

# SECURITIES AND EXCHANGE COMMISSION

## SEC FORM 17-Q

### QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended  
Sep 30, 2017
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	Sep 30, 2017
Currency (indicate units, if applicable)	PHP (in thousands)

### Balance Sheet

	Period Ended	Fiscal Year Ended (Audited)
	Sep 30, 2017	Dec 31, 2016
Current Assets	10,695,679	10,622,588
Total Assets	42,381,644	41,564,958
Current Liabilities	5,271,671	8,001,556
Total Liabilities	13,026,524	13,821,176
Retained Earnings/(Deficit)	7,493,953	6,289,302
Stockholders' Equity	29,355,120	27,743,782
Stockholders' Equity - Parent	26,187,340	24,583,823
Book Value per Share	2.21	2.34

### Income Statement

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Gross Revenue	2,096,714	1,597,913	6,213,207	4,641,462
Gross Expense	948,153	538,961	2,785,984	1,821,311
Non-Operating Income	67,708	384,264	260,639	439,643
Non-Operating Expense	128,254	288,247	466,801	792,623
Income/(Loss) Before Tax	1,088,015	1,154,969	3,221,061	2,467,171
Income Tax Expense	209,893	198,566	569,999	594,029
Net Income/(Loss) After Tax	878,122	956,403	2,651,062	1,873,142
Net Income Attributable to Parent Equity Holder	715,574	841,820	2,172,176	1,584,600
Earnings/(Loss) Per Share (Basic)	0.33	0.27	0.31	0.23
Earnings/(Loss) Per Share (Diluted)	0.33	0.27	0.31	0.23

	Current Year (Trailing 12 months)	Previous Year (Trailing 12 months)
Earnings/(Loss) Per Share (Basic)	0.31	0.23
Earnings/(Loss) Per Share (Diluted)	0.31	0.23

Other Relevant Information
N/A

Filed on behalf by:

Name	ROSEMARIE ABUEVA
Designation	SENIOR ASST. VICE PRESIDENT



111032017002363



## SECURITIES AND EXCHANGE COMMISSION

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### Company Information

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**SEC Registration No.** 0000052412  
**Company Name** BELLE CORP.  
**Industry Classification**  
**Company Type** Stock Corporation

### Document Information

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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 3rd Quarter of 2017**  
(Form Type)

**N/A**  
Amendment Designation

**N/A**  
Period Ended Date

**N/A**  
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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 September 30, 2017
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
<b>Common Stock, ₱1.00 par value</b>	10,498,679,857
	Amount of Debt Outstanding
	₱9.0 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 nine months ended September 30, 2017 and September 30, 2016;
- b.) Consolidated Statements of Financial Position as of September 30, 2017 (unaudited) and December 31, 2016 (audited);
- c.) Unaudited Consolidated Statements of Changes in Equity for the nine months ended September 30, 2017 and September 30, 2016; and
- d.) Unaudited Consolidated Statements of Cash Flows for the nine months ended September 30, 2017 and September 30, 2016.



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

### September 30, 2017 versus September 30, 2016 Results of Operations (in thousands)

BELLE CORPORATION AND SUBSIDIARIES  
Consolidated Statements of Comprehensive Income  
(Amounts in Thousands)

	For the nine months ended September 30 (Unaudited)		Horizontal Analysis		Vertical Analysis	
	2017	2016	Increase (Decrease)		2017	2016
<b>REVENUE</b>						
Interest income on finance lease accounting	P 1,546,377	P 1,496,096	50,281	3.4%	24.9%	32.2%
Equipment rental and instant scratch ticket sales	1,366,329	1,151,331	214,998	18.7%	22.0%	24.8%
Gaming revenue share	2,159,748	1,107,764	1,051,984	95.0%	34.8%	23.9%
Sale of real estate	539,563	349,168	190,395	54.5%	8.7%	7.5%
Lease income	142,466	142,531	(65)	0.0%	2.3%	3.1%
Revenue from property management	87,669	104,106	(16,437)	-15.8%	1.4%	2.2%
Distribution and commission income (POSC)	315,116	234,771	80,345	34.2%	5.1%	5.1%
Others	55,939	55,695	244	0.4%	0.9%	1.2%
<b>TOTAL REVENUES</b>	<b>6,213,207</b>	<b>4,641,462</b>	<b>1,571,745</b>	<b>33.9%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>COST OF LOTTERY SERVICES</b>	<b>(854,726)</b>	<b>(580,205)</b>	<b>274,521</b>	<b>-47.3%</b>	<b>-13.8%</b>	<b>-12.5%</b>
<b>COST OF LEASE INCOME</b>	<b>(161,055)</b>	<b>(155,513)</b>	<b>5,542</b>	<b>-3.6%</b>	<b>-2.6%</b>	<b>-3.4%</b>
<b>COST OF REAL ESTATE SOLD</b>	<b>(263,308)</b>	<b>(121,384)</b>	<b>141,924</b>	<b>116.9%</b>	<b>-4.2%</b>	<b>-2.6%</b>
<b>COST OF PROPERTY MANAGEMENT SERVICES</b>	<b>(47,916)</b>	<b>(47,934)</b>	<b>(18)</b>	<b>0.0%</b>	<b>-0.8%</b>	<b>-1.0%</b>
<b>COST OF GAMING OPERATIONS</b>	<b>(106,410)</b>	<b>(191,788)</b>	<b>(85,378)</b>	<b>-44.5%</b>	<b>-1.7%</b>	<b>-4.1%</b>
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	<b>(1,352,569)</b>	<b>(724,487)</b>	<b>628,082</b>	<b>86.7%</b>	<b>-21.8%</b>	<b>-15.6%</b>
<b>TOTAL COSTS AND EXPENSES</b>	<b>(2,785,984)</b>	<b>(1,821,311)</b>	<b>959,131</b>	<b>52.7%</b>	<b>-44.8%</b>	<b>-39.2%</b>
<b>INCOME FROM OPERATIONS</b>	<b>3,427,223</b>	<b>2,820,151</b>	<b>612,614</b>	<b>-21.7%</b>	<b>55.2%</b>	<b>60.8%</b>
<b>PAYMENTS TO ABLG/ACCRETION OF NONTRADE LIABILITY</b>	<b>(107,608)</b>	<b>(507,940)</b>	<b>(400,332)</b>	<b>-78.8%</b>	<b>-1.7%</b>	<b>-10.9%</b>
<b>UNREALIZED GAIN (LOSS) ON MARKETABLE SECURITIES</b>	<b>11,308</b>	<b>(11,605)</b>	<b>22,913</b>	<b>-197.4%</b>	<b>0.2%</b>	<b>-0.3%</b>
<b>INTEREST EXPENSE AND OTHER FINANCE CHARGES</b>	<b>(359,193)</b>	<b>(265,907)</b>	<b>93,286</b>	<b>35.1%</b>	<b>-5.8%</b>	<b>-5.7%</b>
<b>INTEREST INCOME</b>	<b>19,493</b>	<b>17,368</b>	<b>2,125</b>	<b>12.2%</b>	<b>0.3%</b>	<b>0.4%</b>
<b>GAIN ON SALE OF INVESTMENT PROPERTY</b>	<b>85,678</b>	<b>-</b>	<b>85,678</b>	<b>n/a</b>	<b>1.4%</b>	<b>0.0%</b>
<b>GAIN ON SALE OF AFS INVESTMENT</b>	<b>76,546</b>	<b>351,680</b>	<b>(275,134)</b>	<b>n/a</b>	<b>1.2%</b>	<b>7.6%</b>
<b>GAIN ON SALE OF INVESTMENT IN ASSOCIATE</b>	<b>-</b>	<b>3,758</b>	<b>(3,758)</b>	<b>n/a</b>	<b>0.0%</b>	<b>0.1%</b>
<b>NET FOREIGN EXCHANGE GAIN (LOSS)</b>	<b>83</b>	<b>(7,171)</b>	<b>7,254</b>	<b>-101.2%</b>	<b>0.0%</b>	<b>-0.2%</b>
<b>DIVIDEND INCOME</b>	<b>21,920</b>	<b>32,735</b>	<b>(10,815)</b>	<b>-33.0%</b>	<b>0.4%</b>	<b>0.7%</b>
<b>OTHER INCOME (CHARGES)</b>	<b>45,611</b>	<b>34,102</b>	<b>11,509</b>	<b>33.7%</b>	<b>0.7%</b>	<b>0.7%</b>
<b>INCOME BEFORE INCOME TAX</b>	<b>3,221,061</b>	<b>2,467,171</b>	<b>753,890</b>	<b>30.6%</b>	<b>51.8%</b>	<b>53.2%</b>
<b>PROVISION FOR INCOME TAXES</b>						
Current	237,786	320,055	(82,269)	-25.7%	3.8%	6.9%
Deferred	332,213	273,974	58,239	21.3%	5.3%	5.9%
	569,999	594,029	(24,030)	-4.0%	9.2%	12.8%
<b>NET INCOME</b>	<b>P 2,651,062</b>	<b>P 1,873,142</b>	<b>777,920</b>	<b>41.5%</b>	<b>42.7%</b>	<b>40.4%</b>

Belle Corporation ("Belle" or the "Company") realized consolidated net income of P2,651.1 million for the nine months ended September 30, 2017, which is 42% above its consolidated net income of P1,873.1 million for the nine months ended September 30, 2016. Excluding capital gains on sales of non-core investments of P183.8 million in 2017 and P373.1 million in 2016, Belle's recurring net income of P2,467.3 million for the first nine months of 2017 was higher by 64% over recurring net income of P1,500.0 million for the comparable period in 2016.

The Company's operating growth in 2017 was fueled primarily by growth in its revenues from City of Dreams Manila. Its share in the gaming income of City of Dreams Manila, through its 78.7%-owned subsidiary, Premium Leisure Corporation ("PLC"), increased by 95% to P2,159.7 million for the current period, from P1,107.8 million for the prior period. This was attributable to the continued growth of gaming operations at City of Dreams Manila. 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 revenues from its real estate businesses. Total real estate-related revenues increased by 10%, to P2,372.0 million for the current period from P2,147.6 million for the prior period. Of its 2017 real estate-related revenues, P1,688.8 million was derived from Belle's lease of the land and buildings comprising City of Dreams Manila to Melco, with the balance of P683.2 million 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.

### **Revenues**

Total revenues of P6,213.2 million for the nine months ended September 30, 2017 were higher by P1,571.7 million (34%), compared to P4,641.5 million for the nine months ended September 30, 2016, mainly due to a P1,052.0 million (95%) increase in the share of PLC in gaming earnings of City of Dreams Manila from P1,107.8 million for the 2016 period to P2,159.7 million for the 2017 period, an increase in Lotto and Keno equipment rental and instant scratch ticket sales of Pacific Online Systems Corp. ("Pacific Online") by P295.0 million (21%), from P1,386.1 million in 2016 period to P1,681.4 million in the 2017 period, an increase in revenue from real estate development and management activities by P174.2 million (34%), to P683.2 million in the 2017 period from P509.0 million in the 2016 period, and the increase in revenue from the lease of the City of Dreams Manila land and buildings (recognized under interest income on finance lease accounting) by P50.2 million (3%), from P1,638.6 million in the 2016 period to P1,688.8 million during the 2017 period.

### **Costs of Lottery Services**

Costs of lottery services at Pacific Online increased by P274.5 million (47%), to P854.7 million in the 2017 period from P580.2 million in the 2016 period, mainly due to an increase in depreciation expenses for lottery equipment and professional fees.

### **Costs of Lease Income**

Costs of lease income, in respect of the City of Dreams Manila property, increased by P5.5 million (4%), to P161.1 million in the 2017 period from P155.5 million in the 2016 period, mainly due to higher property taxes on the City of Dreams Manila building.

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

Costs of real estate and club shares sold increased by P142.0 million (117%), to P263.3 million in the 2017 period, from P121.4 million in the 2016 period, due to the higher sales revenue therefrom recognized during the period.

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

Costs of property management services were unchanged, at P47.9 million during both the 2017 and 2016 period.

### **Costs of Gaming Operations**

The costs of gaming operations at PLC decreased by P85.4 million (45%) to P106.4 million for the 2017 period, from P191.8 million for the 2016 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 Resorts and Entertainment (Philippines) Corporation ("MRP"), that accords it a share of gaming revenue on earnings. MRP is the Philippine affiliate of Melco, a Hong-Kong based corporation which develops, owns and operates gaming and entertainment facilities in Asia, mostly in Macau.

### **General and Administrative Expenses**

General and administrative expenses increased by ₱628.1 million (87%), to ₱1,352.6 million for the 2017 period from ₱724.5 million for the 2016 period, due to higher general and administrative expenses at PLC, and higher selling expenses and service fees related to Belle's real estate development activities.

### **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 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 ₱93.3 million (35%) to ₱359.2 million for 2017 period, from ₱265.9 million for the 2016 period. This higher interest expense was due to the Company's increased level of borrowings in 2017, which were incurred mostly to finance the pre-termination of the MOA with ABLGI. Interest income increased by ₱2.1 million (12%), to ₱19.5 million in the 2017 period, from ₱17.4 million in the 2016 period, due to higher average yields on short-term investments.

### **Provision for Income Taxes**

The provision for income taxes decreased by ₱24.0 million (4%) to ₱570.0 million for the nine months ended September 30, 2017, from ₱594.0 million for the nine months ended September 30, 2016, due to lower taxable income at Belle's subsidiaries in the 2017 period.

### **Net Income**

As a result of the foregoing, the Company realized consolidated net income of ₱2,651.1 million for the nine months ended September 30, 2017. This is ₱777.9 million (42%) higher than consolidated net income of ₱1,873.1 million for the nine months ended September 30, 2016. Belle's consistent profitability allowed the Company to pay a regular cash dividend to its shareholders on March 30, 2017 in the amount of ₱1,003.3 million (₱0.095 per share).

## September 30, 2017 vs December 31, 2016 Statement of Financial Position (in thousands)

### BELLE CORPORATION AND SUBSIDIARIES Consolidated Statements of Financial Position (Amounts in Thousands)

	September 30, 2017		December 31, 2016		Horizontal Analysis		Vertical Analysis	
	Unaudited	Audited	Inc (Dec)	%	2017	2016		
<b>ASSETS</b>								
<b>Current Assets</b>								
Cash and cash equivalents	P 2,824,590	P 2,953,262	(128,672)	-4.4%	6.7%	7.1%		
Investments held for trading	2,236,722	2,232,710	4,012	0.2%	5.3%	5.4%		
Receivables	2,131,093	1,881,754	249,339	13.3%	5.0%	4.5%		
Current portion of finance lease receivable	1,648,759	1,541,035	107,724	7.0%	3.9%	3.7%		
Real estate for sale	566,064	802,854	(236,790)	-29.5%	1.3%	1.9%		
Other current assets	1,288,451	1,210,973	77,478	6.4%	3.0%	2.9%		
	<b>10,695,679</b>	<b>10,622,588</b>	<b>73,091</b>	<b>0.7%</b>	<b>25.2%</b>	<b>25.6%</b>		
<b>Noncurrent Assets</b>								
Finance lease receivable - net of current portion	16,317,466	16,104,586	212,880	1.3%	38.5%	38.7%		
Land held for future development	3,100,265	3,092,399	7,866	0.3%	7.3%	7.4%		
Available-for-sale financial assets	2,275,381	2,026,944	248,437	12.3%	5.4%	4.9%		
Investment properties	1,869,025	1,540,961	328,064	21.3%	4.4%	3.7%		
Intangible asset	5,032,074	4,812,707	219,367	4.6%	11.9%	11.6%		
Goodwill	1,828,578	1,828,578	-	0.0%	4.3%	4.4%		
Investments in and advances to associates - net	69,298	77,903	(8,605)	-11.0%	0.2%	0.2%		
Property and equipment	593,869	690,378	(96,509)	-14.0%	1.4%	1.7%		
Deferred tax asset	21,460	14,576	6,884	47.2%	0.1%	0.0%		
Pension asset	-	10,048	(10,048)	n/a	0.0%	0.0%		
Other noncurrent assets	578,549	743,290	(164,741)	-22.2%	1.4%	1.8%		
	<b>31,685,965</b>	<b>30,942,370</b>	<b>743,595</b>	<b>2.4%</b>	<b>74.8%</b>	<b>74.4%</b>		
<b>TOTAL ASSET</b>	<b>P 42,381,644</b>	<b>P 41,564,958</b>	<b>816,686</b>	<b>2.0%</b>	<b>100.0%</b>	<b>100.0%</b>		
<b>LIABILITIES AND EQUITY</b>								
<b>Current Liabilities</b>								
Trade and other current liabilities	P 1,628,084	P 1,254,065	374,019	29.8%	3.8%	3.0%		
Loans payable	2,500,017	2,000,017	500,000	25.0%	5.9%	4.8%		
Current portion of:								
Long-term debt	1,029,167	862,500	166,667	19.3%	2.4%	2.1%		
Obligations under finance lease	35,847	47,698	(11,851)	-24.8%	0.1%	0.1%		
Estimated liability on construction costs	23,376	23,376	-	0.0%	0.1%	0.1%		
Nontrade liability	-	3,762,000	(3,762,000)	-100.0%	0.0%	9.1%		
Income tax payable	55,180	51,900	3,280	6.3%	0.1%	0.1%		
	<b>5,271,671</b>	<b>8,001,556</b>	<b>(2,729,885)</b>	<b>-34.1%</b>	<b>12.4%</b>	<b>19.3%</b>		
<b>Noncurrent Liabilities</b>								
Noncurrent portion of:								
Long-term debt	5,379,167	3,759,375	1,619,792	43.1%	12.7%	9.0%		
Obligations under finance lease	52,529	71,644	(19,115)	-26.7%	0.1%	0.2%		
Deferred tax liabilities	2,074,400	1,742,187	332,213	19.1%	4.9%	4.2%		
Pension liability	16,608	12,550	4,058	32.3%	0.0%	0.0%		
Other noncurrent liability	232,149	233,864	(1,715)	-0.7%	0.5%	0.6%		
	<b>7,754,853</b>	<b>5,819,620</b>	<b>1,935,233</b>	<b>33.3%</b>	<b>18.3%</b>	<b>14.0%</b>		
<b>TOTAL LIABILITIES</b>	<b>13,026,524</b>	<b>13,821,176</b>	<b>(794,652)</b>	<b>-5.7%</b>	<b>30.7%</b>	<b>33.3%</b>		
<b>Equity</b>								
Attributable to equity holders of parent:								
Common stock	10,561,000	10,561,000	-	0.0%	24.9%	25.4%		
Additional paid-in capital	5,503,731	5,503,731	-	0.0%	13.0%	13.2%		
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	(1,694,724)	(1,758,264)	63,540	-3.6%	-4.0%	-4.2%		
Unrealized gain on available-for-sale financial assets - net	1,172,202	836,876	335,326	40.1%	2.8%	2.0%		
Other reserves	3,082,824	3,082,824	-	0.0%	7.3%	7.4%		
Excess of net asset value of an investment over cost	252,040	252,040	-	0.0%	0.6%	0.6%		
Retained Earnings	7,493,953	6,289,302	1,204,651	19.2%	17.7%	15.1%		
Total equity attributable to equity holders of the Parent	<b>26,187,340</b>	<b>24,583,823</b>	<b>1,603,517</b>	<b>6.5%</b>	<b>61.8%</b>	<b>59.1%</b>		
Non-controlling interests	3,167,780	3,159,959	7,821	0.2%	7.5%	7.6%		
<b>Total Equity</b>	<b>29,355,120</b>	<b>27,743,782</b>	<b>1,611,338</b>	<b>5.8%</b>	<b>69.3%</b>	<b>66.7%</b>		
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>P 42,381,644</b>	<b>P 41,564,958</b>	<b>816,686</b>	<b>2.0%</b>	<b>100.0%</b>	<b>100.0%</b>		

## **ASSETS**

Total assets of the Company decreased by ₱816.7 million (2%) to ₱42,381.6 million as of September 30, 2017, from ₱41,565.0 million as of December 31, 2016.

### **Cash and Cash equivalents**

Cash and cash equivalents decreased by ₱128.7 million (4%), to ₱2,824.6 million as of September 30, 2017 from ₱2,953.3 million as of December 31, 2016, due to the dividend payment of ₱1,003.3 million on March 30, 2017 and payments to ABLGI of about ₱4,072.0 million on September 30, 2017 in order to terminate the MOA (refer to "Nontrade Liability" on pages 9-10). The decrease in cash brought by the pre-termination of the MOA with ABLGI was offset by cashflows from operations and additional loan availments from local banks.

### **Investments Held for Trading**

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 Leisure and Resorts World Corporation, 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 ₱249.3 million (13%), to ₱2,131.1 million as of September 30, 2017 from ₱1,881.8 million as of December 31, 2016. The increase was mainly due to the receivable of PLC from MRP, in respect of its gaming revenue share from City of Dreams Manila.

### **Real Estate for Sale**

Real estate for sale decreased by ₱236.8 million (30%), to ₱566.1 million as of September 30, 2017 from ₱802.9 million as of December 31, 2016, 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 increased by ₱248.4 million (12%), to ₱2,275.4 million as of September 30, 2017 from ₱2,026.9 million as of December 31, 2016, which was attributable to the increase in market price of the investments. This was partially offset by Belle's sale of 5.0 million shares of SM Prime Holdings Inc. ("SMPH") during the first half of 2017. Belle still held 61.8 million shares of SMPH as of September 30, 2017.

### **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. The extension of the life of the gaming license lowers the amortization expense of PLAI by ₱13.9 million monthly effective April 2016. 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 nine months ended September 30, 2017 amounted to ₱86.9 million.

On March 31, 2017, Belle Grande Resource Holdings Corp. ("BGRHC"), a wholly owned subsidiary of the Company, acquired the gaming consultancy service contract of ABLGI for a consideration amounting to ₱310.0 million (refer to "Nontrade Liability" below).

#### **Goodwill**

The Company recognized goodwill amounting to ₱1,828.6 million in 2016, as a result of consolidating Pacific Online starting June 5, 2014.

#### **Other Assets**

Other assets decreased by ₱87.3 million (5%), to ₱1,867.0 million as of September 30, 2017 from ₱1,954.3 million as of December 31, 2016, mainly due to utilization of prepaid expenses, application of input VAT and advances to contractors for capital expenditures related to City of Dreams Manila.

#### **LIABILITIES**

Total liabilities decreased by ₱794.7 million (6%), to ₱13,026.5 million as of September 30, 2017 from ₱13,821.2 million as of December 31, 2016, due to the pre-termination of the MOA with ABLGI. The decrease in liabilities amounting to ₱3,762.0 million brought about by the pre-termination of the MOA with ABLGI was offset by additional borrowings from local banks.

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

Trade and other current liabilities increased by ₱374.0 million (30%) to ₱1,628.1 million as of September 30, 2017, from ₱1,254.1 million as of December 31, 2016, due mainly to the increase in trade payables.

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

Total debt, amounting to ₱8,996.7 million as of September 30, 2017, consists of ₱8,908.4 million in Peso loans of Belle from various local financial institutions, with an average interest rate of approximately 5.1% per annum, and ₱88.4 million in finance lease obligations of Pacific Online. The outstanding amount of total debt increased by ₱2,255.5 million (33%) from ₱6,741.2 million as of December 31, 2016 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 ₱31.1 million (26%), from ₱119.3 million as of December 31, 2016 to ₱88.4 million as of September 30, 2017, due to the amortization of principal therein.

#### **Nontrade Liability**

In 2013, Belle, PLAI, ABLGI and LRWC entered into the MOA, 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, the termination of ABLGI agreements relating to the integrated resort that is now known as City of Dreams Manila and the grant of the ABLGI Advance, totalling about ₱4.8 billion, to help in the funding for the construction of the integrated resort building.

In December 2014, the implementing agreement for the MOA was executed, with the effectivity of terms and conditions retrospective on January 1, 2014. The ABLGI Advance was determined as the fair value of ABLGI's settlement. Such liability was being accreted over the lease term using the Effective Interest Rate method.

On November 3, 2016, Belle, PLAI, BGRH, ABLGI and LRWC signed an agreement ("the Termination Agreement"), which terminated the MOA of 2013 at the end of March 2017. Under the Termination Agreement, Belle repaid ABLGI its nontrade liability of ₱4,780.0 million and purchased ABLGI's gaming consultancy contract with PLAI for ₱310.0 million, for a total consideration of ₱5,090.0 million. Of the total consideration, ₱1,018 million was paid upon signing and the balance was paid simultaneous with the termination of the MOA on March 31, 2017. The MOA was thus deemed fully terminated as of March 31, 2017. The acquired gaming consultancy contract was recorded as an intangible asset as of March 31, 2017.

### **EQUITY**

The Company's shareholders' equity as of September 30, 2017 of ₱29,355.1 million was higher by ₱1,611.3 million (6%), compared to its shareholders' equity of ₱27,743.8 million as of December 31, 2016, due to the Company's consolidated net income recognized for the nine months ended September 30, 2017 amounting to ₱2,651.1 million, offset by the ₱1,003.3 million cash dividend paid to its shareholders on March 30, 2017. Excluding the dividend, the Company's shareholders' equity as of September 30, 2017 would have been ₱30,584.4 million, or approximately ₱2,614.6 million (9%) higher than at December 31, 2016.

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

	Manner by which the Company calculates the key performance indicators	30 September 2017 (unaudited)	30 September 2016 (unaudited)	31 December 2016 (audited)
Asset to equity ratio	Total assets over equity	1.44 : 1.00	1.57 : 1.00	1.50: 1.00
Current or Liquidity ratio	Current assets over current liabilities	2.03 : 1.00	2.29 : 1.00	1.33: 1.00
Debt-to-equity ratio	Interest-bearing debt over equity	0.31 : 1.00	0.21 : 1.00	0.24: 1.00
Net debt-to-equity ratio	Interest-bearing debt less cash and cash equivalents	0.21 : 1.00	0.11 : 1.00	0.14: 1.00
Interest rate coverage ratio	EBITDA over interest expense	10.80:1.00	12.00:1.00	12.09:1.00
Return on assets	Annualized net income over average total assets during the period	8.2%	5.5%	7.3%
Return on equity	Annualized net income over average equity during the period	12.1%	9.0%	11.6%

The Company does not foresee any cash flow or liquidity problems over the next twelve months. As of September 30, 2017, consolidated total debt of the Company of P8,996.7 million was comprised of borrowings from renewable short-term bank loans of P2,500.0 million, amortizing term loans from banks of P6,408.3 million and obligations under finance lease of P88.4 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 September 30, 2017, 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, HTM investments, 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, guarantee bonds and held-to-maturity investments, 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:

	September 30, 2017		December 31, 2016	
	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	2,236,722	2,236,722	2,232,710	2,232,710
AFS Financial assets	2,275,381	2,275,381	2,026,944	2,026,944
Assets for which fair value is disclosed:				
Receivables - trade	2,131,093	2,131,093	663,522	663,522
Finance lease receivable	17,966,225	17,966,225	17,645,621	17,645,621
<b>Liabilities</b>				
Liabilities for which fair value is disclosed:				
Nontrade liability	-	-	3,762,000	3,762,000
Long-term debt	6,408,334	6,408,334	4,621,875	4,621,875
Obligations under finance lease	88,376	88,376	119,342	119,342

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, HTM Investments and AFS Financial Assets. The fair values of investments held for trading, HTM investments in quoted debt securities 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.

Installment Payable and 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 1 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, 2016.

The adoption of the following PFRS standards enumerated below does not have significant impact on its consolidated financials statements which are effective January 1, 2017.

- i. PFRS 12, *Disclosure of Interests in Other Entities* – Clarification of the Scope of the Standard
- ii. PAS 7, *Statements of Cash flows* – Disclosure initiative
- iii. PAS 12, *Income Taxes* – Recognition of Deferred Tax Assets for Unrealized Losses

The Company will adopt the following standards enumerated below when these 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.

- PFRS 9, *Financial Instruments*
- PFRS 15, *Revenue from Customers*
- PFRS 16, *Leases*

The Company continues to assess the impact of the above new, amended and improved accountings standards effective subsequent to December 31, 2016 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 September 30, 2017 up to the date of this report that needs disclosure herein.
- F.) There were no changes in contingent liabilities or contingent assets since September 30, 2017.
- G.) There exist no material contingencies affecting the current interim period.

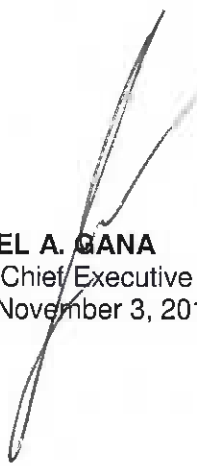
**SIGNATURES**

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.

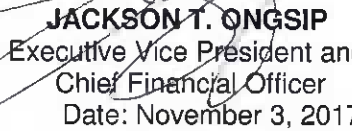
Issuer: **BELLE CORPORATION**



**WILLY N. OCIER**  
Vice Chairman  
Date: November 3, 2017



**MANUEL A. GANA**  
President and Chief Executive Officer  
Date: November 3, 2017



**JACKSON T. ONGSIP**  
Executive Vice President and  
Chief Financial Officer  
Date: November 3, 2017

## BELLE CORPORATION AND SUBSIDIARIES

### UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of September 30, 2017

(With Comparative Audited Figures as of December 31, 2016)

(Amounts in Thousands)

	September 30, 2017		December 31, 2016		Horizontal Analysis		Vertical Analysis	
		Unaudited		Audited	Inc (Dec)	%	2017	2016
<b>ASSETS</b>								
<b>Current Assets</b>								
Cash and cash equivalents	P	2,824,590	P	2,953,262	[128,672]	-4.4%	6.7%	7.1%
Investments held for trading		2,236,722		2,232,710	4,012	0.2%	5.3%	5.4%
Receivables		2,131,093		1,881,754	249,339	13.3%	5.0%	4.5%
Current portion of finance lease receivable		1,648,759		1,541,035	107,724	7.0%	3.9%	3.7%
Real estate for sale		566,064		802,854	[236,790]	-29.5%	1.3%	1.9%
Other current assets		1,288,451		1,210,973	77,478	6.4%	3.0%	2.9%
		10,695,679		10,622,588	73,091	0.7%	25.2%	25.6%
<b>Noncurrent Assets</b>								
Finance lease receivable - net of current portion		16,317,466		16,104,586	212,880	1.3%	38.5%	38.7%
Land held for future development		3,100,265		3,097,399	2,866	0.3%	7.3%	7.4%
Available-for-sale financial assets		2,275,381		2,026,944	248,437	12.3%	5.4%	4.9%
Investment properties		1,869,025		1,540,961	328,064	21.3%	4.4%	3.7%
Intangible asset		5,032,074		4,812,707	219,367	4.6%	11.9%	11.6%
Goodwill		1,828,578		1,828,578	-	0.0%	4.3%	4.4%
Investments in and advances to associates - net		69,298		77,903	[8,605]	-11.0%	0.2%	0.2%
Property and equipment		599,869		690,378	[96,509]	-14.0%	1.4%	1.7%
Deferred tax asset		21,460		14,576	6,884	47.2%	0.1%	0.0%
Pension asset		-		10,048	[10,048]	n/a	0.0%	0.0%
Other noncurrent assets		578,549		743,290	[164,741]	-22.2%	1.4%	1.8%
		31,685,965		30,942,370	743,595	2.4%	74.8%	74.4%
<b>TOTAL ASSET</b>	P	<b>42,381,644</b>	P	<b>41,564,958</b>	<b>816,686</b>	<b>2.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>LIABILITIES AND EQUITY</b>								
<b>Current Liabilities</b>								
Trade and other current liabilities	P	1,628,084	P	1,254,065	374,019	29.8%	3.8%	3.0%
Loans payable		2,500,017		2,000,017	500,000	25.0%	5.9%	4.8%
Current portion of:								
Long-term debt		1,029,167		862,500	166,667	19.3%	2.4%	2.1%
Obligations under finance lease		35,847		47,698	[11,851]	-24.8%	0.1%	0.1%
Estimated liability on construction costs		23,376		23,376	-	0.0%	0.1%	0.1%
Nontrade liability		-		3,762,000	[3,762,000]	-100.0%	0.0%	9.1%
Income tax payable		55,180		51,900	3,280	6.3%	0.1%	0.1%
		5,271,671		8,001,556	[2,729,885]	-34.1%	12.4%	19.3%
<b>Noncurrent Liabilities</b>								
Noncurrent portion of:								
Long-term debt		5,379,167		3,759,375	1,619,792	43.1%	12.7%	9.0%
Obligations under finance lease		52,529		71,644	[19,115]	-26.7%	0.1%	0.2%
Deferred tax liabilities		2,074,400		1,742,187	332,213	19.1%	4.9%	4.2%
Pension liability		16,608		12,550	4,058	32.3%	0.0%	0.0%
Other noncurrent liability		232,149		233,864	[1,715]	-0.7%	0.5%	0.6%
		7,754,853		5,819,620	1,935,233	33.3%	18.3%	14.0%
<b>TOTAL LIABILITIES</b>		<b>13,026,524</b>		<b>13,821,176</b>	<b>[794,652]</b>	<b>-5.7%</b>	<b>30.7%</b>	<b>33.3%</b>
<b>Equity</b>								
<b>Attributable to equity holders of parent:</b>								
Common stock		10,561,000		10,561,000	-	0.0%	24.9%	25.4%
Additional paid-in capital		5,503,731		5,503,731	-	0.0%	13.0%	13.2%
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		[1,694,724]		[1,758,264]	63,540	-3.6%	-4.0%	-4.2%
Unrealized gain on available-for-sale financial assets - net		1,172,202		836,876	335,326	40.1%	2.8%	2.0%
Other reserves		3,082,824		3,082,824	-	0.0%	7.3%	7.4%
Excess of net asset value of an investment over cost		252,040		252,040	-	0.0%	0.6%	0.6%
Retained Earnings		7,493,953		6,289,302	1,204,651	19.2%	17.7%	15.1%
Total equity attributable to equity holders of the Parent		26,187,340		24,583,823	1,603,517	6.5%	61.8%	59.1%
Non-controlling interests		3,167,780		3,159,959	7,821	0.2%	7.5%	7.6%
<b>Total Equity</b>		<b>29,355,120</b>		<b>27,743,782</b>	<b>1,611,338</b>	<b>5.8%</b>	<b>69.3%</b>	<b>66.7%</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	P	<b>42,381,644</b>	P	<b>41,564,958</b>	<b>816,686</b>	<b>2.0%</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 nine months ended September 30 (Unaudited)		This Quarter		Vertical Analysis	
	2017	2016	2017	2016	2017	2016
<b>REVENUE</b>						
Interest income on finance lease accounting	P 1,546,377	P 1,496,096	519,356	503,103	24.9%	32.2%
Equipment rental and instant scratch ticket sales	1,366,329	1,151,331	473,189	400,069	22.0%	24.8%
Gaming revenue share	2,159,748	1,107,764	695,354	405,737	34.8%	23.9%
Sale of real estate	539,563	349,168	159,816	101,629	8.7%	7.5%
Lease income	142,466	142,531	47,455	47,510	2.3%	3.1%
Revenue from property management	87,669	104,106	24,969	26,369	1.4%	2.2%
Distribution and commission income (POSC)	315,116	234,771	156,355	95,398	5.1%	5.1%
Others	55,939	55,695	20,220	18,098	0.9%	1.2%
<b>TOTAL REVENUES</b>	<b>6,213,207</b>	<b>4,641,462</b>	<b>2,096,714</b>	<b>1,597,913</b>	<b>100.0%</b>	<b>100.0%</b>
<b>COST OF LOTTERY SERVICES</b>	<b>(854,726)</b>	<b>(580,205)</b>	<b>(321,698)</b>	<b>(245,977)</b>	<b>-13.8%</b>	<b>-12.5%</b>
<b>COST OF LEASE INCOME</b>	<b>(161,055)</b>	<b>(155,513)</b>	<b>(53,208)</b>	<b>(59,320)</b>	<b>-2.6%</b>	<b>-3.4%</b>
<b>COST OF REAL ESTATE SOLD</b>	<b>(263,308)</b>	<b>(121,384)</b>	<b>(74,262)</b>	<b>(46,884)</b>	<b>-4.2%</b>	<b>-2.6%</b>
<b>COST OF PROPERTY MANAGEMENT SERVICES</b>	<b>(47,916)</b>	<b>(47,934)</b>	<b>(14,992)</b>	<b>(10,034)</b>	<b>-0.8%</b>	<b>-1.0%</b>
<b>COST OF GAMING OPERATIONS</b>	<b>(106,410)</b>	<b>(191,788)</b>	<b>(12,101)</b>	<b>(62,923)</b>	<b>-1.7%</b>	<b>-4.1%</b>
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	<b>(1,352,569)</b>	<b>(724,487)</b>	<b>(471,892)</b>	<b>(113,823)</b>	<b>-21.8%</b>	<b>-15.6%</b>
<b>TOTAL COSTS AND EXPENSES</b>	<b>(2,785,984)</b>	<b>(1,821,311)</b>	<b>(948,153)</b>	<b>(538,961)</b>	<b>-44.8%</b>	<b>-39.2%</b>
<b>INCOME FROM OPERATIONS</b>	<b>3,427,223</b>	<b>2,820,151</b>	<b>1,148,561</b>	<b>1,058,952</b>	<b>55.2%</b>	<b>60.8%</b>
<b>PAYMENTS TO ABLG/ACCRETION OF NONTRADE LIABILITY</b>	<b>(107,608)</b>	<b>(507,940)</b>	<b>-</b>	<b>(170,880)</b>	<b>-1.7%</b>	<b>-10.9%</b>
<b>UNREALIZED GAIN (LOSS) ON MARKETABLE SECURITIES</b>	<b>11,308</b>	<b>(11,605)</b>	<b>(534)</b>	<b>(21,403)</b>	<b>0.2%</b>	<b>-0.3%</b>
<b>INTEREST EXPENSE AND OTHER FINANCE CHARGES</b>	<b>(359,193)</b>	<b>(265,907)</b>	<b>(127,720)</b>	<b>(86,645)</b>	<b>-5.8%</b>	<b>-5.7%</b>
<b>INTEREST INCOME</b>	<b>19,493</b>	<b>17,368</b>	<b>6,260</b>	<b>5,958</b>	<b>0.3%</b>	<b>0.4%</b>
<b>GAIN ON SALE OF INVESTMENT PROPERTY</b>	<b>85,678</b>	<b>-</b>	<b>5,169</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>GAIN ON SALE OF AFS INVESTMENT</b>	<b>76,546</b>	<b>351,680</b>	<b>18,294</b>	<b>351,680</b>	<b>1.2%</b>	<b>7.6%</b>
<b>GAIN ON SALE OF INVESTMENT IN ASSOCIATE</b>	<b>-</b>	<b>3,758</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET FOREIGN EXCHANGE GAIN (LOSS)</b>	<b>83</b>	<b>(7,171)</b>	<b>29</b>	<b>(9,319)</b>	<b>0.0%</b>	<b>-0.2%</b>
<b>DIVIDEND INCOME</b>	<b>21,920</b>	<b>32,735</b>	<b>2,125</b>	<b>2,125</b>	<b>0.4%</b>	<b>0.7%</b>
<b>OTHER INCOME (CHARGES)</b>	<b>45,611</b>	<b>34,102</b>	<b>35,831</b>	<b>24,501</b>	<b>0.7%</b>	<b>0.7%</b>
<b>INCOME BEFORE INCOME TAX</b>	<b>3,221,061</b>	<b>2,467,171</b>	<b>1,088,015</b>	<b>1,154,969</b>	<b>51.8%</b>	<b>53.2%</b>
<b>PROVISION FOR INCOME TAXES</b>						
Current	237,786	320,055	93,643	121,385	3.8%	6.9%
Deferred	332,213	273,974	116,250	77,181	5.3%	5.9%
	569,999	594,029	209,893	198,566	9.2%	12.8%
<b>NET INCOME</b>	<b>P 2,651,062</b>	<b>P 1,873,142</b>	<b>878,122</b>	<b>956,403</b>	<b>42.7%</b>	<b>40.4%</b>
<b>OTHER COMPREHENSIVE INCOME</b>						
Unrealized gain (loss) on available for sale financial assets - net	439,821	287,725	92,428	(243,651)	7.1%	6.2%
Other reserves	-	1,005	-	-	0.0%	0.0%
	439,821	288,730	92,428	(243,651)	7.1%	6.2%
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>P 3,090,883</b>	<b>P 2,161,872</b>	<b>970,550</b>	<b>712,752</b>	<b>49.7%</b>	<b>46.6%</b>
Net profit attributable to:						
Equity holders of the parent	P 2,172,176	P 1,584,600	715,574	841,820	35.0%	34.1%
Non-Controlling Interests	478,886	288,542	162,548	114,583	7.7%	6.2%
	P 2,651,062	P 1,873,142	878,122	956,403	42.7%	40.4%
Total comprehensive income attributable to:						
Equity holders of the parent	P 2,591,256	P 1,873,057	805,721	624,474	41.7%	40.4%
Non-Controlling Interests	499,627	288,815	164,829	88,278	8.0%	6.2%
	P 3,090,883	P 2,161,872	970,550	712,752	49.7%	46.6%
<b>Basic Earnings Per Share</b>	<b>P 0.31</b>	<b>P 0.23</b>				

**BELLE CORPORATION AND SUBSIDIARIES**

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

FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2017 AND 2016

(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	Other Reserves	Remeasurement of Pension Income (Expense)	Transactions with Non-controlling Interests	Excess of Cost over Net Asset Value of an Investment	Retained Earnings		
Balance at December 31, 2015	₱10,561,000	₱5,503,731	(₱134,342)	(₱2,501)	(₱1,749,628)	₱520,618	₱14,061	(₱3,941)	₱3,075,776	₱252,040	₱4,903,882	₱22,940,595	₱3,132,530	₱26,073,125
Purchase of treasury shares	-	-	115,824	-	-	-	-	-	-	-	-	(15,824)	-	(15,824)
Cash dividends	-	-	-	-	-	-	-	-	-	-	(955,869)	(955,869)	(137,476)	(1,093,345)
Net income	-	-	-	-	-	-	-	-	-	-	1,584,600	1,584,600	288,452	1,873,142
Unrealized gain on available-for-sale financial assets - net	-	-	-	-	-	292,874	-	-	-	-	-	292,874	-	292,874
Remeasurement of pension liability	-	-	-	-	-	-	-	1,005	-	-	-	1,005	-	1,005
Share of non-controlling interest in other reserves	-	-	-	-	-	-	-	-	-	-	-	-	(149,929)	(149,929)
Balance at September 30, 2016	₱10,561,000	₱5,503,731	(₱150,266)	(₱2,501)	(₱1,749,628)	₱818,182	₱14,061	(₱2,937)	₱3,075,766	₱252,040	₱5,532,613	₱23,852,070	₱3,133,667	₱26,985,737

	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	Other Reserves	Remeasurement of Pension Income (Expense)	Transactions with Non-controlling Interests	Excess of Cost over Net Asset Value of an Investment	Retained Earnings		
Balance at December 31, 2016	₱10,561,000	₱5,503,731	(₱181,185)	(₱2,501)	(₱1,758,264)	₱836,876	₱14,061	(₱7,012)	₱3,075,776	₱252,040	₱6,289,302	₱24,583,824	₱3,159,958	₱27,743,782
Purchase of treasury shares by subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(317,837)	(317,837)
Disposal of Parent Company shares held by subsidiaries	-	-	-	-	63,540	-	-	-	-	-	-	63,549	-	63,549
Cash dividends	-	-	-	-	-	-	-	-	-	-	(967,526)	(967,526)	(173,970)	(1,141,496)
Net income	-	-	-	-	-	-	-	-	-	-	2,172,176	2,172,176	478,886	2,651,062
Unrealized gain on available-for-sale financial assets - net	-	-	-	-	-	335,326	-	-	-	-	-	335,326	20,741	356,067
Balance at September 30, 2017	₱10,561,000	₱5,503,731	(₱181,185)	(₱2,501)	(₱1,694,724)	₱1,172,202	₱14,061	(₱7,012)	₱3,075,776	₱252,040	₱7,493,952	₱26,187,340	₱3,167,780	₱29,355,120



## BELLE CORPORATION AND SUBSIDIARIES

### UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

	For the Nine-Month Periods Ended September 30	
	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	₱3,221,061	₱2,467,171
Adjustments for:		
Interest income on finance lease	(1,546,377)	(1,496,096)
Accretion of nontrade liability	-	507,940
Depreciation and amortization	318,274	278,179
Interest expense	359,193	247,790
Gain on sale of available-for-sale investments	(76,546)	(351,680)
Gain on sale of investments in associate	-	(3,758)
Amortization of discount on trade receivables	(42,993)	(35,539)
Dividend income	(21,920)	(32,735)
Unrealized mark-to-market loss (gain) on investments held for trading	(11,308)	11,605
Unrealized foreign exchange loss (gain) – net	-	7,171
Interest income	(19,493)	(17,368)
Pension cost	14,106	-
Provision for impairment loss on investment in associates	-	(45,928)
Working capital adjustments:		
Decrease (increase) in:		
Receivables	1,019,427	672,626
Real estate for sale	228,924	(161,247)
Club shares	19,451	8,588
Other assets	(123,030)	1,005,465
Decrease in trade and other current liabilities	372,304	(108,001)
Net cash generated from operations	3,711,073	2,954,183
Interest received	19,493	17,368
Contributions to the retirement fund	-	(501)
Income tax paid	-	(204,244)
Net cash provided by (used in) operating activities	3,730,566	2,766,806
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Expenditures on investment properties	-	(2,329,398)
Acquisitions of:		
Intangible asset	(310,000)	-
Investment property	(328,064)	(6,756)
Property and equipment	(131,132)	-
Investment held for trading	(12,155)	-
Land held for development	-	(130,694)
Proceeds from disposal of available-for-sale financial assets	153,080	772,823
Proceeds from disposal of investment held for trading	-	23,639
Proceeds from disposal of investment in associate	-	7,790
Decrease in investment in associate	8,605	45,928
Decrease in property and equipment	-	54,808
Dividends received	21,920	32,735
Net cash used in investing activities	(597,746)	(1,529,125)

**For the Nine-Month Periods  
Ended September 30**

	2017	2016
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments of:		
Long-term debt and loans payable	(P1,963,541)	(P596,875)
Interest	(359,193)	(247,790)
Disposal of Parent Company shares held by a subsidiary	63,540	-
Long-term debt proceeds	4,250,000	300,000
Dividends paid	(1,141,496)	(1,093,345)
Acquisition of treasury shares	-	(15,824)
Acquisition of treasury shares of subsidiaries	(317,836)	-
Decrease in:		
Nontrade liability	(3,762,000)	(217,832)
Obligations under finance lease	(30,966)	(42,902)
Net cash used in financing activities	(3,261,492)	(1,914,568)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(128,672)	(676,887)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	2,953,262	3,570,065
<b>EFFECT OF FOREIGN EXCHANGE RATE ON CASH AND CASH EQUIVALENTS</b>	-	(7,171)
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>P2,824,590</b>	<b>P2,886,007</b>

**BELLE CORPORATION AND SUBSIDIARIES**  
**ATTACHMENT TO FINANCIAL STATEMENTS**  
**AGING OF ACCOUNTS RECEIVABLES - TRADE**  
As of September 30, 2017

<b>Projects</b>	<b>Current (a)</b>	<b>Non-current (b)</b>	<b>Grand Total</b>
Ahanira	1,626,386.13	12,264,695.50	13,891,081.63
Country Club	858,876.59	1,650,035.09	2,508,911.68
Cotswold	20,172,950.23	7,170,647.49	27,343,597.72
Enclave	1,158,168.00	2,331,184.59	3,489,352.59
Fairfield	9,968,520.82	14,615,468.26	24,583,989.08
Katsura	22,839,125.44	50,891,148.18	73,730,273.62
Kew Garden	7,884,096.05	1,133,237.64	9,017,333.69
Nobhill	14,077,448.79	14,901,379.31	28,978,828.10
The Parks	10,907,323.39	10,075,065.61	20,982,389.00
Plantation Hills	19,596,085.67	17,319,747.53	36,915,833.20
Sycamore	217,626,978.84	257,906,491.11	475,533,469.95
Terrazas de Alava	3,126,250.62	5,729,750.95	8,856,001.57
Tivoli Place	5,215,182.48	11,041,644.26	16,256,826.74
Midlands	41,878,990.10	41,017,694.42	82,896,684.52
Verandas	7,656,873.53	8,895,613.45	16,552,486.98
Woodlands	10,023,152.14	(11,661,252.78)	(1,638,100.64)
Yume	12,698,292.98	27,900,899.75	40,599,192.73
Gaming revenue share receivable	242,799,529.00	-	242,799,529.00
Equipment rental and scratch ticket receivable	488,166,034.00	-	488,166,034.00
A/R - Trade Others	519,628,898.59	-	519,628,898.59
<b>Grand Total</b>	<b>1,657,909,163.39</b>	<b>473,183,450.35</b>	<b>2,131,092,613.74</b>

(a) Collectible within 1 year.

(b) Collectible after 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:

	September 30, 2017 (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	₱2,412,515	₱3,981,023	₱-	(180,331)	₱6,213,207
Costs and expenses	(903,919)	(2,222,520)	-	232,847	(2,893,592)
Interest expense	(397,875)	(779)	-	39,461	(359,193)
Interest income	5,769	13,664	60	-	19,493
Provision for income tax	376,583	193,416	-	-	569,999
Net profit for the year	1,655,288	1,601,765	60	(606,051)	2,651,062
Net profit attributable to equity holders of the parent	1,655,288	1,395,991	60	(879,163)	2,172,176
	September 30, 2016 (Unaudited)				
	<i>(In Thousands)</i>				
<b>Earnings Information</b>					
Revenue	₱2,147,598	₱2,559,148	₱-	(₱65,282)	₱4,641,464
Costs and expenses	(1,035,477)	(1,217,274)	-	76,500	(2,329,251)
Interest expense	(289,490)	(1,199)	-	24,782	(265,907)
Interest income	9,910	6,410	1,048	-	17,368
Provision for income tax	295,285	298,744	-	-	594,029
Net profit for the year	1,475,113	798,547	979	(401,497)	1,873,142
Net profit attributable to equity holders of the parent	1,475,113	636,139	979	(527,631)	1,584,600

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

	September 30, 2017 (Unaudited)	September 30, 2016 (Unaudited)
	<i>(in thousands)</i>	
<b>Revenues</b>		
Total revenue for reportable segments	₱6,393,538	₱4,706,746
Elimination for intercompany revenue	(180,331)	(65,282)
Total consolidated revenues	₱6,213,207	₱4,641,464

**Net Profit for the Year**

Total profit for reportable segments	<b>₱3,257,112</b>	₱2,274,639
Elimination for intercompany profits	<b>(606,050)</b>	(401,497)
<b>Consolidated net profit</b>	<b>₱2,651,062</b>	<b>₱1,873,142</b>

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.