

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
Mar 31, 2018
2. SEC Identification Number
52412
3. BIR Tax Identification No.
000-156-011
4. Exact name of issuer as specified in its charter
BELLE CORPORATION
5. Province, country or other jurisdiction of incorporation or organization
Metro Manila, Philippines
6. Industry Classification Code(SEC Use Only)
7. Address of principal office
5/F Tower A, Two ECom Center, Palm Coast Avenue, MOA Complex, Pasay City
Postal Code
1300
8. Issuer's telephone number, including area code
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	10,498,679,857

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:
Philippine Stock Exchange, Inc. / Common shares
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.



Belle Corporation BEL

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	Mar 31, 2018
Currency (indicate units, if applicable)	PHP (in thousands)

Balance Sheet

	Period Ended	Fiscal Year Ended (Audited)
	Mar 31, 2018	Dec 31, 2017
Current Assets	11,932,693	11,767,899
Total Assets	43,930,748	43,733,693
Current Liabilities	7,030,609	5,655,713
Total Liabilities	14,407,580	13,372,519
Retained Earnings/(Deficit)	7,656,398	8,194,187
Stockholders' Equity	29,523,168	30,361,174
Stockholders' Equity - Parent	26,429,774	27,153,197
Book Value per Share	2.6	2.67

Income Statement

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Gross Revenue	2,017,512	1,986,970	2,017,512	1,986,970
Gross Expense	933,281	989,280	933,281	989,280
Non-Operating Income	57,365	46,304	57,365	46,304
Non-Operating Expense	121,903	101,124	121,903	101,124
Income/(Loss) Before Tax	1,019,693	942,870	1,019,693	942,870
Income Tax Expense	162,196	160,352	162,196	160,352
Net Income/(Loss) After Tax	857,497	782,518	857,497	782,518
Net Income Attributable to Parent Equity Holder	683,891	621,681	683,891	621,681
Earnings/(Loss) Per Share (Basic)	0.07	0.06	0.07	0.06
Earnings/(Loss) Per Share (Diluted)	0.07	0.06	0.07	0.06

	Current Year (Trailing 12 months)	Previous Year (Trailing 12 months)
Earnings/(Loss) Per Share (Basic)	0.29	0.29
Earnings/(Loss) Per Share (Diluted)	0.29	0.29

Other Relevant Information
N/A

Filed on behalf by:

Name	ROSEMARIE ABUEVA
Designation	SENIOR ASST. VICE PRESIDENT

COVER SHEET

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S.E.C. Registration Number

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R	I	E	S																											

(Company's Full Name)

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C	i	t	y																												

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

Mr. Jackson T. Ongsip
Contact Person

(632) 662-8888
Company Telephone Number

03	31
Month	Day

17-Q
FORM TYPE

Month	Day
Annual Meeting	

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Secondary License Type, If Applicable

Dept. Requiring this Doc.		

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings	
Domestic	Foreign

To be Accomplished by SEC Personnel concerned

File Number

_____ LCU

Document I.D.

_____ Cashier

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Remarks = pls. Use black ink for scanning purposes

SEC No. 52412
File No.

BELLE CORPORATION

(Company's Full Name)

**5/F, Tower A, Two E-Com Center Palm Coast Avenue,
Mall of Asia Complex CBP-1A, Pasay City**

(Company's Address)

662-88-88

(Telephone Numbers)

December 31

(Fiscal Year ending)
(Month and Day)

Form 17Q for the 1st Quarter of 2018

(Form Type)

N/A

Amendment Designation

N/A

Period Ended Date

N/A

(Secondary License Type and File Number)



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 March 31, 2018
- 2. Commission Identification Number: 52412 3. BIR Tax Identification No. 000-156-011
- 4. Exact name of registrant as specified in its charter: BELLE CORPORATION
- 5. Metro Manila, Philippines 6. (SEC use only)
Province, Country or other jurisdiction of Industry Classification Code:
incorporation or organization
- 7. 5/F, Tower A, Two E-Com Center, Palm Coast Avenue,
Mall of Asia Complex CBP-1A, Pasay City 1300
Address of registrant's principal office Postal Code
- 8. (632) 662-8888
Registrant's telephone number, including area code
- 9. Not applicable
Former name, former address, and former fiscal year, if changed since last report.
- 10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Stock Outstanding
Common Stock, ₱1.00 par value	10,498,679,857
	Amount of Debt Outstanding
	₱9.7 billion

- 11. Are any or all of these securities listed on a Stock Exchange?
Yes [] No []
- If yes, state name of such Stock Exchange and the class/es of securities listed therein:
Philippine Stock Exchange (PSE) Common Stock

- 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 Section 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)
 Yes [] No []

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

Yes [x] No []

PART 1 – FINANCIAL INFORMATION

Item 1. Financial Statements

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

- a.) Unaudited Consolidated Statements of Comprehensive Income for the three months ended March 31, 2018 and March 31, 2017;
- b.) Consolidated Statements of Financial Position as of March 31, 2018 (unaudited) and December 31, 2017 (audited);
- c.) Unaudited Consolidated Statements of Changes in Equity for the three months ended March 31, 2018 and March 31, 2017; and
- d.) Unaudited Consolidated Statements of Cash Flows for the three months ended March 31, 2018 and March 31, 2017.

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

March 31, 2018 versus March 31, 2017 Results of Operations (in thousands)

	For the three months ended March		Horizontal Analysis		Vertical Analysis	
	2018	2017	Increase (Decrease)	2018	2017	
REVENUE						
Gaming revenue share	P 664,337	P 721,871	(57,534)	-8.0%	32.9%	36.3%
Interest income on finance lease accounting	526,574	511,627	14,947	2.9%	26.1%	25.7%
Equipment rental and instant scratch ticket sales (POSC)	439,855	461,868	(22,013)	-4.8%	21.8%	23.2%
Sale of real estate	170,181	121,734	48,447	39.8%	8.4%	6.1%
Distribution and commission income (POSC)	119,940	78,222	41,718	53.3%	5.9%	3.9%
Lease income	47,505	47,505	-	0.0%	2.4%	2.4%
Revenue from property management	31,257	26,515	4,742	17.9%	1.5%	1.3%
Others	17,863	17,628	235	1.3%	0.9%	0.9%
TOTAL REVENUES	2,017,512	1,986,970	30,542	1.5%	100.0%	100.0%
COST OF GAMING OPERATIONS	(72,585)	(96,728)	(24,143)	-25.0%	-3.6%	-4.9%
COST OF LEASE INCOME	(66,130)	(51,313)	14,817	-28.9%	-3.3%	-2.6%
COST OF LOTTERY SERVICES	(339,011)	(259,423)	79,588	-30.7%	-16.8%	-13.1%
COST OF REAL ESTATE SOLD	(99,689)	(59,817)	39,872	66.7%	-4.9%	-3.0%
COST OF PROPERTY MANAGEMENT SERVICES	(19,863)	(15,101)	4,762	31.5%	-1.0%	-0.8%
GENERAL AND ADMINISTRATIVE EXPENSES	(336,003)	(399,290)	(63,287)	-15.8%	-16.7%	-20.1%
TOTAL COSTS AND EXPENSES	(933,281)	(881,672)	51,609	5.9%	-39.4%	-36.9%
INCOME FROM OPERATIONS	1,084,231	1,105,298	(21,067)	1.9%	60.6%	63.1%
PAYMENTS TO ABLGI/ACCRETION OF NONTRADE LIABILITY	-	(107,608)	(107,608)	-100.0%	0.0%	-5.4%
UNREALIZED GAIN (LOSS) ON MARKETABLE SECURITIES	32,082	3,848	28,234	733.7%	1.6%	0.2%
INTEREST EXPENSE AND OTHER FINANCE CHARGES	(121,903)	(101,124)	20,779	20.5%	-6.0%	-5.1%
INTEREST INCOME	12,761	9,900	2,861	28.9%	0.6%	0.5%
GAIN ON SALE OF AFS FINANCIAL INVESTMENTS	-	23,211	(23,211)	-100.0%	0.0%	1.2%
NET FOREIGN EXCHANGE LOSS	28	79	(51)	-64.6%	0.0%	0.0%
OTHER INCOME (CHARGES)	12,494	9,266	3,228	34.8%	0.6%	0.5%
INCOME BEFORE INCOME TAX	1,019,693	942,870	76,823	8.1%	50.5%	47.5%
PROVISION FOR INCOME TAXES						
Current	63,166	61,746	1,420	2.3%	3.1%	3.1%
Deferred	99,030	98,606	424	0.4%	4.9%	5.0%
	162,196	160,352	1,844	1.1%	8.0%	8.1%
NET INCOME	P 857,497	P 782,518	74,979	9.6%	42.5%	39.4%

Belle Corporation ("Belle" or the "Company") continued its growth momentum in 2018. Belle's consolidated net income reached ₱857.5 million in the first quarter of 2018, up 10% compared to the ₱782.5 million achieved in the same period in 2017. Excluding capital gains from sales of non-core investments and extraordinary items, Belle's recurring net income for the quarter of ₱887.6 million was 17% higher than the ₱759.3 million reached for the 2017 period.

Through its 78.7%-owned subsidiary, Premium Leisure Corporation ("PLC"), the Company's earnings before interest, taxes, depreciation and amortization ("EBITDA") from its income share in the gaming operations of City of Dreams Manila increased by 8% to ₱473.8 million for the first quarter of 2018 from ₱439.4 million for the 2017 period. PLC has an operating agreement with the Philippine affiliate of Melco Resorts and Entertainment Limited ("Melco") that accords PLC a share of gaming revenues or earnings at City of Dreams Manila.

Belle also realized increased operating income from its real estate businesses of ₱571.3 million for the quarter, a 27% increase from ₱450.8 million for the 2017 period. A significant portion of this real estate-related EBITDA (₱502.4 million) was derived from Belle's lease of the land and

buildings comprising City of Dreams Manila to Melco, with the balance coming from sales of real estate products and property management activities at its Tagaytay Highlands and Midlands residential and leisure complexes south of Metro Manila.

As a testament to its continued profitability, Belle made a regular cash dividend payment to its common shareholders on March 23, 2018 in the amount of twelve centavos (₱0.12) per share or a total of approximately ₱1,267.3 million. This represented an increase of 26% from its previous regular cash dividend of nine-and-a-half centavos (₱0.095) per share, or a total of ₱1,003.0 million paid last March 30, 2017.

Revenues

Total revenues of ₱2,017.5 million for the three months ended March 31, 2018 were higher by ₱30.5 million (2%), compared to ₱1,987.0 million for the three months ended March 31, 2017, mainly due to: an increase in revenue from the lease of the City of Dreams Manila land and buildings (recognized under interest income on finance lease accounting) by ₱15.0 million (3%), from ₱559.1 million in the 2017 period to ₱574.1 million during the 2018 period; increase in Lotto and Keno equipment rental, instant scratch ticket sales, distribution and commission income of Pacific Online Systems Corp. ("Pacific Online") by ₱19.7 million (4%), from ₱540.1 million in 2017 period to ₱559.8 million in the 2018 period; and an increase in revenue from real estate development and management activities by ₱53.4 million (32%), to ₱219.3 million in the 2018 period from ₱165.9 million in the 2017 period. This was offset slightly by a ₱57.5 million (8%) decrease in the share of PLC in gaming earnings of City of Dreams Manila, from ₱721.9 million for the 2017 period to ₱664.3 million for the 2018 period,

Costs of Gaming Operations

The costs of gaming operations at PLC decreased by ₱24.1 million (25%) to ₱72.6 million for the 2018 period, from ₱96.7 million for the 2017 period, due to lower consultancy fees and other costs at PLC's wholly-owned subsidiary, PremiumLeisure and Amusement Inc. ("PLAI"). PLAI has a direct economic participation in the gaming operations at City of Dreams Manila, by virtue of an operating agreement with Melco's Philippine affiliate, Melco Resorts and Entertainment (Philippines) Corporation ("MRP"), that accords PLAI a share of gaming revenue on earnings. Melco is a Hong-Kong based corporation which develops, owns and operates gaming and entertainment facilities around the world, mostly in Macau.

Costs of Lease Income

Costs of lease income, in respect of the City of Dreams Manila property, increased by ₱14.8 million (29%), to ₱66.1 million in the 2018 period from ₱51.3 million in the 2017 period, mainly due to higher insurance and property taxes on the City of Dreams Manila building.

Costs of Lottery Services

Costs of lottery services at Pacific Online increased by ₱79.6 million (31%), to ₱339.0 million in the 2018 period from ₱259.4 million in the 2017 period, mainly due to an increase in depreciation expenses for lottery equipment and professional fees.

Costs of Real Estate sold

Costs of real estate and club shares sold increased by ₱39.9 million (67%), to ₱99.7 million in the 2018 period, from ₱59.8 million in the 2017 period, due to the higher sales revenue therefrom recognized during the period.

Costs of Property Management Services

Costs of property management services increased by ₱4.8 million (32%), to ₱19.9 million for the 2018 period, from ₱15.1 million for the 2017 period, due to higher power and water usage by customers.

General and Administrative Expenses

General and administrative expenses decreased by ₱63.3 million (16%), to ₱336.0 million for the 2018 period from ₱399.3 million for the 2017 period, due to lower general expenses at PLC.

Payments to ABLGI/Accretion of Nontrade Liability

This expense pertains to actual payments under Belle's 2013 Memorandum of Agreement (the "MOA") with AB Leisure Global, Inc. ("ABLGI") and ABLGI's parent, Leisure and Resorts World Corp. ("LRWC"), whereby Belle and PLAI agreed to grant ABLGI the right to the settlement of amounts in consideration of the waiver of ABLGI's rights as casino operator in favor of Melco, the termination of ABLGI agreements relating to the integrated resort that is now known as City of Dreams Manila and advances by ABLGI of about ₱4.8 billion (the "ABLGI Advance") to help in the funding for the construction of the integrated resort building.

Financial Income (Expense)

Interest expense and other finance charges increased by ₱20.8 million (21%) to ₱121.9 million for 2018 period, from ₱101.1 million for the 2017 period. This higher interest expense was due to the Company's increased level of borrowings in 2018. Interest income increased by ₱2.9 million (29%), to ₱12.8 million in the 2018 period, from ₱9.9 million in the 2017 period, due to higher average yields on short-term investments.

Provision for Income Taxes

The provision for income taxes increased by ₱1.8 million (1%) to ₱162.2 million for the three months ended March 31, 2018, from ₱160.4 million for the three months ended March 31, 2017, due to higher taxable income of Belle in the 2018 period.

Net Income

As a result of the foregoing, the Company realized consolidated net income of ₱857.5 million for the three months ended March 31, 2018. This is ₱75.0 million (10%) higher than consolidated net income of ₱782.5 million for the three months ended March 31, 2017. Belle's consistent profitability allowed the Company to pay a regular cash dividend to its shareholders on March 23, 2018 in the amount of ₱1,267.3 million (₱0.12 per share).

March 31, 2018 vs December 31, 2017 Statement of Financial Position (in thousands)

	March 31, 2018		December 31, 2017		Horizontal Analysis		Vertical Analysis	
	Unaudited	Audited	Inc (Dec)	%	2018	2017		
ASSETS								
Current Assets								
Cash and cash equivalents	P 3,487,987	P 3,711,248	(223,261)	-6.0%	7.9%	8.5%		
Investments held for trading	2,291,844	2,279,666	12,178	0.5%	5.2%	5.2%		
Receivables	2,372,389	2,095,784	276,605	13.2%	5.4%	4.8%		
Current portion of finance lease receivable	1,690,928	1,689,973	955	0.1%	3.8%	3.9%		
Real estate for sale	596,603	643,265	(46,662)	-7.3%	1.4%	1.5%		
Other current assets	1,492,942	1,347,963	144,979	10.8%	3.4%	3.1%		
	11,932,693	11,767,899	164,794	1.4%	27.2%	26.9%		
Noncurrent Assets								
Finance lease receivable - net of current portion	16,464,247	16,393,208	71,039	0.4%	37.5%	37.5%		
Intangible asset	4,931,177	5,001,237	(70,060)	-1.4%	11.2%	11.4%		
Land held for future development	3,100,314	3,099,166	1,148	0.0%	7.1%	7.1%		
Available for sale financial assets	2,336,794	2,475,287	(138,493)	-5.6%	5.3%	5.7%		
Investment properties	1,869,025	1,869,025	-	0.0%	4.3%	4.3%		
Goodwill	1,832,261	1,832,261	-	0.0%	4.2%	4.2%		
Property and equipment	597,729	648,444	(50,715)	-7.8%	1.4%	1.5%		
Investments in and advances to associates - net	340,755	77,975	262,780	337.0%	0.8%	0.2%		
Deferred tax asset	19,932	13,414	6,518	48.6%	0.0%	0.0%		
Pension asset	-	15,440	(15,440)	n/a	0.0%	0.0%		
Other noncurrent assets	505,821	540,337	(34,516)	-6.4%	1.2%	1.2%		
	31,998,055	31,965,794	32,261	0.1%	72.8%	73.1%		
TOTAL ASSET	P 43,930,748	P 43,733,693	197,055	0.5%	100.0%	100.0%		
LIABILITIES AND EQUITY								
Current Liabilities								
Trade and other current liabilities	P 2,055,147	P 2,011,183	43,964	2.2%	4.7%	4.6%		
Loans payable	3,800,017	2,500,017	1,300,000	52.0%	8.7%	5.7%		
Estimated liability on construction costs	18,646	18,646	-	0.0%	0.0%	0.0%		
Income tax payable	74,018	29,434	44,584	151.5%	0.2%	0.1%		
Current portion of:								
Long-term debt	1,056,944	1,056,944	-	0.0%	2.4%	2.4%		
Obligations under finance lease	25,837	39,489	(13,652)	-34.6%	0.1%	0.1%		
	7,030,609	5,655,713	1,374,896	24.3%	16.0%	12.9%		
Noncurrent portion of:								
Long-term debt	4,775,694	5,202,431	(426,737)	-8.2%	10.9%	11.9%		
Obligations under finance lease	35,374	35,374	-	0.0%	0.1%	0.1%		
Pension liability	11,948	24,102	(12,154)	-50.4%	0.0%	0.1%		
Deferred tax liabilities	2,319,589	2,220,559	99,030	4.5%	5.3%	5.1%		
Other noncurrent liability	234,366	234,340	26	0.0%	0.5%	0.5%		
	7,376,971	7,716,806	(339,835)	-4.4%	16.8%	17.6%		
TOTAL LIABILITIES	14,407,580	13,372,519	1,035,061	7.7%	32.8%	30.6%		
Equity								
Attributable to equity holders of parent:								
Common stock	10,561,000	10,561,000	-	0.0%	24.0%	24.1%		
Additional paid-in capital	5,503,731	5,503,731	-	0.0%	12.5%	12.6%		
Treasury stock	(181,185)	(181,185)	-	0.0%	-0.4%	-0.4%		
Equity share in cost of Parent Company shares held by associates	(2,501)	(2,501)	-	0.0%	0.0%	0.0%		
Cost of Parent Company common and preferred shares held by subsidiaries	(1,633,421)	(1,585,336)	(48,085)	3.0%	-3.7%	-3.6%		
Unrealized gain on available-for-sale financial assets - net	1,227,826	1,365,375	(137,549)	-10.1%	2.8%	3.1%		
Other reserves	3,045,886	3,045,886	-	0.0%	6.9%	7.0%		
Excess of net asset value of an investment over cost	252,040	252,040	-	0.0%	0.6%	0.6%		
Retained Earnings	7,656,398	8,194,187	(537,789)	-6.6%	17.4%	18.7%		
Total equity attributable to equity holders of the Parent	26,429,774	27,153,197	(723,423)	-2.7%	60.2%	62.1%		
Non-controlling interests	3,093,394	3,207,977	(114,583)	-3.6%	7.0%	7.3%		
Total Equity	29,523,168	30,361,174	(838,006)	-2.8%	67.2%	69.4%		
TOTAL LIABILITIES AND EQUITY	P 43,930,748	P 43,733,693	197,055	0.5%	100.0%	100.0%		

ASSETS

Total assets of the Company increased by ₱197.0 million (0.5%) to ₱43,930.7 million as of March 31, 2018, from ₱43,733.7 million as of December 31, 2017.

Cash and Cash equivalents

Cash and cash equivalents decreased by ₱223.3 million (4%), to ₱3,488.0 million as of March 31, 2018 from ₱3,711.2 million as of December 31, 2017, due to the regular cash dividend payment of ₱1,267.3 million on March 23, 2018.

Investments Held for Trading

Investments Held for Trading were essentially unchanged, at ₱2,291.8 million as of March 31, 2018 and ₱2,279.7 million as of December 31, 2017 (for a change of ₱12.1 million or less than 1%). This account consists of investments of the Parent Company in Tagaytay Highlands International Golf Club, Inc. ("Tagaytay Highlands"), Tagaytay Midlands Golf Club Inc. ("Midlands"), The Country Club at Tagaytay Highlands, Inc. ("Country Club"), and investments of Pacific Online in listed shares of LRWC, Vantage Equities, Inc., DFNN, Inc., ISM Communications Corp. and Philippine Long Distance Telephone Company.

Finance Lease Receivables

Due to requirements under Philippine Accounting Standards 17 (PAS 17), management accounts for its lease agreement with MRP for the City of Dreams Manila buildings as a finance lease, even though there is neither a requirement nor any intention to transfer title therefor to Melco or MRP. The Company thus recorded a finance lease receivable in March 2013 equivalent to the estimated fair value of the leased property, amounting to ₱9.4 billion for the Phase 1 building structure of City of Dreams Manila. In January 2015, the Company recorded a finance lease receivable, amounting to ₱5.3 billion for the estimated fair value of the Phase 2 building structure of City of Dreams Manila. Fair valuation was determined by discounting minimum lease payments at the inception date of the lease agreement.

Receivables

Receivables increased by ₱276.6 million (13%), to ₱2,291.8 million as of March 31, 2018 from ₱2,095.8 million as of December 31, 2017. The increase was mainly due to increases in trade receivables from real estate sales.

Real Estate for Sale

Real estate for sale decreased by ₱46.7 million (7%), to ₱596.6 million as of March 31, 2018 from ₱643.3 million as of December 31, 2017, due to real estate sales offset by project development in the Midlands and Greenlands areas.

Available-for-sale Financial Assets

Available-for-sale financial assets decreased by ₱138.5 million (6%), to ₱2,336.8 million as of March 31, 2018 from ₱2,475.3 million as of December 31, 2017, which was attributable to the decrease in market price of the investments. Belle still held 61.8 million shares of SMPH as of March 31, 2018.

Intangible Asset

This pertains to the cost of the PAGCOR License to operate integrated resorts that was granted by PAGCOR to PLAI. Belle and MRP are Co-Licensees under PLAI's PAGCOR License. As part of PLAI's practice of regular and continuous review of existing contracts, PLAI implemented an initiative to change its amortization policy to align the life of the license with the PAGCOR charter, which is renewable for another 25 years upon its expiration in 2033. Amortization of the

intangible asset on the License started on December 14, 2014, which is the effectivity date of the Notice to Commence Casino Operations granted by PAGCOR. Amortization expense for the three months ended March 31, 2018 amounted to ₱29.0 million.

Goodwill

The Company recognized goodwill amounting to ₱1,832.3 million as of March 31, 2018, as a result of consolidating Pacific Online.

Other Assets

Other assets increased by ₱110.5 million (6%), to ₱1,998.8 million as of March 31, 2018 from ₱1,888.3 million as of December 31, 2017, mainly due to an increase in advances to contractors.

LIABILITIES

Total liabilities increased by ₱1,035.1 million (8%), to ₱14,407.6 million as of March 31, 2018 from ₱13,372.5 million as of December 31, 2017, due mainly to additional borrowings from local banks.

Trade and Other Current Liabilities

Trade and other current liabilities increased by ₱44.0 million (2%) to ₱2,055.1 million as of March 31, 2018, from ₱2,011.2 million as of December 31, 2017, due mainly to the increase in trade payables.

Loans Payable and Long-Term Debt

Total debt, amounting to ₱9,693.9 million as of March 31, 2018, consists of ₱9,632.7 million in Peso loans of Belle from various local financial institutions, with an average interest rate of approximately 4.92% per annum during the first quarter of 2018, and ₱61.2 million in finance lease obligations of Pacific Online. The outstanding amount of total debt increased by ₱859.3 million (10%) from ₱8,834.6 million as of December 31, 2017 due to availment of new loans and long term-debt. Pacific Online's finance lease obligations pertain to its lottery equipment under finance lease accounting. This decreased by ₱13.7 million (18%), from ₱74.9 million as of December 31, 2017 to ₱61.2 million as of March 31, 2018, due to the amortization of principal therein.

EQUITY

The Company's shareholders' equity as of March 31, 2018 of ₱29,523.2 million was lower by ₱838.0 million (3%), compared to its shareholders' equity of ₱30,361.2 million as of December 31, 2017, due to the Company's ₱1,267.3 million regular cash dividend paid to its shareholders on March 23, 2018, offset by the consolidated net income recognized for the three months ended March 31, 2018 amounting to ₱857.6 million. Excluding the dividend, the Company's shareholders' equity as of March 31, 2018 would have been ₱30,791.5 million, or approximately ₱429.3 million (1%) higher than at December 31, 2017.

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

	Manner by which the Company calculates the key performance indicators	31 March 2018 (unaudited)	31 March 2017 (unaudited)	31 December 2017 (audited)
Asset to equity ratio	Total assets over equity	1.49: 1.00	1.48 : 1.00	1.44: 1.00
Current or Liquidity ratio	Current assets over current liabilities	1.70 : 1.00	1.65 : 1.00	2.08: 1.00
Debt-to-equity ratio	Interest-bearing debt over equity	0.33 : 1.00	0.35 : 1.00	0.29: 1.00
Net debt-to-equity ratio	Interest-bearing debt less cash and cash equivalents	0.21 : 1.00	0.30 : 1.00	0.17: 1.00
Interest rate coverage ratio	EBIT over interest expense	9.26 :1.00	10.23:1.00	9.49:1.00
Return on assets	Annualized net income over average total assets during the period	7.8%	7.5%	8.2%
Return on equity	Annualized net income over average equity during the period	11.4%	11.2%	12.1%

The Company does not foresee any cash flow or liquidity problems over the next twelve months. As of March 31, 2018, consolidated total debt of the Company of ₱9,693.9 million was comprised of borrowings from renewable short-term bank loans of ₱3,800.0 million, amortizing term loans from banks of ₱5,832.8 million and obligations under finance lease of ₱61.2 million. Belle has real estate projects, lease agreements and interests in subsidiaries from which it expects to generate cash flow sufficient for its foreseeable requirements. Meanwhile, the Company continues to be in compliance with the terms of all of its debt obligations.

As of March 31, 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:

- Any Known Trends, Events or Uncertainties (Material Impact on Liquidity) Material commitments for capital expenditures that are reasonably expected to have a material impact on the Company's short-term or long-term liquidity;
- Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.
- All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

- Description of any material commitments for capital expenditures, general purpose of such commitments, expected sources of funds for such expenditures:
- Any Known Trends, Events or Uncertainties (Material Impact on Sales)
- Any Significant Elements of Income or Loss (from continuing operations)

PART II - OTHER INFORMATION

Financial Risk Management Objectives and Policies

The Company's principal financial assets and financial liabilities are composed of cash and cash equivalents, receivables, investments held for trading, AFS financial assets, trade and other current liabilities, loans payables, long-term debt, nontrade liability, installment payable, obligations under finance lease and assignment of receivables with recourse. The main purpose of these financial assets and financial liabilities is to raise finances for the Company's operations. The Company has various other financial assets and financial liabilities such as receivables, advances to associates and other related parties and trade and other liabilities, which arise directly from its real estate operations.

The main risks arising from the Company's financial assets and financial liabilities are interest rate risk, foreign currency risk, equity price risk, credit risk and liquidity risk. The Company's BOD and management review and agree on the policies for managing each of these risks and these are summarized below.

Interest Rate Risk. Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial assets and financial liabilities. The Company's exposure to interest rate risk relates primarily to the Company's long-term debt which is subject to cash flow interest rate risk. Re-pricing of FRNs is done every nine months while re-pricing of long-term debt is normally done every three months.

The Company's policy is to manage its interest cost by limiting its borrowings.

Foreign Currency Risk. Foreign currency risk is the risk that the fair value or future cash flows of financial asset or financial liability will fluctuate due to changes in foreign exchange rates.

It is the Company's policy to ensure that capabilities exist for active but conservative management of its foreign currency risk. The Company seeks to mitigate its transactional currency exposure by maintaining its costs at consistently low levels, regardless of any upward or downward movement in the foreign currency exchange rate.

Equity Price Risk. Equity price risk is the risk that the fair value of quoted investments held for trading decreases as a result of changes in the value of individual stock. The Company's exposure to equity price risk relates primarily to the Company's investments held for trading. 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.

Credit Risk. Credit risk is the risk that the Company will incur a loss because its customers or counterparties fail to discharge their contractual obligations. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant. The Company does not offer credit terms without the specific approval of the management. There is no significant concentration of credit risk.

In the Company's real estate business, title to the property is transferred only upon full payment of the purchase price. There are also provisions in the sales contract which allow forfeiture of installments/deposits made by the customer in favor of the Company and retain ownership of

the property. The Company has the right to sell, assign or transfer to third party and any interest under sales contract, including its related receivables from the customers. The Company's primary target customers are high-income individuals and top corporations, in the Philippines and overseas. These measures minimize the credit risk exposure or any margin loss from possible default in the payments of installments.

Trade receivables from sale of real estate units are secured with pre-completed property units. The legal title and ownership of these units will only be transferred to the customers upon full payment of the contract price. Receivables from sale of club shares are secured by the shares held by the Company. For other receivables, since the Company trades only with recognized third parties, there is no requirement for collateral.

With respect to credit risk arising from the financial assets of the Company, which comprise of cash and cash equivalents, short-term investments, receivables, finance lease receivables, advances to associates and other related parties and AFS financial assets, deposits and guarantee bonds, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying value of these financial assets.

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 another financial asset. The Company seeks to manage its liquidity profile to be able to finance its capital expenditures and service its maturing debts. The Company's objective is to maintain a balance between continuity of funding and flexibility through valuation of projected and actual cash flow information. The Company considers obtaining borrowings as the need arises.

Fair Value of Financial Assets and Financial Liabilities

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 or 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.

Set out below is a comparison by category and by class of carrying values and fair values of all the Company's financial assets and liabilities:

	March 31, 2018		December 31, 2017	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets	<i>In thousands</i>		<i>In thousands</i>	
Assets measured at fair value:				
Investments held for trading	2,291,844	2,245,760	2,279,666	2,279,666
AFS Financial assets	2,336,794	2,026,944	2,475,287	2,475,287
Assets for which fair value is disclosed:				
Receivables - trade	2,372,389	2,372,389	2,091,166	2,091,166
Finance lease receivable	18,155,175	17,744,165	18,083,181	18,083,181
Liabilities				
Liabilities for which fair value is disclosed:				
Long-term debt	5,832,638	5,832,638	6,259,375	6,259,375
Obligations under finance lease	61,211	61,211	74,863	74,863

Fair value is defined as the amount at which the financial assets and financial liabilities 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 other valuation models, as appropriate.

The following methods and assumptions are used to estimate the fair value of each class of financial assets and financial liabilities:

Cash and Cash Equivalents, Short-term Investments, Advances to Associates, Receivables, Loans Payable and Trade and Other Current Liabilities. The carrying values of these financial assets approximate their fair values due to the relatively short-term maturities of these financial assets and financial liabilities.

Trade Receivables and Finance Lease Receivable. The fair value of these instruments is determined by discounting the estimated cash flows using prevailing interest rates as at reporting dates.

Investments Held for Trading and AFS Financial Assets. The fair values of investments held for trading and AFS financial assets in quoted equity shares are based on quoted prices in the PSE or those shares whose prices are readily available from brokers or other regulatory agency as at reporting date. There are no quoted market prices for the unlisted shares and there are no other reliable sources of their fair values, therefore, these are carried at cost, net of any impairment loss.

Nontrade Liability. The fair value of nontrade liability is determined by discounting estimated cash flows using prevailing interest rates as at reporting dates.

Long-term Debt. The fair value of long-term debt is determined by discounting the obligations' expected future cash flows using prevailing interest rates as at reporting dates.

Obligations under Finance Lease. The fair value of installment payable and obligations under finance lease with fixed interest rate is based on the discounted net present value of cash flows using the prevailing MART 2 rates as at reporting dates.

Determination of Fair Value and Fair Value Hierarchy

The Company has Investments held for trading and AFS investments in quoted equity securities recorded at Level 1 fair value. These are the only financial assets and financial liabilities carried at fair value.

Other Required Disclosures

A.) The attached interim financial reports were prepared in compliance with Philippine Financial Reporting Standards (PFRS). 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 the following PFRS standards enumerated below does not have significant impact on its consolidated financials statements which are effective January 1, 2018.

- i. Amendments to PFRS 2, Share-based Payment, Classification and Measurement of Share-based Payment Transactions
- ii. Amendments to PFRS 4, Insurance Contracts, Applying PFRS 9, Financial Instruments, with PFRS 4
- iii. PFRS 9, *Financial Instruments*
- iv. PFRS 15, Revenue from Customers
- v. Amendments to PAS 28, Measuring an Associate or Joint Venture at Fair Value (Part of Annual Improvements to PFRSs 2014 - 2016 Cycle)
- vi. Amendments to PAS 40, Investment Property, Transfers of Investment Property
- vii. Philippine Interpretation International Financial Reporting Interpretations Committee (IFRIC)-22, Foreign Currency Transactions and Advance Consideration

The Company will adopt PFRS 16, *Leases* when this become effective. Except as otherwise indicated, the Company does not expect the adoption of these new and amended PFRS to have significant impact on its consolidated financial statements.

The Company continues to assess the impact of the above new, amended and improved accountings standards effective subsequent to December 31, 2017 on its consolidated financial statements in the period of initial application. Additional disclosures required by these amendments will be included in the Company's consolidated financial statements when these amendments are adopted.


- 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 issuances, repurchases and repayments of debt and equity securities.

- E.) There were no material events subsequent to March 31, 2018 up to the date of this report that needs disclosure herein.
- F.) There were no changes in contingent liabilities or contingent assets since March 31, 2018.
- G.) There exist no material contingencies affecting the current interim period.

SIGNATURES

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.

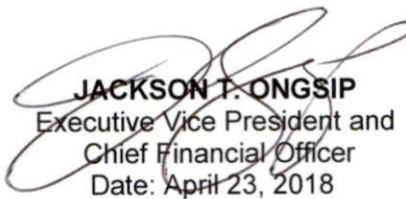
Issuer: **BELLE CORPORATION**



WILLY N. OCIER
Vice Chairman
Date: April 23, 2018



MANUEL A. GANA
President and Chief Executive Officer
Date: April 23, 2018



JACKSON T. ONGSIP
Executive Vice President and
Chief Financial Officer
Date: April 23, 2018

BELLE CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of March 31, 2018

(With Comparative Audited Figures as of December 31, 2017)

(Amounts in Thousands)

	March 31, 2018		December 31, 2017		Horizontal Analysis		Vertical Analysis	
		Unaudited	Audited		Inc (Dec)	%	2018	2017
ASSETS								
Current Assets								
Cash and cash equivalents	P	3,487,987	P	3,711,248	(223,261)	-6.0%	7.9%	8.5%
Investments held for trading		2,291,844		2,279,666	12,178	0.5%	5.2%	5.2%
Receivables		2,372,389		2,095,784	276,605	13.2%	5.4%	4.8%
Current portion of finance lease receivable		1,690,928		1,689,973	955	0.1%	3.8%	3.9%
Real estate for sale		596,603		643,265	(46,662)	-7.3%	1.4%	1.5%
Other current assets		1,492,942		1,347,963	144,979	10.8%	3.4%	3.1%
		11,932,693		11,767,899	164,794	1.4%	27.2%	26.9%
Noncurrent Assets								
Finance lease receivable - net of current portion		16,464,247		16,393,208	71,039	0.4%	37.5%	37.5%
Intangible asset		4,931,177		5,001,237	(70,060)	-1.4%	11.2%	11.4%
Land held for future development		3,100,314		3,099,166	1,148	0.0%	7.1%	7.1%
Available for sale financial assets		2,336,794		2,475,287	(138,493)	-5.6%	5.3%	5.7%
Investment properties		1,869,025		1,869,025	-	0.0%	4.3%	4.3%
Goodwill		1,832,261		1,832,261	-	0.0%	4.2%	4.2%
Property and equipment		597,729		648,444	(50,715)	-7.8%	1.4%	1.5%
Investments in and advances to associates - net		340,755		77,975	262,780	337.0%	0.8%	0.2%
Deferred tax asset		19,932		13,414	6,518	48.6%	0.0%	0.0%
Pension asset		-		15,440	(15,440)	n/a	0.0%	0.0%
Other noncurrent assets		505,821		540,337	(34,516)	-6.4%	1.2%	1.2%
		31,998,055		31,965,794	32,261	0.1%	72.8%	73.1%
TOTAL ASSET	P	43,930,748	P	43,733,693	197,055	0.5%	100.0%	100.0%
LIABILITIES AND EQUITY								
Current Liabilities								
Trade and other current liabilities	P	2,055,147	P	2,011,183	43,964	2.2%	4.7%	4.6%
Loans payable		3,800,017		2,500,017	1,300,000	52.0%	8.7%	5.7%
Estimated liability on construction costs		18,646		18,646	-	0.0%	0.0%	0.0%
Income tax payable		74,018		29,434	44,584	151.5%	0.2%	0.1%
Current portion of:								
Long-term debt		1,056,944		1,056,944	-	0.0%	2.4%	2.4%
Obligations under finance lease		25,837		39,489	(13,652)	-34.6%	0.1%	0.1%
		7,030,609		5,655,713	1,374,896	24.3%	16.0%	12.9%
Noncurrent portion of:								
Long-term debt		4,775,694		5,202,431	(426,737)	-8.2%	10.9%	11.9%
Obligations under finance lease		35,374		35,374	-	0.0%	0.1%	0.1%
Pension liability		11,948		24,102	(12,154)	-50.4%	0.0%	0.1%
Deferred tax liabilities		2,319,589		2,220,559	99,030	4.5%	5.3%	5.1%
Other noncurrent liability		234,366		234,340	26	0.0%	0.5%	0.5%
		7,376,971		7,716,806	(339,835)	-4.4%	16.8%	17.6%
TOTAL LIABILITIES		14,407,580		13,372,519	1,035,061	7.7%	32.8%	30.6%
Equity								
Attributable to equity holders of parent:								
Common stock		10,561,000		10,561,000	-	0.0%	24.0%	24.1%
Additional paid-in capital		5,503,731		5,503,731	-	0.0%	12.5%	12.6%
Treasury stock		(181,185)		(181,185)	-	0.0%	-0.4%	-0.4%
Equity share in cost of Parent Company shares held by associates		(2,501)		(2,501)	-	0.0%	0.0%	0.0%
Cost of Parent Company common and preferred shares held by subsidiaries		(1,633,421)		(1,585,336)	(48,085)	3.0%	-3.7%	-3.6%
Unrealized gain on available-for-sale financial assets - net		1,227,826		1,365,375	(137,549)	-10.1%	2.8%	3.1%
Other reserves		3,045,886		3,045,886	-	0.0%	6.9%	7.0%
Excess of net asset value of an investment over cost		252,040		252,040	-	0.0%	0.6%	0.6%
Retained Earnings		7,656,398		8,194,187	(537,789)	-6.6%	17.4%	18.7%
Total equity attributable to equity holders of the Parent		26,429,774		27,153,197	(723,423)	-2.7%	60.2%	62.1%
Non-controlling interests		3,093,394		3,207,977	(114,583)	-3.6%	7.0%	7.3%
Total Equity		29,523,168		30,361,174	(838,006)	-2.8%	67.2%	69.4%
TOTAL LIABILITIES AND EQUITY	P	43,930,748	P	43,733,693	197,055	0.5%	100.0%	100.0%

BELLE CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands, Except Per Share Amounts)

	For the three months ended March		Horizontal Analysis		Vertical Analysis	
	2018	2017	Increase (Decrease)	2018	2017	
REVENUE						
Gaming revenue share	P 664,337	P 721,871	(57,534)	-8.0%	32.9%	36.3%
Interest income on finance lease accounting	526,574	511,627	14,947	2.9%	26.1%	25.7%
Equipment rental and instant scratch ticket sales (POSC)	439,855	461,868	(22,013)	-4.8%	21.8%	23.2%
Sale of real estate	170,181	121,734	48,447	39.8%	8.4%	6.1%
Distribution and commission income (POSC)	119,940	78,222	41,718	53.3%	5.9%	3.9%
Lease income	47,505	47,505	-	0.0%	2.4%	2.4%
Revenue from property management	31,257	26,515	4,742	17.9%	1.5%	1.3%
Others	17,863	17,628	235	1.3%	0.9%	0.9%
TOTAL REVENUES	2,017,512	1,986,970	30,542	1.5%	100.0%	100.0%
COST OF GAMING OPERATIONS	(72,585)	(96,728)	(24,143)	-25.0%	-3.6%	-4.9%
COST OF LEASE INCOME	(66,130)	(51,313)	14,817	-28.9%	-3.3%	-2.6%
COST OF LOTTERY SERVICES	(339,011)	(259,423)	79,588	-30.7%	-16.8%	-13.1%
COST OF REAL ESTATE SOLD	(99,689)	(59,817)	39,872	66.7%	-4.9%	-3.0%
COST OF PROPERTY MANAGEMENT SERVICES	(19,863)	(15,101)	4,762	31.5%	-1.0%	-0.8%
GENERAL AND ADMINISTRATIVE EXPENSES	(336,003)	(399,290)	(63,287)	-15.8%	-16.7%	-20.1%
TOTAL COSTS AND EXPENSES	(933,281)	(881,672)	51,609	5.9%	-39.4%	-36.9%
INCOME FROM OPERATIONS	1,084,231	1,105,298	(21,067)	1.9%	60.6%	63.1%
PAYMENTS TO ABLGI/ACCRETION OF NONTRADE LIABILITY	-	(107,608)	(107,608)	-100.0%	0.0%	-5.4%
UNREALIZED GAIN (LOSS) ON MARKETABLE SECURITIES	32,082	3,848	28,234	733.7%	1.6%	0.2%
INTEREST EXPENSE AND OTHER FINANCE CHARGES	(121,903)	(101,124)	20,779	20.5%	-6.0%	-5.1%
INTEREST INCOME	12,761	9,900	2,861	28.9%	0.6%	0.5%
GAIN ON SALE OF AFS FINANCIAL INVESTMENTS	-	23,211	(23,211)	-100.0%	0.0%	1.2%
NET FOREIGN EXCHANGE LOSS	28	79	(51)	-64.6%	0.0%	0.0%
OTHER INCOME (CHARGES)	12,494	9,266	3,228	34.8%	0.6%	0.5%
INCOME BEFORE INCOME TAX	1,019,693	942,870	76,823	8.1%	50.5%	47.5%
PROVISION FOR INCOME TAXES						
Current	63,166	61,746	1,420	2.3%	3.1%	3.1%
Deferred	99,030	98,606	424	0.4%	4.9%	5.0%
	162,196	160,352	1,844	1.1%	8.0%	8.1%
NET INCOME	P 857,497	P 782,518	74,979	9.6%	42.5%	39.4%
OTHER COMPREHENSIVE INCOME						
Unrealized gain on available for sale financial assets - net	(137,247)	31,080	(168,327)	-541.6%	-6.8%	1.6%
	(137,247)	31,080	(168,327)	-541.6%	-6.8%	1.6%
TOTAL COMPREHENSIVE INCOME	P 720,250	P 813,598	(93,348)	-11.5%	35.7%	40.9%
Net profit attributable to:						
Equity holders of the parent	P 683,891	P 621,681	62,210	10.0%	33.9%	31.3%
Non-Controlling Interests	173,606	160,837	12,769	-7.9%	8.6%	8.1%
	P 857,497	P 782,518	74,979	9.6%	42.5%	39.4%
Total comprehensive income attributable to:						
Equity holders of the parent	P 546,342	P 643,257	(96,915)	-15.1%	27.1%	32.4%
Non-Controlling Interests	173,908	170,341	3,567	-2.1%	8.6%	8.6%
	P 720,250	P 813,598	(93,348)	-11.5%	35.7%	40.9%
Basic Earnings Per Share	P 0.07	P 0.06				

BELLE CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2018 AND MARCH 31, 2017

(Amounts in Thousands)

	Attributable to Equity Holders of the Parent												Non-controlling Interests	Total Equity
	Common Stock	Additional Paid-in Capital	Treasury Shares	Equity Share in Cost of Parent Company Shares Held by Associates	Cost of Parent Company and Preferred Shares Held by Subsidiaries	Unrealized Gain on Available-for-Sale Financial Assets – net	Share in Unrealized Gain (Loss) on Available-for-Sale Financial Assets of Associates	Remeasurement of Pension Income (Expense)	Transactions with Non-Controlling Interests	Excess of Cost over Net Asset Value of an Investment	Retained Earnings	Total		
Balance at December 31, 2016	P10,561,000	P5,503,731	(P181,185)	(P2,501)	(P1,758,264)	P836,876	P14,061	(P7,012)	P3,075,776	P252,040	P6,289,302	P24,583,824	P3,159,958	P27,743,782
Purchase of treasury shares by subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(205,524)	(205,524)
Disposal of Parent Company shares held by subsidiaries	-	-	-	-	108,132	-	-	-	-	-	-	108,132	-	108,132
Cash dividends	-	-	-	-	-	-	-	-	-	-	(987,876)	(987,876)	(179,698)	(1,167,574)
Net income	-	-	-	-	-	-	-	-	-	-	621,681	621,681	160,837	782,518
Unrealized gain on available-for-sale financial assets – net	-	-	-	-	-	14,466	-	-	-	-	-	14,466	9,504	23,970
Balance at March 31, 2017	P10,561,000	P5,503,731	(P181,185)	(P2,501)	(P1,650,132)	P851,342	P14,061	(P7,012)	P3,075,776	P252,040	P5,923,107	P24,340,227	P2,945,077	P27,285,304

	Attributable to Equity Holders of the Parent												Non-controlling Interests	Total Equity
	Common Stock	Additional Paid-in Capital	Treasury Shares	Equity Share in Cost of Parent Company Shares Held by Associates	Cost of Parent Company and Preferred Shares Held by Subsidiaries	Unrealized Gain on Available-for-Sale Financial Assets – net	Share in Unrealized Gain (Loss) on Available-for-Sale Financial Assets of Associates	Remeasurement of Pension Income (Expense)	Transactions with Non-Controlling Interests	Excess of Cost over Net Asset Value of an Investment	Retained Earnings	Total		
Balance at December 31, 2017	P10,561,000	P5,503,731	(P181,185)	(P2,501)	(P1,585,336)	P1,365,375	P14,061	(P12,303)	P3,044,128	P252,040	P8,194,187	P27,153,197	P3,207,977	P30,361,174
Purchase of treasury shares by subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(11,391)	(11,391)
Disposal of Parent Company shares held by subsidiaries	-	-	-	-	(48,085)	-	-	-	-	-	-	(48,085)	-	(48,085)
Cash dividends	-	-	-	-	-	-	-	-	-	-	(1,221,680)	(1,221,680)	(277,100)	(1,498,780)
Net income	-	-	-	-	-	-	-	-	-	-	683,891	683,891	173,606	857,497
Unrealized gain on available-for-sale financial assets – net	-	-	-	-	-	(137,549)	-	-	-	-	-	(137,549)	392	(137,247)
Balance at March 31, 2018	P10,561,000	P5,503,731	(P181,185)	(P2,501)	(P1,633,421)	P1,227,826	P14,061	(P12,303)	P3,044,128	P252,040	P7,656,398	P26,429,774	P3,167,780	P29,523,168

BELLE CORPORATION AND SUBSIDIARIES**UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Amounts in Thousands)

	For the Three-Month Periods Ended March 31	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱1,019,693	₱942,870
Adjustments for:		
Interest income on finance lease	(526,574)	(511,627)
Interest expense	121,903	101,124
Depreciation and amortization	100,676	84,161
Unrealized mark-to-market gain on investments held for trading	(32,082)	(3,848)
Interest income	(12,761)	(9,900)
Amortization of discount on trade receivables	(16,380)	(10,835)
Pension cost	3,286	4,774
Dividend income	(2,890)	(2,684)
Gain on sale of available-for-sale investments	—	(23,211)
Working capital adjustments:		
Decrease (increase) in:		
Receivables	194,355	301,406
Real estate for sale	45,514	1,343
Club shares	9,779	5,561
Other assets	(105,066)	(16,059)
Decrease in trade and other current liabilities	43,990	240,960
Net cash generated from operations	843,443	1,104,035
Interest received	12,761	9,900
Contributions to the retirement fund	—	—
Net cash provided by (used in) operating activities	856,204	1,113,935
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease (increase) in investment in associate	(262,780)	66
Expenditures on investment properties	—	(23)
Proceeds from sale of investments held for trading	10,125	—
Acquisitions of:		
Property and equipment	(9,152)	(18,016)
Intangible asset	—	(310,000)
Investment held for trading	—	(14,763)
Proceeds from disposal of available-for-sale financial assets	—	64,945
Dividends received	2,890	2,684
Net cash used in investing activities	(258,917)	(275,239)

**For the Three-Month Periods
Ended March 31**

	2018	2017
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of:		
Long-term debt and loans payable	(₱426,737)	(₱315,625)
Interest	(121,903)	(101,124)
Dividends paid	(1,498,780)	(1,167,132)
Long-term debt proceeds	1,300,000	3,000,000
Disposal (acquisition) of Parent Company shares held by a subsidiary	(48,085)	108,132
Acquisition of treasury shares of subsidiaries	(11,391)	(205,523)
Increase (decrease) in:		
Obligations under finance lease	(13,652)	(11,715)
Nontrade liability	-	(3,720,000)
Net cash used in financing activities	(820,548)	(2,455,431)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(223,261)	(1,616,735)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	3,711,248	2,953,262
CASH AND CASH EQUIVALENTS AT END OF YEAR	₱3,487,987	₱1,336,527

RECEIVABLES AGING

March 31, 2018

Project	Current	Past Due But not Impaired	Grand Total
ALTA	20,961,629.21	(1,245,870.81)	19,715,758.40
CCH	221,925.89	698,499.98	920,425.87
COTS	8,242,993.12	10,630,785.91	18,873,779.03
ENCL	1,158,168.00	1,776,469.35	2,934,637.35
FAIR	16,345,941.92	20,056,195.79	36,402,137.71
KATS	39,075,076.25	35,249,720.11	74,324,796.36
KEWG	5,093,868.67	943,131.91	6,037,000.58
NOBH	17,398,657.46	6,557,871.77	23,956,529.23
PARK	9,284,816.28	7,597,558.76	16,882,375.04
PLAN	17,439,657.22	11,084,182.95	28,523,840.17
SYCA	339,594,799.73	245,297,363.84	584,892,163.57
TERR	-	2,075,448.20	2,075,448.20
THIGCI	-	-	-
TIVO	4,883,774.31	9,630,888.68	14,514,662.99
TMGC	32,285,576.27	30,914,911.66	63,200,487.93
VERA	10,388,751.66	12,103,507.46	22,492,259.12
WOOD	19,148,989.31	(47,917,360.67)	(28,768,371.36)
YUME	18,694,127.92	13,279,724.30	31,973,852.22
Equipment rental and instant scratch ticket sales	499,648,588.00	-	499,648,588.00
Gaming revenue share receivable	403,987,464.00	-	403,987,464.00
Other receivable -FRE	27,901.23	-	27,901.23
City of Dreams Manila Lease	548,487,483.00	-	548,487,483.00
	2,012,370,189.45	358,733,029.20	2,371,103,218.65

Segment Information

The primary segment reporting format is presented based on business segments in which the Company's risks and rates of return are affected predominantly by differences in the products and services provided. Thus, the operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The Company is primarily in the businesses of real estate development, property management and gaming and gaming-related activities. Others pertain to investment companies which are mostly dormant. Segment revenue, segment expenses and segment performance include transfers among business segments. The transfers, if any, are accounted for at competitive market prices charged to unaffiliated customers for similar products. Such transfers are eliminated in consolidation.

The amounts of segment profit or loss are based on measurement principles that are similar to those used in measuring principles that are similar to those used in measuring profit or loss in the unaudited interim condensed consolidated financial statements, which are in accordance with PFRS. Financial information about the Company's business segments are shown below:

March 31, 2018 (Unaudited)					
	Real Estate Development and Property Management	Gaming and Gaming Related Activities	Others	Eliminations/ Adjustments	Consolidated
<i>(In Thousands)</i>					
Earnings Information					
Revenue	₱1,938,618	₱1,238,654	₱–	(1,159,760)	₱2,017,512
Costs and expenses	(245,665)	(718,663)	(13,338)	44,385	(933,281)
Interest expense	(136,248)	(177)	–	14,522	(121,903)
Interest income	1,703	11,041	17	–	12,761
Provision for income tax	110,474	51,722	–	–	162,196
Net profit for the year	1,379,678	556,349	22,321	(1,100,851)	857,497
Net profit attributable to equity holders of the parent	1,379,678	474,423	22,321	(1,192,531)	683,891
March 31, 2017 (Unaudited)					
<i>(In Thousands)</i>					
Earnings Information					
Revenue	₱1,438,336	₱1,281,707	₱–	(₱730,389)	₱1,989,654
Costs and expenses	(321,690)	(711,750)	–	44,160	(989,280)
Interest expense	(108,686)	–	–	7,562	(101,124)
Interest income	3,426	6,000	474	–	9,900
Provision for income tax	106,864	53,488	–	–	160,352
Net profit for the year	928,022	501,735	332	(647,571)	782,518
Net profit attributable to equity holders of the parent	928,022	424,963	332	(731,636)	621,681

The following illustrate the reconciliations of reportable segment revenues and net profit to the Company's corresponding amounts:

	March 31, 2018 (Unaudited)	March 31, 2017 (Unaudited)
<i>(in thousands)</i>		
Revenues		
Total revenue for reportable segments	₱2,045,534	₱2,720,043
Elimination for intercompany revenue	(28,022)	(730,389)
Total consolidated revenues	₱2,017,512	₱1,989,654

Net Profit for the Year

Total profit for reportable segments	₱1,958,348	₱1,430,089
Elimination for intercompany profits	(1,101,851)	(647,571)
Consolidated net profit	₱857,497	₱782,518

The Parent Company's Executive Committee, the chief operating decision maker of the Company, monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the unaudited interim condensed consolidated financial statements. However, financing (including interest expense and interest income) and income taxes are managed as a whole and are not allocated to operating segments. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Disclosure of the geographical information regarding the Company's revenues from external customers and total assets have not been provided since all of the Company's consolidated revenues are derived from operations within the Philippines.