

# 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, 2019
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  
662-8888
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	9,763,126,297

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, 2019
Currency (indicate units, if applicable)	PHP (in thousands)

### Balance Sheet

	Period Ended	Fiscal Year Ended (Audited)
	Mar 31, 2019	Dec 31, 2018
Current Assets	8,878,313	9,773,186
Total Assets	42,555,623	42,491,086
Current Liabilities	6,290,159	5,730,273
Total Liabilities	13,213,692	12,645,855
Retained Earnings/(Deficit)	9,678,967	10,221,830
Stockholders' Equity	29,341,931	29,845,231
Stockholders' Equity - Parent	26,193,270	26,470,806
Book Value per Share	2.68	2.66

**Income Statement**

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Gross Revenue	1,892,044	2,033,503	1,892,044	2,033,503
Gross Expense	984,463	959,206	984,463	959,206
Non-Operating Income	15,827	57,365	15,827	57,365
Non-Operating Expense	138,220	121,903	138,220	121,903
Income/(Loss) Before Tax	785,188	1,009,759	785,188	1,009,759
Income Tax Expense	84,921	159,216	84,921	159,216
Net Income/(Loss) After Tax	700,267	850,543	700,267	850,543
Net Income Attributable to Parent Equity Holder	620,711	676,937	620,711	676,937
Earnings/(Loss) Per Share (Basic)	0.07	0.07	0.07	0.07
Earnings/(Loss) Per Share (Diluted)	0.07	0.07	0.07	0.07

	Current Year (Trailing 12 months)	Previous Year (Trailing 12 months)
Earnings/(Loss) Per Share (Basic)	0.23	0.28
Earnings/(Loss) Per Share (Diluted)	0.23	0.28

**Other Relevant Information**

N/A

**Filed on behalf by:**

Name	ROSEMARIE ABUEVA
Designation	SENIOR ASST. VICE PRESIDENT

**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, 2019
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  
Province, Country or other jurisdiction of incorporation or organization
6. (SEC use only)  
Industry Classification Code:
7. 5/F, Tower A, Two E-Com Center, Palm Coast Avenue,  
Mall of Asia Complex CBP-1A, Pasay City  
Address of registrant's principal office 1300  
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

	<b>Number of Shares of Stock Outstanding</b>
Title of Each Class <b>Common Stock, ₱1.00 par value</b>	9,763,126,297
	<b>Amount of Debt Outstanding</b>
	₱7.1 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 [  ]      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, 2019 and March 31, 2018;
- b.) Consolidated Statements of Financial Position as of March 31, 2019 (unaudited) and December 31, 2018 (audited);
- c.) Unaudited Consolidated Statements of Changes in Equity for the three months ended March 31, 2019 and March 31, 2018; and
- d.) Unaudited Consolidated Statements of Cash Flows for the three months ended March 31, 2019 and March 31, 2018.

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

### March 31, 2019 versus March 31, 2018 Results of Operations (in thousands)

	For the three months ended March		Horizontal Analysis		Vertical Analysis	
	2019	2018	Increase (Decrease)		2019	2018
<b>REVENUE</b>						
Gaming revenue share	P 724,716	P 664,337	60,379	9.1%	38.3%	32.7%
Lease income - Building	619,077	-	619,077	n/a	32.7%	0.0%
Equipment rental and instant scratch ticket sales (POSC)	199,607	439,855	(240,248)	-54.6%	10.5%	21.6%
Sale of real estate	127,921	170,181	(42,260)	-24.8%	6.8%	8.4%
Distribution and commission income (POSC)	94,196	119,940	(25,744)	-21.5%	5.0%	5.9%
Lease income	49,001	47,505	1,496	3.1%	2.6%	2.3%
Revenue from property management	52,025	47,248	4,777	10.1%	2.7%	2.3%
Interest income on finance lease accounting	-	526,574	(526,574)	-100.0%	0.0%	25.9%
Others	25,501	17,863	7,638	42.8%	1.3%	0.9%
<b>TOTAL REVENUES</b>	<b>1,892,044</b>	<b>2,033,503</b>	<b>(141,459)</b>	<b>-7.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>COST OF GAMING OPERATIONS</b>	<b>(33,153)</b>	<b>(72,585)</b>	<b>(39,432)</b>	<b>-54.3%</b>	<b>-1.8%</b>	<b>-3.6%</b>
<b>COST OF LEASE INCOME</b>	<b>(185,110)</b>	<b>(75,910)</b>	<b>109,200</b>	<b>-143.9%</b>	<b>-9.8%</b>	<b>-3.7%</b>
<b>COST OF LOTTERY SERVICES</b>	<b>(257,755)</b>	<b>(339,011)</b>	<b>(81,256)</b>	<b>24.0%</b>	<b>-13.6%</b>	<b>-16.7%</b>
<b>COST OF REAL ESTATE SOLD</b>	<b>(64,050)</b>	<b>(99,689)</b>	<b>(35,639)</b>	<b>-35.8%</b>	<b>-3.4%</b>	<b>-4.9%</b>
<b>COST OF PROPERTY MANAGEMENT SERVICES</b>	<b>(33,193)</b>	<b>(35,854)</b>	<b>(2,661)</b>	<b>-7.4%</b>	<b>-1.8%</b>	<b>-1.8%</b>
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	<b>(411,202)</b>	<b>(336,157)</b>	<b>75,045</b>	<b>22.3%</b>	<b>-21.7%</b>	<b>-16.5%</b>
<b>TOTAL COSTS AND EXPENSES</b>	<b>(984,463)</b>	<b>(959,206)</b>	<b>25,257</b>	<b>2.6%</b>	<b>-52.0%</b>	<b>-47.2%</b>
<b>INCOME FROM OPERATIONS</b>	<b>907,581</b>	<b>1,074,297</b>	<b>(166,716)</b>	<b>15.5%</b>	<b>48.0%</b>	<b>52.8%</b>
<b>UNREALIZED GAIN ON FINANCIAL ASSET AT FAIR VALUE THROUGH</b>						
<b>PROFIT OR LOSS</b>	<b>2,476</b>	<b>32,082</b>	<b>(29,606)</b>	<b>-92.3%</b>	<b>0.1%</b>	<b>1.6%</b>
<b>INTEREST EXPENSE AND OTHER FINANCE CHARGES</b>	<b>(117,494)</b>	<b>(121,903)</b>	<b>(4,409)</b>	<b>-3.6%</b>	<b>-6.2%</b>	<b>-6.0%</b>
<b>INTEREST INCOME</b>	<b>13,351</b>	<b>12,761</b>	<b>590</b>	<b>4.6%</b>	<b>0.7%</b>	<b>0.6%</b>
<b>NET FOREIGN EXCHANGE LOSS</b>	<b>(11)</b>	<b>28</b>	<b>(39)</b>	<b>-139.3%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>OTHER INCOME (CHARGES)</b>	<b>(20,715)</b>	<b>12,494</b>	<b>(33,209)</b>	<b>-265.8%</b>	<b>-1.1%</b>	<b>0.6%</b>
<b>INCOME BEFORE INCOME TAX</b>	<b>785,188</b>	<b>1,009,759</b>	<b>(224,571)</b>	<b>-22.2%</b>	<b>41.5%</b>	<b>49.7%</b>
<b>PROVISION FOR INCOME TAXES</b>						
Current	50,519	63,166	(12,647)	-20.0%	2.7%	3.1%
Deferred	34,402	96,050	(61,648)	-64.2%	1.8%	4.7%
	<b>84,921</b>	<b>159,216</b>	<b>(74,295)</b>	<b>-46.7%</b>	<b>4.5%</b>	<b>7.8%</b>
<b>NET INCOME</b>	<b>P 700,267</b>	<b>P 850,543</b>	<b>(150,276)</b>	<b>-17.7%</b>	<b>37.0%</b>	<b>41.8%</b>

Consolidated revenues of Belle Corporation ("Belle" or the "Company") reached ₱1,892.0 million in the first quarter of 2019, down 6% compared to ₱2,033.5 million achieved in the same period in 2018. Although Belle continued to experience growth at City of Dreams Manila, its overall operating performance was affected by weaker results at Pacific Online Systems Corporation ("Pacific Online"), which leases online betting equipment to the Philippine Charity Sweepstakes Office for their lottery and keno operations. As a result, Belle's consolidated net income of ₱700.3 million for the first quarter of 2019 was 18% lower than the ₱850.5 billion reached for the first quarter of 2018.

Belle's gaming-focused subsidiary, Premium Leisure Corporation ("PLC"), registered an increase of 9% in its share in the gaming earnings of City of Dreams Manila, to ₱724.7 million for the first quarter of 2019 from ₱664.3 million in the comparable period in 2018. This, however, was offset by the performance of PLC's 50.1%-owned subsidiary, Pacific Online, which posted a 48% decrease in revenues, from ₱559.8 million in the first quarter of 2018 to ₱293.8 million for the first quarter of 2019. This was due largely to the effects of the TRAIN law implementation, which increased ticket prices and imposed taxes on winnings, as well as competition from the small town lottery in the areas where Pacific Online operates. Pacific Online is working closely with the Philippine Charity Sweepstakes Office and its network of agents to boost the attractiveness of the pari-mutuel games it offers, and is working to implement cost efficiency measures across its operations.

Belle's real estate operations, saw 8% increase in revenues, from ₱809.4 million in the first quarter of last year to ₱873.5 million for the first quarter the current year. Of this, ₱668.1 million came from Belle's lease of the land and buildings comprising City of Dreams Manila to the Philippine affiliate of Melco Resorts and Entertainment Limited ("Melco"), a 17% improvement over the first quarter of 2018. Belle's real estate sales and property management activities at its Tagaytay Highlands complex contributed the balance of ₱205.4 million.

#### **Revenues**

Total consolidated revenues of ₱1,892.0 million for the three months ended March 31, 2019 were lower by ₱141.5 million (7%), compared to ₱2,033.5 million for the three months ended March 31, 2018. The lease revenue from the City of Dreams Manila buildings increased by ₱94.0 million (16%) during the first quarter of 2019, from ₱574.1 million for the 2018 period to ₱668.1 million for the current period. Revenue from the share of PLC in gaming earnings of City of Dreams Manila also increased by ₱60.4 million (9%), from ₱664.3 million for the 2018 period to ₱724.7 million for the 2019 period. These were offset by decreases in revenues of Pacific Online by ₱266.0 million (48%), from ₱559.8 million in the 2018 period to ₱293.9 million in the 2019 period, and revenue from real estate development and management activities by ₱29.8 million (13%), from ₱235.3 million in the 2018 period to ₱205.4 million in the 2019 period.

#### **Costs of Gaming Operations**

The costs of gaming operations at PLC decreased by ₱39.4 million (54%) to ₱33.2 million for the 2019 period, from ₱72.6 million for the 2018 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 ₱109.2 million (144%), to ₱185.1 million in the 2019 period from ₱75.9 million in the 2018 period, mainly due to depreciation expense recognized as a result of a change in the accounting basis for the lease of the buildings of City of Dreams Manila, from finance lease to operating lease, starting in October 2018.

#### **Costs of Lottery Services**

Costs of lottery services at Pacific Online decreased by ₱81.3 million (24%), to ₱257.8 million in the 2019 period from ₱339.0 million in the 2018 period, mainly due to lower consultancy and professional fees.

#### **Costs of Real Estate sold**

Costs of real estate sold decreased by ₱35.6 million (36%) to ₱64.1 million in the 2019 period, from ₱99.7 million in the 2018 period, due to the lower revenue therefrom recognized during the period.

#### **Costs of Property Management Services**

Costs of property management services decreased by ₱2.6 million (7%), to ₱33.2 million for the 2019 period, from ₱35.9 million for the 2018 period, due to savings in costs of power services.

#### **General and Administrative Expenses**

General and administrative expenses increased by ₱75.0 million (22%), to ₱411.2 million for the 2019 period from ₱336.2 million for the 2018 period, due to higher general expenses at PLC.

#### **Financial Income (Expense)**

Interest expense and other finance charges decreased by ₱4.4 million (4%) to ₱117.5 million for 2019 period, from ₱121.9 million for the 2018 period. The lower interest expense was due to the a ₱2,578.5 million (27%) reduction in the Company's total interest-bearing debt during the first quarter of 2019, as compared to the first quarter of 2018. As of March 31, 2019, the Company's total debt outstanding was ₱7,115.4 million, compared to ₱9,693.9 million as of March 31, 2018. Interest income

increased by ₱0.6 million (5%), to ₱13.4 million in the 2019 period, from ₱12.8 million in the 2018 period, due to higher average yields on short-term investments.

**Provision for Income Taxes**

The Company's consolidated provision for income taxes decreased by ₱74.3 million (47%) in the first quarter of 2019, to ₱84.9 million from ₱159.2 million in the first quarter of 2018, due to lower taxable income at Pacific Online during the 2019 period.

**Net Income**

As a result of the foregoing, the Company realized consolidated net income of ₱700.3 million for the three months ended March 31, 2019. While the Company's total consolidated net income for the first quarter of 2019 was ₱150.3 million (18%) lower than consolidated net income of ₱850.5 million for the first quarter of 2018, Belle's core operations continued to show growth, with earnings before interest, taxes, depreciation and amortization ("EBITDA") and net income excluding Pacific Online for the 2019 period increasing by ₱153.2 million (15%) to ₱1,188.4 million and ₱33.8 million (5%) to ₱728.0 million, respectively, compared to the 2018 period.

Belle's consistent profitability allowed the Company to pay a regular cash dividend to its shareholders on March 28, 2019 in the amount of ₱1,171.5 million (₱0.12 per outstanding share).

### March 31, 2019 vs December 31, 2018 Statement of Financial Position (in thousands)

	March 31, 2019		December 31, 2018		Horizontal Analysis		Vertical Analysis	
	Unaudited	Audited	Inc (Dec)	%	2019	2018		
<b>ASSETS</b>								
<b>Current Assets</b>								
Cash and cash equivalents	P 1,721,786	P 2,653,717	(931,931)	-35.1%	4.0%	6.2%		
Financial assets at fair value through profit or loss	158,180	155,705	2,475	1.6%	0.4%	0.4%		
Receivables	1,239,586	1,309,181	(69,595)	-5.3%	2.9%	3.1%		
Contract assets	563,992	417,164	146,828	n/a	1.3%	1.0%		
Real estate for sale	421,598	475,785	(54,187)	-11.4%	1.0%	1.1%		
Land held for future development	2,999,332	2,998,577	755	0.0%	7.0%	7.1%		
Other current assets	1,773,839	1,763,057	10,782	0.6%	4.2%	4.1%		
	<b>8,878,313</b>	<b>9,773,186</b>	<b>(894,873)</b>	<b>-9.2%</b>	<b>20.9%</b>	<b>23.0%</b>		
<b>Noncurrent Assets</b>								
Contract assets - net of noncurrent portion	685,429	640,569	44,860	100.0%	1.6%	1.5%		
Financial assets at fair value through other comprehensive income	5,022,719	4,770,772	251,947	5.3%	11.8%	11.2%		
Intangible asset	5,328,914	4,581,040	747,874	16.3%	12.5%	10.8%		
Investment properties	19,962,057	20,094,843	(132,786)	-0.7%	46.9%	47.3%		
Goodwill	1,721,327	1,721,327	-	0.0%	4.0%	4.1%		
Property and equipment	317,991	363,939	(45,948)	-12.6%	0.7%	0.9%		
Investments in and advances to associates - net	78,017	78,017	-	0.0%	0.2%	0.2%		
Pension asset	11,732	7,856	3,876	49.3%	0.0%	0.0%		
Deferred tax asset	-	8,864	(8,864)	-100.0%	0.0%	0.0%		
Other noncurrent assets	549,124	450,673	98,451	21.8%	1.3%	1.1%		
	<b>33,677,310</b>	<b>32,717,900</b>	<b>959,410</b>	<b>2.9%</b>	<b>79.1%</b>	<b>77.0%</b>		
<b>TOTAL ASSET</b>	<b>P 42,555,623</b>	<b>P 42,491,086</b>	<b>64,537</b>	<b>0.2%</b>	<b>100.0%</b>	<b>100.0%</b>		
<b>LIABILITIES AND EQUITY</b>								
<b>Current Liabilities</b>								
Trade and other current liabilities	P 2,255,448	P 2,110,143	145,305	6.9%	5.3%	5.0%		
Loans payable	1,500,017	1,500,017	-	0.0%	3.5%	3.5%		
Income tax payable	-	9,415	(9,415)	-100.0%	0.0%	0.0%		
Current portion of:								
Long-term debt	2,525,694	2,091,319	434,375	20.8%	5.9%	4.9%		
Obligations under finance lease	9,000	19,379	(10,379)	-53.6%	0.0%	0.0%		
	<b>6,290,159</b>	<b>5,730,273</b>	<b>559,886</b>	<b>9.8%</b>	<b>14.8%</b>	<b>13.5%</b>		
Noncurrent portion of:								
Long-term debt	3,050,000	3,911,111	(861,111)	-22.0%	7.2%	9.2%		
Obligations under finance lease	30,710	15,995	14,715	92.0%	0.1%	0.0%		
Pension liability	6,981	8,582	(1,601)	-18.7%	0.0%	0.0%		
Deferred tax liabilities	2,704,274	2,667,581	36,693	1.4%	6.4%	6.3%		
Other noncurrent liability	1,131,568	312,313	819,255	262.3%	2.7%	0.7%		
	<b>6,923,533</b>	<b>6,915,582</b>	<b>7,951</b>	<b>0.1%</b>	<b>16.3%</b>	<b>16.3%</b>		
<b>TOTAL LIABILITIES</b>	<b>13,213,692</b>	<b>12,645,855</b>	<b>567,837</b>	<b>4.5%</b>	<b>31.1%</b>	<b>29.8%</b>		
<b>Equity</b>								
Attributable to equity holders of parent:								
Common stock	10,561,000	10,561,000	-	0.0%	24.8%	24.9%		
Additional paid-in capital	5,503,731	5,503,731	-	0.0%	12.9%	13.0%		
Treasury stock	(2,476,700)	(2,476,700)	-	0.0%	-5.8%	-5.8%		
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	(1,695,369)	(1,695,369)	-	0.0%	-4.0%	-4.0%		
Unrealized gain on financial assets at fair value through other comprehensive income	1,312,384	1,047,057	265,327	25.3%	3.1%	2.5%		
Other reserves	3,059,718	3,059,718	-	0.0%	7.2%	7.2%		
Excess of net asset value of an investment over cost	252,040	252,040	-	0.0%	0.6%	0.6%		
Retained Earnings	9,678,967	10,221,830	(542,863)	-5.3%	22.7%	24.1%		
Total equity attributable to equity holders of the Parent	26,193,270	26,470,806	(277,536)	-1.0%	61.6%	62.3%		
Non-controlling interests	3,148,661	3,374,425	(225,764)	-6.7%	7.4%	7.9%		
<b>Total Equity</b>	<b>29,341,931</b>	<b>29,845,231</b>	<b>(503,300)</b>	<b>-1.7%</b>	<b>68.9%</b>	<b>70.2%</b>		
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>P 42,555,623</b>	<b>P 42,491,086</b>	<b>64,537</b>	<b>0.2%</b>	<b>100.0%</b>	<b>100.0%</b>		

## **ASSETS**

Total assets of the Company increased by ₱64.5 million (0.2%) to ₱42,555.6 million as of March 31, 2019, from ₱42,491.1 million as of December 31, 2018.

### **Cash and Cash equivalents**

Cash and cash equivalents decreased by ₱931.9 million (35%), to ₱1,721.8 million as of March 31, 2019 from ₱2,653.7 million as of December 31, 2018, due mainly to the regular cash dividend payment of ₱1,171.5 million on March 28, 2019.

### **Financials Assets at Fair Value through Profit or Loss ("FVTPL")**

The Company's FVTPL increased by ₱2.5 million (2%), to ₱158.2 million as of March 31, 2019 from ₱155.7 million as of December 31, 2018 due to the decline in market value of listed shares held by Pacific Online. As at March 31, 2019, the Company's consolidated FVTPL consists of investments of Pacific Online in listed shares of Leisure and Resorts World Corporation, Vantage Equities, Inc., and Philippine Long Distance Telephone Company.

### **Receivables and Contract Assets**

Receivables and Contract Assets increased by ₱122.1 million (11%), to ₱2,489.0 million as of March 31, 2019 from ₱2,366.9 million as of December 31, 2018. The increase was mainly due to increases in trade receivables from lease income and real estate sales.

### **Real Estate for Sale**

Real estate for sale decreased by ₱54.2 million (11%), to ₱421.6 million as of March 31, 2019 from ₱475.8 million as of December 31, 2018, due to sales of real estate

### **Financials Assets at Fair Value through Other Comprehensive Income ("FVOCI")**

Due to the Company's adoption of Philippine Financial Reporting Standards ("PFRS") 9 regarding Financial Instruments in 2018, it reclassified its investments in shares of Tagaytay Highlands International Golf Club, Inc., Tagaytay Midlands Golf Club, Inc., and The Country Club at Tagaytay Highlands, Inc. from FVTPL to FVOCI. The Company's FVOCI increased by ₱251.9 million (5%), to ₱5,022.7 million as of March 31, 2019 from ₱4,770.8 million as of December 31, 2018, due to increases in market prices of these investments.

### **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, 2019 amounted to ₱29.0 million. Intangible assets increased by ₱747.9 million (16%) due mainly to the adoption of PFRS 16 (Leases).

### **Investment Properties**

This account consists mainly of carrying value of the City of Dreams Manila land and building in PAGCOR Entertainment City in Paranaque. The ₱132.8 million decrease during the first three months of 2018 is due to depreciation expense on the City of Dreams Manila building.

### **Goodwill**

The Company's recognized goodwill amounted to ₱1,721.3 million as of March 31, 2019 as a result of consolidating Pacific Online.

### **Other Assets**

Other assets decreased by ₱3.5 million (0.2%), to ₱2,210.2 million as of March 31, 2019 from ₱2,213.7 million as of December 31, 2018, mainly due to a decrease in advances to contractors.

## **LIABILITIES**

Total liabilities increased by ₱567.9 million (5%), to ₱13,213.7 million as of March 31, 2019, from ₱12,645.8 million as of December 31, 2018, due mainly to the adoption of PFRS 16 (Leases) starting January 1, 2019.

### **Trade and Other Current Liabilities**

Trade and other current liabilities increased by ₱145.3 million (7%) to ₱2,255.4 million as of March 31, 2019, from ₱2,110.1 million as of December 31, 2018, due mainly to an increase in trade payables.

### **Loans Payable and Long-Term Debt**

Total consolidated debt, amounting to ₱7,115.4 million as of March 31, 2019, consists of ₱7,075.7 million in Peso-denominated borrowings of Belle from various local financial institutions, with an average interest rate of approximately 5.88% per annum during the first quarter of 2019, and ₱39.7 million in finance lease obligations at Pacific Online. The outstanding amount of total debt decreased by ₱422.4 million (6%) to ₱7,075.7 million as of March 31, 2019 from ₱7,537.8 million as of December 31, 2018, due to debt principal repayments. Pacific Online's finance lease obligations pertain to its lottery equipment under finance lease accounting. This increased by ₱4.4 million (12%), from ₱35.7 million as of December 31, 2018 to ₱39.7 million as of March 31, 2019, due to renewal of lease agreements.

### **Other Noncurrent Liability**

Other Noncurrent Liability increased by ₱819.3 million (262%) to ₱1,131.6 million as of March 31, 2019, from ₱312.3 million as of December 31, 2018, due to the adoption of PFRS 16 (Leases).

## **EQUITY**

The Company's shareholders' equity as of March 31, 2019 of ₱29,341.9 million was lower by ₱503.3 million (2%), compared to its shareholders' equity of ₱29,845.2 million as of December 31, 2018, due to the Company's ₱1,171.5 million regular cash dividend paid to its shareholders on March 28, 2019, offset by the consolidated net income recognized for the three months ended March 31 2019 amounting to ₱700.3 million. Excluding the dividend, the Company's shareholders' equity as of March 31, 2019 would have been ₱30,513.4 million, or approximately ₱668.2 million (2%) higher than at December 31, 2018.

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

	Manner by which the Company calculates the key performance indicators	<b>31 March 2019 (unaudited)</b>	31 March 2018 (unaudited)	31 December 2018 (audited)
Asset to equity ratio	Total assets over equity	<b>1.45 : 1.00</b>	1.49 : 1.00	1.42: 1.00
Current or Liquidity ratio	Current assets over current liabilities	<b>1.41 : 1.00</b>	1.70 : 1.00	1.71: 1.00
Debt-to-equity ratio	Interest-bearing debt over equity	<b>0.24 : 1.00</b>	0.33 : 1.00	0.25: 1.00
Net debt-to-equity ratio	Interest-bearing debt less cash and cash equivalents	<b>0.18 : 1.00</b>	0.21 : 1.00	0.16: 1.00
Interest rate coverage ratio	EBIT over interest expense	<b>7.57 :1.00</b>	9.26 :1.00	9.08:1.00
Return on assets	Annualized net income over average total assets during the period	<b>6.6%</b>	7.8%	7.5%
Return on equity	Annualized net income over average equity during the period	<b>9.5%</b>	11.4%	10.7%

The above performance indicators are calculated as follows:

Current Ratio  $\frac{\text{Current Assets}}{\text{Current Liabilities}}$

Debt to Equity Ratio  $\frac{\text{Interest-bearing debt}}{\text{Total Equity}}$

Asset-to-equity Ratio  $\frac{\text{Total Assets}}{\text{Total Equity}}$

Return on Equity  $\frac{\text{Net Income}}{\text{Average equity during the period}}$

Return on Assets  $\frac{\text{Net Income}}{\text{Average assets during the period}}$

Interest Coverage Ratio  $\frac{\text{Income Before Interest \& Tax}}{\text{Interest Expense}}$

Net debt-to-equity ratio  $\frac{\text{Interest-bearing debt less cash and cash equivalents}}{\text{Total Equity}}$

The Company does not foresee any cash flow or liquidity problems over the next twelve months. As of March 31, 2019, consolidated total debt of the Company of ₱7,115.4 million was comprised of borrowings from renewable short-term bank lines of ₱1,500.0 million, amortizing term loans from banks of ₱5,575.7 million and obligations under finance leases at Pacific Online of ₱39.7 million. Belle has real estate projects, lease agreements and investments 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, 2019, 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, 2019		December 31, 2018	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<b>Assets</b>	<i>In thousands</i>		<i>In thousands</i>	
Assets measured at fair value:				
Investments held for trading	158,180	158,180	155,705	155,705
AFS Financial assets	5,022,719	5,022,719	4,770,772	4,770,772
Assets for which fair value is disclosed:				
Receivables - trade	2,489,007	2,489,007	2,366,914	2,366,914
Finance lease receivable	-	-	-	-
<b>Liabilities</b>				
Liabilities for which fair value is disclosed:				
Long-term debt	5,575,694	5,575,694	6,002,430	6,002,430
Obligations under finance lease	39,710	39,710	35,374	35,374

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, 2018.

The adoption of the following PFRS standards enumerated below does not have significant impact on its consolidated financials statements which are effective January 1, 2019.

- i. Amendments to PFRS 9, *Prepayment Features with Negative Compensation*
- ii. PFRS 16, *Leases*
- iii. Amendments to PAS 19, *Employee Benefits, Plan Amendment, Curtailment or Settlement*
- iv. Amendments to PAS 28, *Long-term interests in Associates and Joint Ventures*
- v. Philippine Interpretation International Financial Reporting Interpretations Committee (IFRIC)-22, *Foreign Currency Transactions and Advance Consideration*
- vi. Annual improvements
  - a) Amendments to PFRS 3, *Business Combinations*, and PFRS 11, *Joint Arrangements, Previously Held Interest in a Joint Operation*
  - b) Amendments to PAS 12, *Income Tax Consequences of Payments on Financial Instruments Classified as Equity*

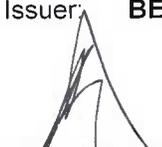
The Company continues to assess the impact of the above new, amended and improved accountings standards effective subsequent to December 31, 2018 on its consolidated financial statements in the period of initial application. Additional disclosures required by these amendments will be included in the 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, 2019 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, 2019.
- G.) There exist no material contingencies affecting the current interim period.

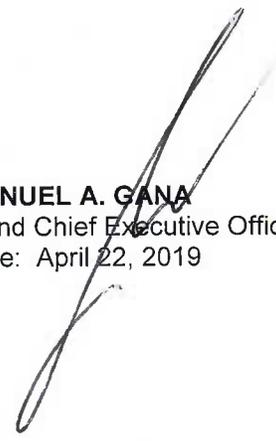
**SIGNATURES**

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.

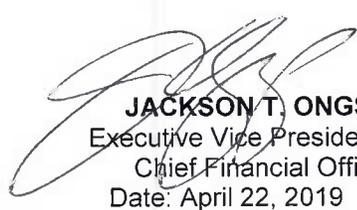
Issuer: **BELLE CORPORATION**



**WILLY N. OGIER**  
Vice Chairman  
Date: April 22, 2019



**MANUEL A. GANA**  
President and Chief Executive Officer  
Date: April 22, 2019



**JACKSON T. ONGSIP**  
Executive Vice President and  
Chief Financial Officer  
Date: April 22, 2019

# BELLE CORPORATION AND SUBSIDIARIES

## UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of March 31, 2019

(With Comparative Audited Figures as of December 31, 2018)

(Amounts in Thousands)

	March 31, 2019		December 31, 2018		Horizontal Analysis		Vertical Analysis	
		Unaudited	Audited		Inc (Dec)	%	2019	2018
<b>ASSETS</b>								
<b>Current Assets</b>								
Cash and cash equivalents	P	1,721,786	P	2,653,717	(931,931)	-35.1%	4.0%	6.2%
Financial assets at fair value through profit or loss		158,180		155,705	2,475	1.6%	0.4%	0.4%
Receivables		1,239,586		1,309,181	(69,595)	-5.3%	2.9%	3.1%
Contract assets		563,992		417,164	146,828	n/a	1.3%	1.0%
Real estate for sale		421,598		475,785	(54,187)	-11.4%	1.0%	1.1%
Land held for future development		2,999,332		2,998,577	755	0.0%	7.0%	7.1%
Other current assets		1,773,839		1,763,057	10,782	0.6%	4.2%	4.1%
		<b>8,878,313</b>		<b>9,773,186</b>	<b>(894,873)</b>	<b>-9.2%</b>	<b>20.9%</b>	<b>23.0%</b>
<b>Noncurrent Assets</b>								
Contract assets - net of noncurrent portion		685,429		640,569	44,860	100.0%	1.6%	1.5%
Financial assets at fair value through other comprehensive income		5,022,719		4,770,772	251,947	5.3%	11.8%	11.2%
Intangible asset		5,328,914		4,581,040	747,874	16.3%	12.5%	10.8%
Investment properties		19,962,057		20,094,843	(132,786)	-0.7%	46.9%	47.3%
Goodwill		1,721,327		1,721,327	-	0.0%	4.0%	4.1%
Property and equipment		317,991		363,939	(45,948)	-12.6%	0.7%	0.9%
Investments in and advances to associates - net		78,017		78,017	-	0.0%	0.2%	0.2%
Pension asset		11,732		7,856	3,876	49.3%	0.0%	0.0%
Deferred tax asset		-		8,864	(8,864)	-100.0%	0.0%	0.0%
Other noncurrent assets		549,124		450,673	98,451	21.8%	1.3%	1.1%
		<b>33,677,310</b>		<b>32,717,900</b>	<b>959,410</b>	<b>2.9%</b>	<b>79.1%</b>	<b>77.0%</b>
<b>TOTAL ASSET</b>	<b>P</b>	<b>42,555,623</b>	<b>P</b>	<b>42,491,086</b>	<b>64,537</b>	<b>0.2%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>LIABILITIES AND EQUITY</b>								
<b>Current Liabilities</b>								
Trade and other current liabilities	P	2,255,448	P	2,110,143	145,305	6.9%	5.3%	5.0%
Loans payable		1,500,017		1,500,017	-	0.0%	3.5%	3.5%
Income tax payable		-		9,415	(9,415)	-100.0%	0.0%	0.0%
Current portion of:								
Long-term debt		2,525,694		2,091,319	434,375	20.8%	5.9%	4.9%
Obligations under finance lease		9,000		19,379	(10,379)	-53.6%	0.0%	0.0%
		<b>6,290,159</b>		<b>5,730,273</b>	<b>559,886</b>	<b>9.8%</b>	<b>14.8%</b>	<b>13.5%</b>
Noncurrent portion of:								
Long-term debt		3,050,000		3,911,111	(861,111)	-22.0%	7.2%	9.2%
Obligations under finance lease		30,710		15,995	14,715	92.0%	0.1%	0.0%
Pension liability		6,981		8,582	(1,601)	-18.7%	0.0%	0.0%
Deferred tax liabilities		2,704,274		2,667,581	36,693	1.4%	6.4%	6.3%
Other noncurrent liability		1,131,568		312,313	819,255	262.3%	2.7%	0.7%
		<b>6,923,533</b>		<b>6,915,582</b>	<b>7,951</b>	<b>0.1%</b>	<b>16.3%</b>	<b>16.3%</b>
<b>TOTAL LIABILITIES</b>		<b>13,213,692</b>		<b>12,645,855</b>	<b>567,837</b>	<b>4.5%</b>	<b>31.1%</b>	<b>29.8%</b>
<b>Equity</b>								
Attributable to equity holders of parent:								
Common stock		10,561,000		10,561,000	-	0.0%	24.8%	24.9%
Additional paid-in capital		5,503,731		5,503,731	-	0.0%	12.9%	13.0%
Treasury stock		(2,476,700)		(2,476,700)	-	0.0%	-5.8%	-5.8%
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		(1,695,369)		(1,695,369)	-	0.0%	-4.0%	-4.0%
Unrealized gain on financial assets at fair value through other comprehensive income		1,312,384		1,047,057	265,327	25.3%	3.1%	2.5%
Other reserves		3,059,718		3,059,718	-	0.0%	7.2%	7.2%
Excess of net asset value of an investment over cost		252,040		252,040	-	0.0%	0.6%	0.6%
Retained Earnings		9,678,967		10,221,830	(542,863)	-5.3%	22.7%	24.1%
Total equity attributable to equity holders of the Parent		<b>26,193,270</b>		<b>26,470,806</b>	<b>(277,536)</b>	<b>-1.0%</b>	<b>61.6%</b>	<b>62.3%</b>
Non-controlling interests		3,148,661		3,374,425	(225,764)	-6.7%	7.4%	7.9%
<b>Total Equity</b>		<b>29,341,931</b>		<b>29,845,231</b>	<b>(503,300)</b>	<b>-1.7%</b>	<b>68.9%</b>	<b>70.2%</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>P</b>	<b>42,555,623</b>	<b>P</b>	<b>42,491,086</b>	<b>64,537</b>	<b>0.2%</b>	<b>100.0%</b>	<b>100.0%</b>

**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	
	2019	2018	Increase (Decrease)		2019	2018
<b>REVENUE</b>						
Gaming revenue share	P 724,716	P 664,337	60,379	9.1%	38.3%	32.7%
Lease income - Building	619,077	-	619,077	n/a	32.7%	0.0%
Equipment rental and instant scratch ticket sales (POSC)	199,607	439,855	(240,248)	-54.6%	10.5%	21.6%
Sale of real estate	127,921	170,181	(42,260)	-24.8%	6.8%	8.4%
Distribution and commission income (POSC)	94,196	119,940	(25,744)	-21.5%	5.0%	5.9%
Lease income	49,001	47,505	1,496	3.1%	2.6%	2.3%
Revenue from property management	52,025	47,248	4,777	10.1%	2.7%	2.3%
Interest income on finance lease accounting	-	526,574	(526,574)	-100.0%	0.0%	25.9%
Others	25,501	17,863	7,638	42.8%	1.3%	0.9%
<b>TOTAL REVENUES</b>	<b>1,892,044</b>	<b>2,033,503</b>	<b>(141,459)</b>	<b>-7.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>COST OF GAMING OPERATIONS</b>	<b>(33,153)</b>	<b>(72,585)</b>	<b>(39,432)</b>	<b>-54.3%</b>	<b>-1.8%</b>	<b>-3.6%</b>
<b>COST OF LEASE INCOME</b>	<b>(185,110)</b>	<b>(75,910)</b>	<b>109,200</b>	<b>-143.9%</b>	<b>-9.8%</b>	<b>-3.7%</b>
<b>COST OF LOTTERY SERVICES</b>	<b>(257,755)</b>	<b>(339,011)</b>	<b>(81,256)</b>	<b>24.0%</b>	<b>-13.6%</b>	<b>-16.7%</b>
<b>COST OF REAL ESTATE SOLD</b>	<b>(64,050)</b>	<b>(99,689)</b>	<b>(35,639)</b>	<b>-35.8%</b>	<b>-3.4%</b>	<b>-4.9%</b>
<b>COST OF PROPERTY MANAGEMENT SERVICES</b>	<b>(33,193)</b>	<b>(35,854)</b>	<b>(2,661)</b>	<b>-7.4%</b>	<b>-1.8%</b>	<b>-1.8%</b>
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	<b>(411,202)</b>	<b>(336,157)</b>	<b>75,045</b>	<b>22.3%</b>	<b>-21.7%</b>	<b>-16.5%</b>
<b>TOTAL COSTS AND EXPENSES</b>	<b>(984,463)</b>	<b>(959,206)</b>	<b>25,257</b>	<b>2.6%</b>	<b>-52.0%</b>	<b>-47.2%</b>
<b>INCOME FROM OPERATIONS</b>	<b>907,581</b>	<b>1,074,297</b>	<b>(166,716)</b>	<b>15.5%</b>	<b>48.0%</b>	<b>52.8%</b>
<b>UNREALIZED GAIN ON FINANCIAL ASSET AT FAIR VALUE THROUGH</b>						
<b>PROFIT OR LOSS</b>	<b>2,476</b>	<b>32,082</b>	<b>(29,606)</b>	<b>-92.3%</b>	<b>0.1%</b>	<b>1.6%</b>
<b>INTEREST EXPENSE AND OTHER FINANCE CHARGES</b>	<b>(117,494)</b>	<b>(121,903)</b>	<b>(4,409)</b>	<b>-3.6%</b>	<b>-6.2%</b>	<b>-6.0%</b>
<b>INTEREST INCOME</b>	<b>13,351</b>	<b>12,761</b>	<b>590</b>	<b>4.6%</b>	<b>0.7%</b>	<b>0.6%</b>
<b>NET FOREIGN EXCHANGE LOSS</b>	<b>(11)</b>	<b>28</b>	<b>(39)</b>	<b>-139.3%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>OTHER INCOME (CHARGES)</b>	<b>(20,715)</b>	<b>12,494</b>	<b>(33,209)</b>	<b>-265.8%</b>	<b>-1.1%</b>	<b>0.6%</b>
<b>INCOME BEFORE INCOME TAX</b>	<b>785,188</b>	<b>1,009,759</b>	<b>(224,571)</b>	<b>-22.2%</b>	<b>41.5%</b>	<b>49.7%</b>
<b>PROVISION FOR INCOME TAXES</b>						
Current	50,519	63,166	(12,647)	-20.0%	2.7%	3.1%
Deferred	34,402	96,050	(61,648)	-64.2%	1.8%	4.7%
	<b>84,921</b>	<b>159,216</b>	<b>(74,295)</b>	<b>-46.7%</b>	<b>4.5%</b>	<b>7.8%</b>
<b>NET INCOME</b>	<b>P 700,267</b>	<b>P 850,543</b>	<b>(150,276)</b>	<b>-17.7%</b>	<b>37.0%</b>	<b>41.8%</b>
<b>OTHER COMPREHENSIVE INCOME</b>						
Unrealized gain on financial asset at fair value through OCI	265,397	(137,247)	402,644	-293.4%	14.0%	-6.7%
	<b>265,397</b>	<b>(137,247)</b>	<b>402,644</b>	<b>-293.4%</b>	<b>14.0%</b>	<b>-6.7%</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>P 965,664</b>	<b>P 713,296</b>	<b>252,368</b>	<b>35.4%</b>	<b>51.0%</b>	<b>35.1%</b>
Net profit attributable to:						
Equity holders of the parent	P 620,711	P 676,937	(56,226)	-8.3%	32.8%	33.3%
Non-Controlling Interests	79,556	173,606	(94,050)	-54.2%	4.2%	8.5%
	<b>P 700,267</b>	<b>P 850,543</b>	<b>(150,276)</b>	<b>-17.7%</b>	<b>37.0%</b>	<b>41.8%</b>
Total comprehensive income attributable to:						
Equity holders of the parent	P 886,066	P 539,388	346,678	64.3%	46.8%	26.5%
Non-Controlling Interests	79,598	173,908	(94,310)	-54.2%	4.2%	8.6%
	<b>P 965,664</b>	<b>P 713,296</b>	<b>252,368</b>	<b>35.4%</b>	<b>51.0%</b>	<b>35.1%</b>
<b>Basic Earnings Per Share</b>	<b>P 0.066</b>	<b>P 0.070</b>	<b>(0.004)</b>	<b>-6.1%</b>		

**BELLE CORPORATION AND SUBSIDIARIES**

**UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2019 AND MARCH 31, 2018

(Amounts in Thousands)

	Attributable to Equity Holders of the Parent											Other Reserves		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 Financial Asset at Fair Value through other comprehensive income - net	Share in Unrealized Gain (Loss) on Financial Assets at FVOCI 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	Non-controlling Interests	
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)	-	148,085
Cash dividends	-	-	-	-	-	-	-	-	-	-	(1,221,680)	(1,221,680)	(277,100)	(1,498,780)
Net income	-	-	-	-	-	-	-	-	-	-	683,891	683,891	173,606	857,497
Unrealized loss on financial assets at fair value through other comprehensive income	-	-	-	-	-	(137,549)	-	-	-	-	-	(137,549)	302	(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

	Attributable to Equity Holders of the Parent											Other Reserves		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 Financial Asset at Fair Value through other comprehensive income - net	Share in Unrealized Gain (Loss) on Financial Assets at FVOCI 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	Non-controlling Interests	
Balance at December 31, 2018	P10,561,000	P5,503,731	(P2,476,700)	(P2,501)	(P1,695,369)	P1,047,057	P14,061	P1,529	P3,044,128	P252,040	P10,221,830	P26,470,806	P3,374,425	P29,845,231
Cash dividends	-	-	-	-	-	-	-	-	-	-	(1,163,575)	(1,163,575)	(305,362)	(1,468,937)
Net income	-	-	-	-	-	265,327	-	-	-	-	620,711	620,711	79,856	900,267
Unrealized gain on financial assets at fair value through other comprehensive income	-	-	-	-	-	265,327	-	-	-	-	-	265,327	42	265,369
Balance at March 31, 2019	P10,561,000	P5,503,731	(P2,476,700)	(P2,501)	(P1,695,369)	P1,312,384	P14,061	P1,529	P3,044,128	P252,040	P9,678,966	P26,193,270	P3,148,661	P29,341,931

## BELLE CORPORATION AND SUBSIDIARIES

### UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (Amounts in Thousands)

	For the Three-Month Periods Ended March 31	
	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	₱785,188	₱1,009,759
Adjustments for:		
Depreciation and amortization	222,898	100,676
Interest expense	117,494	121,903
Amortization of discount on trade receivables	(18,178)	(16,380)
Interest income	(13,351)	(12,761)
Pension cost	(5,477)	3,286
Unrealized mark-to-market gain on financial asset at FVTPL	(2,476)	(32,082)
Unrealized forex loss	11	-
Interest income on finance lease	-	(526,574)
Dividend income	-	(2,890)
Working capital adjustments:		
Decrease (increase) in:		
Receivables	(103,915)	194,355
Real estate for sale	53,432	45,514
Other assets	(158,011)	(105,066)
Club shares	-	9,779
Increase in trade and other current liabilities	187,728	53,924
Net cash generated from operations	1,065,343	843,443
Interest received	13,351	12,761
Net cash provided by (used in) operating activities	1,078,694	856,204
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisitions of property and equipment	(15,206)	(9,152)
Proceeds from disposal of financial asset at FVOCI	13,422	-
Increase in investment in associate	-	(262,780)
Proceeds from sale of financial asset at FVTPL	-	10,125
Dividends received	-	2,890
Net cash used in investing activities	(1,784)	(258,917)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments of:		
Long-term debt and loans payable	(₱426,736)	(3,180,209)
Interest	(117,494)	(367,773)
Dividends paid	(1,468,936)	(1,500,422)
Decrease (increase) in obligations under finance lease	4,336	(34,992)
Long-term debt proceeds	-	2,400,000
Acquisition of Parent Company shares held by a subsidiary	-	(110,033)
Acquisition of treasury shares	-	(2,295,515)
Acquisition of treasury shares of subsidiaries	-	(134,529)
Net cash used in financing activities	(2,008,830)	(5,223,473)
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENT</b>		
	(11)	-
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(931,931)	(1,479,301)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	2,653,717	3,711,248
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	₱1,721,786	₱2,231,947

**BELLE CORPORATION AND SUBSIDIARIES**  
**Aging of Receivables**  
**March 31, 2019**

Project	Gross Current (a)	Gross Noncurrent (b)	Grand Total
ALTA MIRA	4,005,205.83	4,723,414.33	8,728,620.16
THE COUNTRY CLUB AT TAGAYTAY HIGHLANDS, INC.	2,845,834.43	7,967,498.63	10,813,333.06
COTSWOLD	2,377,394.98	12,343,092.47	14,720,487.45
LAKESIDE ENCLAVE	1,129,389.96	675,598.00	1,804,987.96
FAIRFIELD	9,790,181.89	38,654,247.42	48,444,429.31
KATSURA	13,535,552.04	70,473,593.75	84,009,145.79
KEW GARDENS	1,371,190.55	4,684,335.43	6,055,525.98
NOB HILL	12,354,855.94	69,505,485.40	81,860,341.34
THE PARKS	13,867,388.80	41,754,979.38	55,622,368.18
PINECREST VILLAGE	-	-	-
PLANTATION HILLS	5,075,220.06	25,750,924.59	30,826,144.65
SYCAMORE	168,938,129.65	404,554,766.82	573,492,896.47
TERRAZAS DE ALAVA	6,184,840.58	9,377,650.88	15,562,491.46
THIGCI	-	-	-
TIVOLI PLACE	4,253,477.32	14,297,354.77	18,550,832.09
TAGAYTAY MIDLANDS GOLF CLUB, INC.	26,568,968.68	48,892,068.73	75,461,037.41
THE VERANDAS	3,620,024.13	14,247,483.73	17,867,507.86
THE WOODLANDS	-	-	-
YUME	20,148,368.84	6,285,051.66	26,433,420.50
Other receivable -FRE	4,553,328.68	-	4,553,328.68
Leases	717,753,802.94	-	717,753,802.94
Equipment rental and instant scratch ticket sales	170,635,908.00	-	170,635,908.00
Gaming revenue share	226,931,838.00	-	226,931,838.00
Other nontrade receivable	298,879,448.91	-	298,879,448.91
<b>Grand Total</b>	<b>1,714,820,350.21</b>	<b>774,187,545.99</b>	<b>2,489,007,896.20</b>

(a) Collectible within 1 year

(b) Collectible for more than 1 year

## 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, 2019 (Unaudited)				
	Real Estate Development and Property Management	Gaming and Gaming Related Activities	Others	Eliminations/ Adjustments	Consolidated
<i>(In Thousands)</i>					
<b>Earnings Information</b>					
Revenue	₱887,026	₱1,076,087	₱-	(71,068)	₱1,892,045
Costs and expenses	(412,415)	(614,018)	(2,415)	44,385	(984,463)
Interest expense	(174,098)	(965)	-	57,569	(117,494)
Interest income	840	12,506	5	-	13,351
Provision for income tax	81,771	3,150	-	-	84,921
Net profit for the year	1,445,789	485,227	(2,410)	(1,228,339)	700,267
Net profit attributable to equity holders of the parent	1,445,789	495,059	(2,410)	(1,317,726)	620,712
March 31, 2018 (Unaudited)					
<i>(In Thousands)</i>					
<b>Earnings Information</b>					
Revenue	₱822,871	₱1,238,654	₱-	(28,022)	₱2,033,503
Costs and expenses	(271,593)	(718,663)	(13,338)	44,385	(959,209)
Interest expense	(136,248)	(177)	-	14,522	(121,903)
Interest income	1,703	11,041	17	-	12,761
Provision for income tax	107,494	51,722	-	-	162,196
Net profit for the year	1,372,724	556,349	22,321	(1,100,851)	850,543
Net profit attributable to equity holders of the parent	1,372,724	474,423	22,321	(1,192,531)	676,937

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

	March 31, 2019 (Unaudited)	March 31, 2018 (Unaudited)
<i>(in thousands)</i>		
<b>Revenues</b>		
Total revenue for reportable segments	₱1,963,113	₱2,061,525
Elimination for intercompany revenue	(71,068)	(28,022)
Total consolidated revenues	₱1,892,045	₱2,033,503

**Net Profit for the Year**

Total profit for reportable segments	<b>₱2,017,993</b>	₱1,951,394
Elimination for intercompany profits	<b>(1,317,726)</b>	(1,100,851)
Consolidated net profit	<b>₱700,267</b>	₱850,543

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.