

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
Sep 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
130
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	Sep 30, 2018
Currency (indicate units, if applicable)	Php

Balance Sheet

	Period Ended	Fiscal Year Ended (Audited)
	Sep 30, 2018	Dec 31, 2017
Current Assets	6,769,155,916	5,938,867,855
Total Assets	18,870,394,774	18,634,023,269
Current Liabilities	1,784,832,877	1,512,362,879
Total Liabilities	1,825,109,142	1,567,979,431
Retained Earnings/(Deficit)	1,877,991,169	1,604,112,304
Stockholders' Equity	17,045,285,632	17,066,043,838
Stockholders' Equity - Parent	16,330,852,955	16,315,083,509
Book Value per Share	0.53	0.53

Income Statement

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Gross Revenue	1,106,748,035	1,324,897,795	3,937,211,215	3,841,193,119
Gross Expense	693,479,120	790,379,820	2,209,881,074	2,214,398,155
Non-Operating Income	70,622,798	35,206,795	190,251,986	75,654,707
Non-Operating Expense	0	0	0	0
Income/(Loss) Before Tax	483,891,713	569,724,770	1,917,582,127	1,702,449,671
Income Tax Expense	30,882,123	68,014,240	124,541,781	173,652,819
Net Income/(Loss) After Tax	453,009,590	501,710,530	1,793,040,346	1,528,796,852
Net Income Attributable to Parent Equity Holder	415,323,856	427,809,810	1,646,505,596	1,323,023,592
Earnings/(Loss) Per Share (Basic)	0.01	0.01	0.05	0.04
Earnings/(Loss) Per Share (Diluted)	0.01	0.01	0.05	0.04

	Current Year (Trailing 12 months)	Previous Year (Trailing 12 months)
Earnings/(Loss) Per Share (Basic)	0.06	0.05
Earnings/(Loss) Per Share (Diluted)	0.06	0.05

Other Relevant Information

n.a.

Filed on behalf by:

Name	Esperanza Bagsit
Designation	Manager



110262018001782



SECURITIES AND EXCHANGE COMMISSION

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Company Information

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Industry Classification Financial Holding Company Activities
Company Type Stock Corporation

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COVER SHEET

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S.E.C. Registration Number

PREMIUM LEISURE CORP AND SUBSIDIARIES

(Company's Full Name)

5th Floor, Tower A, Two E-Com Center, Palm Coast Avenue, Mail of Asia Complex, CBP-1A, Pasay City

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

JACKSON T. ONGSIP

Contact Person

(632) 662-8888

Company Telephone Number

12

Month

31

Day

17-Q

FORM TYPE

Month

Day

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

365

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be Accomplished by SEC Personnel concerned

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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 **September 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:
**5th 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
Common Stock, ₱0.25¹ par value	31,598,931,000

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 ☐

¹New 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:

- Consolidated Statements of Financial Position as of September 30, 2018 and December 31, 2017;
- Consolidated Statements of Comprehensive Income for the Nine Months ended September 30, 2018 and September 30, 2017;
- Consolidated Statements of Changes in Equity for the Nine Months ended September 30, 2018 and September 30, 2017;
- Consolidated Statements of Cash Flows for the Six Months ended September 30, 2018 and September 30, 2017.

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

CONSOLIDATED STATEMENTS OF INCOME

	Nine Months Ended September 30		Horizontal Analysis		Vertical Analysis	
	2018	2017	Increase (Decrease)		2018	2017
	(Unaudited)	(Audited)	Amount	%	%	%
INCOME						
Gaming share revenue	2,380,781,113	2,159,748,166	221,032,947	10%	60%	56%
Equipment lease rentals	1,179,957,892	1,366,328,832	(186,370,940)	-14%	30%	36%
Commission and distribution income	376,472,210	315,116,121	61,356,088	19%	10%	8%
	3,937,211,215	3,841,193,119	96,018,096	2%	100%	100%
COST AND EXPENSES						
Salaries and payroll related expenses	299,156,147	209,064,509	90,091,638	43%	8%	5%
Service and consultancy fees	270,361,022	319,446,777	(49,085,756)	-15%	7%	8%
Online lottery expenses	200,142,049	289,956,503	(89,814,454)	-31%	5%	8%
Software and license fees	123,210,578	126,893,626	(3,683,048)	-3%	3%	3%
Repairs, maintenance and communication	97,011,263	78,302,156	18,709,108	24%	2%	2%
General and administrative expenses	888,208,735	869,583,135	18,625,600	2%	23%	23%
Amortization of intangible	178,854,363	178,854,363	-	0%	5%	5%
Depreciation expense	152,936,917	142,297,086	10,639,830	7%	4%	4%
	2,209,881,074	2,214,398,156	(4,517,082)	0%	56%	58%
OTHER INCOME (EXPENSES)						
Interest income	85,075,539	52,642,027	32,433,511	62%	2%	1%
Dividend Income	24,952,521	20,053,359	4,899,162	24%	1%	1%
Other income (charges)	80,223,926	2,959,321	77,264,605	2611%	2%	0%
	190,251,986	75,654,707	114,597,278	151%	5%	2%
NET INCOME (LOSS) BEFORE INCOME TAX	1,917,582,127	1,702,449,671	215,132,456	13%	49%	44%
PROVISION(BENEFIT FROM) INCOME TAX	124,541,781	173,652,819	(49,111,038)	-28%	3%	5%
NET INCOME	1,793,040,346	1,528,796,852	264,243,495	17%	46%	40%
<i>Net income attributable to Parent</i>	1,646,505,596	1,323,023,592	323,482,004	24%	42%	34%
<i>Net income attributable to Minority interest</i>	146,534,750	205,773,260	(59,238,510)	-29%	4%	5%

For the nine months ended September 30, 2018, PLC recognized net income of Php1.79 billion, higher by 17% (or Php264.2 million) than the net income of Php1.53 billion recognized in the same period in 2017. Operating EBITDA (proxy for cash flow) for the period is at Php2.06 billion, 6% more than its reported EBITDA of Php1.95 billion for the same period in 2017.

The revenues for the period increased by 2% from Php3.84 billion to Php3.94 billion due to the growth in the gaming segments of City of Dreams Manila which contributed Php2.38 billion in gaming revenue share, up

by 10% versus Php2.16 billion recognized in the same period in 2017. Meanwhile, Lotto and KENO equipment lease rental revenues, which are based on a percentage of sales of lotto and KENO tickets, respectively, decreased in total by 14% for the period to Php1.18 billion coming from Php1.37 billion for the same period in 2017. This is due mainly to lower lotto and KENO sales as a result of the implementation of the TRAIN law, particularly the increase in the documentary stamp tax (DST) and the tax on winnings. Commission and distribution income from Lucky Circle lottery outlets increased by 19% or Php61.4 million for the period.

Costs and expenses decreased by Php4.52 million for the period as of September 30, 2018 due to the decrease in the Company's service and consultancy fees and online lottery expenses, tempered by the higher operating costs from new Lucky Circle outlets opened during the period.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Nine Months Ended September 30		Horizontal Analysis		Vertical Analysis	
	2018 (Unaudited)	2017 (Audited)	Increase (Decrease) Amount	%	2018 %	2017 %
NET INCOME	1,793,040,346	1,528,796,852	264,243,495	17%	46%	40%
OTHER COMPREHENSIVE INCOME (LOSS)						
Unrealized gains (loss) arising from changes in market value of available for sale investments during the year	(243,042,050)	129,497,032	(372,539,082)	-288%	-6%	3%
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	P 1,549,998,296	P 1,658,293,884	P (108,295,587)	-7%	39%	43%
<i>Total Comprehensive income attributable to Parent</i>	<i>1,451,996,276</i>	<i>1,431,584,565</i>	<i>20,411,711</i>	<i>1%</i>	<i>37%</i>	<i>37%</i>
<i>Total Comprehensive income attributable to Minority</i>	<i>98,002,020</i>	<i>226,709,319</i>	<i>(128,707,299)</i>	<i>-57%</i>	<i>2%</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 Php243.04 million for the nine months ending September 30, 2018 as a result of the lower share prices of its AFS investments. As such, PLC recognized a total comprehensive income amounting to Php1.55 billion (of which Php1.45 billion is attributable to parent shareholders) as of September 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 nine months ended September 30, 2018.

Consolidated Statements of Financial Position

	September 30, 2018	December 31, 2017	Horizontal Analysis		Vertical Analysis	
	(Unaudited)	(Audited)	Increase (Decrease)		2017	2016
			Amount	%	%	%
ASSETS						
Current Assets						
Cash and cash equivalents	P 1,539,092,628	2,962,635,687	(1,423,543,059)	-48%	8%	16%
Investment held for trading	165,834,877	178,482,842	(12,647,965)	-7%	1%	1%
Trade and other receivables	657,857,022	700,656,306	(42,799,284)	-6%	3%	4%
Notes receivable	3,705,925,000	1,605,925,000	2,100,000,000	131%	20%	9%
Other assets	414,935,937	205,657,568	209,278,369	102%	2%	1%
	6,483,645,464	5,653,357,403	830,288,061	15%	34%	30%
Non-current asset held for sale	285,510,452	285,510,452	-	0%	2%	2%
Total Current Assets	6,769,155,916	5,938,867,855	830,288,061	14%	36%	32%
Noncurrent Assets						
Intangible asset	9,489,217,607	9,668,071,971	(178,854,364)	-2%	50%	52%
Available-for-Sale investments	405,875,840	648,597,890	(242,722,050)	-37%	2%	3%
Property and equipment	298,118,514	438,063,955	(139,945,441)	-32%	2%	2%
Goodwill	1,832,260,734	1,832,260,734	-	0%	10%	10%
Other non-current assets	75,766,163	108,160,864	(32,394,701)	-30%	0%	1%
Total Noncurrent Assets	12,101,238,858	12,695,155,415	(593,916,556)	-5%	64%	68%
Total Assets	P 18,870,394,774	P 18,634,023,270	236,371,504	1%	100%	100%
LIABILITIES AND EQUITY						
Current Liabilities						
Trade payables and other current liabilities	P 1,723,495,450	1,440,759,097	282,736,353	20%	9%	8%
Current portion of obligations under finance lease	15,531,388	39,488,510	(23,957,122)	-61%	0%	0%
Current portion of installment payable	5,997,929	2,680,828	3,317,101	124%	0%	0%
Income tax payable	39,808,110	29,434,444	10,373,666	35%	0%	0%
Total current liabilities	1,784,832,877	1,512,362,880	272,469,997	18%	9%	8%
Noncurrent Liability						
Installment payable	2,762,995	2,762,995	-	0%	0%	0%
Obligation under finance lease	24,340,234	35,374,474	(11,034,240)	-31%	0%	0%
Retirement liability	13,173,036	17,479,083	(4,306,047)	-25%	0%	0%
Total non-current liabilities	40,276,265	55,616,552	(15,340,287)	-28%	0%	0%
Total Liabilities	P 1,825,109,142	P 1,567,979,432	257,129,710	16%	10%	8%
Equity						
Capital Stock	7,906,827,500	7,906,827,500	-	0%	42%	42%
Additional paid-in capital	7,238,721,924	7,238,721,924	-	0%	38%	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	(153,660,503)	40,848,816	(194,509,319)	476%	-1%	0%
Retained earnings (deficit)	1,877,991,169	1,604,112,304	273,878,865	17%	10%	9%
Total equity attributable to Parent	16,330,852,955	16,315,083,509	15,769,447	0%	87%	88%
Non-controlling interest	714,432,677	750,960,329	(36,527,652)	-5%	4%	4%
Total Equity	17,045,285,632	17,066,043,838	(20,758,206)	0%	90%	92%
Total Liabilities and Equity	P 18,870,394,774	P 18,634,023,270	236,371,504	1%	100%	100%

As at September 30, 2018, PLC's total assets amounted to Php18.87 billion, higher by 1% 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 48% (Php1.42 billion) as at September 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) in early 2018. 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 7% 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 decrease in trade and other receivables by P42.8 million (6%).

Noncurrent asset held for sale

As at September 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 increased by P257.1 million or 16% as at September 30, 2018 from total liabilities of P1.57 billion as at December 31, 2017. The increase is due mostly to the increase in trade and other payables related to POSC's operations and service fees related to the gaming share revenue from City of Dreams Manila as well as increase in accrued expenses of the Company.

Equity

Stockholders' equity decreased slightly by ₱20.8 million as at September 30, 2018 from ₱17.1 billion as of December 31, 2017. 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	Sept 30, 2018	Sept 30, 2017	Dec 31, 2017
Current ratio	Current assets divided by current liabilities	3.79	4.13	3.93
Quick ratio	(Current assets less invty - prepayments) / Current liabilities	3.40	3.70	3.68
Solvency ratio	Total assets / total liabilities	10.34	13.42	12.18
Asset to equity	Total assets divided by total equity	1.11	1.08	1.09
Debt to equity	Interest bearing debt divided by total equity	0.00	0.01	0.00
Interest rate coverage	Earnings before interest, tax, depreciation and amortization divided by interest expense	5,167	2,269.87	239
Debt ratio	Total debt / total assets	0.10	0.07	0.08
Return on assets	Net income (loss) divided by average total assets during the period	12.7%	11.7%	11.3%
Return on equity	Net income (loss) divided by average total equity during the period	14.0%	12.4%	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 17% for the first three quarters of 2018, contributing to the higher return on assets and return on equity versus the same period in 2017.
- Current, quick and solvency ratios decreased slightly compared to the same period in 2017 due to the decrease in cash of the company.
- There is no significant change in the other ratios presented.

As at September 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 September 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.

	September 30, 2018		December 31, 2017	
	Carrying value	Fair value	Carrying value	Fair value
Financial Assets				
Cash and cash equivalents	1,539,092,628	1,539,092,628	2,962,635,687	2,962,635,687
Investment held for trading	165,834,877	165,834,877	178,482,842	178,482,842
Notes receivable	3,705,925,000	3,705,925,000	1,605,925,000	1,605,925,000
Trade and other receivables:				
Trade receivables	623,756,250	623,756,250	682,390,655	682,390,655
Nontrade and others	34,100,772	34,100,772	18,265,651	18,265,651
	6,068,709,527	6,068,709,527	5,447,699,835	5,447,699,835
AFS Investment				
Quoted shares	405,794,740	405,794,740	648,516,790	648,516,790
Unquoted shares	81,100	81,100	81,100	81,100
	405,875,840	405,875,840	648,597,890	648,597,890
	6,474,585,367	6,474,585,367	6,096,297,725	6,096,297,725
Loans and Borrowings				
Accrued expenses & other liabilities*	1,716,607,496	1,716,607,496	1,436,816,390	1,436,816,390

*excluding statutory payables amounting to -Php6.8 million and P3.9 million as at September 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.

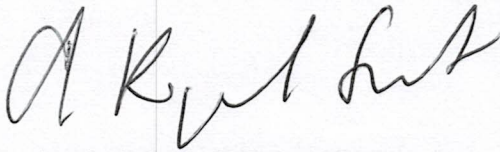
Other Required Disclosures

- 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 September 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 September 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 September 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**

A handwritten signature in black ink, appearing to read 'A. Raquel-Santos', written in a cursive style.

Armin Antonio B. Raquel-Santos

President

Date: October 26, 2018

PREMIUM LEISURE CORP AND SUBSIDIARIES
Consolidated Statements of Financial Position

	September 30, 2018	December 31, 2017
	(Unaudited)	(Audited)
ASSETS		
Current Assets		
Cash and cash equivalents	P 1,539,092,628	P 2,962,635,687
Investment held for trading	165,834,877	178,482,842
Trade and other receivables	657,857,022	700,656,306
Notes receivable	3,705,925,000	1,605,925,000
Other assets	414,935,937	205,657,568
	6,483,645,464	5,653,357,403
Non-current asset held for sale	285,510,452	285,510,452
Total Current Assets	6,769,155,916	5,938,867,855
Noncurrent Assets		
Intangible asset	9,489,217,607	9,668,071,971
Available-for-Sale investments	405,875,840	648,597,890
Property and equipment	298,118,514	438,063,955
Goodwill	1,832,260,734	1,832,260,734
Deferred tax assets	20,624,770	15,439,685
Retirement assets	-	13,413,273
Other non-current assets	55,141,393	79,307,906
Total Noncurrent Assets	12,101,238,858	12,695,155,414
Total Assets	P 18,870,394,774	P 18,634,023,269
LIABILITIES AND EQUITY		
Current Liabilities		
Trade payables and other current liabilities	P 1,723,495,450	P 1,440,759,097
Current portion of obligations under finance lease	15,531,388	39,488,510
Current portion of installment payable	5,997,929	2,680,828
Income tax payable	39,808,110	29,434,444
Total current liabilities	1,784,832,877	1,512,362,879
Noncurrent Liability		
Installment payable	2,762,995	2,762,995
Obligation under finance lease	24,340,234	35,374,474
Retirement liability	13,173,036	17,479,083
Total non-current liabilities	40,276,265	55,616,552
	P 1,825,109,142	P 1,567,979,431
Equity		
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	(153,660,503)	40,848,816
Retained earnings (deficit)	1,877,991,169	1,604,112,304
Total equity attributable to Parent	16,330,852,955	16,315,083,509
Non-controlling interest	714,432,677	750,960,329
Total Equity	17,045,285,632	17,066,043,838
Total Liabilities and Equity	P 18,870,394,774	P 18,634,023,269

PREMIUM LEISURE CORP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Nine Months Ended September 30		This quarter	
	2018 (Unaudited)	2017 (Unaudited)	2018 (Unaudited)	2017 (Unaudited)
INCOME				
Gaming share revenue	P 2,380,781,113	2,159,748,166	648,197,411	695,354,319
Equipment lease rentals	1,179,957,892	1,366,328,832	324,705,411	473,188,134
Commission and distribution income	376,472,210	315,116,121	133,845,213	156,355,342
	3,937,211,215	3,841,193,119	1,106,748,035	1,324,897,795
COST AND EXPENSES				
Salaries and payroll related expenses	299,156,147	209,064,509	96,775,849	87,699,754
Service and consultancy fees	270,361,022	319,446,777	102,605,610	117,055,612
Online lottery expenses	200,142,049	289,956,503	82,498,938	95,341,719
Software and license fees	123,210,578	126,893,626	6,341,736	45,869,619
Repairs, maintenance and communication	97,011,263	78,302,156	29,555,409	27,506,548
General and administrative expenses	888,208,735	869,583,135	267,543,289	308,573,567
Amortization of intangible	178,854,363	178,854,363	59,618,121	59,618,121
Depreciation expense	152,936,917	142,297,086	48,540,168	48,714,880
	2,209,881,074	2,214,398,155	693,479,120	790,379,820
OTHER INCOME (EXPENSES)				
Interest income	85,075,539	52,642,027	37,755,179	20,464,433
Dividend Income	24,952,521	20,053,359	2,125,000	2,125,000
Other income (charges)	80,223,926	2,959,321	30,742,619	12,617,362
	190,251,986	75,654,707	70,622,798	35,206,795
NET INCOME (LOSS) BEFORE INCOME TAX	1,917,582,127	1,702,449,671	483,891,713	569,724,770
PROVISION(BENEFIT FROM) INCOME TAX	124,541,781	173,652,819	30,882,123	68,014,240
NET INCOME(LOSS)	1,793,040,346	1,528,796,852	453,009,590	501,710,530
Net income attributable to Parent	1,646,505,596	1,323,023,592	415,323,856	427,809,810
Net income attributable to Minority interest	146,534,750	205,773,260	37,685,734	73,900,720
OTHER COMPREHENSIVE INCOME (LOSS)				
Unrealized gains (loss) arising from changes in market value of available for sale investments during the year	(243,042,050)	129,497,032	(120,094,518)	(24,463,882)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	P 1,549,998,296	1,658,293,884	P 332,915,072	P 477,246,648
Total Comprehensive income attributable to Parent	1,451,996,276	1,431,584,565	319,183,015	405,100,940
Total Comprehensive income attributable to Minority	98,002,020	226,709,319	13,732,057	72,145,708
Total	1,549,998,296	1,658,293,884	332,915,072	477,246,648
Earnings Per Share (Basic)	P 0.05211	P 0.04183		
Earnings Per Share (Diluted)	P 0.05208	P 0.04183		

PREMIUM LEISURE CORP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Nine Months Ended September 30			
		2018	2017
		(Unaudited)	(Unaudited)
CAPITAL STOCK	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
ADDITIONAL PAID-IN CAPITAL (APIC)			
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
TREASURY SHARES			
Beginning balance	-		-
Additions for the year	(29,430,080)		-
Balance at the end of period	(29,430,080)		-
Other Reserves			
Balance at beginning of year	40,848,816		(75,992,783)
Net Unrealized loss on available-for-sale investments	(194,509,319)		108,560,973
Remeasurement gain on Retirement	-		-
Balance at the end of period	(153,660,503)		32,568,190
Cost of Parent Company held by a subsidiary			
Balance at beginning of year	(475,427,035)		(438,877,905)
Additional acquisition	(34,170,020)		(36,549,130)
Balance at the end of period	(509,597,055)		(475,427,035)
RETAINED EARNINGS (DEFICIT)			
Balance at beginning of year	1,604,112,305		727,181,017
Declared dividends	(1,372,626,732)		(873,797,718)
Net income (loss)	1,646,505,596		1,323,023,592
Balance at end of period	1,877,991,169		1,176,406,891
NON-CONTROLLING INTEREST	714,432,677		720,655,504
	P 17,045,285,632	P	16,599,752,974

PREMIUM LEISURE CORP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

Nine Months Ended September 30

	2018 (Unaudited)	2017 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss) before income tax	P 1,917,582,127	P 1,702,449,670
Adjustments for:		
Unrealized loss (gain) on marketable securities	2,523,101	(11,308,362)
Finance charges	363,873	779,380
Retirement cost	5,400,000	15,876,768
Loss(gain) on sale of marketable securities	(2,224,652)	(225,000)
Loss (gain) on sale of property and equipment	(506,997)	(59,999)
Loss (gain) on sale of AFS investment	-	31,647,879
Foreign exchange losses (gain)	(421,734)	(1,063,427)
Depreciation	152,936,917	142,297,086
Amortization of Intangible	178,854,363	178,854,363
Dividend income	(24,952,521)	(20,053,359)
Interest income	(27,693,025)	(13,180,044)
Income before working capital changes	2,201,861,453	2,026,014,955
Decrease (Increase) in:		
Receivables and others	42,799,284	(12,390,325)
Other current assets	(202,888,219)	(107,563,273)
Other noncurrent assets	24,166,513	(3,482,461)
Increase (decrease) in:		
Increase in accrued trade and other payables	282,736,353	638,137,337
Retirement contributions paid	(1,000,000)	(7,004,983)
Income tax paid	(118,205,550)	(168,029,986)
Net cash provided by operating activities	2,229,469,834	2,365,681,264
CASH FLOW FROM INVESTING ACTIVITY		
Acquisitions of:		
Marketable securities	-	(17,034,130)
Property and equipment	(12,980,026)	(101,043,101)
Investment in stocks	(34,490,020)	(68,203,070)
Dividends received	24,952,521	20,053,359
Interest received	27,693,025	13,180,044
Proceeds from sale of:		
Marketable securities	12,349,517	4,880,000
Investment in stocks	-	172,933,950
Property and equipment	506,997	59,999
Net cash from investing activities	18,032,014	24,827,051
CASH FLOW FROM FINANCING ACTIVITY		
Increase in notes receivable	(2,100,000,000)	(800,000,000)
Payment of obligation under finance lease	(34,991,362)	(30,966,910)
Payment of installment payable	3,317,102	-
Acquisition of Treasury shares by the subsidiary	(171,642,418)	(211,841,591)
Proceeds from sale of Treasury shares by the subsidiary	155,035,630	-
Acquisition of Treasury shares	(29,430,080)	-
Interest paid	(363,873)	(779,380)
Dividends paid	(1,492,969,905)	(998,452,328)
Net cash from financing activities	(3,671,044,907)	(2,042,040,209)
NET INCREASE IN CASH	(1,423,543,059)	348,468,106
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	2,962,635,687	1,811,503,962
CASH AND CASH EQUIVALENTS AT END OF PERIOD	P 1,539,092,628	P 2,159,972,068

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

NAME	AMOUNT
Notes receivables - current	3,705,925,000
Trade receivables - current	623,756,250
Other receivable	34,100,772
Other current assets	414,935,937
Total Receivables and Other Assets	<u>4,778,717,959</u>

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