,265,651	18,265,651
	<b>5,128,946,123</b>	<b>5,128,946,123</b>	<b>5,447,699,835</b>	<b>5,447,699,835</b>
<b>AFS Investment</b>				
Quoted shares	525,569,258	525,569,258	648,516,790	648,516,790
Unquoted shares	81,100	81,100	81,100	81,100
	<b>525,650,358</b>	<b>525,650,358</b>	<b>648,597,890</b>	<b>648,597,890</b>
	<b>5,654,596,481</b>	<b>5,654,596,481</b>	<b>6,096,297,725</b>	<b>6,096,297,725</b>
<b>Loans and Borrowings</b>				
Accrued expenses & other liabilities*	<b>1,380,890,920</b>	<b>1,380,890,920</b>	<b>1,436,816,390</b>	<b>1,436,816,390</b>

\*excluding statutory payables amounting to - Pph8.6 million and P3.9 million as at June 30, 2018 and December 31, 2017, respectively.

Fair value is defined as the amount at which the financial instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced liquidation or sale. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models, as appropriate.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets of liabilities;
- Level 2: other techniques for which all inputs which have significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The carrying amounts of cash, receivables and others and accrued expenses and other current liabilities approximate their fair values due to the short-term nature of the transactions.

The fair values of AFS investments in quoted equity shares are based on quoted prices in the Philippine Stock Exchange as of reporting date. There are no quoted market prices for the unlisted shares of stock and there are no other reliable sources of their fair values, therefore, these are carried at cost, net of any impairment loss.

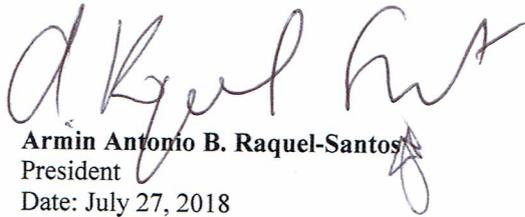
#### Other Required Disclosures

- A.) The attached interim financial reports were prepared in accordance with accounting standards generally accepted in the Philippines. The accounting policies and methods of computation followed in these interim financial statements are the same compared with the audited financial statements for the period ended December 31, 2017. The adoption of PFRS 9, Financial Instruments: *Classification and Measurement*, will have an effect on the classification and measurement of financial assets and liabilities. The Company will quantify the effect in conjunction with the other phases when issued, to present a comprehensive picture. As of June 30, 2018, the Company has decided not to early adopt PFRS 9 on its consolidated financial statements.
- B.) Except as reported in the Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A), there were no unusual items affecting assets, liabilities, equity, net income or cash flows for the interim period.
- C.) There were no material changes in estimates of amounts reported in prior periods that have material effects in the current interim period.
- D.) Except as disclosed in the MD&A, there were no other issuance, repurchases and repayments of debt and equity securities.
- E.) There were no material events that occurred subsequent to June 30, 2018 and up to the date of this report that need disclosure herein.
- F.) There were no changes in the composition of the Company during the interim period such as business combinations, acquisitions or disposals of subsidiaries and long-term investments, restructuring, and discontinued operations.
- G.) There were no changes in contingent liabilities or contingent assets since December 31, 2017, as of June 30, 2018.
- H.) There exist no material contingencies and other material events or transactions affecting the current interim period.

**SIGNATURE**

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer: **Premium Leisure Corp**



**Armin Antonio B. Raquel-Santos**  
President  
Date: July 27, 2018

**PREMIUM LEISURE CORP AND SUBSIDIARIES**  
**Consolidated Statements of Financial Position**

	June 30, 2018	December 31, 2017
	(Unaudited)	(Audited)
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	P 2,592,693,861	P 2,962,635,687
Investment held for trading	167,697,633	178,482,842
Trade and other receivables	762,629,629	700,656,306
Notes receivable	1,605,925,000	1,605,925,000
Other assets	452,109,142	205,657,568
	<b>5,581,055,265</b>	<b>5,653,357,403</b>
Non-current asset held for sale	285,510,452	285,510,452
<b>Total Current Assets</b>	<b>5,866,565,717</b>	<b>5,938,867,855</b>
<b>Noncurrent Assets</b>		
Intangible asset	9,548,835,728	9,668,071,971
Available-for-Sale investments	525,650,358	648,597,890
Property and equipment	334,028,992	438,063,955
Goodwill	1,832,260,734	1,832,260,734
Deferred tax assets	19,198,134	15,439,685
Retirement assets	-	13,413,273
Other non-current assets	78,266,809	79,307,906
<b>Total Noncurrent Assets</b>	<b>12,338,240,755</b>	<b>12,695,155,414</b>
<b>Total Assets</b>	<b>P 18,204,806,472</b>	<b>P 18,634,023,269</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Trade payables and other current liabilities	P 1,389,480,199	P 1,440,759,097
Current portion of obligations under finance lease	12,045,843	39,488,510
Current portion of installment payable	3,953,243	2,680,828
Income tax payable	45,503,124	29,434,444
<b>Total current liabilities</b>	<b>1,450,982,410</b>	<b>1,512,362,879</b>
<b>Noncurrent Liability</b>		
Installment payable	2,762,995	2,762,995
Obligation under finance lease	35,374,474	35,374,474
Retirement liability	6,665,808	17,479,083
<b>Total non-current liabilities</b>	<b>44,803,276</b>	<b>55,616,552</b>
	<b>P 1,495,785,686</b>	<b>P 1,567,979,431</b>
<b>Equity</b>		
Capital Stock	7,906,827,500	7,906,827,500
Additional paid-in capital	7,238,721,924	7,238,721,924
Treasury shares	(29,430,080)	-
Cost of parent shares held by a subsidiary	(509,597,055)	(475,427,035)
Other reserves	(57,519,662)	40,848,816
Retained earnings (deficit)	1,462,667,312	1,604,112,304
<b>Total equity attributable to Parent</b>	<b>16,011,669,939</b>	<b>16,315,083,509</b>
<b>Non-controlling interest</b>	<b>697,350,847</b>	<b>750,960,329</b>
<b>Total Equity</b>	<b>16,709,020,786</b>	<b>17,066,043,838</b>
<b>Total Liabilities and Equity</b>	<b>P 18,204,806,472</b>	<b>P 18,634,023,269</b>

**PREMIUM LEISURE CORP AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	Six Months Ended June 30		This quarter	
	2018 (Unaudited)	2017 (Unaudited)	2018 (Unaudited)	2017 (Unaudited)
<b>INCOME</b>				
Gaming share revenue	P 1,732,583,702	1,464,393,847	1,068,246,981	742,522,574
Equipment lease rentals	855,252,481	893,140,698	415,398,022	431,272,660
Commission and distribution income	242,626,997	158,760,779	122,686,600	80,539,185
	<u>2,830,463,180</u>	<u>2,516,295,324</u>	<u>1,606,331,603</u>	<u>1,254,334,419</u>
<b>COST AND EXPENSES</b>				
Salaries and payroll related expenses	202,380,298	121,364,755	103,082,587	65,118,903
Service and consultancy fees	167,755,412	202,391,165	72,109,787	93,517,198
Online lottery expenses	117,643,111	194,614,784	67,402,409	103,866,585
Software and license fees	116,868,842	81,024,007	56,988,611	41,194,316
Repairs, maintenance and communication	67,455,854	50,795,608	34,062,345	26,016,473
General and administrative expenses	620,665,446	561,009,568	352,412,284	275,661,183
Amortization of intangible	119,236,242	119,236,242	59,618,121	59,618,121
Depreciation expense	104,396,749	93,582,206	52,063,265	47,275,308
	<u>1,516,401,954</u>	<u>1,424,018,335</u>	<u>797,739,409</u>	<u>712,268,087</u>
<b>OTHER INCOME (EXPENSES)</b>				
Interest income	47,320,360	32,177,594	21,757,128	18,615,067
Dividend Income	22,827,521	17,928,359	261,419	5,745,100
Other income (charges)	49,481,307	(9,658,041)	(4,991,712)	11,074,932
	<u>119,629,188</u>	<u>40,447,912</u>	<u>17,026,835</u>	<u>35,435,099</u>
<b>NET INCOME (LOSS) BEFORE INCOME TAX</b>	<u>1,433,690,414</u>	<u>1,132,724,901</u>	<u>825,619,029</u>	<u>577,501,431</u>
<b>PROVISION(BENEFIT FROM) INCOME TAX</b>	<u>93,659,658</u>	<u>105,638,579</u>	<u>41,937,077</u>	<u>52,150,423</u>
<b>NET INCOME(LOSS)</b>	<u>1,340,030,756</u>	<u>1,027,086,322</u>	<u>783,681,952</u>	<u>525,351,008</u>
Net income attributable to Parent	1,231,181,740	895,213,783	756,759,228	470,250,318
Net income attributable to Minority interest	108,849,016	131,872,539	26,922,724	55,100,690
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				
Unrealized gains (loss) arising from changes in market value of available for sale investments during the year	(122,947,532)	153,960,914	(94,833,910)	(26,996,122)
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD</b>	<u>P 1,217,083,224</u>	<u>1,181,047,236</u>	<u>P 688,848,042</u>	<u>P 498,354,886</u>
Total Comprehensive income attributable to Parent	1,132,813,261	1,026,483,625	576,464,456	448,243,302
Total Comprehensive income attributable to Minorit	84,269,963	154,563,611	112,383,586	50,111,584
<b>Total</b>	<u>1,217,083,224</u>	<u>1,181,047,236</u>	<u>688,848,042</u>	<u>498,354,886</u>
<b>Basic/Diluted Loss Per Common Share</b>	<u>P 0.03896</u>	<u>P 0.02831</u>		

**PREMIUM LEISURE CORP AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	Six Months Ended June 30	
	2018 (Unaudited)	2017 (Unaudited)
<b>CAPITAL STOCK</b>	P0.25 per share	P0.25 per share
Authorized:		
Preferred shares	6,000,000,000 shares	6,000,000,000 shares
Common shares	37,630,000,000 shares	37,630,000,000 shares
Issued:		
Balance at beginning of year	P 11,384,284,906	P 11,384,284,906
Issuances (transfer from subscribed)	-	-
Balance at end of period	11,384,284,906	11,384,284,906
Subscribed:		
Balance at beginning of year	(3,477,457,406)	(3,477,457,406)
Issuances (transfer to issued)	-	-
Balance at end of period	(3,477,457,406)	(3,477,457,406)
Balance at the end of period	7,906,827,500	7,906,827,500
<b>ADDITIONAL PAID-IN CAPITAL (APIC)</b>		
Beginning balance	7,238,721,924	7,238,721,924
Other adjustments	-	-
Balance at the end of period	7,238,721,924	7,238,721,924
<b>TREASURY SHARES</b>		
Beginning balance	-	-
Additions for the year	(29,430,080)	-
Balance at the end of period	(29,430,080)	-
<b>Other Reserves</b>		
Balance at beginning of year	40,848,816	(75,992,783)
Net Unrealized loss on available-for-sale investments	(98,368,480)	131,269,842
Remeasurement gain on Retirement	-	-
Balance at the end of period	(57,519,662)	55,277,059
<b>Cost of Parent Company held by a subsidiary</b>		
Balance at beginning of year	(475,427,035)	(438,877,905)
Additional acquisition	(34,170,020)	(28,794,140)
Balance at the end of period	(509,597,055)	(467,672,045)
<b>RETAINED EARNINGS (DEFICIT)</b>		
Balance at beginning of year	1,604,112,305	727,181,017
Declared dividends	(1,372,626,733)	(877,556,761)
Net income (loss)	1,231,181,740	895,213,784
Balance at end of period	1,462,667,313	744,838,040
<b>NON-CONTROLLING INTEREST</b>	697,350,847	648,757,476
	P 16,709,020,786	P 16,126,749,954

**PREMIUM LEISURE CORP AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

Six Months Ended June 30

	2018 (Unaudited)	2017 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income (loss) before income tax	P 1,433,690,414	P 1,132,724,901
Adjustments for:		
Unrealized loss (gain) on marketable securities	660,345	(11,841,926)
Finance charges	190,364	184,189
Retirement cost	3,600,000	10,476,768
Loss(gain) on sale of marketable securities	(2,224,652)	-
Loss (gain) on sale of property and equipment	(446,997)	(39,999)
Loss (gain) on sale of AFS investment	-	31,095,741
Foreign exchange losses (gain)	(64,595)	(2,616,804)
Depreciation	104,396,749	93,582,206
Amortization of Intangible	119,236,242	119,236,242
Dividend income	(22,827,521)	(17,928,359)
Interest income	(19,798,089)	(8,132,566)
Income before working capital changes	1,616,412,260	1,346,740,393
Decrease (Increase) in:		
Receivables and others	(61,973,323)	(126,244,077)
Other current assets	(247,900,316)	(31,195,503)
Other noncurrent assets	1,041,096	3,048,248
Increase (decrease) in:		
Increase in accrued trade and other payables	(111,450,486)	445,520,776
Retirement contributions paid	(1,000,000)	(6,000,000)
Income tax paid	(80,798,982)	(110,751,967)
<b>Net cash provided by operating activities</b>	<b>1,114,330,248</b>	<b>1,521,117,870</b>
<b>CASH FLOW FROM INVESTING ACTIVITY</b>		
Acquisitions of:		
Marketable securities	-	(15,628,430)
Property and equipment	(350,336)	(39,918,722)
Investment in stocks	(34,170,020)	(28,794,140)
Dividends received	22,827,521	17,928,359
Interest received	19,798,089	8,132,566
Proceeds from sale of:		
Marketable securities	12,349,517	169,755,120
Property and equipment	446,997	39,999
<b>Net cash from investing activities</b>	<b>20,901,768</b>	<b>111,514,752</b>
<b>CASH FLOW FROM FINANCING ACTIVITY</b>		
Increase in notes receivable	-	(800,000,000)
Payment of obligation under finance lease	(27,442,666)	(17,593,294)
Payment of installment payable	1,272,416	
Acquisition of Treasury shares by the subsidiary	(16,584,828)	(211,593,911)
Acquisition of Treasury shares	(29,430,080)	
Interest paid	(190,364)	(184,189)
Dividends paid	(1,432,798,318)	(940,869,618)
<b>Net cash from financing activities</b>	<b>(1,505,173,842)</b>	<b>(1,970,241,012)</b>
<b>NET INCREASE IN CASH</b>	<b>(369,941,826)</b>	<b>(337,608,390)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>2,962,635,687</b>	<b>1,811,503,962</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>P 2,592,693,861</b>	<b>P 1,473,895,572</b>

**PREMIUM LEISURE CORP AND SUBSIDIARIES**  
**SCHEDULE OF RECEIVABLES, ADVANCES AND OTHER ASSETS**  
**June 30, 2018**

<u>NAME</u>	<u>AMOUNT</u>
Notes receivables - current	1,605,925,000
Trade receivables - current	720,633,394
Other receivable	41,996,235
Other current assets	452,109,142
<b>Total Receivables and Other Assets</b>	<b><u>2,820,663,772</u></b>

*\*Current means collectible within a period of zero (0) to twelve (12) months*