BERJAYA

02 September 2019

Dear Stockholder,

Please take notice that an annual meeting of the stockholders of BERJAYA PHILIPPINES INC. will be held this year on 8 October 2019 at 9:00 a.m. at the Function Room of the Berjaya Makati Hotel, Philippines located at the corner of Makati Avenue and Eduque Street, Makati City, Metro Manila. The Agenda for the meeting is as follows:

1. Call to Order
2. Certification of Notice and Quorum
3. Ratification of the Minutes of the Special Stockholders Meeting held on 10 July 2019
4. Ratification of Corporate Acts of the Board of Directors for the year ended 30 June 2019
5. Report of the Chairman
6. Election of the Board of Directors of the Corporation
7. Appointment of External Auditors
8. Other Matters

JOSE A. BERNAS
Corporate Secretary

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

Information Statement Pursuant to Section 20
of the Securities Regulation Code

1. Check the appropriate box:

   ______ Preliminary Information Statement
   ✓ Definitive Information Statement

2. Name of Registrant as specified in its charter – BERJAYA PHILIPPINES INC.

3. Province, country or other jurisdiction of incorporation or organization - Manila, Philippines

4. SEC Identification Number – pre war 476

5. BIR Tax Identification Code - 001-289-374

6. Address of principal office - 9/F Rufino Pacific Tower, 6784 Ayala Avenue corner V.A. Rufino (formerly Herrera) Street, Makati City, Metro Manila 1229

7. Registrant's telephone number, including area code - (632) 811-0668

8. Date, time and place of meeting of security holders -
   The Annual Meeting of the Stockholders of Berjaya Philippines, Inc. (the Corporation) will be held on 8 October 2019, at 9:00 a.m. at the Function Room of the Berjaya Makati Hotel, Philippines located at the corner of Makati Avenue and Eduque Street, Makati City, Metro Manila.

9. Approximate date on which the Information Statement is first to be sent or given to security holders - 17 September 2019

10. *In case of Proxy Solicitations: Not applicable*

    Name of Person Filing the
    Statement/Solicitor: ______
    Address and Telephone No.: ______

11. Securities registered pursuant to Code or Sections 4 and 8 of the RSA (Information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
COMMON	**4,427,009,132**

Amount of Debt Outstanding
as of 30 April 2019 : Php 342,030,901.72

12. Are any or all of registrant's securities listed on the Philippine Stock Exchange?
Yes __✓___ No _______

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

The shares are listed in the Philippine Stock Exchange and are classified either as common or treasury shares.

GENERAL INFORMATION

Date, time and place of meeting of security holders

The Annual Meeting of the Stockholders of Berjaya Philippines, Inc. (the Corporation) shall be held on 8 October 2019, at 9:00 a.m. at the Function Room of the Berjaya Makati Hotel located at the corner of Makati Avenue and Eduque Street, Makati City, Metro Manila.

The complete mailing address of the principal office of the registrant is 9/F Rufino Pacific Tower, 6784 Ayala Avenue corner V. A. Rufino (formerly Herrera) Street, Makati City, Metro Manila.

The Information Statement will approximately be sent or given first to stockholders of record on 17 September 2019 or at least fifteen (15) business days before the meeting date.

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY.

Dissenters' Right of Appraisal

Pursuant to Section 81 of the Corporation Code of the Philippines (the Corporation Code), any stockholder of the Corporation shall have the right to dissent and demand payment of the fair value of his shares in the following instances:

1. In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;
2. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets; and
3. In case of merger or consolidation.

The agenda for the Annual Stockholders' Meeting on 8 October 2019 does not include any of the foregoing instances.

Interest of Certain Persons in or Opposition to Matters to be Acted Upon

No current director or officer of the Corporation, or nominee for election as directors of the Corporation, or any associate thereof, has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon.

No director has informed the Corporation in writing that he intends to oppose any action to be taken by the registrant at the meeting.

CONTROL AND COMPENSATION INFORMATION

Voting Securities and Principal Holders Thereof

There are four billion four hundred twenty seven million nine thousand one hundred thirty two (4,427,009,132) issued and outstanding common shares of stock of the Corporation entitled to vote at the Annual Stockholders' Meeting, each of which is entitled to one (1) vote.

Foreign membership amounts to 3,836,777,731 shares equivalent to 88.38 % broken down per nationality as follows:

CITIZENSHIP	SUBSCRIBED/ OUTSTANDING	AMOUNT	PAID-UP	PERCENTAGE HOLDINGS	NUMBER OF STOCKHOLDERS
SPANISH	1,834,960	1,834,960.00	1,834,960.00	0.0423	18
MALAYSIAN	610,205,316	610,205,316.00	610,205,316.00	14.0559	5
OTHER ALIEN	2,369,470	2,369,470.00	2,369,470.00	0.0546	7
FILIPINO	504,992,909	504,992,909.00	504,992,909.00	11.6323	102
SWISS	2,400	2,400.00	2,400.00	0.0001	1
BRITISH	229,920	229,920.00	229,920.00	0.0053	2
UNCLASSIF	85,728,277	85,728,277.00	85,728,277.00	1.94	1
AMERICAN	276,000	276,000.00	276,000.00	0.0064	5
CHINESE	3,221,369,880	3,221,369,880.00	3,221,369,880.00	74.2032	3
TOTALS	4,427,009,132	4,427,009,132.00	4,427,009,132.00	100.00	143

The cut-off date of presented information in this Statement is as of 13 September 2019.

The record date for closing the stock and transfer book of the Corporation in order to determine the stockholders entitled to vote at the Annual Stockholders' Meeting is 9 September 2019.

For purposes of the election of directors, all stockholders of record are entitled to cumulative voting rights as provided by the Revised Corporation Code, and there are no conditions precedent to the exercise thereof. Further, no discretionary authority to cumulate votes is being solicited. A stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares, or he may distribute them on the same principle among as many candidates as he shall see fit.

Security Ownership of Certain Record and Beneficial Owners

Holders

As of 30 August 2019, there are four billion four hundred twenty seven million nine thousand one hundred thirty two (4,427,009,132) issued and outstanding common shares of stock of the Corporation. Out of the issued and outstanding capital, 85,728,277 shares or 0.019% is held by the Berjaya Philippines Inc.

The top twenty (20) stockholders of Berjaya Philippines Inc., including their shares and their percentage of total common shares outstanding held by each as of 13 September 2019 are as follows:

Name	Number of Shares Held	Percentage of Total Shares Held
BERJAYA LOTTERY MANAGEMENT(H.K.), LTD.	3,221,238,280	74.20 %
BERJAYA SPORTS TOTO (CAYMAN) LIMITED	610,205,150	14.06 %
PCD NOMINEE CORPORATION (Filipino)	250,356,385	5.77 %
ABACUS SECURITIES CORP.	92,000,000	2.12 %
ABACUS SECURITIES CORPORATION	8,000,000	0.18 %
PCD NOMINEE CORPORATION (Non-Filipino)	2,127,830	0.05 %
FAR EAST MOLASSES CORPORATION	1,554,880	0.04 %
CONCEPCION TEUS VDA.	650,000	0.01 %
DOLORES TEUS DE M. VARA	552,000	0.01 %
STEINER, NORMA O.	300,320	0.01%
CORPORACION FRANCISCANA	293,920	0.01 %
THE PHIL.-AMERICAN GEN.	226,400	0.01 %
PHIL. REMNANTS CO., INC.	224,160	0.01 %
ELIZALDE, FRANCISCO J.	206,800	0.00 %
ZERNICHOW, CHRISTIAN D.	174,160	0.00 %
ELIZALDE, JOAQUIN M.,	168,800	0.00 %
MA. TERESA VARA DE REY Y TEUS	148,320	0.00 %
MA. DOLORES VARA DE	148,320	0.00 %
ECHEGOYEN, LUIS C.	147,280	0.00 %
LEDESMA, ANITA L. DE		

Treasury Shares

As of 13 September 2019 the Issuer holds in its name a total of eighty five million seven hundred twenty eight thousand two hundred seventy seven (85,728,277) treasury shares.

Dividends

(a) *Dividends declared by Berjaya Philippines Inc.*

On 28 October 2004 the Corporation declared cash dividends to all stockholders on record as of November 17, 2004 or a total of ₱87.14 million.

On 5 January 2012, the Corporation declared cash dividends amounting to ten centavos per share to all stockholders of record as of 19 January 2012.

On 5 October 2015, the Issuer declared stock dividends at a rate of 4 common shares for every common share held to taken from the increase in authorized capital stock. On the same date, the Issuer caused the reversal of previously allocated funds for capex and corporate expansion and appropriated ₱3.47 billion from the Issuer's retained earnings for the distribution of stock dividends.

(b) Dividends Declared by the Issuer's former subsidiary – PGMC

From 2007 to 2014, the Corporation's subsidiary, PGMC, issued cash dividends amounting to six billion forty six billion pesos (₱6.46 billion).

On 16 July 2015, the Corporation declared cash dividends amounting to one hundred million pesos (₱100.0 million).

On 1 September 2015, the Corporation declared cash dividends amounting to one hundred eighty million pesos (₱180.0 million).

On 2 October 2015, the Corporation declared cash dividends amounting to two hundred million pesos (₱ 200.0 million).

On 8 January 2016, the Corporation declared cash dividends amounting to two hundred million pesos (₱ 200.0 million).

On 13 June 2017, the Corporation declared cash dividends amounting to one hundred seventy million pesos (₱170,000,000.00).

On 11 September 2017, the Corporation declared cash dividends amounting to one hundred thirty million pesos (₱ 130,000,000.00).

On 23 January 2018, the Corporation declared cash dividends amounting to one hundred fifty million pesos (₱ 150,000,000.00).

On 5 April 2018, the Corporation declared cash dividends amounting to one hundred fifty million pesos (₱150,000,000.00).

On 30 April 2018, the Corporation declared cash dividends amounting to fifty million pesos (₱ 50,000,000.00).

On 17 August 2018, the Corporation declared cash dividends amounting to one hundred twenty million pesos (₱ 120,000,000.00).

On 28 November 2018, the Corporation declared cash dividends amounting to two hundred twenty million pesos (₱ 220,000,000.00).

(c) Dividends Declared by the Issuer's wholly owned subsidiary – PHPI

In April 2012, the Corporation declared cash dividends amounting to ten million pesos (₱10,000,000.0c0 million).

In August 2013, the Corporation declared cash dividends amounting to four million pesos (₱ 4,000,000.00).

Recent Sales of Unregistered Securities

There were no sales of unregistered securities over the last five (5) fiscal years.

Security Ownership of Holders of more than 5%

According to the records of the Issuer's stock and transfer agent, security ownership of holders of more than five percent (5%) of the Company's securities as of 30 August 2019 are as follows:

Name and Address of Record Owner	Name of Beneficial Owner / Relationship with Record Owner	Citizenship	Number of Shares Held	Percentage Held
Berjaya Lottery Management (H.K.) Ltd. Level 54, Hopewell Centre, 183 Queen's Road East, HongKong	Berjaya Lottery Management (H.K.) Ltd. (same as record owner) persons entitled to vote is Messrs.SeowSwee Pin or Tan EngHwa, in the said order of preference	Chinese	3,221,238,280 (common shares)	74.20%
Berjaya Sports Toto (Cayman) Limited 190 Elgin Avenue, George Town, Grand Cayman KYI-9005 Cayman Islands	Berjaya Sports Toto (Cayman) Limited (same as record owner) person entitled to vote is SeowSwee Pin	Caymanian	610,205,150 (common shares)	14.06%
Berjaya Philippines Inc. 9th Floor RufinoPacific Tower 6784 Ayala corner V.A. Rufino (Herrera) St. Makati City, M.M.	Berjaya Philippines Inc. (same as record owner) person entitled to vote is the Acting President of the Corporation, Tan Sri Ibrahim Saad	Filipino	85,728,277	1.97%

There has been no change in the control of the Corporation since the beginning of its last fiscal year. The transfer price of the Corporation's outstanding common listed shares decreased as can be seen from its posted prices at the Philippine Stock Exchange. The decrease may be due to the general or prevailing economic situation in the country.

Security Ownership of Management

Security ownership of the directors and officers of the Corporation as of 13 September 2019 are as follows:

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Number of Shares Held	Percentage Held
Common	Tan Sri Ibrahim Saad	₱ 12.50	Malaysian	5	0.00%
Common	Wong Ee Coln	₱ 2.50	Malaysian	1	0.00%
Common	Seow Swee Pin	₱ 200.00	Malaysian	80	0.00%
Common	George T. Yang	₱ 200.00	Filipino	80	0.00%
Common	Jaime Y. Ladao	₱ 200.00	Filipino	80	0.00%
Common	Jimmy S. Soo	₱ 187.50	Filipino	75	0.00%
Common	Tan Eng Hwa	₱ 200.00	Malaysian	80	0.00%
Common	Jose A. Bernas	₱ 200.00	Filipino	80	0.00%
Common	Marie Lourdes Bernas	₱ 1,250.00	Filipino	500	0.00%

There are no voting trust holders of five percent (5%) or more of the Corporation's securities. The figures above are based on the last transaction or market price as of 13 September 2019 which is two pesos and fifty centavos (₱ 2.50) per share.

There are no arrangements which may result in a change in control of the Corporation.

Directors and Executive Officers

The current directors and officers of the Corporation are listed below:

	Directors / Officers	Designation	Citizenship
1.	Tan Sri Ibrahim B Saad	Director / Chairman	Malaysian
2.	Wong Ee Coln	Director / President	Malaysian
3.	Seow Swee Pin	Director	Malaysian
4.	George T. Yang*	Director	Filipino
5.	Jaime Y. Ladao *	Director	Filipino
6.	Jimmy S. Soo	Director	Filipino
7.	Tan Eng Hwa	Director / Treasurer	Malaysian
8.	Jose A. Bernas	Corporate Secretary	Filipino
9.	Marie Lourdes Bernas	Assistant Corporate Secretary	Filipino

* The independent directors, Messrs. George T. Yang, and Jaime Y. Ladao are independent minority stockholders who are not employees nor officers of the Corporation, and whose shareholdings are less than two percent (2%) of the Corporation's equity pursuant to Section 38 of the Securities Regulation Code.

Mr. George T. Yang is an independent director of the Issuer. The former treasurer of the Corporation, Mr. Low Siaw Peng, nominated Mr. Yang as independent director. Messrs. Yang and Low are not related to each other.

Mr. Jaime Y. Ladao is the second independent director of the Issuer. Mr. Jose A. Bernas, a stockholder and the Corporate Secretary nominated Mr. Jaime Y. Ladao in a meeting of the Board, to serve the unexpired term of Mr. Val Antonio B. Suarez, Esq. Messrs. Ladao and Bernas are not related to each other.

The members of the Nomination Committee are Messrs. Tan Eng Hwa, Jaime Y. Ladao, and Seow Swee Pin, with Mr. Ladao sitting as Chairman.

Procedures of SRC Rule 38 have been followed in the nomination and qualification of independent directors.

The Corporation will observe the term limits for independent directors imposed by SEC Memorandum Circular No.. 4, Series of 2017 which became effective on 31 March 2017, or 15 days after its publication in two newspapers of general circulation on 16 March 2017. The Corporation's two current independent directors may serve as independent directors until the year 2021 in compliance with the cumulative nine-year term reckoned from the year 2012.

In compliance with SEC Memorandum Circular No. 5, Series of 2017, the independent directors' *Certification of Independent Director* on their qualification are attached to this *Information Statement*.

The term of a Director is for one (1) year and Directors are elected annually during the annual stockholders meeting.

The current Board of Directors are as follows:

	Name	**Age**	**Positions/Offices/Directorships Held for the past Five (5) years**
1.	Tan Sri Ibrahim Saad	73	Independent Director, Chairman of the Board: Berjaya Philippines Inc. Former Ambassador of Malaysia to the Philippines Former President (Vice Chancellor) University Kuala Lumpur Former Chairman: Penang Regional Development Authority Former Deputy Transport Minister Former Deputy Chief Minister of the State of Penang Former Member of Parliament, Malaysia Chairman of the Governing Board of Directors National University of Malaysia
2.	Seow Swee Pin	62	Director: Berjaya Philippines Inc.

Director and Chairman of the Board:
- Philippine Gaming Management Corporation
- Cosway Philippines Inc.

Director:
- Neptune Properties Inc.
- Perdana Land Philippines Inc.
- Perdana Hotel Philippines Inc.
- Sanpiro Realty and Development Corporation
- Berjaya Pizza (Philippines) Inc.

Executive Director:
- Sports Toto Malaysia Sdn. Bhd.
- Berjaya Sports Toto Berhad

Member:
- Malaysian Institute of Accountants and Certified Practicing Accountants, Australia
- Malaysian Institute of Accountants and Certified Practicing Accountants, Australia

3. Dr. George T. Yang 79

Independent Director:
- Berjaya Philippines Inc.
- Philippine Gaming Management Corporation

Chairman and Founder:
- Golden Arches Development Corporation (McDonald's Philippines)

Chairman of the Board:
- First Georgetown Ventures, Inc.
- MDS Call Solutions Inc.
- Advance Food Concepts Mfg. Inc.
- Ronald McDonald House Charities of the Phils.
- Trojan Computer Forms, Inc.
- Canyon Hills and Marina Inc.
- Canyon Hills Real Estate and Development Inc.
- GY Alliance Concepts Inc.
- Northview Builder and Development Corporation
- Laurel Lakeside Corp
- Klassikal Music Foundation Inc.

Chairman of the Board and President:
- Golden Arches Realty Corporation

Chairman:
- Paseo Premier Residences Inc.
- Paseo Dormitories Inc.
- Lead Logistics Innovations Inc.
- Fast Serve Solutions Systems Inc.
- Clark Mac Enterprises Inc.
- Creative Gateway Inc.
- Davao City Food Industries Inc.
- Golden City Food Industries Inc.

First Golden Laoag Ventures Inc.
First Creative Arch Restaurant Corporation
First Premiere Arches Restaurants Inc.
Golden Laoag Foods Corporation
Molino First Golden Food Inc.
Onzal Development Corporation
Prime Arch Creative Restaurants Inc.
Retiro Golden Foods Inc.

Vice Chairman:
Oceonfront Properties Inc.
TransAire Development Holdings Corporation

Member of the Board of Governors:
Ayala Center Estate Association
The Tower Club, Inc.

Member of the Board of Trustees
San Beda College Manila

Former Dean:
Consular Corps of the Philippines (2014)

Doctor of Humanities, *honoris causa*
De La Salle University

Masters Degree in Business Administration
Wharton School, University of Pennsylvania

Former Member of the Asian Executive Board
Wharton School, University of Pennsylvania

Cum Laude, Bachelor of Science in Business Administration
De La Salle University

Consul General *ad honorem*:
State of Eritrea

4. Jaime Y. Ladao 80

Independent Director:
Berjaya Philippines Inc.
San Miguel Corporation

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Chairman:
Audit Committee, Berjaya Philippines Inc. (2016 to date)
Audit Committee, San Miguel Corporation 1990

Member:
Philippine Dispute Resolution Center, Inc.
Exec. Committee, San Miguel Corporation 1989

Director:
Corporate Governance Institute of the Phils.
Dun & Bradstreet Philippines. Inc.

Founder and Member:
Financial Executive Institute of the Philippines

National President (1991-1992) and Member:
Boy Scouts of the Philippines

Past Board Member and Treasurer:
Management Association of the Philippines

Member:
Philippine Dispute Resolution Inc.
Fellow:
Australian Institute of Corporate Directors
Founder and Executive Chairman:
Consumer Credit Score Philippines Inc.
licensed to issue FICO Consumer and
SME Scores in the Philippines
Director, Member of the Executive Committee and
Former Chair of the Audit Committee (1990-1991):
San Miguel Corporation
Founder and Past President
Philippine Rating and Services Corporation

5. Jimmy S. Soo	61	Director: Berjaya Philippines Inc. Berjaya Pizza (Philippines) Inc. First Abacus Financial Holdings Corporation Chairman and President: Kailash PMN Management, Inc. Tortola Resources, Inc. Trimante Holdings Phils., Inc. Director and Corporate Secretary: Abacus Capital & Investment Corporation St. Giles Hotel (Manila), Inc. Bagan Resources Pte Inc. Corporate Secretary: Limketkai Manufacturing Corporation Limketkai Sons, Inc. Paramount Life & General Holdings Corp. Paramount Life & General Insurance Corp. Resident Agent: IDP Education Pty Limited Member of the Board of Trustees: Berjaya Foundation Inc. Managing Partner: Soo Gutierrez Leogardo & Lee Law Offices
6. Wong Ee Coln	40	Director and President: Berjaya Philippines Inc. Executive Director: Berjaya Group Bhd. Chartered Financial Analyst (CFA) and member: CFA Institute 1st Class Bachelor of Engineering (Mechanical Engineering) Degree: University of Birmingham Extensive working experience in the field of property development and investment

7. Tan Eng Hwa 49

Director and Treasurer:
- Berjaya Philippines Inc.

Director, Vice President and Treasurer:
- Philippine Gaming Management Corporation

Director and Treasurer:
- Perdana Hotel Philippines Inc.
- Perdana Land Philippines Inc.
- Berjaya Pizza (Philippines) Inc.
- Bermaz Auto Philippines Inc.
- Berjaya Auto Asia Inc.
- Cosway Philippines Inc.
- Ssangyong Berjaya Motor Philippines
- Most Pretty Lady Holdings Inc.
- Sanpiro Realty & Development Corporation
- Landphil Management and Development Corp.

Director:
- Beautiful Creation Holdings Inc.
- Floridablanca Enviro Corporation

Member of the Board of Trustees and Treasurer:
- Berjaya Foundation, Inc.

Member:
- Malaysian Institute of Accountants

Masters Degree in Business Administration:
- University of Chicago, USA

Masters Degree in Science in Professional Accountancy
- University of London

8. Jose A. Bernas 59

Corporate Secretary:
- Berjaya Philippines Inc.
- Philippine Gaming Management Corporation
- Berjaya Pizza (Philippines) Inc.
- Bermaz Auto Philippines Inc.
- Perdana Hotel Philippines Inc.
- MOL AccessPortal Inc.
- Uniwiz Trade Sales Inc.
- Cosway Philippines Inc.
- Swift Foods, Inc.
- Philippine National Construction Corporation

Director and President:
- Discovery Centre Condominium Corporation

Chairman of the Board and Director:
- Automation Specialists & Power Exponents Inc.
- Perdana Land Philippines Inc.

Director and Corporate Secretary:
- Florida Enviro Corporation
- Beautiful Creation Holdings Inc.
- Most Pretty Lady Holdings Inc.
- Berjaya Auto Asia Inc.

VST-ECS Philippines Inc.
Trustee and Corporate Secretary:
Berjaya Foundation, Inc.
Professorial Lecturer:
Ateneo de Manila University School of Law
Managing Partner:
Bernas Law Offices

9. Marie Lourdes Sia-Bernas	53	Assistant Corporate Secretary: Berjaya Philippines Inc. Philippine Gaming Management Corporation Berjaya Pizza (Philippines) Inc. Berjaya Foundation Inc. Bermaz Auto Philippines Inc. Berjaya Auto Asia Inc. Perdana Land Philippines Inc. Perdana Hotel Philippines Inc. MOL AccessPortal Inc. Uniwiz Trade Sales Inc. Cosway Philippines Inc. Sanpiro Realty & Development Corporation Ssangyong Berjaya Motor Corporation Beautiful Creation Holdings Inc. Most Pretty Lady Holdings Inc. VST-ECS Philippines Inc. Go.Life International Holdings Inc. GK International Holdings Inc. Swift Foods, Inc. Corporate Secretary: Olsen's Food Corporation Automation Specialists & Power Exponents Inc. Juillet Trading Corporation Ultasaurus Philippine Trading Inc. Neptune Holdings Inc. Discovery Centre Condominium Corporation Noblesse Holdings Inc. President: Deux Mille Trading Corporation Silver Giggling Buddha Trading Inc. Sanpiro Realty & Development Corporation Director and Assistant Corporate Secretary: Floridablanca Enviro Corporation Member since October 2012 to date: American Academy of Project Management Administrative Partner: Bernas Law Offices

There are no family relationships between and among the directors and officers of the Corporation, except for the Corporate Secretary Jose A. Bernas and the Assistant

Corporate Secretary Marie Lourdes T. Sia-Bernas who are married to each other; and director Jimmy S. Soo who is a brother of Paulino S. Soo, the President of the Corporation's affiliate Philippine Gaming Management Corporation.

There is no person who is not an officer who is expected by the Corporation to make a significant contribution to the business. Neither is there an arrangement that may result in the change in control of the Corporation.

None of the current directors and officers work in government. Neither does the proposed additional director enumerated below work in government.

Involvement in legal proceedings of directors

None of the directors are involved in any bankruptcy petition, have been convicted by final judgment or are subject to any court order, judgment or decree, including the violation of a securities or commodities law during the past five (5) years up to the filing of this report.

Directors and Executive Officers as a Group

As of 30 August 2019 :

(1) Title of Class	(2) Name of Record/ Beneficial Owner	(3) Amount and Nature of Record/ Beneficial Ownership	(4) Percentage Held
common shares	Directors and Executive Officers As a Group	981	0.001 %
	T o t a l :	981	0.001 %

Certain Relationships and Related Transactions

There has been no material related transactions during the past two years, nor is any material transaction presently proposed, to which any director, executive officer of the Corporation or security holder of more than five percent (5%) of the Corporation's voting securities, any relative or spouse of any director or executive officer or owner of more than five percent (5%) of the Corporation's voting securities had or is to have direct or indirect material interest.

Seventy Four point Twenty Percent (74.20%) of the equity of the Corporation is owned by Berjaya Lottery Management (H.K.) Limited. Berjaya Lottery Management (H.K.) Limited is one hundred percent (100%) owned by Berjaya Sports Toto (Cayman) Ltd. who is in turn one hundred percent (100%) owned by Magna Mahsuri Sdn Bhd.

No voting trusts or change in control arrangements are recorded in the books of the Corporation.

Compensation of Directors and Executive Officers

The members of the Board of Directors of the Corporation are entitled to reasonable per diem for actual attendance of any regular or special meeting of the Board of Directors. The directors as a group, were paid Four Million Three Hundred Fifty Thousand Pesos (₱4,350,000.00) in financial year ended 30 June 2019. No salary, bonuses or other compensation has been stipulated or paid to Executive officers for acting as such.

There is no need to disclose a summary compensation table because the Issuer does not have employees and does not pay out salaries. There are no standard agreements for the compensation of directors and the top four executive officers as there are no salaries paid, except for Tan Sri Dr. Seri Ibrahim Bin Saad who receives a monthly compensation of Ten Thousand Ringgit Malaysia (RM10,000.00) or its equivalent in Philippine pesos. Tan Sri Dr. Seri Ibrahim Bin Saad was paid the same amount in monthly compensation for the past three (3) years. The officers are either directors who receive only their reasonable per diems issued to all directors or are engaged by the corporation on a professional basis like the law firm of the corporate secretary and assistant corporate secretary who are not employees of the Corporation.

There are no warrants or options on re-pricing or employment contracts or termination of employment contracts entered into by the Corporation. , Neither is there a change in the control arrangement between the Corporation and the executive officers.

There is no pending litigation in which the Corporation is involved either directly or indirectly in the past five years. Neither has the Corporation filed a petition for bankruptcy, been subject to any order, judgment or decree or convicted by final judgment.

Material Pending Legal Proceedings

There is no material pending legal proceeding to which the Corporation is a party to up to the time of the preparation of this report that undersigned is aware of, except for a suit filed by the Issuer's affiliate Philippine Gaming Management Corporation (PGMC) against the Philippine Charity Sweepstakes (PCSO).

PGMC filed a Motion to Withdraw its "Petition to Vacate Final Award" in the case "In Re: Petition to Vacate Final Award rendered by an Arbitral Tribunal of International Chamber of Commerce, Philippine Gaming Management Corporation, Petitioner" docketed as Sp. Proc.No. 18-00929-SP and "Philippine Gaming Management Corporation v. Philippine Charity Sweepstakes Office" docketed as SCA Nos. 12-530 and 12-1011 in the Regional Trial Court Branch 148 of Makati City.

Violation of a Securities or Commodities Law

To its knowledge, the Corporation is not in violation of a Securities or Commodities Law.

Independent Public Accountants

For professional services rendered on the audit of the financial statements of the Corporation and its subsidiaries, Punongbayan & Araullo was paid the amounts of

Php165,000.00 for its audit on the Corporation, Php425,000.00 and Php190,000.00 for its audit on PGMC and PHPI, the wholly owned subsidiaries of the corporation for the financial year ended 30 April 2019. The same amount was paid to Punongbayan & Araullo for its audit on the Corporation for the financial years ended 30 April 2018 and 30 April 2017.

There are no other services other than the audit and review of the Corporation's financial statements rendered by the external auditor for tax accounting, compliance, advice, planning and other form of tax services.

The election, approval or ratification of the registrant's public accountant shall be discussed during the Annual Meeting on 8 October 2019. Punongbayan & Araullo, which is the principal accountant for the previous fiscal year ending 30 April 2019, was selected during the Annual Meeting held on 4 October 2018 and will be recommended for re-appointment this 8 October 2019 during the annual stockholders' meeting.

Representatives of Punongbayan & Araullo are expected to be present at the Annual Meeting. They will have the opportunity to make a statement if they desire to do so and they are expected to be available to respond to appropriate questions.

As a matter of procedure, Punongbayan & Araullo submits the corporation's Audited Financial Statements to the Audit Committee, which in turn submits the same Audited Financial Statements to the Board of Directors for approval.

There are no changes in or disagreements with accountants on accounting and financial disclosure.

The partner at Punongbayan & Araullo assigned to the Issuer is changed or rotated in compliance with SRC Rule 68 (3) (b) (iv).

Recent Sales of Unregistered or Exempt Securities

There is no sale of unregistered or exempt securities including recent issuance of securities constituting an exempt transaction.

Audit Committee

The members of the Audit Committee are as follows:

Chairman	-	Jaime Y. Ladao
Member	-	Tan Sri Seri Ibrahim Bin Saad
Member	-	Seow Swee Pin

Nomination Committee

The members of the Audit Committee are as follows:

Chairman	-	Jaime Y. Ladao
Member	-	Tan Sri Seri Ibrahim Bin Saad
Member	-	Seow Swee Pin

Compensation Plans

There are no compensation plans.

Amendments of Charter, By-Laws and Other Documents

There are no proposed amendments in the Articles of Incorporation or By-Laws of the Corporation.

After the Special Stockholders' Meeting held on 10 July 2019, there are no more material acts by the Board to be ratified by the stockholders.

OTHER MATTERS

There are no material matters that need approval by the stockholders in the stockholders' meeting.

Plans to Improve Corporate Governance of the Corporation

The Corporation will continue monitoring compliance with its *Manual on Corporate Governance* to ensure full compliance thereto.

The Corporation shall implement its corporate governance rules in accordance with the Revised Code of Corporate Governance under SEC Memorandum Circular No. 06-2009. The Revised Manual on Corporate Governance is available for inspection by and shareholder at reasonable hours on business days.

Voting Procedures

The election of the Board of Directors, as well as the appointment of the external auditors shall be decided by the plurality vote of stockholders present in person and entitled to vote thereat by cumulative voting, provided that quorum is present.

The vote of at least two-thirds of the stockholders representing the outstanding capital stock of the Corporation will be required in order to amend the Corporation's Articles of Incorporation or By-Laws.

Voting shall be by ballot unless the number of nominees does not exceed the number of directors to be elected in which case, voting by ballot may be dispensed with. Each ballot shall be signed by the stockholder voting, and shall state the number of shares voted by him. The votes will be counted manually and will be supervised by the transfer agent.

Voting shall be by ballot. Each ballot shall be signed by the stockholder voting, and shall state the number of shares voted by him. The votes will be counted manually and will be supervised by the transfer agent.

The Quarterly Report under SEC Form 17-Q for the quarter ended 31 July 2019 shall be available without charge to stockholders requesting for a copy.

SIGNATURE

Pursuant to the requirements of the Securities Regulation Code, the Issuer has duly caused this report to be signed on its behalf by the undersigned hereunto authorized on 17 September 2019.

BERJAYA PHILIPPINES INC.

By: **MARIE LOURDES T. SIA-BERNAS**
Assistant Corporate Secretary

BERJAYA

M A N A G E M E N T R E P O R T

Dear Stockholders,

Business

Berjaya Philippines, Inc. (“the Corporation”) was incorporated on 12 November 1924 as Central Azucarera de Pilar mainly for the purpose of production of sugar. It subsequently changed its primary purpose to a holding corporation and changed its name to Prime Gaming Philippines, Inc. (PGPI) in 1998 and to Berjaya Philippines in 2010.

In 1998, the Corporation completed the acquisition of its subsidiary corporation, Philippine Gaming Management Corporation (“PGMC”), whose principal activity is the leasing of on-line lottery equipment and providing software support to the Philippine Charity Sweepstakes Office (“PCSO”). In July 2019, the Corporation disposed of 20% of its shareholdings, and subsequently did not subscribe to the issuance of additional shares from the unissued capital of PGMC. To date, the Corporation’s equity in PGMC is at 39.99%.

In December 2009, the Corporation acquired a 232-room hotel, which operated as the Best Western Astor Hotel until 16 March 2010. The acquisition was made by the Corporation’s subsidiary, Perdana Hotel Philippines Inc. (“PHPI”) under the business name Berjaya Makati Hotel. The Corporation also subscribed to forty percent (40%) of the shares of stock of Perdana Land Philippines Inc. (“PLPI”) which owns the land leased by PHPI.

In July 2010, the Corporation invested in Berjaya Pizza Philippines Inc. (“BPPI”), a company engaged in the manufacture, sale and distribution of food and beverages, and to operate, own, franchise, license or deal in restaurant related business operations. In 2017,the Corporation’s equity interest in BPPI increased from forty one point forty three percent (41.43%) to forty eight point thirty eight percent (48.38%).

In August 2012, the Corporation invested in Bermaz Auto Philippines Inc. (“BAPI”), formerly Berjaya Auto Philippines Inc., a corporation engaged in the sale and distribution of all types of motor vehicles. On 12 September 2012, BAPI entered into a Distributorship Agreement with Mazda Motor Corporation of Japan for the distribution of vehicles bearing the Mazda brand within the territory of the Philippines. In 2017, the Corporation’s equity interest in BAPI was diluted from thirty five percent (35%) to twenty five point forty eight percent (25.48%) when the Corporation agreed to take in more investors. In 2018, the Corporation made additional investment in BAPI which resulted to the increase in its effective ownership interest over BAPI to twenty eight point twenty eight percent (28.28%).

In September 2012, the Corporation invested in Cosway Philippines Inc. ("CPI"), primarily to engage in the wholesale of various products. At present, CPI has not yet started its commercial operations. The Corporation's equity or interest in CPI is equivalent to forty percent (40%).

In 2014, the Corporation obtained control over H.R. Owen Plc ("H.R. Owen"), after a series of cash offers from HR Owen's existing stockholders. Incorporated in England, HR Owen operates a number of vehicle franchises in the prestige and specialist car market for both sales and after sales, predominantly in the London area. In 2015, HR Owen acquired 100% ownership over Bodytechnics in order to enhance its aftersales operations. In 2017, the Corporation acquired shares from Bentley Motor Limited to increase its stake in the profitable business of H.R. Owen. *In August 2018, the corporation acquired shares from minority shareholders which the Corporation's equity interest in HR Owen is equivalent to one hundred percent (100%).*

In July 2015, the Corporation invested in Ssangyong Berjaya Motor Philippines Inc. ("SBMPI"), a corporation engaged in the sale and distribution of all types of motor vehicles. On 01 May 2016, SBMPI entered into a Distributorship Agreement with Ssangyong Motor Company of Korea for the distribution of vehicles bearing the Ssangyong brand within the territory of the Philippines. At present, the Corporation's equity interest in SBMPI is equivalent to twenty one point sixty seven percent (21.67%).

In May 2016, the Corporation acquired forty one point forty six percent (41.46%) shares of Neptune Properties Inc. ("NPI"), a corporation engaged in the real estate business.

In April 2017, the Corporation incorporated a wholly owned subsidiary under the name of Berjaya Enviro Philippines Inc., a corporation engaged in the service business of protecting, cleaning, and preserving the environment. In December 2017, the Securities and Exchange Commission approved the Corporation's application to amend its name to Floridablanca Enviro Corporation.

In April 2018, the Corporation acquired twenty five percent (25%) of the equity in Chailease Berjaya Finance Corporation, a corporation engaged in the leasing and financing business.

In April 2018, the Corporation acquired 100% ownership to eDoc Holdings ("eDoc") from its subsidiary H.R. Owen with the assumption of the eDoc's outstanding liability. eDoc Holdings was incorporated on July 25, 2017 and is registered to engaged as a holding company in London. Videodoc was incorporated to engage in the business of providing online health consultations and private care service to patients. Videodoc's principal place business is located in London. At present, eDoc's equity interest in Videodoc is equivalent to twenty point fifteen only (20.15%).

As of 30 April 2019, the Corporation does not have employees. Its subsidiaries, PHPI, Floridablanca Enviro Corporation and H.R. Owen have sixty nine (69), sixty seven (67), and five hundred fifty three (553) employees, respectively. The Corporation does not anticipate any substantial increase in the number of its employees within the ensuing twelve (12) months. There are no supplemental benefits or incentive arrangements the subsidiaries have or will have with its employees.

Financial Statements

The Audited Financial Statements of the Corporation as of 30 April 2019 is attached.

Disagreements with Accountants on Accounting and Financial Disclosures

There are no disagreements with the accountants on accounting and financial disclosures.

Management's Discussion and Analysis of Financial Conditions and Results of Operations

The Corporation's principal activity is investment holding. Prior to divesting most of its shares in Philippine Gaming Management Corporation (PGMC), it had since 1998 and through PGMC, operated the business of leasing online lottery equipment and providing software support in the Luzon Region to the Philippine Charity Sweepstakes Office (PCSO), a Philippine government agency responsible for lotteries and sweepstakes; 100% equity interest in H.R. Owen Plc. (HR Owen), a luxury motor retailer, which operates a number of vehicle dealerships in the prestige and specialist car market for both sales and aftersales, predominantly in London, UK; and the wholly-owned Perdana Hotel Philippines Inc. (PHPI) which operates Berjaya Makati Hotel in Makati City, Metro Manila.

2019 Compared to 2018

Results of Operations

The Corporation and its subsidiaries (the Group) generated total revenues from operating sources of about ₱32.46 billion for the year ended 30 April 2019, an increase of ₱1.6 billion (5.3%) over total revenues of ₱30.83 billion in the previous financial year. The increase was primarily due to a higher revenue contribution from H.R. Owen in the financial year under review upon conversion into Philippine Peso.

PGMC recorded revenue of ₱1.31 billion, a decrease of ₱329.42 million (20.1%) from ₱1.64 billion in the previous financial year mainly due to lower lottery ticket sales as well as the lower lease income rate applied for this financial year.

PHPI which operates Berjaya Makati Hotel in Makati City recorded increased in revenue of ₱130.37 million compared to ₱129.36 million in the previous financial year. The increase of ₱1.0 million (0.8%) in revenue was mainly due to slight increase in room occupancy level compared to the previous financial year.

HR Owen recorded revenue of ₱31.02 billion in the financial year under review compared to ₱29.05 billion in the previous financial year, the increase of ₱2.2 billion

(7.7%), was mainly due to increase in the number of new models sold across various franchises.

The Group's total cost and operating expenses for the year ended 30 April 2019 increased by ₱1.53 billion (5.2%) to ₱31.19billion from ₱29.66billion for the same period in 2018. The increase is attributed to the following: (1) cost of vehicles sold increased by ₱1.74 billion (7.8%) (2) rental expense increased by ₱18.53million (5.2%), (3) maintenance of computer equipment increased by ₱22.21 million (16.7%), (4) communication, light and water increased by ₱6.82 million (6.9%), (5) representation and entertainment increased by ₱5.85 million (15.3%) and (6) other general and administrative expenses increased by ₱88.79 million (6.5%). These increases were offset by the following decreases of expenses: (1) body shop repairs and parts decreased by ₱155.90 million (6.6%), (2) salaries and employee benefits decreased by ₱63.31 million (3.3%), (3) depreciation expense decreased by ₱22.86million (8.5%), (4) professional fees decreased by ₱65.28million (21.3%), (5) taxes and licenses decreased by ₱5.38 million (3.0%), (6) telecommunication decreased by ₱24.57 million (19.2%), (7) transportation and travel expenses decreased by ₱7.33 million (8.8%), (8) charitable contribution decreased by ₱6.88 million (31.3%), and (9) food and beverage decreased by ₱1.43 million (10.8%).

Other Charges – net of other income amounted to ₱104.92 million for the financial year 30 April 2019, an increase of ₱46.18 million (78.6%) from ₱58.73 million in the same period in 2018. This increase in loss was mainly due to decrease in finance income as well as equity share in net loss on income of associated companies.

The Group's net income increased by ₱39.0 million (5.0%) to ₱835.86 million in financial year 2019 from ₱796.36 million in financial year 2018 under review.

<u>Financial Position</u>

Total assets of the Group increased by ₱103.28 million (0.6%) to ₱17.60 billion as of 30 April 2019, from ₱17.50 billion as of 30 April 2018.

Trade and other receivables (net) decreased by ₱1.09 million (41.74%) to ₱1.53 billion in 2019 compared to ₱2.62 billion in 2018, mainly due to decrease in deposits.

Financial assets at fair value through profit or loss of ₱63.57 million comprise of listed debt securities which are irredeemable convertible unsecured loan stocks. These securities were previously classified as Available-for-sale financial assets of ₱63.57 million prior to the adoption of PFRS 9.

Inventories (net) increased by ₱744.33 million (14.7%) to ₱5.81 billion in 2019 compared to ₱5.06 billion in 2018, mainly due to vehicle stocks for new model of H.R. Owen.

Advances to associates increased by ₱282.20 million (18.6%) to ₱1.80 billion in 2019 compared to ₱1.51 billion in 2018.

Prepayments and other current assets increased by ₱83.22 million (15.0%) to ₱639.06 million in 2019 compared to ₱555.84 million in 2018, mainly due to increase in prepaid expenses from H.R. Owen.

Financial assets at fair value through other comprehensive income of ₱1.63 million were previously classified as Available-for-sale financial assets of ₱1.12 million prior to the adoption of PFRS 9.

Property and equipment (net) decreased by ₱189.61 million (10.7%) to ₱1.58 billion in 2019 compared to ₱1.77 billion in 2018, mainly due to depreciation and amortization for the year.

Investment property decreased by ₱57.33 (12.5%) to ₱402.83 million in 2019 compared to ₱460.17 million in 2018, mainly due to translation adjustment.

Investments in associates decreased by ₱80.85 million (8.3%) to ₱897.59million in 2019 compared to ₱978.44million in 2018 mainly due to equity loss on income from associates.

Intangible assets increased by ₱97.82 million (4.9%) to ₱1.88 billion in 2019 compared to ₱1.98 billion in 2018, primarily due to the translation adjustment of H.R. Owen’s intangible assets.

Deferred tax assets increased by ₱4.03 million (3.6%) to ₱117.58 million in 2019 compared to ₱113.54 million in 2018.

Meanwhile, other non-current assets increased by ₱0.85 million (26.3%) to ₱4.07 million in 2019 compared to ₱3.22 million in 2018.

Total liabilities of the Group decreased by ₱424.34 billion (4.7%) to ₱8.57 billion as of 30 April 2019, from ₱8.99 billion as of 30 April 2018 mainly due to decrease in loans payable and borrowings.

Trade and other payables (current) decreased by ₱152.53 million (3.8%) to ₱3.88 billion in 2019 compared to ₱4.03 billion in 2018, mainly due to a decrease in trade payables, advances from customers.

Loans payable and borrowings (current) decreased by ₱475.20 million (11.0%) to ₱3.82 billion in 2019 compared to ₱4.30 billion in 2018, mainly due to a decrease in vehicle stocking loans.

Contract Liabilities (current) which is recognized from advance payments received from customers in 2019 amounting to P445.85million.

Income Tax Payable decreased by ₱77.02 million (76.0%) to ₱24.38 million in 2019 compared to ₱101.40 million in 2018.

Trade and other payables (non-current) decreased by ₱1.04 million (5.8%) to ₱16.85 billion in 2019 compared to ₱17.89 billion in 2018, due to translation adjustment.

Loans payable and borrowings (non-current) decreased by ₱172.48 million (43.0%) to ₱228.19 million in 2019 compared to ₱400.67 million in 2018 due to settlement of bank loans.

Deferred tax liabilities decreased by ₱5.05 million (8.1%) to ₱57.20 million in 2019 compared to ₱62.24 million in 2018.

Post-employment benefit obligation increased by ₱7.73 million (33.1%) to ₱31.10 in 2019 compared to ₱23.36 in 2018.

The total stockholders' equity of the Group increased by ₱527.61 million (6.2%) to ₱9.03 billion as of 30 April 2019, from ₱8.50 billion as of 30 April 2018 under review. The net increase in total equity resulted from ₱835.86 net income for the period offset by the ₱228.76 fair value adjustment in effect of adoption of PFRS 9.

<u>Key Performance Indicators</u>

The top five key performance indicators (KPIs) of the Group are: (1) to ensure the prompt collection of receivables from the customers, (2) review the annual budget to monitor and explain any material variances above 10% in the overall operating results, (3) scrutinize and monitor all the controllable budgeted expenses and analyze any material variances above 10%, (4) review all capital expenditures in compliance with the approved budget, and (5) to manage the timely placements of surplus funds to ensure the highest possible bank interest income in view of the appropriate tolerable risks.

	30 Apr 2019	30 Apr 2018
Liquidity Ratio - Current ratio	1.35 : 1.00	1.30 : 1.00
Leverage Ratio - Debt to Equity	0.95 : 1.00	1.06 : 1.00
Activity Ratio - Annualized PPE Turnover	20.56 times	17.43 times
Profitability Ratios		
Return on Equity	9.26%	9.37%
Return on Assets	4.75%	4.55%

The Corporation uses the following computations in obtaining key indicators:

Key Performance Indicator	Formula
Current Ratio	Current Assets / Current Liabilities
Debt to Equity Ratio	Total Long Term Liabilities / Stockholders' Equity
PPE Turnover	Revenues / Property, Plant & Equipment (Net)
Return on Equity	Net Income / Equity
Return on Assets	Net Income / Total Assets

2018 Compared to 2017

Results of Operations

The Corporation and its subsidiaries (the Group) generated total revenues from operating sources of about ₱30.83 billion for the year ended 30 April 2018, an increase of ₱2.3 billion (8.2%) over total revenues of ₱28.50 billion in the previous financial year. The increase was primarily due to a higher revenue contribution from H.R. Owen in the financial year under review upon conversion into Philippine Peso.

PGMC recorded revenue of ₱1.64 billion, an increase of ₱40.76 million (2.5%) from ₱1.60 billion in the previous financial year mainly due to an increase in lease rental income as a result of higher jackpots recorded this financial year.

PHPI which operates Berjaya Makati Hotel in Makati City recorded decreased in revenue of ₱129.36 million compared to ₱144.17 million in the previous financial year. The decrease of ₱14.81 million (10.3%) in revenue was mainly due to a decrease in room occupancy level compared to the previous financial year. The hotel industry continued to experience a significant oversupply in guestrooms, thereby making it challenging to increase room rates significantly.

HR Owen recorded revenue of ₱29.05 billion in the financial year under review compared to ₱26.76 billion in the previous financial year, the increase of ₱2.30 billion (8.6%), was mainly due to conversion into Philippine Peso, in spite of decrease in the number of new models sold as well as decrease in used car sold.

The Group's total cost and operating expenses for the year ended 30 April 2018 increased by ₱2.16 billion (7.9%) to ₱29.66billion from ₱27.49billion for the same period in 2017. The increase is attributed to the following: (1) cost of vehicles sold increased by ₱1.01 billion (4.7%) (2) body shop repairs and parts increased by ₱465.78 million (24.7%), (3) salaries and employee benefits increased by ₱149.56 million (8.6%), (4) rental expense increased by ₱35.61million (11.1%), (5) depreciation expense increased by ₱39.20million (17.4%), (6) taxes and licenses increased by ₱1.54 million (0.9%), (7) maintenance of computer equipment increased by ₱21.20 million (18.9%), (8) telecommunication increased by ₱27.67 million (27.6%), (9) communication, light and water increased by ₱20.48 million (26.0%), (10) transportation and travel expenses increased by ₱56.92 million (216.2%), (11) food and beverage increased by ₱0.91 million (7.4%) and (12) other general and administrative expenses increased by ₱432.70 million (46.4%). These increases were offset by the following decreases of expenses: (1) professional fees decreased by ₱37.30million (10.8%), (2) representation and entertainment decreased by ₱9.58 million (20.1%) and (3) charitable contribution decreased by ₱51.09 million (70%).

Other Charges – net of other income amounted to ₱58.73 million for the financial year 30 April 2018, an increase of ₱35.62 million (154.1%) from ₱23.11 million in the same period in 2017. This increase was mainly due to loss on impairment and loss on sale of available for sale financial asset.

The Group's net income increased by ₱92.27 million (13.1%) to ₱796.36 million in financial year 2018 from ₱704.09 million in financial year 2017 under review.

Financial Position

Total assets of the Group increased by ₱2.74 million (18.6%) to ₱17.50 billion as of 30 April 2018, from ₱14.76 billion as of 30 April 2017.

Trade and other receivables (net) decreased by ₱38.50 million (1.4%) to ₱2.62 billion in 2018 compared to ₱2.66 billion in 2017, mainly due to decrease in deposits.

Inventories (net) increased by ₱935.12 million (22.7%) to ₱5.06 billion in 2018 compared to ₱4.13 billion in 2017, mainly due to additions of vehicle stocks of H.R. Owen.

Advances to associates increased by ₱525.82 million (53.1%) to ₱1.51 million in 2018 compared to ₱990.02 million in 2017.

Prepayments and other current assets increased by ₱87.54 million (18.7%) to ₱555.84 million in 2018 compared to ₱468.29 million in 2017, mainly due to increase in VAT recoverable related to H.R. Owen.

Available-for-sale financial assets increased by ₱297.56 million (33.0%) to ₱1.20billion in 2018 compared to ₱901.81 million in 2017, mainly due to acquisition of equity securities.

Property and equipment (net) decreased by ₱116.79 million (6.2%) to ₱1.77 billion in 2018 compared to ₱1.89 billion in 2017, mainly due to depreciation and amortization for the year.

Investment property increased by ₱318.56 (225%) to ₱460.17 million in 2018 compared to ₱141.61 million in 2017, mainly due to reclassification from property, plant and equipment.

Investments in associates increased by ₱335.71 million (52.2%) to ₱978.44million in 2018 compared to ₱642.73million in 2017.

Intangible assets increased by ₱171.04 million (9.5%) to ₱1.98 billion in 2018 compared to ₱1.81 billion in 2017, primarily due to the translation adjustment of H.R. Owen's intangible assets.

Deferred tax assets increased by ₱70.20 million (46.8%) to ₱113.54 million in 2018 compared to ₱66.72 million in 2017, due to deferred tax assets arising from impairment loss.

Meanwhile, other non-current assets decreased by ₱1.49 million (31.6%) to ₱3.22 million in 2018 compared to ₱4.71 million in 2017 due to refund.

Total liabilities of the Group increased by ₱1.44 billion (19.1%) to ₱8.99 billion as of 30 April 2018, from ₱7.55 billion as of 30 April 2017 mainly due to increase in Trade and other payables and loans payable.

Trade and other payables increased by ₱864.94 million (27.3%) to ₱4.03 billion in 2018 compared to ₱3.17 billion in 2017, mainly due to a increase in trade payables, advances from customers and accrued expenses.

Current Loans payable and borrowings increased by ₱436.60 million (11.3%) to ₱4.30 billion in 2018 compared to ₱3.86 billion in 2017, mainly due to a increase in vehicle stocking loans.

Income Tax Payable increased by ₱21.36 million (26.7%) to ₱101.40 million in 2018 compared to ₱80.04 million in 2017, mainly due to an increase in current tax expense.

Non-current Loans payable and borrowings increased by ₱33.27 million (9.06%) to ₱400.67 million in 2018 compared to ₱367.39 million in 2017 due to increase in bank loans.

Deferred tax liabilities increased by ₱20.42 million (48.8%) to ₱62.24 million in 2018 compared to ₱41.82 million in 2017, mainly due to deferred tax liabilities arising from rolled-over and held over capital gains and post employment benefit obligation.

Post-employment benefit obligation decreased by ₱13.75 million (37%) to ₱23.36 in 2018 compared to ₱37.12 in 2017.

The total stockholders' equity of the Group increased by ₱1.30 billion (18.0%) to ₱8.48 billion as of 30 April 2018, from ₱7.20 billion as of 30 April 2017 under review. The book value per share decreased to ₱1.92 in 2018 from ₱1.63 in 2017.

Key Performance Indicators

The top five key performance indicators (KPIs) of the Group are: (1) to ensure the prompt collection of receivables from the customers, (2) review the annual budget to monitor and explain any material variances above 10% in the overall operating results, (3) scrutinize and monitor all the controllable budgeted expenses and analyze any material variances above 10%, (4) review all capital expenditures in compliance with the approved budget, and (5) to manage the timely placements of surplus funds to ensure the highest possible bank interest income in view of the appropriate tolerable risks.

	30 Apr 2018	30 Apr 2017
Liquidity Ratio - Current ratio	1.30 : 1.00	1.31 : 1.00
Leverage Ratio - Debt to Equity	1.06 : 1.00	1.05 : 1.00
Activity Ratio - Annualized PPE Turnover	17.43 times	15.12 times
Profitability Ratios		
Return on Equity	9.37%	9.77%
Return on Assets	4.55%	4.77%

The Corporation uses the following computations in obtaining key indicators:

Key Performance Indicator	Formula
Current Ratio	Current Assets / Current Liabilities
Debt to Equity Ratio	Total Long Term Liabilities / Stockholders' Equity
PPE Turnover	Revenues / Property, Plant & Equipment (Net)
Return on Equity	Net Income / Equity
Return on Assets	Net Income / Total Assets

2017 Compared to 2016

Results of Operations

The Corporation and its subsidiaries (the Group) generated total revenues from operating sources of about ₱28.50 billion for the year ended 30 April 2017, an increase of ₱2.0 billion (7.5%) over total revenues of ₱26.50 billion in the previous financial year. The increase was primarily due to a higher revenue contribution from H.R. Owen in the financial year under review.

PGMC recorded a revenue of ₱1.60 billion, an increase of ₱21.21 million (1.3%) from ₱1.58 billion in the previous financial year due to increase in lottery ticket sales.

PHPI which operates Berjaya Makati Hotel in Makati City, recorded a decrease in revenue of ₱144.17 million compared to ₱146.5 million in the previous financial year. The decrease of ₱2.28 million (1.6%) in revenue was mainly due to a decrease in room occupancy compared to the previous financial year.

HR Owen recorded a revenue of ₱26.76 billion in the financial year under review compared to ₱ 24.77 billion in the previous financial year. The increase of ₱1.98 billion (8.0%) was mainly due to an increase in the number of new models sold as well as aftersales service services rendered.

The Group's total cost and operating expenses for the year ended 30 April 2017 increased by ₱1.94 billion (7.6%) to ₱27.49 billion from ₱25.55 billion for the same period in 2016. The increase is attributed to the following: (1) cost of vehicles sold and body shop repairs and parts increased by ₱1.90 billion (8.8%), (2) salaries and employee benefits increased by ₱106.91 million (6.6%), (3) taxes and licenses increased by ₱26.51 million (17.8%), (4) maintenance of computer equipment increased by ₱33.79 million (43.1%), (5) charitable contribution increased by ₱73.03 million (100.0%), (6) communication, light and water increased by ₱7.3 million (10.2%), and (7) representation and entertainment increased by ₱28.44 million (147.7%). These increases were offset by the following decrease in the following expenses: (1) professional fees decreased by ₱27.87million (7.5%), (2) rental expense decreased by ₱8.60million (2.6%), (3) depreciation expense decreased by ₱9.65million (4.0%), (4) transportation and travel expenses decreased by ₱20.16 million (43.4%), (5) food and beverage decreased by ₱0.44 million (3.4%) and (6) other general and administrative expenses decreased by ₱152.32 million (14.0%)

Other Charges – net of other income amounted to ₱23.11 million for the financial year 30 April 2017, an increase of ₱0.17 thousand (0.08%) from the Other Income (net charges) of ₱23.09 million in the same period in 2016.

The Group's net income decreased by₱2.23 million (0.32%) to ₱704.09 million in financial year 2017 from ₱706.33 million in financial year 2016 under review.

Financial Position

Total assets of the Group decreased by ₱841.47 million (5.4%) to ₱14.76 billion as of 30 April 2017, from ₱15.60 billion as of 30 April 2016.

Trade and other receivables (net) increased by ₱136.09 million (4.6%) to ₱3.11 billion in 2017 compared to ₱2.97 billion in 2016, mainly due to payments for future acquisition of investments.

Inventories (net) decreased by ₱1.15 billion (21.8%) to ₱4.13billion in 2017 compared to ₱5.28 billion in 2016, mainly due to reduction of vehicle stocks arose from better stock control measurement imposed by H.R. Owen.

Advances to associates increased by ₱29.04 million (17.0%) to ₱199.35 million in 2017 compared to ₱170.31 million in 2016.

Prepayments and other current assets (net) decreased by ₱29.40 million (3.5%) to ₱807.43 million in 2017 compared to ₱836.83 million in 2016, mainly due to decrease in refundable deposits.

Available-for-sale financial assets increased by ₱32.40 million (3.7%) to ₱901.81million in 2017 compared to ₱869.41 billion in 2016, mainly due to acquisition of equity securities.

Property and equipment (net) decreased by ₱116.64 million (5.8%) to ₱1.89 billion in 2017 compared to ₱2.0 billion in 2016, mainly due to translation adjustment of H.R. Owen's property and equipment.

The group acquired certain residential property which is classified as Investment property amounting to ₱141.61 million.

Investments in associates increased by ₱176.01 million (37.7%) to ₱642.73million in 2017 compared to ₱466.71million in 2016.

Intangible assets decreased by ₱107.84 million (5.6%) to ₱1.81 billion in 2017 compared to ₱1.91 billion in 2016, primarily due to the translation adjustment of H.R. Owen's intangible assets.

Deferred tax assets increased by ₱22.12 million (49.6%) to ₱66.72 million in 2017 compared to ₱44.60 million in 2016, due to deferred tax assets arising from unrealized foreign currency losses (net).

Meanwhile, other non-current assets increased by ₱0.35 million (8.1%) to ₱4.71 million in 2017 compared to ₱4.35 million in 2016 due to additional security deposits refundable from various lessors and utility companies.

Total liabilities of the Group decreased by ₱381.20 million (4.8%) to ₱7.55 billion as of 30 April 2017, from ₱7.93 billion as of 30 April 2016 mainly due to a decrease in Trade and other payables and loans payable.

Trade and other payables decreased by ₱409.04 million (11.4%) to ₱3.17 billion in 2017 compared to ₱3.57 billion in 2016, mainly due to a decrease in trade payables, advances from customers and accrued expenses.

Current Loans payable and borrowings decreased by ₱373.41 million (8.8%) to ₱3.86 billion in 2017 compared to ₱4.23 billion in 2016, mainly due to a decrease in vehicle stocking loans.

Income Tax Payable increased by ₱40.49 million (102.4%) to ₱80.04 million in 2017 compared to ₱39.54 million in 2016, mainly due to an increase in current tax expense.

Non-current Loans payable and borrowings amounted to ₱367.39 million due to bank loans.

Deferred tax liabilities decreased by ₱2.9 million (6.6%) to ₱41.82 million in 2017 compared to ₱44.77 million in 2016, mainly due to deferred tax liabilities arising from rolled-over and held over capital gains.

Post-employment benefit obligation decreased by ₱3.68 million (9.0%) to ₱37.12 in 2017 compared to ₱40.80 in 2016.

The total stockholders' equity of the Group decreased by ₱460.27 billion (6.0%) to ₱7.20 billion as of 30 April 2017, from ₱7.67 billion as of 30 April 2016 under review. The book value per share decreased to ₱1.63 in 2017 from ₱8.04 in 2016.

Key Performance Indicators

The top five key performance indicators (KPIs) of the Group are: (1) to ensure the prompt collection of receivables from the customers, (2) review the annual budget to monitor and explain any material variances above 10% in the overall operating results, (3) scrutinize and monitor all the controllable budgeted expenses and analyze any material variances above 10%, (4) review all capital expenditures in compliance with the approved budget, and (5) to manage the timely placements of surplus funds to ensure the highest possible bank interest income in view of the appropriate tolerable risks.

	30 Apr 2017	30 Apr 2016
Liquidity Ratio - Current ratio	1.31 : 1.00	1.31 : 1.00
Leverage Ratio - Debt to Equity	1.05 : 1.00	1.03 : 1.00
Activity Ratio - Annualized PPE Turnover	15.12 times	13.24 times
Profitability Ratios		
Return on Equity	9.77%	9.21%
Return on Assets	4.77%	4.53%

The Corporation uses the following computations in obtaining key indicators:

Key Performance Indicator	Formula
Current Ratio	Current Assets / Current Liabilities
Debt to Equity Ratio	Total Long Term Liabilities / Stockholders' Equity
PPE Turnover	Revenues / Property, Plant & Equipment (Net)
Return on Equity	Net Income / Equity
Return on Assets	Net Income / Total Assets

Barring any unforeseen circumstances, the Corporation's Board of Directors is confident that the operating financial performances of the Corporation and its subsidiaries are expected to be satisfactory in the coming year.

i) There is no known trend, event or uncertainty that has or is reasonably likely to have an impact on the Corporation' short term or long-term liquidity.

ii) The liquidity of the subsidiaries would continue to be generated from the collections of revenues from customers. There is no requirement for external funding for liquidity.

iii) There is no known trend, event or uncertainty that has or that is reasonably expected to have a material impact on the net sales or revenues or income from continuing operations.

iv) There is no significant element of income or loss that would arise from the Group's continuing operations.

v) There is no cause for any material change from period to period in one or more of the line items of the Corporation's financial statements.

vi) There were no seasonal aspects that had a material impact effect on the financial conditions or results of operations.

vii) There is no event that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation; and

viii) There is no material off-balance sheet transactions, arrangements, obligations (including contingent liabilities), and other relationships of the company with unconsolidated entities or persons created during the reporting period.

Information on Independent Accountant

For professional services rendered on the audit of the financial statements of the Corporation and its subsidiaries, Punongbayan & Araullo was paid the amounts of Php165,000.00 for its audit on the Corporation, Php425,000.00 and Php190,000.00 for its audit on PGMC and PHPI, the wholly owned subsidiaries of the corporation for the financial year ended 30 April 2019. The same amount was paid to Punongbayan & Araullo for its audit on the Corporation for the financial years ended 30 April 2018 and 30 April 2017.

Punongbayan & Araullo (P&A), the independent auditors of Berjaya Philippines Inc., have affixed their signature on the financial statements of Berjaya Philippines Inc. P&A issued an unqualified opinion on the consolidated financial statements. The audits were conducted in accordance with the Philippine Standards on Auditing.

As part of the audit process, Punongbayan & Araullo made specific inquiries from the Management of the Corporation and its subsidiaries and requested Management's written confirmation concerning representations contained in the financial statements and the effectiveness of the internal control structure. The responses to the inquiries, the written representations, and the results of their audit tests comprised the evidential matter relied upon in forming an opinion on the financial statements.

The income tax return (ITR), other tax returns and the publicly held financial statements (PHFS) and the information contained therein were the responsibilities of the Corporation. Punongbayan & Araullo ascertained that the income and expenses agree with the Corporation's and its subsidiaries' books of accounts.

Discussion on Compliance with leading practice on Corporate Governance

The Corporation's evaluation system is headed by its Chief Financial Officer Mr. Tan Eng Hwa assisted by the Assistant Corporate Secretary Ms. Marie Lourdes

Sia-Bernas in determining the level of compliance of the Board of Directors with its *Manual of Corporate Governance*.

The Corporation shall implement its Corporate Governance Rules in accordance with the Revised Code of Corporate Governance under SEC Memorandum Circular No. 06-2009. The Corporation submitted its Revised *Manual on Corporate Governance* on 31 July 2014, 18 January 2010, and 30 May 2017. The Revised Manual is available for inspection by shareholders at reasonable hours on business days.

The Corporation submitted its Integrated Annual Corporate Governance Report on 30 May 2019. The Integrated Annual Corporate Governance Report is available for inspection by shareholders at reasonable hours on business days.

There is no deviation from the corporation's *Revised Manual on Corporate Governance*.

Market Price of the Company's Shares of Stock

The shares of stock of Berjaya Philippines Inc. are traded on the Philippine Stock Exchange (PSE). The high and low sales prices for certain dates commencing 3 January 2018 to 13 September 2019 are as follows:

Date	*High*	*Low*	*Close*
03 Jan 2018	₱ 7.50	₱ 4.51	₱ 6.30
07 Feb 2018	₱ 7.50	₱ 4.51	₱ 5.00
09 Mar 2018	₱ 7.50	₱ 4.51	₱ 4.90
04 Apr 2018	₱ 7.50	₱ 4.51	₱ 5.34
02 May 2018	₱ 7.50	₱ 4.51	₱ 5.39
08 June 2018	₱ 6.30	₱ 4.51	₱ 4.99
05 July 2018	₱ 6.30	₱ 4.51	₱ 6.30
08 Aug 2018	₱ 6.30	₱ 4.51	₱ 4.50
03 Sept 2018	₱ 12.82	₱ 2.79	₱ 2.95
04 Oct 2018	₱ 12.82	₱ 1.82	₱ 1.89
05 Nov. 2018	₱ 12.82	₱ 1.46	₱ 1.69
03 Dec 2018	₱ 12.82	₱ 1.36	₱ 2.35
02 Jan 2019	₱ 12.82	₱ 1.36	₱ 4.50
01 Feb 2019	₱ 12.82	₱ 1.36	₱ 2.72
01 Mar 2019	₱ 12.82	₱ 1.36	₱ 2.91
01 Apr 2019	₱ 12.82	₱ 1.36	₱ 2.71
02 May 2019	₱ 12.82	₱ 1.36	₱ 2.61
03 June 2019	₱ 12.82	₱ 1.36	₱ 2.91
01 July 2019	₱ 12.82	₱ 1.36	₱ 2.78
01 Aug 2019	₱ 12.82	₱ 1.36	₱ 2.50
19 Aug 2019	₱ 6.68	₱ 1.36	₱ 2.27
23 Aug 2019	₱ 6.68	₱ 1.36	₱ 2.22
29 Aug 2019	₱ 4.55	₱ 1.36	₱ 2.32
13 Sept 2019	₱ 4.55	₱ 1.36	₱ 2.50

The price as of the last trading date for this report is Two Pesos and Fifty Centavos (₱ 2.50) on 13 September 2019.

There are no restrictions or limitations on Berjaya Philippines Inc.'s ability to pay dividends on common equity. There are no such likely restrictions or limitations foreseen in the future.

Upon the written request of any stockholder, the Company will provide without charge to the requesting stockholder, a copy of the Company's annual report on SEC Form 17-A.

ALL REQUESTS MUST BE ADDRESSED TO:

JOSE A. BERNAS, Esq.
The Corporate Secretary
Berjaya Philippines Inc.
c/o Bernas Law Offices
8/F RahaSulayman Building
108 Benavidez Street, Legaspi Village, Makati City
Metro Manila, 1229

BERJAYA PHILIPPINES INC.
For and on behalf of the Board:

WONG EE COLN
President

108282019001374

SECURITIES AND EXCHANGE COMMISSION

SECBuilding,EDSA,Greenhills,MandaluyongCity,MetroManila,Philippines
Tel:(632) 726-0931 to 39 Fax:(632) 725-5293 Email: mis@sec.gov.ph

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Company Information

SEC Registration No.	PW00000476
Company Name	BERJAYA PHILIPPINES INC.
Industry Classification	
Company Type	Stock Corporation

Document Information

Document ID	108282019001374
Document Type	Financial Statement - Publicly-Held Company
Document Code	PHFS
Period Covered	April 30, 2019
No. of Days Late	0
Department	CFD
Remarks	

108282019001373

SECURITIES AND EXCHANGE COMMISSION

SECBuilding,EDSA,Greenhills,MandaluyongCity,MetroManila,Philippines
Tel:(632) 726-0931 to 39 Fax:(632) 725-5293 Email: mis@sec.gov.ph

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Company Type	Stock Corporation

Document Information

Document ID	108282019001373
Document Type	FINANCIAL STATEMENT-ANNUAL
Document Code	FS
Period Covered	April 30, 2019
No. of Days Late	0
Department	CED/CRMD
Remarks	

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Berjaya Philippines, Inc.** is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended April 30, 2019 and 2018, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the **Berjaya Philippines, Inc.** ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the **Berjaya Philippines, Inc.** or to cease operations, or has no realistic alternative to do so.

The Board of Directors is responsible for overseeing the **Berjaya Philippines, Inc.** financial reporting process.

The Board of Directors reviews and approves the financial statements, including the schedules attached therein, and submits the same to the stockholders.

Punongbayan & Araullo, the independent auditors appointed by the stockholders, has audited the financial statements of the **Berjaya Philippines, Inc.** in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

Tan Sri Dr. Ibrahim Bin Saad
Chairman

Wong Ee Coln
President

Tan Eng Hwa
Treasurer

SUBSCRIBED AND SWORN TO BEFORE ME this MAY 29 2019 day of __________ 2019, by the following who exhibited to me their government issued identification cards during business hours.

Name	Tax Identification No.
Tan Sri Dr Ibrahim Bin Saad	313-386-574
Wong Ee Coln	486-058-206
Tan Eng Hwa	204-172-228

Doc No. 9
Page No. 49
Book No. 971
Series of 2019

RUBEN T.M. RAMIREZ
NOTARY PUBLIC
UNTIL DEC. 31, 2019
IBP NO. 058333/1-3-2019 – CY. 2019
ROLL NO. 28947/MCLE 4 - 6-19-12
PTR NO. MKT. 7333572/1-3-19 APPT. NO. M-127
BACK OF MAKATI CENTRAL POST OFFICE

P&A
Grant Thornton
An instinct for growth™

FOR SEC FILING

Financial Statements and Independent Auditors' Report

Berjaya Philippines Inc.

April 30, 2019, 2018 and 2017

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Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 988 2288

Report of Independent Auditors

The Board of Directors and Stockholders
Berjaya Philippines Inc.
[A Subsidiary of Berjaya Lottery Management (HK) Limited]
9th Floor, Rufino Pacific Tower
6784 Ayala Avenue, Makati City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Berjaya Philippines Inc. (the Company), which comprise the statements of financial position as at April 30, 2019 and 2018, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended April 30, 2019, and the notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2019 and 2018, and its financial performance and its cash flows for each of the three years in the period ended April 30, 2019 in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audits of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Company's Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended April 30, 2019, but does not include the financial statements and our auditors' report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report for the year ended April 30, 2019 are expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

Emphasis of Matter

We draw attention to Note 23 to the financial statements which describes that on July 3, 2019, the ownership of the Company over Philippine Gaming Management Corporation (PGMC) was effectively reduced to 40%. As a result, the Company lost control over PGMC but has retained significant influence through the remaining shares. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended April 30, 2019 required by the Bureau of Internal Revenue as disclosed in Note 24 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with PFRS. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditors' report is Romualdo V. Murcia III.

PUNONGBAYAN & ARAULLO

By: Romualdo V. Murcia III
Partner

CPA Reg. No. 0095626
TIN 906-174-059
PTR No. 7333697, January 3, 2019, Makati City
SEC Group A Accreditation
Partner - No. 0628-AR-3 (until Nov. 29, 2019)
Firm - No. 0002-FR-5 (until Mar. 26, 2021)
BIR AN 08-002511-22-2016 (until Oct. 3, 2019)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Jul. 24, 2021)

August 7, 2019

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION
Date AUG 23 2019 TSIS
MA. GRACIA AURORA L. CASTILLO

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Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 988 2288

Supplemental Statement of Independent Auditors

The Board of Directors and Stockholders
Berjaya Philippines Inc.
[A Subsidiary of Berjaya Lottery Management (HK) Limited]
9th Floor, Rufino Pacific Tower
6784 Ayala Avenue, Makati City

We have audited the financial statements of Berjaya Philippines Inc. (the Company) for the year ended April 30, 2019, on which we have rendered the attached report dated August 7, 2019.

In compliance with the Securities Regulations Code Rule 68, as amended, we are stating that the Company has 126 stockholders owning 100 or more shares of the Company's capital stock as at April 30, 2019, as disclosed in Note 13 to the financial statements.

PUNONGBAYAN & ARAULLO

By: Romualdo V. Murcia III
Partner

CPA Reg. No. 0095626
TIN 906-174-059
PTR No. 7333697, January 3, 2019, Makati City
SEC Group A Accreditation
Partner - No. 0628-AR-3 (until Nov. 29, 2019)
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BIR AN 08-002511-22-2016 (until Oct. 3, 2019)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Jul. 24, 2021)

August 7, 2019

BERJAYA PHILIPPINES INC.
[A Subsidiary of Berjaya Lottery Management (HK) Limited]
STATEMENTS OF FINANCIAL POSITION
APRIL 30, 2019 AND 2018
(Amounts in Philippine Pesos)

	Notes	2019	2018
ASSETS			
CURRENT ASSETS			
Cash	5	P 174,873,400	P 69,751,045
Receivables	6	15,919,814	496,010,507
Financial assets at fair value through profit or loss	8	63,572,179	-
Advances to subsidiaries and associates	16	2,637,473,014	2,192,361,752
Prepayments and other current assets	7	51,795,936	64,520,935
Total Current Assets		2,943,634,343	2,822,644,239
NON-CURRENT ASSETS			
Financial assets at fair value through other comprehensive income - net	9	1,629,811,630	-
Investments in subsidiaries and associates	10	4,170,305,399	4,068,291,293
Transportation equipment - net	11	1,000	2,502,202
Deferred tax assets - net	17	104,574,089	101,733,665
Available-for-sale financial assets - net	9	-	1,199,369,442
Total Non-current Assets		5,904,692,118	5,371,896,602
TOTAL ASSETS		P 8,848,326,461	P 8,194,540,841
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Loans payable	12	P 150,000,000	P 150,000,000
Trade and other payables		33,139,407	24,876,287
Advances from subsidiaries	16	535,353,099	112,881,839
Total Current Liabilities		718,492,506	287,758,126
NON-CURRENT LIABILITY			
Loans payable	12	112,500,000	262,500,000
Total Liabilities		830,992,506	550,258,126
EQUITY	13		
Capital stock		4,427,009,132	4,427,009,132
Treasury shares		(988,150,025)	(988,150,025)
Revaluation reserve		[illegible]	81,442,363
Retained earnings		4,784,419,746	4,123,981,245
Total Equity		8,017,333,955	7,644,282,715
TOTAL LIABILITIES AND EQUITY		P 8,848,326,461	P 8,194,540,841

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION
Date AUG 23 2019 TSIS
MA. GRACIA AURORA L. CASTILLO

See Notes to Financial Statements.

BERJAYA PHILIPPINES INC.
[A Subsidiary of Berjaya Lottery Management (HK) Limited]
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED APRIL 30, 2019, 2018 AND 2017
(Amounts in Philippine Pesos)

	Notes	2019	2018	2017
DIVIDEND INCOME	9, 16	**P 437,252,531**	P 724,296,745	P 186,228,724
EXPENSES				
Professional fees		**17,096,661**	43,425,073	7,983,455
Transportation and travel		**7,369,944**	2,246,163	3,227,679
Taxes and licenses	23	**2,559,017**	11,457,813	35,741,619
Depreciation	11	**2,501,202**	2,501,204	2,501,204
Sponsorships		**175,000**	219,855	50,000
Others	14	**8,916,840**	52,138,919	3,733,171
		38,618,664	111,989,027	53,237,128
OPERATING INCOME		**398,633,867**	612,307,718	132,991,596
OTHER INCOME (EXPENSES)				
Interest income	15	**96,277,187**	85,526,722	98,333,508
Foreign currency exchange gain (loss) - net		**(24,886,841)**	47,880,959	(72,320,168)
Interest expense	12	**(16,306,284)**	(19,701,884)	(11,766,565)
Fair value gain on financial assets at fair value through profit or loss		**15,418,764**	-	-
Impairment loss on financial assets	9	-	(210,238,322)	(2,877,999)
Net gain (loss) on sale of available-for-sale (AFS) financial assets	9	-	(54,533,062)	1,181,117
Other income		-	-	1,528,706
		70,502,826	(151,065,587)	14,078,599
PROFIT BEFORE TAX		**469,136,693**	461,242,131	147,070,195
TAX INCOME (EXPENSE)	17	**(19,487,250)**	46,502,596	20,618,429
NET PROFIT		**449,649,443**	507,744,727	167,688,624
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will be reclassified subsequently to profit or loss				
Net unrealized fair value gains (losses) on AFS financial assets	9, 13, 21	-	73,700,839	(44,375,819)
Reclassification adjustments to profit or loss:				
Due to impairment of AFS financial assets	9, 13	-	69,273,240	-
Due to disposal of AFS financial assets	9, 13	-	-	9,564,509
		-	142,974,079	(34,811,310)
Item that will not be reclassified subsequently to profit or loss				
Net unrealized fair value losses on financial assets at fair value through other comprehensive income	9, 13, 21	**(76,598,203)**	-	-
		(76,598,203)	142,974,079	(34,811,310)
TOTAL COMPREHENSIVE INCOME		**P 373,051,240**	P 650,718,806	P 132,877,314
Earnings Per Share	18	**P 0.10**	P 0.12	P 0.04

See Notes to Financial Statements.

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION
Date AUG 23 2019 TSIS
MA. GRACIA AURORA L. CASTILLO

BERJAYA PHILIPPINES INC.
[A Subsidiary of Berjaya Lottery Management (HK) Limited]
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED APRIL 30, 2019, 2018 AND 2017
(Amounts in Philippine Pesos)

	Notes	Capital Stock	Treasury Shares	Revaluation Reserve	Retained Earnings: Appropriated	Retained Earnings: Unappropriated	Retained Earnings: Total	Total Equity
Balance at May 1, 2018								
As previously reported		P 4,427,009,132	(P 988,150,025)	P 81,442,363	P 2,273,150,025	P 1,850,831,220	P 4,123,981,245	P 7,644,282,715
Effect of adoption of PFRS 9	2	-	-	(228,757,664)	-	228,757,664	228,757,664	-
As restated		4,427,009,132	(988,150,025)	(147,315,301)	2,273,150,025	2,079,588,884	4,352,738,909	7,644,282,715
Total comprehensive income for the year		-	-	(76,598,203)	-	449,649,443	449,649,443	373,051,240
Realized fair value changes on disposal of financial assets at fair value through other comprehensive income	9	-	-	17,968,606	-	(17,968,606)	(17,968,606)	-
Balance at April 30, 2019	13	**P 4,427,009,132**	**(P 988,150,025)**	**(P 205,944,898)**	**P 2,273,150,025**	**P 2,511,269,721**	**P 4,784,419,746**	**P 8,017,333,955**
Balance at May 1, 2017		P 4,427,009,132	(P 988,150,025)	(P 61,531,716)	P 2,273,150,025	P 1,343,086,493	P 3,616,236,518	P 6,993,563,909
Total comprehensive income for the year		-	-	142,974,079	-	507,744,727	507,744,727	650,718,806
Balance at April 30, 2018	13	P 4,427,009,132	(P 988,150,025)	P 81,442,363	P 2,273,150,025	P 1,850,831,220	P 4,123,981,245	P 7,644,282,715
Balance at May 1, 2016		P 953,984,448	(P 988,150,025)	(P 26,720,406)	P 5,746,174,709	P 1,175,397,869	P 6,921,572,578	P 6,860,686,595
Reversal of appropriation during the year		-	-	-	(3,473,024,684)	3,473,024,684	-	-
Declaration of stock dividends and issuance of shares		3,473,024,684	-	-	-	(3,473,024,684)	(3,473,024,684)	-
Total comprehensive income for the year		-	-	(34,811,310)	-	167,688,624	167,688,624	132,877,314
Balance at April 30, 2017	13	P 4,427,009,132	(P 988,150,025)	(P 61,531,716)	P 2,273,150,025	P 1,343,086,493	P 3,616,236,518	P 6,993,563,909

See Notes to Financial Statements.

BERJAYA PHILIPPINES INC.
[A Subsidiary of Berjaya Lottery Management (HK) Limited]
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED ARPIL 30, 2019, 2018 AND 2017
(Amounts in Philippine Pesos)

	Notes	2019	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		P 469,136,693	P 461,242,131	P 147,070,195
Adjustments for:				
Dividend income	9, 16	(437,252,531)	(724,296,745)	(186,228,724)
Interest income	15	(96,277,187)	(85,526,722)	(98,333,508)
Foreign currency exchange loss (gain) - net		24,886,841	(47,880,959)	72,320,168
Interest expense	12	16,306,284	19,701,884	11,766,565
Depreciation	11	2,501,202	2,501,204	2,501,204
Impairment loss on financial assets	9, 16	-	210,238,322	2,877,999
Net loss (gain) on sale of available-for-sale (AFS) financial assets	9	-	54,533,062	(1,181,117)
Operating loss before working capital changes		(20,698,698)	(109,487,823)	(49,207,218)
Decrease (increase) in receivables		453,246,363	680,256,008	(84,541,560)
Increase in financial assets at fair value through profit or loss		(15,418,764)	-	-
Decrease (increase) in prepayments and other current assets		12,724,999	(3,464,299)	6,964,826
Increase (decrease) in trade and other payables		(14,042,835)	4,975,342	2,275,139
Cash generated from (used in) operations		415,811,065	572,279,228	(124,508,813)
Cash paid for final taxes	17	(21,719)	(32,191)	(50,981)
Net Cash From (Used in) Operating Activities		415,789,346	572,247,037	(124,559,794)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of financial assets at fair value through other comprehensive income (2018 and 2017: AFS financial assets)	9	(590,793,083)	(578,017,157)	(184,727,645)
Cash dividends received	9, 16	437,252,531	514,296,745	341,828,724
Advances granted to subsidiaries and associates	16	(220,100,000)	(493,110,458)	(23,200,000)
Additional investment in subsidiaries and associates	10	(102,014,039)	(116,754,087)	(1,020,554,622)
Collections of advances to subsidiaries and associates	16	50,147,777	26,000,000	74,349,587
Proceeds from sale of AFS financial assets	9	35,599,277	158,659,172	115,820,084
Interest received	15	14,440,278	19,412,005	55,381,850
Net Cash Used in Investing Activities		(375,467,259)	(469,513,780)	(641,102,022)
CASH FLOWS FROM FINANCING ACTIVITIES				
Advances received from a subsidiary	16, 22	231,000,000	334,319,271	258,348,250
Repayment of loans	12, 22	(150,000,000)	(620,833,333)	(216,666,667)
Interest paid	12	(16,306,284)	(19,701,884)	(10,687,798)
Advances paid to a subsidiary	16, 22	(1,850,937)	(269,785,682)	-
Proceeds from loans	12, 22	-	450,000,000	700,000,000
Net Cash From (Used in) Financing Activities		62,842,779	(126,001,628)	730,993,785
EFFECT OF EXCHANGE RATE CHANGES TO CASH		1,957,489	1,090,506	(12,003,242)
NET INCREASE (DECREASE) IN CASH		105,122,355	(22,177,865)	(46,671,273)
CASH AT BEGINNING OF YEAR		69,751,045	91,928,910	138,600,183
CASH AT END OF YEAR		P 174,873,400	P 69,751,045	P 91,928,910

Supplemental Information on Non-cash Investing and Financing Activities:

1) In 2019, the Company fully acquired eDoc Holdings Limited (eDoc Holdings) from H.R. Owen Plc (H.R. Owen) and assumed the intercompany advances resulting in recognition of advances to eDoc Holdings and advances from H.R. Owen amounting to P193,322,130 and P193,322,197, respectively (see Note 10).
2) In 2018, the Company paid a portion of its advances from PGMC by offsetting its dividends receivable amounting to P220,000,000 (see Note 10).
3) In 2017, the Company reclassified advances for stock subscription to an investment in an associate amounting to P82,283,456 (see Note 10).

See Notes to Financial Statements.

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION
Date AUG 23 2019 TSIS
MA. GRACIA AURORA L. CASTILLO

BERJAYA PHILIPPINES INC.
[A Subsidiary of Berjaya Lottery Management (HK) Limited]
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2019, 2018 AND 2017
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

Berjaya Philippines Inc. (BPI or the Company) was incorporated in the Philippines on October 31, 1924. The Company is organized as a holding company. The Company's shares of stock were listed in the Philippine Stock Exchange on November 29, 1948.

The Company is 74.20% owned as at April 30, 2019 and 2018, by Berjaya Lottery Management (HK) Limited (the Parent Company). The Company's Ultimate Parent Company is Berjaya Corporation Berhad of Malaysia, a publicly listed company in the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at 9th Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City. The Parent Company's registered address is at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, and the Ultimate Parent Company's registered office is at Lot 13-01A, Level 13 (East Wing), Berjaya Times Square, No. 1, Jalan Imbi 55100 Kuala Lumpur, Malaysia.

The financial statements of the Company as at and for the year ended April 30, 2019 (including the comparative financial statements as at April 30, 2018 and for the years ended April 30, 2018 and 2017) were authorized for issue by the Company's Board of Directors (BOD) on August 7, 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these financial statements are summarized below and in the succeeding pages. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS are adopted by the Financial Reporting Standards Council (FRSC) from the pronouncements issued by the International Accounting Standards Board, and approved by the Philippine Board of Accountancy.

The financial statements have been prepared using the measurement bases specified by PFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

(b) Presentation of Financial Statements

The financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Company presents all items of income, expense and other comprehensive income or loss in a single statement of comprehensive income.

The Company presents a third statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the statement of financial position at the beginning of the preceding period. The related notes to the third statement of financial position are not required to be disclosed.

In fiscal year 2019, the Company adopted PFRS 9, *Financial Instruments*, which was applied using the transitional relief allowed by the standard. Accordingly, the adoption of this new accounting standard did not require the Company to present its third statement of financial position. Differences arising from the adoption of PFRS 9 in relation to classification, measurement and impairment of financial assets are recognized in the opening balance of Retained Earnings (or other component of equity, as appropriate) in the current year [see Note 2.3(a)(i)].

The table below shows the impact of the adoption of PFRS 9 to the Company's total equity as of May 1, 2018.

	Effects on		
	Retained Earnings	Revaluation Reserves	Total Equity
Balance at May 1, 2018	P 4,123,981,245	P 81,442,363	P 7,644,282,715
Impact of PFRS 9 [see Note 2.3(a)(i)]:			
Effect of reclassification and remeasurements of financial assets	228,757,664	(228,757,664)	-
	P 4,352,738,909	(P 147,315,301)	P 7,644,282,715

Further, the Company adopted PFRS 15, *Revenue from Contracts with Customers*, which was applied using the modified retrospective approach under which changes having material retrospective restatements on certain accounts in the statement of financial position as of May 1, 2018 are presented together as a single adjustment to the opening balance of Retained Earnings, if any. The adoption of the standard did not have an impact on the Company's financial statements.

(c) Functional and Presentation Currency

These financial statements are presented in Philippine pesos, the Company's functional and presentation currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the financial statements of the Company are measured using its functional currency. Functional currency is the currency of the primary economic environment in which the Company operates.

2.2 Separate Financial Statements and Investments in Subsidiaries and Associates

These financial statements are prepared as the Company's separate financial statements. The Company also publishes consolidated financial statements which comprise the financial statements of the Company and its subsidiaries.

Subsidiaries are entities over which the Company has control. The Company controls an entity when (i) it has power over the entity, (ii) it is exposed, or has rights to, variable returns from its involvement with the entity, and, (iii) it has the ability to affect those returns through its power over the entity.

The Company reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of controls indicated above.

Associates are those entities over which the Company is able to exert significant influence but which are neither subsidiaries nor interests in a joint venture.

The Company's investments in subsidiaries and associates are accounted for in these separate financial statements at cost, less any impairment loss. If there is objective evidence that the investments in subsidiaries and associates will not be recovered, an impairment loss is provided (see Note 2.12). Impairment loss is measured as the difference between the carrying amount of the investment and the present value of the estimated cash flows discounted at the current market rate of return for similar financial asset. The amount of the impairment loss is recognized in profit or loss.

2.3 Adoption of New and Amended PFRS

(a) Effective in Fiscal Year 2019 that are Relevant to the Company

The Company adopted for the first time the following new PFRS, interpretation, amendments and annual improvements to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2018, for its annual reporting period beginning May 1, 2018:

PFRS 9	:	Financial Instruments
PFRS 15	:	Revenue from Contracts with Customers; Clarifications to PFRS 15
International Financial Reporting Interpretations Committee (IFRIC) 22	:	Foreign Currency Transactions and Advance Consideration
Annual Improvements to PFRS (2014-2016 Cycle)		
PAS 28 (Amendments)	:	Investment in Associates – Clarification on Fair Value Through Profit or Loss Classification
PFRS 1 (Amendments)	:	First-time Adoption of Philippine Financial Reporting Standards – Deletion of Short-term Exemptions

Discussed below are the relevant information about these amendments, new standards, interpretation and improvements.

(i) PFRS 9, *Financial Instruments* (issued in 2014). This new standard on financial instruments replaced PAS 39, *Financial Instruments: Recognition and Measurement*, and PFRS 9 (2009, 2010 and 2013 versions). This standard contains, among others, the following:

- three principal classification categories for financial assets based on the business model on how an entity is managing its financial instruments, i.e., financial assets at amortized costs, fair value through profit and loss (FVTPL), and fair value through other comprehensive income (FVOCI);

- an expected credit loss (ECL) model in determining impairment of all financial assets that are not measured at FVTPL, which generally depends on whether there has been a significant increase in credit risk since initial recognition of a financial asset; and,

- a new model on hedge accounting that provides significant improvements principally by aligning hedge accounting more closely with the risk management activities undertaken by entities when hedging their financial and non-financial risk exposures.

The Company's new accounting policies relative to the adoption of PFRS 9 is fully disclosed in Notes 2.4 and 2.7.

The impact of the adoption of this new accounting standard to the Company's financial statements are as follows:

a. *Investments Reclassified from Available-for-Sale (AFS) Financial Assets to Financial Assets at FVOCI and Financial Assets to FVTPL*

With respect to the quoted equity securities and warrants amounting to P1,248,845,520 and P14,206,921, respectively, as of May 1, 2018, which were previously classified as AFS financial assets, the Company elected to irrevocably designate these equity securities as financial assets at FVOCI, as these assets are neither held for trading nor a contingent consideration in a business combination. The accumulated impairment loss on these securities amounting to P228,757,664 as of May 1, 2018 was reclassified from the opening balance of Retained Earnings account to the opening balance of Revaluation Reserve account. Under PFRS 9, investments in equity security irrevocably classified as financial assets at FVOCI are no longer subject to impairment tests.

On the other hand, the unquoted equity securities measured at cost previously classified as AFS financial assets with a carrying amount of P116,921,250 which had a fair value loss of P7,867,490 was reclassified to financial assets at FVOCI upon adoption of PFRS 9 on May 1, 2018.

Quoted debt securities of the Company which were previously classified as AFS financial assets are classified as financial asset at FVTPL with carrying amount of P48,153,415 as of May 1, 2018 (see Note 8).

b. Credit Losses on Receivables and Advances to Subsidiaries and Associates

The Company's adoption of PFRS 9 has resulted in changes in its accounting policies, specifically on the application of the ECL methodology based on the impairment assessment for receivables and advances to subsidiaries and associates, but has not resulted in any adjustment to the amounts recognized in the Company's financial statements since management determined that the credit risk on these financial assets is considered negligible.

(ii) PFRS 15, *Revenue from Contract with Customers,* together with the *Clarifications to PFRS 15* (herein referred to as PFRS 15). This new standard replaced PAS 18, *Revenue*, and PAS 11, *Construction Contracts*, the related Interpretations on revenue recognition: IFRIC 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreement for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers*, and Standing Interpretations Committee 31, *Revenue – Barter Transactions Involving Advertising Services.* This new standard establishes a comprehensive framework for determining when to recognize revenue and how much revenue to recognize. The core principle in the said framework is for an entity to recognize revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Company's significant revenues pertain to interest income and dividend income which are not within the scope of PFRS 15. Recognition and measurement of revenue streams within the scope of PFRS 15 did not vary significantly from PAS 18.

Accordingly, the Company's adoption of PFRS 15 did not result in any significant changes in its accounting policies (see Note 2.10), since Company is already consistent with the previous revenue recognition policy; thus, the adoption of this new standard has no significant impact on the Company's financial statements.

(iii) IFRIC 22, *Foreign Currency Transactions and Advance Consideration – Interpretation on Foreign Currency Transactions and Advance Consideration.* The interpretation provides more detailed guidance on how to account for transactions that include the receipt or payment of advance consideration in a foreign currency. The interpretation states that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary asset (arising from advance payment) or liability (arising from advance receipt). If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The application of this interpretation has no impact on the Company's financial statements.

(iv) Annual Improvements to PFRS 2014-2016 Cycle. Among the improvements, the following amendments are relevant to the Company but had no material impact on the Company's financial statements as these amendments merely clarify existing requirements:

- PAS 28 (Amendments), *Investment in Associates – Clarification on Fair Value Through Profit or Loss Classification.* The amendments clarify that the option for venture capital organization, mutual funds and other similar entities to elect the fair value through profit or loss classification in measuring investments in associates and joint ventures shall be made at initial recognition, separately for each associate or joint venture.

- PFRS 1 (Amendments), *First-time Adoption of Philippine Financial Reporting Standards – Deletion of Short-term Exemptions.* The amendments removed short-term exemptions in PFRS 1 covering PFRS 7, *Financial Instruments: Disclosures*, PAS 19, *Employee Benefits*, and PFRS 10, *Consolidated Financial Statements*, because the reporting period to which the exemptions applied have already transpired.

(b) Effective in Fiscal Year 2019 but not Relevant to the Company

The following amendments to existing standards are mandatorily effective for annual periods beginning on or after January 1, 2018 but are not relevant to the Company's financial statements:

PAS 40 (Amendments)	:	Investment Property – Reclassification to and from Investment Property
PFRS 2 (Amendments)	:	Share-based Payment – Classification and Measurement of Share-based Payment Transactions
PFRS 4 (Amendments)	:	Insurance Contracts – Applying PFRS 9 with PFRS 4, *Insurance Contracts*

(c) Effective Subsequent to Fiscal Year 2019 but not Adopted Early

There are new PFRS, interpretations, amendments, and annual improvements to existing standards effective for annual periods subsequent to fiscal year 2019, which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have an impact on the Company's financial statements:

(i) PAS 19 (Amendments), *Employee Benefits – Plan Amendment, Curtailment or Settlement* (effective January 1, 2019). The amendments require the use of updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement when the entity remeasures its net defined benefit liability (asset).

(ii) PAS 28 (Amendments), *Investment in Associates – Long-term Interest in Associates and Joint Venture* (effective from January 1, 2019). The amendments clarify that the scope exclusion in PFRS 9 applies only to ownership interests accounted for using the equity method. Thus, the amendments further clarify that long-term interests in an associate or joint venture – to which the equity method is not applied – must be accounted for under PFRS 9, which shall also include long-term interests that, in substance, form part of the entity's net investment in an associate or joint venture.

(iii) PFRS 9 (Amendments), *Financial Instruments – Prepayment Features with Negative Compensation* (effective from January 1, 2019). The amendments clarify that prepayment features with negative compensation attached to financial instruments may still qualify under the "solely payments of principal and interests" (SPPI) test. As such, the financial assets containing prepayment features with negative compensation may still be classified at amortized cost or at FVOCI.

(iv) PFRS 16, *Leases* (effective from January 1, 2019). The new standard will eventually replace PAS 17, *Leases*, and its related interpretation IFRIC 4, *Determining Whether an Arrangement Contains a Lease*. For lessees, it requires to account for leases "on-balance sheet" by recognizing a "right-of-use" asset and a lease liability. The lease liability is initially measured as the present value of future lease payments. For this purpose, lease payments include fixed, non-cancellable payments for lease elements, amounts due under residual value guarantees, certain types of contingent payments and amounts due during optional periods to the extent that extension is reasonably certain. In subsequent periods, the "right-of-use" asset is accounted for similarly to a purchased asset and depreciated or amortized. The lease liability is accounted for similarly to as financial liability using the effective interest method. However, the new standard provides important reliefs or exemptions for short-term leases and leases of low value assets. If these exemptions are used, the accounting is similar to operating lease accounting under PAS 17 where lease payments are recognized as expenses on a straight-line basis over the lease term or another systematic basis (if more representative of the pattern of the lessee's benefit).

For lessors, lease accounting is similar to PAS 17's. In particular, the distinction between finance and operating leases is retained. The definitions of each type of lease, and the supporting indicators of a finance lease, are substantially the same as PAS 17's. The basic accounting mechanics are also similar, but with some different or more explicit guidance in few areas. These include variable payments, sub-leases, lease modifications, the treatment of initial direct costs and lessor disclosures.

As of April 30, 2019, the management assessed that the new standard does not have an impact to the Company's financial statements. In 2019 and 2018, the Company does not entered into any lease agreements.

(v) IFRIC 23, *Uncertainty over Income Tax Treatments* (effective from January 1, 2019). The interpretation provides clarification on the determination of taxable profit, tax bases, unused tax losses, unused tax credits, and tax rates when there is uncertainty over income tax treatments. The core principle of the interpretation requires the Company to consider the probability of the tax treatment being accepted by the taxation authority. When it is probable that the tax treatment will be accepted, the determination of the taxable profit, tax bases, unused tax losses, unused tax credits, and tax rates shall be on the basis of the accepted tax treatment. Otherwise, the Company has to use the most likely amount or the expected value, depending on the surrounding circumstances, in determining the tax accounts identified immediately above.

(vi) PFRS 10 (Amendments), *Consolidated Financial Statements*, and PAS 28 (Amendments), *Investments in Associates and Joint Ventures – Sale or Contribution of Assets Between an Investor and its Associates or Joint Venture* (effective date deferred indefinitely). The amendments to PFRS 10 require full recognition in the investor's financial statements of gains or losses arising on the sale or contribution of assets that constitute a business as defined in PFRS 3, *Business Combinations*, between an investor and its associate or joint venture. Accordingly, the partial recognition of gains or losses (i.e., to the extent of the unrelated investor's interests in an associate or joint venture) only applies to those sale or contribution of assets that do not constitute a business. Corresponding amendments have been made to PAS 28 to reflect these changes. In addition, PAS 28 has been amended to clarify that when determining whether assets that are sold or contributed constitute a business, an entity shall consider whether the sale or contribution of those assets is part of multiple arrangements that should be accounted for as a single transaction.

(vii) Annual Improvements to PFRS 2015-2017 Cycle (effective from January 1, 2019). Among the improvements, the following amendments are relevant to the Company but had no material impact on the Company's financial statements as these amendments merely clarify existing requirements:

- PAS 12 (Amendments), *Income Taxes – Tax Consequences of Dividends*. The amendments clarify that all income tax consequence of dividend payments should be recognized in profit or loss.

- PAS 23 (Amendments), *Borrowing Costs – Eligibility for Capitalization*. The amendments clarify that any specific borrowing which remains outstanding after the related qualifying asset is ready for its intended purpose, such borrowing will then form part of the entity's general borrowings when calculating the capitalization rate for capitalization purposes.

- PFRS 3 (Amendments), *Business Combinations*, and PFRS 11 (Amendments), *Joint Arrangements – Remeasurement of Previously Held Interests in a Joint Operation*. The amendments clarify that previously held interest in a joint operation shall be remeasured when the Company obtains control of the business. On the other hand, previously held interests in a joint operation shall not be remeasured when the Company obtains joint control of the business.

2.4 Financial Assets

Financial assets are recognized when the Company becomes a party to the contractual terms of the financial instrument. For purposes of classifying financial assets, an instrument is considered as an equity instrument if it is non-derivative and meets the definition of equity for the issuer in accordance with the criteria of PAS 32, *Financial Instruments: Disclosure and Presentation.* All other non-derivative financial instruments are treated as debt instruments.

(a) Classification, Measurement and Reclassification of Financial Assets in Accordance with PFRS 9

Under PFRS 9, the classification and measurement of financial assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The classification and measurement of financial assets are described below and in succeeding pages.

(i) Financial Assets at Amortized Cost

Financial assets are measured at amortized cost if both of the following conditions are met:

- the asset is held within the Company's business model whose objective is to hold financial assets in order to collect contractual cash flows ("hold to collect"); and,

- the contractual terms of the instrument give rise, on specified dates, to cash flows that are SPPI on the principal amount outstanding.

Except for receivables that do not contain a significant financing component and are measured at the transaction price in accordance with PFRS 15, all financial assets meeting these criteria are measured initially at fair value plus transaction costs. These are subsequently measured at amortized cost using the effective interest method, less any impairment in value.

The Company's financial assets at amortized cost are presented in the statement of financial position as Cash, Receivables and Advances to Subsidiaries and Associates. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period which are classified as non-current assets. Cash represents cash on hand and demand deposits maintained in banks that are unrestricted and readily available for use in the operations of the Company. These generally earn interest at rates based on daily bank deposit rates.

For purposes of cash flows reporting and presentation, cash generally include cash on hand, and demand deposits.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial assets except for those that are subsequently identified as credit-impaired. For credit-impaired financial assets at amortized cost, the effective interest rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance). The interest earned is recognized as part of Interest Income account under Other Income (Expenses) in the statements of income.

(ii) Financial Assets at FVTPL

Financial assets that are held within a different business model other than "hold to collect" or "hold to collect and sell" are categorized at FVTPL. Further, irrespective of business model, financial assets whose contractual cash flows are not SPPI are accounted for at FVTPL.

Financial assets at FVTPL are measured at fair value with gains or losses recognized in profit or loss as part of Finance Income in the statements of comprehensive income. The fair values of these financial assets are determined by reference to active market transactions or using a valuation technique where no active market exists.

Interest earned on these investments is included in the net fair value gains (losses) on these assets presented as part of Finance Income in the statements of comprehensive income.

(iii) Financial Assets at FVOCI

The Company accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective is to hold to collect the associated cash flows and sell ("hold to collect and sell"); and,
- the contractual terms of the financial assets give rise to cash flows that are SPPI on the principal amount outstanding.

At initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI; however, such designation is not permitted if the equity investment is held by the Company for trading or as mandatorily required to be classified as FVTPL. The Company has designated its equity instruments as at FVOCI on initial application of PFRS 9 [see Note 2.3(a)(i)].

Financial assets at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value, with no deduction for any disposal costs. Gains and losses arising from changes in fair value are recognized in other comprehensive income, net of any effects arising from income taxes, and are reported as part of Revaluation Reserve account in equity. When the asset is disposed of, the cumulative gain or loss previously recognized in the Revaluation Reserve account is not reclassified to profit or loss but is reclassified directly to Retained Earnings account, except for those debt securities classified as FVOCI wherein cumulative fair value gains or losses are recycled to profit or loss.

Any dividends earned on holding equity instruments are recognized in profit or loss as part of Dividend Income section in the statement of comprehensive income, when the Company's right to receive dividends is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and, the amount of the dividend can be measured reliably, unless the dividends clearly represent recovery of a part of the cost of the investment.

The Company can only reclassify financial assets if the objective of its business model for managing those financial assets changes. Accordingly, the Company is required to reclassify financial assets: (i) from amortized cost to FVTPL, if the objective of the business model changes so that the amortized cost criteria are no longer met; and, (ii) from FVTPL to amortized cost, if the objective of the business model changes so that the amortized cost criteria start to be met and the characteristic of the instrument's contractual cash flows meet the amortized cost criteria.

A change in the objective of the Company's business model will take effect only at the beginning of the next reporting period following the change in the business model.

(b) Classification and Measurement of Financial Assets in Accordance with PAS 39

Financial assets are assigned to different categories by management on initial recognition, depending on the purpose for which the investments were acquired and their characteristics. Financial assets other than those designated and effective as hedging instruments are classified into the following categories: financial assets at FVPL, loans and receivables, held-to-maturity investments and AFS financial assets.

All financial assets that are not classified as FVTPL are initially recognized at fair value plus any directly attributable transaction costs. Financial assets carried at FVTPL are initially recorded at fair value and the related transaction costs are recognized in profit or loss.

A more detailed description of categories of financial assets relevant to the Company as of and for the fiscal year ended April 30, 2018 follows:

(i) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period which are classified as non-current assets.

The Company's financial assets categorized as loans and receivables are presented as Cash, Receivables and Advances to Subsidiaries and Associates in the statement of financial position. Cash represents cash on hand and demand deposits maintained in banks that are unrestricted and readily available for use in the operations of the Company. These generally earn interest at rates based on daily bank deposit rates.

Loans and receivables are subsequently measured at amortized cost using the effective interest method, less impairment loss, if any. Impairment loss is provided when there is objective evidence that the Company will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of impairment loss is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows, (excluding future credit losses that have not been incurred), discounted at the financial asset's original effective interest rate or current effective interest rate determined under the contract if the loan has a variable interest rate.

The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognized in profit or loss.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date of the impairment is reversed. The amount of the reversal is recognized in profit or loss.

(ii) AFS Financial Assets

This category includes non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. All of the Company's AFS financial assets are equity securities.

All financial assets within this category are subsequently measured at fair value. Gains and losses from changes in fair value are recognized in other comprehensive income and are reported as part of the Revaluation Reserve in equity. When the financial asset is disposed of or is determined to be impaired, the cumulative fair value gains or losses recognized in other comprehensive income is reclassified from equity to profit or loss and is presented as reclassification adjustment within other comprehensive income.

When the financial asset is disposed of or is determined to be impaired, that is, when there is a significant or prolonged decline in the fair value of the security below its cost, the cumulative fair value gains or losses recognized in other comprehensive income is reclassified from equity to profit or loss and is presented as reclassification adjustment within other comprehensive income even though the financial asset has not been derecognized.

Reversal of impairment losses is recognized in other comprehensive income, except for financial assets that are debt securities which are recognized in profit or loss only if the reversal can be objectively related to an event occurring after the impairment loss was recognized.

All income and expenses, including impairment losses, relating to financial assets that are recognized in profit or loss are presented as part of Other Income (Expenses) in the statement of comprehensive income.

For investments that are actively traded in organized financial markets, fair value is determined by reference to stock exchange-quoted market bid prices at the close of business at the end of the reporting period. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows (such as dividend income) of the underlying net asset base of the investment.

Non-compounding interest, dividend income and other cash flows resulting from holding financial assets are recognized in profit or loss when earned, regardless of how the related carrying amount of financial assets is measured.

The financial assets are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

(c) Impairment of Financial Assets Under PFRS 9

From May 1, 2018, the Company assesses its ECL on a forward-looking basis associated with its financial assets carried at amortized cost. Recognition of credit losses is no longer dependent on the Company's identification of a credit loss event. Instead, the Company considers a broader range of information in assessing credit risk and measuring ECL, including past events, current conditions, reasonable and supportable forecasts that affect collectability of the future cash flows of the financial assets.

The Company applies the simplified approach in measuring ECL, which uses a lifetime expected loss allowance for all receivables and advances to subsidiaries and associates. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. To calculate the ECL, the Company uses its historical experience, external indicators and forward-looking information to calculate the ECL using a provision matrix. The Company assesses impairment of trade receivables based on the days past due (see Note 4.2).

The key elements used in the calculation of ECL are as follows:

- *Probability of default* – It is an estimate of likelihood of default over a given time horizon.

- *Loss given default* – It is an estimate of loss arising in case where a default occurs at a given time. It is based on the difference between the contractual cash flows of a financial instrument due from a counterparty and those that the Company would expect to receive, including the realization of any collateral.

- *Exposure at default* – It represents the gross carrying amount of the financial instruments subject to the impairment calculation.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

(iii) Impairment of Financial Assets Under PAS 39

As of April 30, 2018, the Company's assessment of impairment of financial assets involves the evaluation of the existence of objective evidence that an impairment loss on loans and receivables has been incurred, wherein the amount of the impairment loss is determined as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the financial asset's original effective interest rate or current effective interest rate determined under the contract if the loan has a variable interest rate.

The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognized in profit or loss.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date of the impairment is reversed. The amount of the reversal is recognized in the profit or loss.

(iv) Derecognition of Financial Assets

The financial assets are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

2.5 Prepayments and Other Assets

Prepayments and other current assets pertain to other resources controlled by the Company as a result of past events. They are recognized in the financial statements when it is probable that the future economic benefits will flow to the entity and the asset has a cost or value that can be measured reliably.

Other recognized assets of similar nature, where future economic benefits are expected to flow to the Company beyond one year after the end of the reporting period (or in the normal operating cycle of the business, if longer), are classified as non-current assets.

2.6 Transportation Equipment

Transportation equipment is stated at cost less accumulated depreciation and any impairment in value. The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Depreciation of transportation equipment is computed on the straight-line basis over its estimated useful life of five years.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.12).

The residual values, estimated useful life and method of depreciation of transportation equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

Transportation equipment, including the related accumulated depreciation and impairment losses, if any, is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year the item is derecognized.

2.7 Financial Liabilities

Financial liabilities, which include Loans Payable, Trade and Other Payables [excluding output value-added tax (VAT) and other taxes payable] and Advances from Subsidiaries, are recognized when the Company becomes a party to the contractual terms of the instrument. All interest-related charges incurred on a financial liability are recognized as an expense in profit or loss in the statement of comprehensive income.

Loans payable are raised for support of both short-term and long-term funding needs. Finance charges are charged to profit or loss on an accrual basis using the effective interest method.

Trade and other payables are recognized initially at their fair values and subsequently measured at amortized cost, using effective interest method for maturities beyond one year, less settlement payments.

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the end of the reporting period (or in the normal operating cycle of the business, if longer), or the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Otherwise, these are presented as non-current liabilities.

Financial liabilities are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss.

2.8 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the resulting net amount, considered as a single financial asset or financial liability, is reported in the statement of financial position when the Company currently has legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The right of set-off must be available at the end of the reporting period, that is, it is not contingent on future event. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy; and must be legally enforceable for both entity and all counterparties to the financial instruments.

2.9 Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the financial statements. On the other hand, any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

2.10 Revenue and Expense Recognition

Revenue comprises dividends and interest income that is measured by reference to the fair value of consideration received or receivable by the Company, excluding VAT, if any.

Dividend income arising from equity interest in subsidiaries, associates and other equity instruments is recognized when the Company's right to receive payment is established. On the other hand, interest income is recognized as the interest accrues taking into account the effective yield on the asset.

The Company currently does not have revenue from contracts with customers.

Cost and expenses are recognized in profit or loss upon utilization of goods or services or at the date they are incurred. All finance costs are reported in profit or loss on accrual basis, except capitalized borrowing costs which are included as part of the cost of the related qualifying asset (see Note 2.13).

2.11 Foreign Currency Transactions and Translation

The accounting records of the Company are maintained in Philippine pesos. Foreign currency transactions during the year are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates.

Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income as part of income or loss from operations.

2.12 Impairment of Non-financial Assets

The Company's transportation equipment, investments in subsidiaries and associates and other non-financial assets are subject to impairment testing whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, assets are tested for impairment either individually or at the cash-generating unit level.

Impairment loss is recognized in profit or loss for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount which is the higher of its fair value less costs to sell and its value in use. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors. Impairment loss is charged pro-rata to other assets in the cash-generating unit.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

2.13 Borrowing Costs

Borrowing costs are recognized as expenses in the period in which they are incurred, except to the extent that they are capitalized. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (i.e., an asset that takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of cost of such asset. The capitalization of borrowing costs commences when expenditures for the asset and borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when substantially all such activities are complete.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

2.14 Income Taxes

Tax expense recognized in profit or loss comprises the sum of current tax and deferred tax not recognized in other comprehensive income or directly in equity, if any.

Current tax assets or current tax liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the end of the reporting period. They are calculated using the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or current tax liabilities are recognized as a component of tax expense in profit or loss.

Deferred tax is accounted for using the liability method, on temporary differences at the end of the reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carryforward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Unrecognized deferred tax assets, if any, are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow such deferred tax assets to be recovered.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled provided such tax rates have been enacted or substantively enacted at the end of the reporting period.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Most changes in deferred tax assets or deferred tax liabilities are recognized as a component of tax expense in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Deferred tax assets and deferred tax liabilities are offset if the Company has a legally enforceable right to set-off current tax assets against current tax liabilities and the deferred taxes relate to the same taxation authority.

2.15 Related Party Transactions and Relationships

Related party transactions are transfers of resources, services or obligations between the Company and its related parties, regardless whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Company; (b) associates; and, (c) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual. In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

2.16 Equity

Capital stock represents the nominal value of shares that have been issued.

Treasury shares are stated at the cost of reacquiring such shares and are deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of.

Revaluation reserve represents unrealized fair value gains or losses on financial asstes at FVOCI, which are previously classified as AFS financial assets.

Retained earnings, the appropriated portion of which is not available for dividend declaration, represent all current and prior period results of operations as reported in the profit or loss section of the statement of comprehensive income, reduced by the amounts of dividends declared.

2.17 Earnings Per Share

Basic earnings per share is determined by dividing the net profit by the weighted average number of common shares subscribed and issued during the year after retroactive adjustment for stock dividend, stock split and reverse stock split declared during the year, if any.

Diluted earnings per share is computed by adjusting the weighted average number of ordinary shares outstanding to assume conversion of dilutive potential shares. Currently, the Company does not have potential dilutive shares outstanding, hence, the diluted earnings per share is equal to the basic earnings per share.

2.18 Events After the End of the Reporting Period

Any post-year-end event that provides additional information about the Company's financial position at the end of the reporting period (adjusting event) is reflected in the financial statements. Post-year-end events that are not adjusting events, if any, are disclosed when material to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Company's financial statements in accordance with PFRS requires management to make judgments and estimates that affect amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

3.1 Critical Management Judgments in Applying Accounting Policies

In the process of applying the Company's accounting policies, management has made judgments presented below, apart from those involving estimation, which have the most significant effect on the amounts recognized in the financial statements.

(a) Determination of ECL on Receivables and Advances to Subsidiaries and Associates (2019)

The Company uses a provision matrix to calculate ECL for receivables and advances to subsidiaries and associates. The provision matrix is based on the Company's historical observed default rates. The Company's management intends to regularly calibrate (i.e., on an annual basis) the matrix to consider the historical credit loss experience with forward-looking information (i.e., forecast economic conditions).

Significant portion of the Company's financial asset at amortized cost are receivables and advances to subsidiaries and associates. In relation to this, PFRS 9 notes that the maximum period over which ECL should be measured is the longest contractual period where an entity is exposed to credit risk. In the case of these advances to subsidiaries and associates, which are repayable on demand, the contractual period is the very short period needed to transfer the cash once demanded. Management determines possible impairment based on the sufficiency of the related parties' highly liquid assets in order to repay the Company's receivables if demanded at the reporting date taking into consideration the historical defaults of the related parties. If the Company cannot immediately collect its receivables, management considers the expected manner of recovery to measure ECL. If the recovery strategies indicate that the outstanding balance of receivables can be collected, the ECL is limited to the effect of discounting the amount due over the period until cash is realized.

Details about the ECL on the Company's receivables and advances to subsidiaries and associates are disclosed in Note 4.2.

(b) Evaluation of Business Model Applied Managing Financial Instruments (2019)

Upon adoption of PFRS 9, the Company developed business models which reflect how it manages its portfolio of financial instruments. The Company's business models need not be assessed at entity level or as a whole but shall be applied at the level of a portfolio of financial instruments (i.e., group of financial instruments that are managed together by the Company) and not on an instrument-by-instrument basis (i.e., not based on intention or specific characteristics of individual financial instrument).

In determining the classification of a financial instrument under PFRS 9, the Company evaluates in which business model a financial instrument or a portfolio of financial instruments belong to taking into consideration the objectives of each business model established by the Company (e.g., held-for-trading, generating accrual income, direct matching to a specific liability) as those relate to the Company's investment and trading strategies.

(c) *Testing the Cash Flor Characteristics of Financial Assets and Continuing Evaluation of the Business Model (2019)*

In determining the classification of financial assets under PFRS 9, the Company assesses whether the contractual terms of the financial assets give rise on specified dates to cash flows that are SPPI on the principal outstanding, with interest representing time value of money and credit risk associated with the principal amount outstanding. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual term that changes the timing or amount of cash flows (unless it is a variable interest rate that represents time value of money and credit risk) does not meet the amortized cost criteria. In cases where the relationship between the passage of time and the interest rate of the financial instrument may be imperfect, known as modified time value of money, the Company assesses the modified time value of money feature to determine whether the financial instrument still meets the SPPI criterion. The objective of the assessment is to determine how different the undiscounted contractual cash flows could be from the undiscounted cash flows that would arise if the time value of money element was not modified (the benchmark cash flows). If the resulting difference is significant, the SPPI criterion is not met. In view of this, the Company considers the effect of the modified time value of money element in each reporting period and cumulatively over the life of the financial instrument.

(d) *Evaluating Impairment of AFS Financial Assets (2018 and 2017)*

The determination when an investment is other-than-temporarily impaired requires significant judgment. In making this judgment, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

Based on the recent evaluation of information and circumstances affecting the Company's AFS financial assets, management has recognized impairment losses on certain AFS financial assets in 2018 and 2017 as disclosed in Note 9. Future changes in those information and circumstances might significantly affect the carrying amount of the assets.

(e) *Recognition of Provisions and Contingencies*

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition and disclosure of provision and contingencies are discussed in Note 2.9 and disclosure of commitments and contingencies is presented in Note 19.

(f) Determination of Control, Joint Control or Significant Influence

Judgment is exercised in determining whether the Company has control, joint control or significant influence over an entity. In assessing each interest over an entity, the Company considers voting rights, representation on the board of directors or equivalent governing body of the investee, participation in policy-making process and all other facts and circumstances, including terms of any contractual arrangement.

3.2 Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are presented below and in the succeeding page.

(a) Estimation of Allowance for ECL (2019)

The measurement of the allowance for ECL on financial assets at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 4.2.

(b) Impairment of Receivables and Advances to Subsidiaries and Associates (2018 and 2017)

Adequate amount of allowance for impairment is provided for specific and groups of accounts, where objective evidence of impairment exists. The Company evaluates the amount of allowance for impairment based on available facts and circumstances affecting the collectibility of the accounts, including, but not limited to, the length of the Company's relationship with the customers, the customers' current credit status, average age of accounts, collection experience and historical loss experience. The methodology and assumptions used in estimating future cash flows are reviewed regularly by the Company to reduce any differences between loss estimates and actual loss experience.

The carrying value of receivables and advances to subsidiaries and associates are shown in Notes 6 and 16, respectively.

(c) Fair Value Measurement of Financial Instruments

The Company carries certain financial assets at fair value, which requires the extensive use of accounting estimates and judgment. In cases when active market quotes are not available, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net base of the instrument. The amount of changes in fair value would differ if the Company utilized different valuation methods and assumptions. Any change in fair value of these financial assets would affect comprehensive income. For investments where fair value is not reliably determinable either through reference of similar instruments or valuation techniques, these are carried at cost.

The carrying value of the Company's financial assets at and financial assets at FVTPL and financial assets at FVOCI (previously classified as AFS financial assets), and the amount of fair value changes therein are disclosed in Notes 8 and 9, respectively.

(d) Estimation of the Useful Life of Transportation Equipment

The Company estimates the useful life of transportation equipment based on the period over which this is expected to be available for use. The estimated useful life of the transportation equipment is reviewed periodically and is updated if expectations differ from previous estimate due to physical wear and tear, commercial obsolescence and legal or other limits on the use of this asset.

The carrying amount of the Company's transportation equipment is analyzed in Note 11. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

(e) Impairment of Non-financial Assets

In assessing impairment, management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate (see Note 2.12). Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in those assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

In 2019 and 2018, management has assessed that no impairment loss is required to be recognized on the Company's non-financial assets.

(f) Determination of Realizable Amount of Deferred Tax Assets

The Company reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. The details of the Company's deferred tax assets are disclosed in Note 17.

4. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's risk management is coordinated with its parent company, in close cooperation with the BOD, and focuses on actively securing short to medium-term cash flows by minimizing the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

The most significant financial risks to which the Company is exposed to are described below and in the succeeding pages.

4.1 Foreign Currency Risk

Most of the Company's transactions are carried out in Philippine pesos, its functional currency. Exposure to currency exchange rates arises from the Company's cash and receivables denominated in United States Dollar (USD), Malaysian Ringgit (MYR), British Pound (GBP) and European Union Euro (EUR).

To mitigate the Company's exposure to foreign currency risk, non-Philippine peso cash flows are monitored.

Foreign currency-denominated financial assets translated into Philippine pesos at the closing rate are as follows:

	2019			
	USD	**MYR**	**GBP**	**EUR**
Cash	**P 2,349,705**	**P -**	**P 154,510,514**	**P 301,750**
Receivables - net	**-**	**15,700,778**	**-**	**-**
	P 2,349,705	**P 15,700,778**	**P 154,510,514**	**P 301,750**

	2018			
	USD	MYR	GBP	EUR
Cash	P 2,992,638	P -	P 27,514,613	P 326,220
Receivables - net	-	6,148,929	479,823,100	945,250
	P 2,992,638	P 6,148,929	P 507,337,713	P 1,271,470

The table presented below illustrates the sensitivity of the Company's profit before tax with respect to changes in Philippine peso against USD, MYR, GBP and EUR exchange rates. These percentages have been determined based on the average market volatility in exchange rates, using standard deviation, in the previous 12 months, estimated at 95.00% level of confidence.

The sensitivity analysis is based on the Company's foreign currency financial instruments held at the end of each reporting period with effect estimated from the beginning of the year.

	2019		2018	
	Reasonably possible change in rate	**Effect in profit before tax**	Reasonably possible change in rate	Effect in profit before tax
PhP - USD	**7.66%**	**P 180,102**	7.82%	P 234,024
PhP - MYR	**8.13%**	**1,276,374**	9.80%	602,595
PhP - GBP	**18.81%**	**29,058,589**	18.90%	95,886,828
PhP - EUR	**35.29%**	**106,479**	18.09%	230,009
		P 30,621,544		P 96,953,456

Exposures to foreign exchange rates vary during the year depending on the volume of foreign currency transactions. Nonetheless, the analysis above is considered to be representative of the Company's currency risk.

4.2 Credit Risk

Credit risk is the risk that a counterparty may fail to discharge an obligation to the Company. The Company is exposed to this risk for various financial instruments arising from granting advances to related parties; placing deposits with banks; and entitlement of dividends from investments.

The Company continuously monitors defaults of its counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. The Company's policy is to deal only with creditworthy counterparties.

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown in the statements of financial position (or in the detailed analysis provided in the notes to financial statements), as summarized below.

	Notes	2019	2018
Cash	5	**P 174,873,400**	P 69,751,045
Receivables	6	**15,919,814**	496,010,507
Advances to subsidiaries and associates	16.1	**2,637,473,014**	2,192,361,752
		P 2,828,266,228	P 2,758,123,304

None of the Company's financial assets are secured by collateral or other credit enhancements.

(a) Cash

The credit risk for cash is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. Included in the cash are cash in banks which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P500,000 for every depositor per banking institution.

(b) Trade and Other Receivables

The Company applies the simplified approach in measuring ECL which uses a lifetime expected loss allowance for all trade receivables and other receivables.

The Company mitigates the concentration of credit risk by regularly monitoring the age of its receivables and ensuring that collections are received within the agreed credit period. Management considers the ECL on the Company's receivables to be negligible as the historical loss rates are low and deemed insignificant.

(c) Advances to Subsidiaries and Associates

ECL for advances to subsidiaries and associates are measured and recognized using the liquidity approach. The Company does not consider any risks in the amounts due from the subsidiaries and associates as it has enough net assets to cover the amount due. Moreover, based on historical information on payments of subsidiaries and associates, management considers the credit quality of receivables that are not past due or impaired to be good.

In respect of receivables and advances to subsidiaries and associates, the Company is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Company's receivables are actively monitored to avoid significant concentrations of credit risk.

4.3 Liquidity Risk

The ability of the Company to finance increases in assets and meet obligations as they become due is extremely important to the Company's operations. The Company's policy is to maintain liquidity at all times. This policy aims to honor all cash requirements on an ongoing basis to avoid raising funds above market rates or through forced sale of assets.

As at April 30, 2019 and 2018, the Company's financial liabilities pertain to loans payable, trade and other payables, excluding tax-related payables, and advances from subsidiaries. Trade and other payables are considered to be current because these are expected to be settled within 12 months from the end of the reporting period.
The table below summarizes the maturity profile of the Company's financial liabilities as at April 30 reflecting the gross cash flows, which may differ to the carrying values of the liabilities at the end of reporting periods.

		2019		
		Current		**Non-current**
	Notes	**Within 6 Months**	**6 to 12 Months**	**1 to 3 Years**
Trade and other payables		P -	P 368,618	P -
Loans payable	12	82,535,103	80,095,377	115,556,336
Advances from a subsidiary	16.2	-	535,353,099	-
		P 82,535,103	**P 615,817,094**	**P 115,556,336**

		2018		
		Current		Non-current
	Notes	Within 6 Months	6 to 12 Months	1 to 3 Years
Trade and other payables		P -	P 226,759	P -
Loans payable	12	82,645,205	81,112,329	272,153,427
Advances from a subsidiary	16.2	-	112,881,839	-
		P 82,645,205	P 194,220,927	P 272,153,427

4.4 Other Price Risk

The Company's market price risk arises from its investments carried at fair value (financial assets previously classified as AFS financial assets). It manages its risk arising from changes in market price by monitoring the changes in the market price of the investments.

The observed volatility rates of the fair values of the Company's financial assets held at fair value and their impact on the Company's other comprehensive income (loss) as at April 30, 2019 and 2018 are summarized below.

	Observed Volatility Rates		Impact of Increase on Equity		Impact of Decrease on Equity	
	Increase	Decrease	Before tax	After tax	Before tax	After tax
April 30, 2019						
Debt securities:						
Listed in Malaysia	+13.99%	-13.99%	P 8,895,669	P 6,226,968	(P 8,895,669)	(P 6,226,968)
Equity securities:						
Listed in Malaysia	+13.99%	-13.99%	154,054,472	107,838,130	(154,054,472)	(107,838,130)
Listed in England	+52.67%	-52.67%	220,954,395	154,668,076	(220,954,395)	(154,668,076)
			P 375,008,867	**P262,506,206**	**(P 375,008,867)**	**(P 262,506,206)**
April 30, 2018						
Debt securities:						
Listed in Malaysia	+9.28%	-9.28%	P 4,468,192	P 3,127,734	(P 4,468,192)	(P 3,127,734)
Equity securities:						
Listed in Malaysia	+9.28%	-9.28%	79,890,185	55,923,129	(79,890,185)	(55,923,129)
Listed in England	+63.94%	-63.94%	110,819,608	77,573,725	(110,819,608)	(77,573,725)
			P 190,709,793	P133,496,854	(P 190,709,793)	(P 133,496,854)

These volatility rates have been determined based on the average volatility in quoted market price, using standard deviation, in the previous 12 months, estimated at 95.00% level of confidence.

5. CASH

The breakdown of this account is as follows:

	2019	2018
Cash on hand	**P 1,000**	P 1,000
Cash in banks	**174,872,400**	69,750,045
	P 174,873,400	P 69,751,045

Cash in banks are unrestricted and readily available for use in the operations of the Company and generally earn interest at rates based on daily bank deposit rates. Interest income from cash in banks is presented as part of Interest Income under Other Income (Expense) section in the statements of comprehensive income (see Note 15).

6. RECEIVABLES

This account consists of the following:

	Notes	2019	2018
Payments for future acquisition of investments	10.2, 16.3	**P 15,700,778**	P 91,831,035
Deposits		**-**	395,260,410
Others	10.3	**219,036**	8,919,062
		P 15,919,814	P 496,010,507

Deposits represent amounts provided to a foreign asset management firm engaged in the business of general trading and financial services. In April 2019, the Company fully redeemed its outstanding deposits including the principal and interest.

Payments for future acquisition of investments represent deposits made to foreign parties which may be used to acquire investment securities. These include deposits made to Inter-Pacific Securities Sdn Berhad (IPSSB), a related party under common ownership who acts as stockbroker of the Company (see Note 16.3).

In October 2016, the Company granted a loan to H.R. Owen Plc (H.R. Owen), a subsidiary, amounting to 2,000,000GBP (about P127,676,799) for business expansion. Such loan was fully collected in 2018. Interest income earned from this loan is recorded as part of Interest Income under Other Income (Expenses) section in the 2018 and 2017 statements of comprehensive income (see Note 15). There was no similar transaction in 2019.

Other receivables include receivables from TF Ventures, Inc. (TF) arising from payment made by the Company on behalf of TF (see Note 10.3). These receivables were fully collected in 2019.

All of the Company's receivables have been assessed for indications of impairment. In 2017, the receivable for which the allowance for impairment was provided was written-off as the counterparty has been dissolved. There were no similar transactions in 2019 and 2018; hence, no impairment loss was recognized for that period.

7. PREPAYMENTS AND OTHER CURRENT ASSETS

The breakdown of this account is presented below.

	Note	2019	2018
Input VAT	24(b)	**P 36,287,373**	P 33,666,817
Prepaid taxes		**11,037,968**	25,939,717
Other prepayments		**4,470,595**	4,914,401
		P 51,795,936	P 64,520,935

Other prepayments include advances to suppliers and other third parties.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Company's financial assets at FVTPL comprise of listed debt securities, which earns fixed annual interest. The debt securities are non-redeemable convertible unsecured loan stocks which entitle the holder to convert it into common stocks of the issuer within a fixed conversion period or at maturity date. Unless previously converted, all outstanding debt securities are mandatorily converted into common stock on the day falling immediately after the maturity date. Prior to the adoption of PFRS 9, these securities were previously classified as AFS financial assets in the 2018 statement of financial position with total fair value of P48,153,415 as of April 30, 2018.

In 2019, the Company recognized an unrealized fair value gain on these securities amounting to P15,418,764 and is presented as Fair Value Gain on Financial Assets through Profit or Loss under Other Income (Expenses) in the 2019 statement of comprehensive income. The fair value has been determined directly by reference to quoted bid prices in an active markets (see Note 21.2).

Total interest earned amounted to P1,416,643 and P1,494,035 in 2019 and 2018, respectively, presented as part of Interest Income in statements of comprehensive income (see Note 15).

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME *(2018: AFS Financial Assets)*

This account consists of the following financial assets as at April 30:

	2019	2018
Equity securities	**P1,626,785,134**	P 1,365,766,770
Warrants	**3,026,496**	14,206,921
Loan stocks	**-**	120,346,028
	1,629,811,630	1,500,319,719
Allowance for impairment	**-**	(300,950,277)
	P 1,629,811,630	P 1,199,369,442

The fair values of all of the Company's investments, except for unquoted securities which are categorized under Level 3, are categorized under Level 1 in fair value hierarchy, since these have been determined directly by reference to published prices in active markets.

The unquoted securities are categorized under Level 3 which are retained at cost for having no observable market data in 2018 (see Note 21.2). While in 2019, the fair value of these securities have been determined using on discounted cash flow valuation.

In 2019 and 2018, the Company disposed certain investment securities at FVOCI at a selling price of P35,599,277 and P158,659,172, respectively. Due to the adoption of PFRS 9, the cumulative fair value gains amounting to P17,968,606 in 2019 were transferred from revaluation reserve directly to retained earnings. In previous years, the cumulative fair value gains recognized in other comprehensive income amounting to P9,564,509 in 2017 (nil in 2018) were reclassified from equity to profit or loss and are presented as Reclassification Adjustments to Profit or Loss in the 2017 statement of comprehensive income. Net realized loss of P54,533,062 in 2018 and gain of P1,181,117 in 2017 arising from sale of AFS financial assets are presented as Net Gain (Loss) on Sale of Available-for-sale Financial Assets under Other Income (Expenses) in the 2018 and 2017 statements of comprehensive income.

The movements of financial assets at FVOCI (previously classified as AFS financial assets) are as follows:

	Notes	2019	2018
Balance at beginning of year		**P1,199,369,442**	P 901,808,762
Additions during the year		**590,793,083**	578,017,157
Fair value gains (losses)	13.5, 21.2	**(76,598,203)**	73,700,839
Reclassified to FVTPL		**(48,153,415)**	-
Disposals during the year		**(35,599,277)**	(213,192,234)
Impairment loss		**-**	(140,965,082)
Balance at end of year		**P 1,629,811,630**	P1,199,369,442

Dividend income from these shares amounted to P26,552,957, P23,393,052 and P16,228,724 in 2019, 2018 and 2017, respectively, and are presented as part of Dividend Income in the statements of comprehensive income.

In 2018 and 2017, management determined that certain investments were found to be impaired, that is, there is a significant or prolonged decline in the fair value of the securities below cost. Accordingly, impairment loss amounting to P210,238,322 in 2018 and P2,877,999 in 2017, of which P69,273,240 in 2018 (nil in 2017) has been previously accumulated in equity, was recognized in profit or loss.

A reconciliation of the allowance for impairment at the beginning and end of the reporting periods is shown below.

	2019	2018
Balance at beginning of year	**P 300,950,277**	P 90,711,955
Effect of adoption of PFRS 9	**(228,757,664)**	-
Reclassified to FVTPL	**(72,192,613)**	-
Impairment losses during the year	**-**	210,238,322
Balance at end of year	**P -**	P 300,950,277

10. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

10.1 Investments in Subsidiaries and Associates

The components and carrying values of investments in subsidiaries and associates are as follows:

	% Interest Held		Cost of Investment	
	2019	2018	2019	2018
Subsidiaries:				
H.R. Owen	**100%**	99%	**P 3,007,325,437**	P 2,987,061,398
Philippine Gaming Management Corporation (PGMC)	**100%**	100%	**520,000,000**	520,000,000
Floridablanca Enviro Corporation (FEC)	**100%**	100%	**39,999,993**	249,993
Perdana Hotel Philippines Inc. (PHPI)	**100%**	100%	**1,000,000**	1,000,000
eDoc Holdings Limited (eDoc Holdings)	**100%**	-	**67**	-
Associates:				
Bermaz Auto Philippines Inc. (BAPI, formerly Berjaya Auto Philippines, Inc.)	**28%**	28%	**203,896,453**	203,896,453
Berjaya Pizza Philippines Inc. (BPPI)	**48%**	48%	**180,400,000**	180,400,000
NPI	**42%**	42%	**82,283,456**	82,283,456
Chailease Berjaya Finance Corporation (CBFC)	**25%**	25%	**62,500,000**	62,500,000
Perdana Land Philippines Inc. (PLPI)	**40%**	40%	**39,999,997**	7,999,997
Ssangyong Berjaya Motor Philippines, Inc. (SBMPI)	**22%**	20%	**32,500,000**	22,500,000
Cosway Philippines, Inc. (CPI)	**40%**	40%	**399,996**	399,996
			P 4,170,305,399	P 4,068,291,293

H.R. Owen operates a number of vehicle franchises in the prestige and specialist car market for both sales and aftersales, predominantly in the London area. On January 11, 2017 and February 14, 2018, the Company purchased H.R. Owen shares from certain stockholders which amounted to P956,231,975 and P28,737,634, respectively. On August 14, 2018, the Company acquired the remaining shares of H.R. Owen amounting to P20,264,039 resulting to 100% ownership interest. The registered address of H.R. Owen is Melton Court, Old Brompton Road, London SW7 3TD.

PGMC is involved principally in the business of leasing on-line lottery equipment and providing software support. The subsidiary was organized in April 1993 and started commercial operations in February 1995. The registered office and principal place of business of PGMC is located at 9th Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City.

The Company's organization of PHPI and subscription of 40% equity in PLPI are part of the Company's strategy of operating a hotel located in Makati City (see Note 10.3). PHPI and PLPI were incorporated on December 11, 2009 and started commercial operations on May 1, 2010. PHPI's registered office is located at 9th Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City while its principal place of business is located at 7835 Makati Avenue corner Eduque Street, Makati City.

In 2015, the Company's advances to PLPI amounting to P7,600,000 for stock subscription was converted into investment upon approval of the Philippine Securities and Exchange Commission (SEC) of PLPI's application for increase in its authorized capital stock. In 2019, the Company subscribed to additional 32,000,000 shares amounting to P32,000,000. The Company's ownership interest in PLPI remains at 40% as at April 30, 2019 and 2018. The registered office of PLPI, which is also its principal place of business, is located at 9th Floor, Rufino Pacific Tower, 6784 Ayala Avenue corner V.A. Rufino Street, Makati City.

In April 2017, the Company made a 100% investment in FEC amounting to P249,993. FEC was incorporated on April 7, 2017 and is registered to engage in the business of protecting and cleaning the environment. In 2019, SEC approved the increase in capital stock of FEC. Subsequently, the Company acquired 39,750,000 additional shares amounting to P39,750,000. As at April 30, 2019, FEC has not yet started commercial operations.

On April 30, 2019, the Company acquired the sole share in eDoc Holdings from H.R. Owen for a consideration of 1GBP. Consequently, H.R. Owen transferred to the Company the advances it previously granted to eDoc Holdings resulting in the recognition of advances to eDoc Holdings and advances from H.R. Owen amounting to P193,322,130 and P193,322,197, respectively (see Notes 16.1 and 16.2).

BAPI was incorporated on August 10, 2012. BAPI is presently engaged in purchasing, acquiring, owning, leasing, selling, transferring, encumbering, and generally dealing in all types of new automobiles, trucks, and other motor vehicles and dealing in all types of supplies used by all types of motor vehicles. In April 2016, the Company purchased 5% holdings from an existing stockholder of BAPI resulting to the Company's increase in ownership over BAPI to 35%. In 2017, the Company's effective ownership interest over BAPI decreased to 25% due to issuance of capital stock of BAPI to other stockholders. In 2018, the Company made additional investment in BAPI amounting to P25,516,453 which resulted to the increase in its effective ownership interest over BAPI to 28%.

BPPI was incorporated on July 12, 2010 and started commercial operations on December 10, 2010. BPPI is presently engaged to manufacture, sell, and distribute food and beverages, and to operate, own, franchise, license or deal in restaurant related business operation. In 2017, the Company made additional investment in BPPI amounting to P63,000,000, which resulted to the increase in its effective ownership interest over BPPI from 41% to 48%. BPPI's registered office, which is also its principal place of business, is located at Unit E2902D PSE Center, Exchange Road, Ortigas Complex, Pasig City.

NPI was incorporated on March 8, 1996 to acquire, hold, manage, and dispose of by purchase or sale, exchange, mortgage, lease or in any other manner, conditionally or absolutely, for investment or otherwise, real estate or any interest therein together with or exclusive of their appurtenances. In 2017, the Company's advances to NPI amounting to P82,283,456 for stock subscription was converted into investment upon approval of the SEC of NPI's application for increase in its authorized capital stock. The Company's ownership interest in NPI is 41.46% as at April 30, 2019 and 2018, and considered as an associate starting 2017.

In April 2018, the Company acquired 25% ownership interest in CBFC amounting to P62,500,000. CBFC was incorporated in September 2017 to engage in offering of leasing, installment, factoring, corporate direct loan and other financing services. CBFC started commercial operations in November 2017. CBFC's registered office and principal place of business is located at 5/F San Miguel Building, San Miguel Avenue, Ortigas Center, Pasig City, Metro Manila.

In January 2016, the Company acquired 20% ownership interest in SBMPI. SBMPI was incorporated on July 3, 2015 and is primarily engaged in the sale and distribution of automobiles in the country. In 2019, the Company subscribed additional 10,000,000 shares amounting to P10,000,000, which resulted to the increase in its effective ownership interest from 20% to 22%. SBMPI's registered office and principal place of business is located at 9th Floor, Rufino Pacific Tower, 6784 Ayala Avenue corner V.A. Rufino Street, Makati City.

In 2013, the Company acquired 40% ownership interest in CPI. CPI was incorporated in September 2012 and was primarily established to engage in, operate, conduct and maintain the business of manufacturing, importing, exporting or buying, selling or otherwise dealing in such goods as cosmetics, perfumery, toilet preparation and requisites, disinfectants, detergents, cleaning agents, merchandise commodities, and other articles of consumption, supplies used or employed in or related to the manufacturing of such finished products. As at April 30, 2019, CPI has not yet started its commercial operations. The registered office and principal place of business of CPI is located at 9th Floor, Rufino Pacific Tower, 6784 Ayala Avenue corner V.A. Rufino Street, Makati City.

The tables below present the information on financial position and performance of the Company's subsidiaries and associates as at and for the years ended April 30, 2019 and 2018.

	2019			
	Assets	Liabilities	Equity (Capital Deficiency)	Net Profit (Loss)
Subsidiaries:				
H.R. Owen	P10,394,004,202	P 8,110,026,839	P 2,283,977,363	P 434,236,658
PGMC	724,788,234	139,038,328	585,749,906	418,964,685
PHPI	669,375,934	670,175,412	(799,478)	(2,740,364)
FEC	122,019,482	90,534,340	31,485,142	(8,328,355)
eDoc Holdings	169,246,179	193,457,645	(24,211,466)	(23,864,883)
Balance brought forward	P12,079,434,031	P 9,023,232,564	P 2,876,201,467	P 818,267,741

	2019			
	Assets	Liabilities	Equity (Capital Deficiency)	Net Profit (Loss)
Balance forwarded	P12,079,434,031	P 9,203,232,564	P 2,876,201,467	P 818,267,741
Associates:				
BAPI	2,545,294,664	1,081,775,320	1,463,519,344	89,756,490
NPI*	1,159,063,336	979,984,702	179,078,634	(41,077,592)
CBFC	1,106,848,727	944,111,444	162,737,283	(42,720,694)
PLPI	1,020,721,619	553,945,222	466,776,397	(19,073,913)
BPPI	151,706,339	584,024,393	(432,318,054)	(78,696,609)
SBMPI	144,099,869	77,516,078	66,583,791	(18,962,310)
CPI	196,172	2,859,496	(2,663,324)	(98,643)
	P18,207,364,757	**P13,427,449,219**	**P 4,779,915,538**	**P 707,394,470**

	2018			
	Assets	Liabilities	Equity (Capital Deficiency)	Net Profit (Loss)
Subsidiaries:				
H.R. Owen	P10,338,044,026	P 8,352,803,127	P 1,985,240,899	P 282,057,565
PGMC	692,813,229	183,922,550	508,890,679	552,448,256
PHPI	673,452,313	671,181,805	2,270,508	(3,252,779)
FEC	40,083,497	40,020,000	63,497	(186,503)
Associates:				
BAPI	2,795,488,625	1,175,240,723	1,620,247,902	342,245,961
NPI*	1,148,778,113	928,621,887	220,156,226	(32,663,607)
PLPI	975,960,116	570,109,806	405,850,310	297,949,266
CBFC	325,746,160	120,341,421	205,404,739	(44,595,261)
BPPI	168,067,199	522,406,475	(354,339,276)	(77,924,379)
SBMPI	68,131,925	20,085,824	48,046,101	(31,011,754)
CPI	194,815	2,759,496	(2,564,681)	(62,200)
	P 17,226,760,018	P12,587,493,114	P 4,639,266,904	P 1,285,004,565

** Consolidated balances of NPI and Sanpiro Realty and Development Corporation, its subsidiary, as at and for the fiscal years ended April 30, 2019 and 2018.*

10.2 Deposits for Future Stock Subscription

On August 16, 2017, the Company made advance payments to the existing minority stockholders of H.R. Owen representing 1.62% ownership interest. On February 14, 2018, total shares transferred to the Company amounted to P28,737,634 and were reclassified as part of Investments in Subsidiaries and Associates account (see Note 10.1). The remaining balance wherein the transfer was still in process as of April 30, 2018 is presented as Payments for future acquisition of investments under Receivables account in the 2018 statement of financial position (see Note 6). The balance was fully settled in 2019.

10.3 Memorandum of Agreement (MOA)

In December 2009, the Company entered into a MOA with the stockholders of TF, whereby the stockholders agreed to sell all their interest in TF and to consent to the sale of TF's assets to PHPI and PLPI for a total consideration of P785,000,000. Previously, both the hotel building and land were attached as a lien to an obligation of TF, which was then under court rehabilitation. Subsequently, the court approved the sale of the hotel to PHPI and the land to PLPI together with the settling of the lien over the hotel building and land (see Note 6). Accordingly, in 2010, the Company advanced funds to PHPI for the acquisition of the hotel building. On the other hand, the land was acquired by PLPI through advances from the Company for the amount of P70,000,000 payable in equal installments over eight years. The outstanding balance arising from these transactions amounting to P8,750,000 was presented as part of Others under Receivables account in the 2018 statement of financial position, which was fully collected in 2019 (see Note 6).

11. TRANSPORTATION EQUIPMENT

In April 2014, the Company acquired a transportation equipment with cost amounting to P12,507,018. The net book value of the equipment amounted to P1,000 and P2,502,202 as at April 30, 2019 and 2018, respectively. Depreciation expense amounted to P2,501,202 in 2019 and P2,501,204 for both 2018 and 2017, and is presented as part of Expenses in the statements of comprehensive income.

12. LOANS PAYABLE

In 2016, the Company obtained a secured loan amounting to P200,000,000 which represents the initial drawdown of a P700,000,000 loan facility from a local bank for its working capital requirements. Such loan bears a fixed annual interest based on prevailing market rate and is secured by surety from PGMC and a real estate mortgage over parcels of land owned by PLPI. In 2017, the Company fully paid such loan. Interest expense on this loan amounted to P892,593 in 2017 and is presented as part of Interest Expense under Other Income (Expenses) in the 2017 statement of comprehensive income.

In 2017, the Company obtained a secured loan amounting to P700,000,000 from a local bank for its working capital requirements and other purposes. Such loan bears a fixed annual interest based on prevailing market rate and is secured by a real estate mortgage over parcels of land owned by PLPI and a building owned by PHPI. In 2018, the Company fully paid such loan. Interest expense on this loan amounted to P15,171,062 in 2018 and P10,873,972 in 2017 and is presented as part of Interest Expense under Other Income (Expenses) in the 2018 and 2017 statements of comprehensive income. As at April 30, 2017, unpaid interest amounting to P1,078,767 is presented as part of Trade and Other Payables account in the 2017 statement of financial position. There was no unpaid interest as at April 30, 2018.

In 2018, the Company obtained a secured loan amounting to P450,000,000 from a local bank for the repayment of the loan obtained in 2017. Such loan bears a fixed annual interest based on prevailing market rate and is secured by a real estate mortgage over parcels of land owned by PLPI and a building owned by PHPI. Interest expense on this loan amounted to P16,306,284 and P4,530,822 and is presented as part of Interest Expense under Other Income (Expenses) in the statements of comprehensive income. There was no unpaid interest as at April 30, 2019 and 2018. The outstanding balance of loans payable amounted to P262,500,000 and P412,500,000 as at April 30, 2019 and 2018, respectively.

13. EQUITY

13.1 Capital Management Objectives, Policies and Procedures

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern and to provide an adequate return to shareholders by pricing products and services commensurate with the level of risk.

The Company monitors capital on the basis of the carrying amount of equity as presented in the statements of financial position and also evaluates its equity through debt-to-equity ratio.

The Company sets the amount of capital in proportion to its overall financing structure. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

13.2 Capital Stock

As at April 30, 2019 and 2018, the Company has 6,000,000,000 authorized shares with P1 par value, of which 4,427,009,132 shares are issued and outstanding (see Note 13.4).

As at April 30, 2019 and 2018, there are 142 holders of the Company's total outstanding shares. In November 1948, the Parent Company listed 953,984,448 shares in the PSE. An additional 3,473,024,684 shares were listed in July 2016. The Company's listed shares have a bid price of P2.61 per share and P5.4 per share as at April 30, 2019 and 2018, respectively.

The Company has 126 stockholders owning 100 or more shares each of the Company's capital stock, as at April 30, 2019 and 2018.

13.3 Treasury Shares

The Company's treasury shares represent the cost of 85,728,277 shares bought back by the Company prior to 2014.

The Company's retained earnings is restricted for dividend declaration to the extent of the cost of treasury shares (see Note 13.4).

13.4 Retained Earnings

In 2015, the BOD approved the appropriation of retained earnings amounting to P1,150,000,000 for future investments, expansion and various expenditures which are expected to be carried out within the next two to five years in line with the Company's growth plans.

On October 5, 2015, the Company's BOD approved the following resolutions:

(i) increase in authorized capital stock from P2,000,000,000 divided into 2,000,000,000 shares to P6,000,000,000 divided into 6,000,000,000 shares;

(ii) reversal of P4,000,000,000 previously allocated funds for capital expenditures and corporate expansion back to unrestricted retained earnings; and,

(iii) declaration of stock dividends at a rate of 4 common shares for every common share held to be taken from the increase in authorized capital stock.

Consequently, the Company set apart portion of the unappropriated retained earnings amounting to P3,473,024,684 for distribution of stock dividends.

On May 27, 2016, the Company filed the declaration of stock dividends and the increase in authorized capital stock for approval of the SEC. Subsequently, the SEC approved the increase in authorized capital stock on May 31, 2016. Further, on June 6, 2016, the SEC approved the declaration of stock dividends setting the date of record on June 24, 2016 and the date of payment on July 20, 2016.

Consequently, on July 20, 2016, the Company issued stock dividends of 3,473,024,684 shares at par and the amount of retained earnings previously appropriated was reversed.

There was no cash dividend declaration in 2019, 2018 and 2017.

13.5 Revaluation Reserve

The movement of this account is shown below.

	Note	2019	2018
Balance at beginning of year			
As previously reported		**P 81,442,363**	(P 61,531,716)
Effect of application of PFRS 9	9	**(228,757,664)**	-
As restated		**(147,315,301)**	(61,531,716)
Net unrealized fair value gains (losses) on AFS financial assets	9	**(76,598,203)**	73,700,839
Transfer to retained earnings – Recycling of accumulated fair value loss on disposed financial assets at FVOCI	9	**17,968,606**	-
Reclassification adjustment – Due to impairment of AFS financial assets	9	**-**	69,273,240
Balance at end of year		**(P 205,944,898)**	P 81,442,363

14. OTHER EXPENSES

This account consists of the following:

	2019	2018	2017
Representation	**P 4,371,223**	P 2,177,373	P 599,052
Accommodation	**2,424,402**	3,138,346	1,215,834
Insurance	**989,818**	845,552	1,006,806
Communication	**169,707**	263,690	2,246
Bank charges	**142,940**	3,776,403	106,473
Settlement expense	**-**	40,269,900	-
Advertising	**-**	-	145,149
Miscellaneous	**818,750**	1,667,655	657,611
	P 8,916,840	P 52,138,919	P 3,733,171

Miscellaneous expenses include trainings and seminar, and repairs and maintenance, among others.

15. INTEREST INCOME

Interest income is composed of the following:

	Notes	2019	2018	2017
Cash advances	6, 16.1	**P 81,836,909**	P 59,684,587	P 50,857,383
Foreign deposits	6	**14,321,757**	25,543,445	47,075,760
Cash in banks	5	**118,521**	298,690	400,365
		P 96,277,187	P 85,526,722	P 98,333,508

16. RELATED PARTY TRANSACTIONS

The Company's related parties include its subsidiaries, associates, related parties under common ownership, and officers and employees as described below. The following are the Company's transactions with related parties:

		2019		2018	
	Notes	**Amount of Transactions**	**Outstanding Balance**	Amount of Transactions	Outstanding Balance
Subsidiaries:					
Cash advances granted (collected)	16.1	**P 241,322,130**	**P 929,342,507**	P 19,000,000	P 688,020,377
Cash advances obtained (paid)	16.2	**422,471,260**	**535,353,099**	334,319,271	112,881,839
Dividend income	16.4	**410,699,574**	**-**	700,903,693	-
Loan collected	6	**-**	**-**	(127,676,800)	-
Associates –					
Cash advances granted	16.1	**203,789,132**	**1,708,130,507**	514,225,175	1,504,341,375
Related parties under common ownership –					
Deposits (payments) for future acquisition of investment securities	6, 16.3	**8,478,300**	**15,700,778**	(4,977,146)	7,222,478

16.1 Advances to Subsidiaries and Associates

The Company grants advances to its subsidiaries and associates for working capital purposes. These advances are unsecured, noninterest-bearing and due on demand, except for the loan granted to BPPI and NPI. The balance of these advances as at April 30, shown as Advances to Subsidiaries and Associates account in the statements of financial position, is shown below.

	2019	2018
Subsidiaries:		
PHPI	**P 646,020,377**	P 648,020,377
eDoc Holdings	**193,322,130**	-
FEC	**90,000,000**	40,000,000
	929,342,507	688,020,377
Associates:		
NPI	**969,081,553**	920,365,229
PLPI	**384,555,539**	373,560,339
BPPI	**351,669,919**	207,692,311
CPI	**2,823,496**	2,723,496
	1,708,130,507	1,504,341,375
	P2,637,473,014	P2,192,361,752

The details of these advances are more fully described as follows:

(a) In 2009, the Company granted advances to PHPI and PLPI, as a result of the execution of a MOA, which is part of the Company's strategy to acquire an interest in the operation of a hotel located in Makati City (see Note 10.3). In 2018, additional cash advances, which bear an annual interest rate of 6.00%, were granted by the Company to PLPI amounting to 336,806,800 for the acquisitions of parcels of land. In 2018, collections of P21,000,000 and P2,000,000 were also made from PHPI and PLPI, respectively. In 2019, collections of P2,000,000 and P5,000,000 were made from PHPI and PLPI, respectively.

(b) In 2019 and 2018, the Company made advances to CPI, which amounted to P100,000 and P100,000, respectively. No collections were made on these advances in both years.

(c) In 2011, the Company provided P100,000,000 loan to BPPI, bearing an annual interest rate of 7.00% payable in cash within two years from the borrowing date. The loan is secured by a guaranty from a major stockholder of BPPI. In 2013, the Company extended the term of this loan for an additional three years. The loan was further extended for another three years in 2016 bearing the same terms with the original loan except that the Company now has the discretion to recall the loan any time prior to maturity; hence, the loan is presented under current assets in the statements of financial position. The extended loan is secured by a guaranty from a major stockholder of BPPI. Interest income amounting to P7,000,000 in 2019, 2018 and 2017 is recorded as part of Interest Income in the statements of comprehensive income (see Note 15).

(d) Since 2017, the Company has granted cash advances to BPPI with a total amount of P186,000,000. The advances bear an annual interest rate of 7% and are secured by a guaranty from all stockholders of BPPI. Out of the total amount, P56,000,000 is payable in cash upon demand while the remaining advances are convertible into equity or payable in cash upon demand. In 2018, the Company made collections from BPPI amounting to P1,000,000. Interest income amounting to P8,440,833 and P812,311 in 2019 and 2018 is recorded as part of Interest Income in the statements of comprehensive income (see Note 15).

(e) Since 2013, the Company has an outstanding loan to NPI, an associate, amounting to P790,677,694 as of April 30, 2017. The loan is payable in cash to the Company on demand subject to interest based on current bank rate. In 2018, additional loan was advanced to NPI amounting to P86,980,200. No additional loan was granted to NPI in 2019. Interest income amounting to P45,136,076 in 2019 and P39,917,264 both in 2018 and 2017 is recorded as part of Interest Income in the statements of comprehensive income (see Note 15).

(f) The Company granted a loan to FEC amounting to P40,000,000 in April 2018, which was subsequently paid in full in January 2019. The annual interest rate of the loan was 6% and was payable in cash upon demand. Additional advances amounting to P90,000,000 were granted during 2019 to fund FEC's projects. The interest income in 2019 amounted to P1,700,000 and is recorded as part of Interest Income in the 2019 statement of comprehensive income (see Note 15).

(g) In April 30, 2019 the Company acquired eDoc Holdings from H.R. Owen for a consideration of 1GBP and assumed eDoc Holdings' liabilities to H. R. Owen amounting to P193,322,130 (see Note 16.2).

The movements of Advances to Subsidiaries and Associates account are as follows:

	2019	2018
Balance at beginning of year	**P2,192,361,752**	P 1,659,136,577
Interest recognized during the year	**81,836,909**	66,114,717
Additions during the year:		
eDoc Holdings	**193,322,130**	-
BPPI	**130,000,000**	35,000,000
FEC	**90,000,000**	40,000,000
CPI	**100,000**	100,000
PLPI	**-**	331,030,258
NPI	**-**	86,980,200
	2,687,620,791	2,218,361,752
Collections during the year	**(50,147,777)**	(26,000,000)
Balance at end of year	**P2,637,473,014**	P 2,192,361,752

Advances to subsidiaries and associates have been reviewed for indication of impairment. Based on management's assessment, no impairment loss is required to be recognized by the Company.

16.2 Advances from Subsidiaries

	2019	2018
PGMC	**P 342,030,902**	P 112,881,839
H.R. Owen	**193,322,197**	-
	P 535,353,099	P 112,881,839

The Company obtained advances from PGMC amounting to P231,000,000 and P334,319,271 in 2019 and 2018, respectively, for working capital requirements and other purposes. The advances are unsecured, noninterest-bearing and payable in cash upon demand or through offsetting arrangements. Outstanding balance as at April 30, 2019 and 2018 amounted to P342,030,902 and P112,881,839, respectively, and is presented as Advances from subsidiaries in the statements of financial position.

The advances from H.R. Owen came from the assumption of the Company of the outstanding liability of eDoc Holdings to H.R. Owen amounting to 2,867,430GBP or P193,322,197.

16.3 Payments for Future Acquisition of Investments

The Company deposited funds to IPSSB on client trust basis for future acquisition of investment securities. IPSSB is principally engaged in the business of stock brokerage. Outstanding payments to IPSSB as at April 30, 2019 and 2018 amounted to P15,700,778 and P7,222,478, respectively, and are presented as part of Payments for future acquisition of investments under the Receivables account in the statements of financial position (see Note 6).

16.4 Dividends

The Company recognized dividend income amounting to P340,000,000, P650,000,000 and P170,000,000 arising from the declaration of cash dividends by PGMC in 2019, 2018 and 2017, respectively. Consequently, the Company received the cash dividends of P340,000,000, P440,000,000 and P325,600,000 in 2019, 2018 and 2017, respectively. The Company also recognized dividend income amounting to P70,699,574 and P50,903,693 arising from the declaration of cash dividends by BAPI in 2019 and 2018, respectively. There was no outstanding dividend receivable as at April 30, 2019 and 2018.

16.5 Loans

The loans of BPPI from financial institutions amounting to P150,000,000 as at April 30, 2019 and P220,000,000 as at April 30, 2018 are secured by the Company.

The loans obtained by the Company with outstanding balances of P262,500,000 and P450,000,000 in 2019 and 2018, respectively, are secured by real estate mortgage over parcels of land owned by PLPI and a building owned by PHPI (see Note 12).

16.6 Key Management Personnel Compensation

There are no expenses recognized for employee benefits since the Company's accounting and administrative activities are being handled by a subsidiary at no cost to the Company.

17. INCOME TAXES

The components of tax income as reported in profit or loss are presented below.

	2019	2018	2017
Current tax expense:			
Regular corporate income tax (RCIT) at 30%	**P 22,305,955**	P 808,441	P 4,583,464
Final tax at 20%, 15% and 7.5%	**21,719**	32,191	50,981
Excess minimum corporate income tax (MCIT) at 2% over RCIT	**-**	1,363,981	-
Tax benefit from application of unrecognized MCIT	**-**	-	(4,583,464)
	22,327,674	2,204,613	50,981
Deferred tax income relating to the origination and reversal of temporary differences	**(2,840,424)**	(48,707,209)	(20,669,410)
	P 19,487,250	(P 46,502,596)	(P 20,618,429)

The reconciliation of tax on pretax profit computed at the applicable statutory rates to tax income reported in profit or loss is as follows:

	2019	2018	2017
Tax on pretax profit at 30%	**P 140,741,008**	P 138,372,639	P 44,121,059
Adjustment for income subjected to lower income tax rates	**(13,839)**	(57,416)	(54,196)
Tax effects of:			
Non-taxable income	**(123,209,872)**	(210,271,108)	(51,000,000)
Non-deductible operating expenses	**1,969,953**	24,089,308	876,024
Unrecognized excess MCIT	**-**	1,363,981	-
Application of unrecognized net operating loss carry over (NOLCO)	**-**	-	(9,977,852)
Application of unrecognized MCIT	**-**	-	(4,583,464)
	P 19,487,250	(P 46,502,596)	(P 20,618,429)

The net deferred tax asset relates to the following as at April 30, 2019 and 2018:

	Statements of Financial Position		**Statements of Comprehensive Income**		
	2019	2018	**2019**	2018	2017
Unrealized foreign exchange gains (losses)	**P 11,004,160**	P 3,538,106	**P 7,466,053**	(P 14,364,288)	P 19,806,010
Unrealized fair value gains	**(4,625,629)**	-	**(4,625,629)**	-	-
Impairment losses	**98,195,558**	98,195,559	**-**	63,071,497	863,400
Deferred Tax Income - net			**P 2,840,424**	P 48,707,209	P 20,669,410
Net Deferred Tax Asset	**P 104,574,089**	P 101,733,665			

The Company is subject to MCIT which is computed at 2% of gross income, as defined under the tax regulations, or RCIT, whichever is higher. The computed RCIT amounted to P22,305,955, P808,441 and P4,583,464 in 2019, 2018 and 2017, respectively.

In 2019 and 2018, the management has taken a conservative position of not recognizing additional deferred tax asset arising from MCIT since its recoverability and utilization is unlikely at this time based on the assessment of management.

The details of the Company's excess MCIT, which can be applied against RCIT, are as follows:

Year Incurred	Amount	Applied Prior Year	Applied Current Year	Expired	Balance	Expiry Date
2018	P 1,363,981	P -	P -	P -	P 1,363,981	2021
2016	2,226,455	-	-	(2,226,455)	-	
	P 3,590,436	**P -**	**P -**	**(P 2,226,455)**	**P 1,363,981**	

In 2019 and 2018, the Company opted to continue claiming itemized deductions in computing its income tax due.

18. EARNINGS PER SHARE

The earnings per share of the Company is presented below.

	2019	2018	2017
Net profit	**P 449,649,443**	P 507,744,727	P 167,688,624
Divided by weighted average number of outstanding shares	**4,341,280,855**	4,341,280,855	4,341,280,855
Earnings per share	**P 0.10**	P 0.12	P 0.04

There were no potentially dilutive instruments in 2019, 2018 and 2017.

19. COMMITMENTS AND CONTINGENCIES

There are commitments and contingent liabilities that arise in the normal course of the Company's operations that are not reflected in the accompanying financial statements. As at April 30, 2019, management is of the opinion that losses, if any, from these items will not have a material effect on the Company's financial statements.

20. CATEGORIES, FAIR VALUES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

20.1 Carrying Amounts and Fair Value by Category

The carrying amounts and fair values of the categories of financial assets and financial liabilities presented in the statements of financial position are shown below.

	Notes	2019 Carrying Amounts	2019 Fair Values	2018 Carrying Amounts	2018 Fair Values
Financial assets					
Financial assets at amortized costs:					
Cash	5	P 174,873,400	P 174,873,400	P 69,751,045	P 69,751,045
Receivables	6	15,919,814	15,919,814	496,010,507	496,010,507
Financial assets at FVTPL	8	63,572,179	63,572,179	-	-
Advances to subsidiaries and associates	16.1	2,637,473,014	2,613,578,235	2,192,361,752	2,183,365,196
		P 2,891,838,407	P2,867,943,628	P 2,758,123,304	P 2,749,126,748
Financial assets at FVOCI	9	P 1,637,679,120	P1,637,679,120	P 1,199,369,442	P 1,199,369,442
Financial liabilities					
Financial liabilities at amortized costs:					
Loans payable	12	P 262,500,000	P 257,404,112	P 412,500,000	P 405,183,403
Advances from subsidiaries	16	535,353,099	535,353,099	112,881,839	112,881,839
Trade and other payables		368,618	368,618	226,759	226,759
		P 798,221,717	P 793,125,829	P 525,608,598	P 518,292,001

See Notes 2.4 and 2.7 for a description of the accounting policies for each category of financial instruments. A description of the Company's risk management objectives and policies for financial instruments is provided in Note 4.

20.2 Offsetting of Financial Assets and Financial Liabilities

The Company has not set-off financial instruments in 2019 and 2018 and does not have relevant offsetting arrangements. Currently, financial assets and financial liabilities are settled on a gross basis; however, each party to the financial instrument (particularly related parties) will have the option to settle all such amounts on a net basis in the event of default of the other party through approval by both parties.

21. FAIR VALUE MEASUREMENT AND DISCLOSURE

21.1 Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement*, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those financial assets and financial liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or financial liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

21.2 Financial Instruments Measured at Fair Value

Quoted equity securities and warrants classified as financial assets at FVOCI and loan stocks classified as financial assets at FVTPL are included in Level 1 as their prices are derived from quoted prices in active market that the entity can access at the measurement date except for certain securities measured at cost.

The fair value of shares classified as financial assets at FVOCI decreased by P76,598,203 and P44,375,819 in 2019 and 2017, respectively, and increased by P73,700,839 in 2018. This was presented as Net Unrealized Fair Value Gains (Losses) on Financial Assets at FVOCI under Other Comprehensive Income (Loss) of the statements of comprehensive income.

In 2019, the Company recognized a fair value gain amounting to P15,418,764 for its loan stock classified as financial assets at FVTPL. These loan stocks were previously classified as AFS investments.

Moreover, equity securities held in certain investee companies are included in Level 3 since its market value is not quoted in an active market, hence, determined through discounted cash flow valuation technique. The Company uses assumption that are mainly based on market conditions and historical performance of the entity.

The Company has no financial liabilities measured at fair value as at April 30, 2019 and 2018. There were no transfers across the levels of the fair value hierarchy in both years.

21.3 Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed

The Company's financial instruments measured at amortized cost include financial assets such as cash, receivables and advances to subsidiaries and associates (see Note 2.4). These also include financial liabilities such as loans payable, advances from subsidiaries and trade and other payables (see Note 2.7). As at April 30, 2019, management considers that the carrying amounts of these financial instruments are equal to or approximate their fair value; hence, no fair value hierarchy is presented.

22. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Presented below is the reconciliation of the Company's liabilities arising from financing activities, which includes both cash and non-cash changes.

	Loans Payable (see Note 12)	Advances from Subsidiaries (see Note 16)	Total
Balance as of April 30, 2018	P 412,500,000	P 112,881,839	P 525,381,839
Cash flows from financing services:			
Additional borrowings	-	231,000,000	231,000,000
Repayment of borrowings	(150,000,000)	(1,850,937)	(151,850,937)
Non-cash financing activity – Assumption of inter-company advances	-	193,322,197	193,322,197
Balance as of April 30, 2019	**P 262,500,000**	**P 535,353,099**	**P 797,853,099**
Balance as of April 30, 2017	P 583,333,333	P 258,348,250	P 841,681,583
Cash flows from financing services:			
Additional borrowings	450,000,000	334,319,271	784,319,271
Repayment of borrowings	(620,833,333)	(269,785,682)	(890,619,015)
Non-cash financing activity – Offsetting with dividends receivable	-	(210,000,000)	(210,000,000)
Balance as of April 30, 2018	P 412,500,000	P 112,881,839	P 525,381,839

23. SUBSEQUENT EVENTS

On June 26, 2019, the BOD of PGMC announced a proposal to issue the remaining 5,000,000 common shares from the unsubscribed capital of PGMC.

On June 27, 2019, the BOD of the Company expressed its intention not to exercise its preemptive rights on the issuance of new shares of PGMC and executed a waiver to that effect. Further, the BOD also authorized the sale of 1,000,000 common shares of PGMC for a total consideration of P117,500,000. This reduced the BPI's ownership over PGMC to 80%.

On July 3, 2019, PGMC issued the remaining 5,000,000 shares, on which the Company did not subscribe, further reducing the Company's ownership over PGMC to 40%. As a result of the reduction in ownership, the Company lost its control over PGMC but has retained significant influence through the remaining shares. The investments in PGMC was reclassified from a subsidiary to an associate.

24. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

Presented below and in the succeeding pages are the supplementary information which are required by the Bureau of Internal Revenue (BIR) under its existing revenue regulations to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS.

The information on taxes, duties and license fees paid or accrued during the taxable year required under RR No. 15-2010 are presented as follows:

(a) Output VAT

In 2019, the Company declared output VAT amounting to P632,571 from interest earned from its advances to related parties. The related output VAT was offset against input VAT [see Note 24(b)].

(b) Input VAT

The movements in Input VAT for the year ended April 30, 2019 are summarized below.

Balance at beginning of year	P 33,666,817
Domestic purchases of services	2,160,125
Services rendered by non-residents	1,092,756
Domestic purchases of goods other than capital goods	246
Applied against output VAT	(632,571)
Balance at end of year	P 36,287,373

Total input VAT as at April 30, 2019 is presented as Input VAT under Prepayments and Other Current Assets account in the 2019 statement of financial position (see Note 7).

(c) Taxes on Importation

The Company has not paid or accrued any customs' duties and taxes on goods imported as it has no importation for the year ended April 30, 2019.

(d) Documentary Stamp Tax (DST)

The Company paid P750 DST for the year ended April 30, 2019 on the advances made to related parties and availment of loan. This was presented as part of Taxes and licenses under Expenses in the 2019 statement of comprehensive income [see Note 24(f)].

(e) Excise Tax

The Company did not have any transactions in 2019, which are subject to excise tax.

(f) Taxes and Licenses

The details of Taxes and Licenses account in the 2019 statement of comprehensive income are broken down as follows:

	Note	
Listing fees	24(d)	P 1,992,154
Municipal license and permits		555,113
Community tax		10,500
DST		750
Registration fees		500
		P 2,559,017

Non-deductible taxes and licenses amounted to P50,000 is presented as part of Miscellaneous account under Other Expenses (see Note 14).

(g) Withholding Taxes

The details of total withholding taxes for the year ended April 30, 2019 are shown below.

Expanded	P 897,060
Final	2,532,218
	P 3,429,278

There are no transactions subject to withholding taxes on compensation in 2019.

(h) Deficiency Tax Assessments and Tax Cases

As at April 30, 2019, the Company does not have any final deficiency tax assessments from the BIR nor does it have tax cases outstanding or pending in courts or bodies outside of the BIR in any of the open taxable years.

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Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 988 2288

Report of Independent Auditors to Accompany Supplementary Information Required by the Securities and Exchange Commission Filed Separately from the Basic Financial Statements

The Board of Directors and Stockholders
Berjaya Philippines Inc.
[A Subsidiary of Berjaya Lottery Management (HK) Limited]
9th Floor, Rufino Pacific Tower
6784 Ayala Avenue, Makati City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of Berjaya Philippines Inc. for the year ended April 30, 2019, on which we have rendered our report dated August 7, 2019. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The following applicable supplementary information are presented for purposes of additional analysis in compliance with the requirements of the Securities Regulation Code Rule 68, as amended, and are not a required part of the basic financial statements prepared in accordance with Philippine Financial Reporting Standards:

a. Reconciliation of Retained Earnings Available for Dividend Declaration;

b. Schedule of Philippine Financial Reporting Standards and Interpretations Adopted by the Securities and Exchange Commission and the Financial Reporting Standards Council as at April 30, 2019; and,

c. Map Showing the Relationship Between and Among the Company and its Related Parties.

Such supplementary information are the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

By: Romualdo V. Murcia III
Partner

CPA Reg. No. 0095626
TIN 906-174-059
PTR No. 7333697, January 3, 2019, Makati City
SEC Group A Accreditation
Partner - No. 0628-AR-3 (until Nov. 29, 2019)
Firm - No. 0002-FR-5 (until Mar. 26, 2021)
BIR AN 08-002511-22-2016 (until Oct. 3, 2019)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Jul. 24, 2021)

August 7, 2019

BERJAYA PHILIPPINES INC.
[A Subsidiary of Berjaya Lottery Management (HK) Limited]
9th Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City
(Amounts in Philippine Pesos)

Reconciliation of Retained Earnings Available for Dividend Declaration
For the Year Ended April 30, 2019

Unappropriated Retained Earnings at Beginning of Year, as Reported in the Audited Financial Statements		P 1,850,831,220
Prior Years' Outstanding Reconciling Items, net of tax		
Impairment loss	210,238,322	
Deferred tax income	(63,071,497)	
Unrealized foreign currency gain	(47,880,959)	
Deferred tax expense	14,364,288	113,650,154
Unappropriated Retained Earnings Available for Dividend Declaration at Beginning of Year, as Adjusted		1,964,481,374
Net Profit Actually Earned during the Year		
Net profit per audited financial statements	449,649,443	
Unrealized foreign currency loss	24,886,841	
Realized fair value loss on disposal of financial assets at FVOCI	(17,968,606)	
Unrealized fair value gain on financial assets at FVTPL	(15,418,764)	
Deferred tax income	(7,466,053)	
Deferred tax expense	4,625,629	438,308,490
Unappropriated Retained Earnings Available for Dividend Declaration at End of Year		**P 2,402,789,864**

The Company plans to appropriate portions of available retained earnings for business expansions within three to five years.

BERJAYA PHILIPPINES INC.
[A Subsidiary of Berjaya Lottery Management (HK) Limited]
Schedule of Philippine Financial Reporting Standards and Interpretations
Adopted by the Securities and Exchange Commission and the
Financial Reporting Standards Council as of April 30, 2019

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements		✓		
Conceptual Framework Phase A: Objectives and Qualitative Characteristics		✓		
Practice Statement Management Commentary			✓	
Philippine Financial Reporting Standards (PFRS)				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✓		
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters	✓		
	Amendments to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters	✓		
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters	✓		
	Amendments to PFRS 1: Government Loans	✓		
	Amendments to PFRS 1: Deletion of Short-term Exemptions	✓		
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
	Amendments to PFRS 2: Classification and Measurement of Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations	✓		
	Amendment to PFRS 3: Remeasurement of Previously Held Interests in a Joint Operation* *(effective January 1, 2019)*			✓
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PFRS 4: Applying PFRS 9, *Financial Instruments*, with PFRS 4, *Insurance Contracts*			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Transition	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures – Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures	✓		
PFRS 8	Operating Segments	✓		
PFRS 9	Financial Instruments (2014)	✓		
	Amendments to PFRS 9: Prepayment Features with Negative Compensation* *(effective January 1, 2019)*			✓
PFRS 10	Consolidated Financial Statements			✓
	Amendments to PFRS 10: Transition Guidance			✓
	Amendments to PFRS 10: Investment Entities			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
	Amendments to PFRS 10: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* *(effective date deferred indefinitely)*			✓
	Amendments to PFRS 10: Investment Entities – Applying the Consolidation Exception			✓
PFRS 11	Joint Arrangements			✓
	Amendments to PFRS 11: Transition Guidance			✓
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations			✓
	Amendment to PFRS 11: Remeasurement of Previously Held Interests in a Joint Operation* *(effective January 1, 2019)*			✓
PFRS 12	Disclosure of Interests in Other Entities	✓		
	Amendments to PFRS 12: Transition Guidance	✓		
	Amendments to PFRS 12: Investment Entities	✓		
	Amendments to PFRS 10: Investment Entities – Applying the Consolidation Exception	✓		
PFRS 13	Fair Value Measurement	✓		
PFRS 14	Regulatory Deferral Accounts			✓
PFRS 15	Revenue from Contracts with Customers	✓		
PFRS 16	Leases* *(effective January 1, 2019)*			✓
PFRS 17	Insurance Contracts* *(effective January 1, 2021)*			✓
Philippine Accounting Standards (PAS)				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	✓		
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Amendments to PAS 1: Disclosure Initiative	✓		
PAS 2	Inventories			✓
PAS 7	Statement of Cash Flows	✓		
	Amendments to PAS 7: Disclosure Initiative	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events After the Reporting Period	✓		
PAS 12	Income Taxes	✓		
	Amendments to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
	Amendments to PAS 12 - Recognition of Deferred Tax Assets for Unrealized Losses	✓		
	Amendment to PAS 12 - Tax Consequences of Dividends* *(effective January 1, 2019)*			✓
PAS 16	Property, Plant and Equipment	✓		
	Amendments to PAS 16: Bearer Plants	✓		
	Amendments to PAS 16: Clarification of Acceptable Methods of Depreciation and Amortization	✓		
PAS 17	Leases			✓
PAS 19 (Revised)	Employee Benefits			✓
	Amendments to PAS 19: Defined Benefit Plans - Employee Contributions			✓
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendments: Net Investment in a Foreign Operation	✓		
PAS 23 (Revised)	Borrowing Costs	✓		
	Amendment to PAS 23: Eligibility for Capitalization	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PAS 27 (Revised)	Separate Financial Statements	✓		
	Amendments to PAS 27: Investment Entities	✓		
	Amendments to PAS 27: Equity Method in Separate Financial Statements	✓		
PAS 28 (Revised)	Investments in Associates and Joint Ventures	✓		
	Amendments to PFRS 10: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* *(effective date deferred indefinitely)*			✓
	Amendments to PAS 28: Investment Entities - Applying the Consolidation Exception	✓		
	Amendment to PAS 28: Measurement of Investment in Associates at Fair Value through Profit or Loss	✓		
	Amendment to PAS 28: Long-term Interest in Associates and Joint Venture* *(effective January 1, 2019)*			✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	✓		
	Amendments to PAS 32: Classification of Rights Issues	✓		
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
PAS 33	Earnings Per Share	✓		
PAS 34	Interim Financial Reporting			✓
PAS 36	Impairment of Assets	✓		
	Amendment to PAS 36: Recoverable Amount Disclosures for Non-financial Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets			✓
	Amendments to PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization			✓
PAS 40	Investment Property			✓
	Amendment to PAS 40: Reclassification to and from Investment Property			✓
PAS 41	Agriculture			✓
	Amendments to PAS 41: Bearer Plants			✓
Philippine Interpretations - International Financial Reporting Interpretations Committee (IFRIC)				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease			✓
IFRIC 5	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities Arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29, Financial Reporting in Hyperinflationary Economies			✓
IFRIC 9	Reassessment of Embedded Derivatives**	✓		
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives**	✓		
IFRIC 10	Interim Financial Reporting and Impairment			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 14	PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC - 14, Prepayments of a Minimum Funding Requirement and their Interaction			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners**	✓		

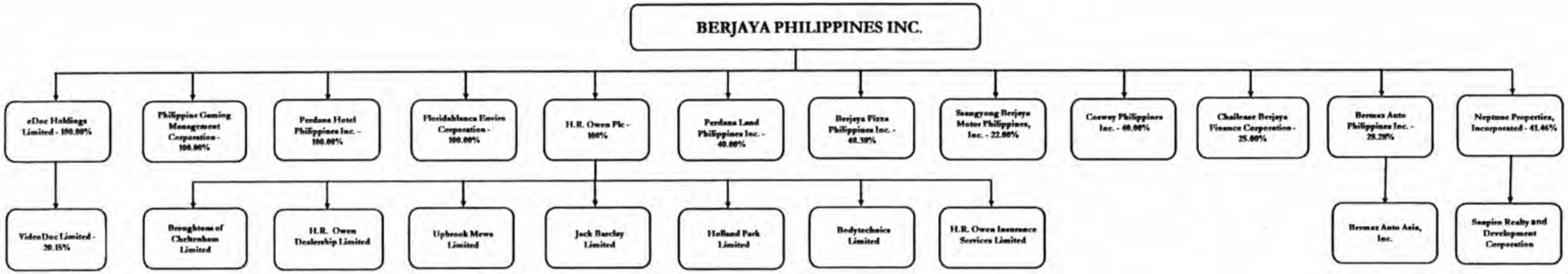
PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments**	✓		
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies			✓
IFRIC 22	Foreign Currency Transactions and Advance Consideration			✓
IFRIC 23	Uncertainty Over Income Tax Treatments (effective *January 1, 2019*)			✓
Philippine Interpretations - Standing Interpretations Committee (SIC)				
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers			✓
SIC-15	Operating Leases - Incentives			✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders**	✓		
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			✓
SIC-29	Service Concession Arrangements: Disclosures			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services**	✓		
SIC-32	Intangible Assets - Web Site Costs			✓

* These standards will be effective for periods subsequent to 2019 and are not early adopted by the Company.

** These standards have been adopted in the preparation of financial statements but the Company has no significant transactions covered in both years presented.

Berjaya Philippines Inc. and Subsidiaries
[A Subsidiary of Berjaya Lottery Management (HK) Limited]
9th Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City
(Amounts in Philippine Pesos)

Map Showing the Relationship Between and Among the Company and its Related Parties
April 30, 2019



108282019001399

SECURITIES AND EXCHANGE COMMISSION

SECBuilding,EDSA,Greenhills,MandaluyongCity,MetroManila,Philippines
Tel:(632)726-0931 to 39 Fax:(632)725-5293 Email: mis@sec.gov.ph

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Industry Classification	
Company Type	Stock Corporation

Document Information

Document ID	108282019001399
Document Type	Financial Statement - Publicly-Held Company
Document Code	PHFS
Period Covered	April 30, 2019
No. of Days Late	0
Department	CFD
Remarks	

108282019001399

SECURITIES AND EXCHANGE COMMISSION

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Tel:(632)726-0931to39Fax:(632)725-5293Email: mis@sec.gov.ph

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Document Type	Financial Statement - Publicly-Held Company
Document Code	PHFS
Period Covered	April 30, 2019
No. of Days Late	0
Department	CFD
Remarks	

COVER SHEET

S.E.C. Registration Number

BERJAYA PHILIPPINES INC.
AND SUBSIDIARIES

(Company's Full Name)

9F RUFINO PACIFIC TOWER
6784 AYALA AVE. MAKATI CITY

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

Atty. Jose A. Bernas	811-0668
Contact Person	Company Telephone Number

04	30	PHFS		
Month	*Day*	FORM TYPE	*Month*	*Day*
Fiscal Year			Annual Meeting	

Secondary License Type, If Applicable

SEC

Dept. Requiring this Doc.

-

Amended Articles Number/Section

Total Amount of Borrowings (in '000)

Total No. of Stockholders | Domestic | Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

BERJAYA

CERTIFICATION

Securities and Exchange Commission
SEC Building
EDSA, Greenhills
Mandaluyong

Gentlemen:

In compliance with Memorandum Circular No. 02 March 12, 2001, issued by Securities and Exchange Commission (SEC), requiring the submission by registered corporations of SEC reportorial requirements, we submit herewith the Consolidated Audited Financial Statements (CAFS) diskette for **BERJAYA PHILIPPINES, INC. & SUBSIDIARIES** for the years ended **April 30, 2019 and 2018** consisting of the following:

Table 1.	Balance Sheets
Table 2.	Income Statements / (Profit and Loss Statement) and Retained Earnings Statement
Table 2b.	Statement of Cash Flows

I certify that the CAFS diskette of the Company contains the basic and material data in the hard copies of the financial statements of the Company for the years ended April 30, 2019 and 2018.

TAN ENG HWA
Treasurer

MAY 29 2019

SUBSCRIBED AND SWORN to before me this _____ day of __________, 2019, at __________, with affiant exhibiting to me his Tax Identification No. 204-172-228
MAKATI CITY

NOTARY PUBLIC

Book No. ___ 76 ___:
Doc. No. ___ 179 ___:
Page No. ___ 37 ___:
Series of 20 ___ 19 ___

RUBEN T.M. RAMIREZ
NOTARY PUBLIC
UNTIL DEC. 31, 2019
IBP NO. 058534/1-3-2019 - CY 2019
ROLL NO. 28947/MCLE 4-6-19-12
PTR NO. MKT. 7310475/1-3-2019 APPT. NO. M-127
BACK OF MAKATI CENTRAL POST OFFICE

BERJAYA PHILIPPINES INC.
9/F Rufino Pacific Tower 6784 Ayala Ave., Cor. V.A. Rufino St., Makati City
Tel. No.: (632) 811-0668 * Fax No.: (632) 811-0538

Control No.:
Form Type: *PHFS (rev 2006)*

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: BERJAYA PHILIPPINES INC. AND SUBSIDIARIES
CURRENT ADDRESS: 9F RUFINO PACIFIC TOWER, 6784 AYALA AVE., MAKATI CITY
TEL. NO.: 811-0668 FAX NO.: 811-0538
COMPANY TYPE : INVESTMENT COMPANY OPERATION PSIC: 66910

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Balance Sheet

FINANCIAL DATA	2019 (in P'000)	2018 (in P'000)
A. ASSETS (A.1 + A.2 + A.3 + A.4 + A.5 + A.6 + A.7 + A.8 + A.9 + A.10)	17,600,645	17,497,367
A.1 Current Assets (A.1.1 + A.1.2 + A.1.3 + A.1.4 + A.1.5)	11,055,697	10,950,135
A.1.1 Cash and cash equivalents (A.1.1.1 + A.1.1.2 + A.1.1.3)	1,221,369	1,195,177
A.1.1.1 On hand	440	440
A.1.1.2 In domestic banks/entities	1,220,929	1,194,737
A.1.1.3 In foreign banks/entities		
A.1.2 Trade and Other Receivables (A.1.2.1 + A.1.2.2)	1,526,673	2,620,625
A.1.2.1 Due from domestic entities (A.1.2.1.1 + A.1.2.1.2 + A.1.2.1.3 + A.1.2.1.4)	74,937	133,755
A.1.2.1.1 Due from customers (trade)	120,282	138,038
A.1.2.1.2 Due from related parties		
A.1.2.1.3 Others, specify (A.1.2.1.3.1 + A.1.2.1.3.2)	3,941	14,064
A.1.2.1.3.1 Advances to officers and employees	3,844	4,761
A.1.2.1.3.2 Other receivables	96	9,304
A.1.2.1.4 Allowance for doubtful accounts (negative entry)	(49,286)	(18,347)
A.1.2.2 Due from foreign entities, specify (A.1.2.2.1 + A.1.2.2.2 + A.1.2.2.3 + A.1.2.2.4)	1,451,736	2,486,870
A.1.2.2.1 Deposits	620,201	1,171,695
A.1.2.2.2 Payments for future acquisition of investments	15,701	91,831
A.1.2.2.3 Receivable from supplier	218,849	452,347
A.1.2.2.4 Due from related parties	29,355	21,752
A.1.2.2.5 Due from customers (trade)	497,718	663,761
A.1.2.2.6 Other receivables	69,913	85,484
A.1.2.2.5 Allowance for doubtful accounts (negative entry)		
A.1.3 Inventories (A.1.3.1 + A.1.3.2 + A.1.3.3 + A.1.3.4 + A.1.3.5 + A.1.3.6)	5,806,980	5,062,653
A.1.3.1 Vehicles	5,670,794	4,963,942
A.1.3.2 Parts and components	263,074	246,543
A.1.3.3 Spare parts and accessories	39,980	22,314
A.1.3.4 Work-in-progress	46,681	31,271
A.1.3.5 Hotel supplies	4,784	5,173
A.1.3.6 Others, specify (A.1.3.6.1 + A.1.3.6.2)		
A.1.3.6.1 Allowance for inventory write down	(218,333)	(206,591)
A.1.3.6.2		
A.1.4 Financial Assets other than Cash/Receivables/Equity investments (A.1.4.1 + A.1.4.2 + A.1.4.3 + A.1.4.4 + A.1.4.5 + A.1.4.6)		
A.1.4.1 Financial Assets at Fair Value through Profit or Loss - issued by domestic entities: (A.1.4.1.1 + A.1.4.1.2 + A.1.4.1.3 + A.1.4.1.4 + A.1.4.1.5)		
A.1.4.1.1 National Government		
A.1.4.1.2 Public Financial Institutions		
A.1.4.1.3 Public Non-Financial Institutions		
A.1.4.1.4 Private Financial Institutions		
A.1.4.1.5 Private Non-Financial Institutions		
A.1.4.2 Held to Maturity Investments - issued by domestic entities: (A.1.4.2.1 + A.1.4.2.2 + A.1.4.2.3 + A.1.4.2.4 + A.1.4.2.5)		
A.1.4.2.1 National Government		
A.1.4.2.2 Public Financial Institutions		
A.1.4.2.3 Public Non-Financial Institutions		
A.1.4.2.4 Private Financial Institutions		
A.1.4.2.5 Private Non-Financial Institutions		

NOTE:

This special form is applicable to Investment Companies and Publicly-held Companies (enumerated in Section 17.2 of the Securities Regulation Code (SRC), except banks and insurance companies). As a supplemental form to PHFS, it shall be used for reporting Consolidated Financial Statements of Parent corporations and their subsidiaries.

Domestic corporations are those which are incorporated under Philippine laws or branches/subsidiaries of foreign corporations that are licensed to do business in the Philippines where the center of economic interest or activity is within the Philippines. On the other hand, foreign corporations are those that are incorporated abroad, including branches of Philippine corporations operating abroad.

Financial Institutions are corporations principally engaged in financial intermediation, facilitating financial intermediation, or auxiliary financial services. Non-Financial institutions refer to corporations that are primarily engaged in the production of market goods and non-financial services.

Control No.:
Form Type: PHFS (rev 2006)

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: BERJAYA PHILIPPINES INC. AND SUBSIDIARIES

CURRENT ADDRESS: 9F RUFINO PACIFIC TOWER, 6784 AYALA AVE., MAKATI CITY

TEL. NO.: 811-0668 FAX NO.: 811-0538

COMPANY TYPE : INVESTMENT COMPANY OPERATION PSIC: 66910

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Balance Sheet

FINANCIAL DATA	2019 (in P'000)	2018 (in P'000)
A.1.4.3 Loans and Receivables - issued by domestic entities: (A.1.4.3.1 + A.1.4.3.2 + A.1.4.3.3 + A.1.4.3.4 + A.1.4.3.5)		
A.1.4.3.1 National Government		
A.1.4.3.2 Public Financial Institutions		
A.1.4.3.3 Public Non-Financial Institutions		
A.1.4.3.4 Private Financial Institutions		
A.1.4.3.5 Private Non-Financial Institutions		
A.1.4.4 Available-for-sale financial assets - issued by domestic entities: (A.1.4.4.1 + A.1.4.4.2 + A.1.4.4.3 + A.1.4.4.4 + A.1.4.4.5)		
A.1.4.4.1 National Government		
A.1.4.4.2 Public Financial Institutions		
A.1.4.4.3 Public Non-Financial Institutions		
A.1.4.4.4 Private Financial Institutions		
A.1.4.4.5 Private Non-Financial Institutions		
A.1.4.5 Financial Assets issued by foreign entities: (A.1.4.5.1+A.1.4.5.2+A.1.4.5.3+A.1.4.5.4)		
A.1.4.5.1 Financial Assets at fair value through profit or loss		
A.1.4.5.2 Held-to-maturity investments		
A.1.4.5.3 Loans and Receivables		
A.1.4.5.4 Available-for-sale financial assets		
A.1.4.6 Allowance for decline in market value (negative entry)		
A.1.5 Other Current Assets (state separately material items) (A.1.5.1 + A.1.5.2 + A.1.5.3)	2,500,676	2,071,680
A.1.5.1 Advances to associate	1,798,046	1,515,841
A.1.5.2 Prepaid expenses	309,136	244,726
A.1.5.3 Prepaid taxes, input VAT and creditable withholding taxes	132,845	205,400
A.1.5.4 Refundable deposits and advance rental	88,569	62,928
A.1.5.5 Advances to suppliers	100,908	33,554
A.1.5.6 Other current assets	7,601	9,233
A.1.5.6 Financial assets at fair value through profit or loss	63,572	0
A.1.5.7 Allowance for impairment (negative entry)	0	0
A.2 Property, plant, and equipment (A.2.1 + A.2.2 + A.2.3 + A.2.4 + A.2.5 + A.2.6 + A.2.7+ A.2.8)	1,578,711	1,768,324
A.2.1 Land	186,075	93,617
A.2.2 Building and improvements including leasehold improvement	1,937,447	2,100,473
A.2.3 Machinery and equipment (on hand and in transit)	2,134,640	2,272,886
A.2.4 Transportation/motor vehicles, automotive equipment, autos and trucks, and delivery equipment	76,126	78,588
A.2.5 Others, specify (A.2.5.1 + A.2.5.2 + A.2.5.3 + A.2.5.4 + A.2.5.5)	67,811	48,067
A. 2.5.1 Furniture and fixture	49,403	48,067
A. 2.5.2 Construction in progress	18,408	0
A. 2.5.3		
A. 2.5.4		
A. 2.5.5		
A.2.6 Appraisal increase, specify (A.2.6.1 + A.2.6.2 + A.2.6.3 + A.2.6.4 + A.2.6.5)		
A. 2.6.1		
A. 2.6.2		
A. 2.6.3		
A. 2.6.4		
A. 2.6.5		
A.2.7 Accumulated Depreciation (negative entry)	(2,823,387)	(2,825,309)
A.2.8 Impairment Loss or Reversal (if loss, negative entry)		
A.3 Investments accounted for using the equity method (A.3.1 + A.3.2 + A.3.3 + A.3.4)		
A.3.1 Equity in domestic subsidiaries/affiliates		
A.3.2 Equity in foreign branches/subsidiaries/affiliates		
A.3.3 Others, specify (A.3.3.1 + A.3.3.2 + A.3.3.3 + A.3.3.4 + A.3.3.5)		
A.3.3.1		
A.3.3.2		
A.3.3.3		
A.3.3.4		
A.3.3.5		
A.4 Investment Property		
A.5 Biological Assets		
A.6 Intangible Assets	1,880,174	1,977,995
A.6.1 Major item/s, specify (A.6.1.1 + A.6.1.2)	1,880,174	1,977,995
A.6.1.1 Goodwill	1,880,174	1,977,995
A.6.1.2		
A.6.2 Others, specify (A.6.2.1 + A.6.2.2)		
A.6.2.1		
A.6.2.2		
A.7 Assets Classified as Held for Sale		
A.8 Assets included in Disposal Groups Classified as Held for Sale		

Control No.:
Form Type: PHFS (rev 2006)

SPECIAL FORM FOR CONSOLIDATED FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: BERJAYA PHILIPPINES INC. AND SUBSIDIARIES
CURRENT ADDRESS: 9F RUFINO PACIFIC TOWER, 6784 AYALA AVE., MAKATI CITY
TEL. NO.: 811-0668 FAX NO.: 811-0538
COMPANY TYPE: INVESTMENT COMPANY OPERATION PSIC: 66910

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Balance Sheet

FINANCIAL DATA	2019 (in P'000)	2018 (in P'000)
A.9 Long-term receivables (net of current portion) (A.9.1 + A.9.2 + A.9.3)		
A.9.1 From domestic entities, specify (A.9.1.1 + A.9.1.2 + A.9.1.3)		
A.9.1.1		
A.9.1.2		
A.9.1.3		
A.9.2 From foreign entities, specify (A.9.2.1 + A.9.2.2 + A.9.2.3)		
A.9.2.1		
A.9.2.2		
A.9.2.3		
A.9.3 Allowance for doubtful accounts, net of current portion (negative entry)		
A.10 Other Assets (A.10.1 + A.10.2 + A.10.3 + A.10.4 + A.10.5)	3,086,063	2,800,913
A.10.1 Deferred charges - net of amortization		
A.10.2 Deferred Income Tax	117,576	113,537
A.10.3 Advance/Miscellaneous deposits		
A.10.4 Others, specify (A.10.4.1 + A.10.4.2 + A.10.4.3 + A.10.4.4+A.10.4.5)	2,958,487	2,687,376
A.10.4.1 Available-for-sale financial assets	0	1,199,369
A.10.4.2 Investment in associates	897,589	978,436
A.10.4.3 Advances to an associate	0	0
A.10.4.4 Investment Property	402,835	460,167
A.10.4.5 Post-employment benefit asset	34,185	46,185
A.10.4.6 Financial asset at fair value through OCI	1,629,812	0
A.10.4.7 Other non-current assets	4,067	3,217
A.10.5 Allowance for write-down of deferred charges/bad accounts (negative entry)	0	0
B. LIABILITIES (B.1 + B.2 + B.3 + B.4 + B.5)	8,570,770	8,995,106
B.1 Current Liabilities (B.1.1 + B.1.2 + B.1.3 + B.1.4 + B.1.5 + B.1.6 + B.1.7)	8,158,051	8,426,950
B.1.1 Trade and Other Payables to Domestic Entities (B.1.1.1 + B.1.1.2 + B.1.1.3 + B.1.1.4 + B.1.1.5 + B.1.1.6)	865,392	686,497
B.1.1.1 Loans/Notes Payables		
B.1.1.2 Trade Payables	26,130	37,660
B.1.1.3 Payables to Related Parties	390	946
B.1.1.4 Advances from Directors, Officers, Employees and Principal Stockholders		0
B.1.1.5 Accruals, specify material items (B.1.1.5.1 + B.1.1.5.2 + B.1.1.5.3)	483,716	387,662
B.1.1.5.1 Accrued expenses	483,716	387,662
B.1.1.5.2 Accrued interest payable	0	0
B.1.1.5.3		
B.1.1.6 Others, specify (B.1.1.6.1 + B.1.1.6.2 + B.1.1.6.3)	355,157	260,229
B.1.1.6.1 Advances from customers	0	0
B.1.1.6.2 Withholding taxes payable	64,394	42,865
B.1.1.6.3 Liability on stock vehicles	0	0
B.1.1.6.4 Management fee payable	0	19,947
B.1.1.6.4 Deferred output vat	42,342	35,478
B.1.1.6.4 Other payables	231,499	138,760
B.1.1.6.5 Deferred Income	16,921	23,180
B.1.2 Trade and Other Payables to Foreign Entities (specify) (B.1.2.1 + B.1.2.2 + B.1.2.3)	3,455,722	3,341,292
B.1.2.1 Trade Payables	1,367,610	1,269,384
B.1.2.2 Advances from customers	1,642,257	2,071,908
B.1.2.3 Contract Liabilities	445,854	0
B.1.3 Provisions		
B.1.4 Financial Liabilities (excluding Trade and Other Payables and Provisions) (B.1.4.1 + B.1.4.2 + B.1.4.3 + B.1.4.4 + B.1.4.5)	3,822,558	4,297,761
B.1.4.1 Loans payable and borrowings	3,822,558	4,297,761
B.1.4.2		
B.1.4.3		
B.1.4.4		
B.1.4.5		
B.1.5 Liabilities for Current Tax	24,379	101,400
B.1.6 Deferred Tax Liabilities		
B.1.7 Others, specify (If material, state separately; indicate if the item is payable to public/private or financial/non-financial institutions) (B.1.7.1 + B.1.7.2 + B.1.7.3 + B.1.7.4 + B.1.7.5 + B.1.7.6)		
B.1.7.1 Dividends declared and not paid at balance sheet date		
B.1.7.2 Acceptances Payable		
B.1.7.3 Liabilities under Trust Receipts		
B.1.7.4 Portion of Long-term Debt Due within one year		
B.1.7.5 Deferred Income		
B.1.7.6 Any other current liability in excess of 5% of Total Current Liabilities, specify:		
B.1.7.6.1		
B.1.7.6.2		
B.1.7.6.3		

Control No.:
Form Type: PHFS (rev 2006)

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: BERJAYA PHILIPPINES INC. AND SUBSIDIARIES
CURRENT ADDRESS: 9F RUFINO PACIFIC TOWER, 6784 AYALA AVE., MAKATI CITY
TEL. NO.: 811-0668 FAX NO.: 811-0538
COMPANY TYPE : INVESTMENT COMPANY OPERATION PSIC: 66910

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Balance Sheet

FINANCIAL DATA	2019 (in P'000)	2018 (in P'000)
B.2 Long-term Debt - Non-current Interest-bearing Liabilities (B.2.1 + B.2.2 + B.2.3 + B.2.4 + B.2.5)	228,193	400,669
B.2.1 Domestic Public Financial Institutions	228,193	400,669
B.2.2 Domestic Public Non-Financial Institutions		
B.2.3 Domestic Private Financial Institutions		
B.2.4 Domestic Private Non-Financial Institutions		
B.2.5 Foreign Financial Institutions		
B.3 Indebtedness to Affiliates and Related Parties (Non-Current)	16,855	17,893
B.4 Liabilities Included in the Disposal Groups Classified as Held for Sale		
B.5 Other Liabilities (B.5.1 + B.5.2)	157,671	149,595
B.5.1 Deferred Tax	57,197	62,244
B.5.2 Others, specify (B.5.2.1 + B.5.2.2 + B.5.2.3 + B.5.2.4 + B.5.2.5)	100,475	87,351
B.5.2.1 Post-employment benefit obligation	31,096	23,366
B.5.2.2 Provision for Losses	63,985	63,985
B.5.2.3 Contract Liabilities	5,394	0
B.5.2.4		
B.5.2.5		
C. EQUITY (C.3 + C.4 + C.5 + C.6 + C.7 + C.8 + C.9+C.10)	**9,029,875**	**8,502,261**
C.1 Authorized Capital Stock (no. of shares, par value and total value; show details) (C.1.1+C.1.2+C.1.3)	0	0
C.1.1 Common shares		
C.1.2 Preferred Shares		
C.1.3 Others		
C.2 Subscribed Capital Stock (no. of shares, par value and total value) (C.2.1 + C.2.2 + C.2.3)		
C.2.1 Common shares		
C.2.2 Preferred Shares		
C.2.3 Others		
C.3 Paid-up Capital Stock (C.3.1 + C.3.2)	0	0
C.3.1 Common shares		
C.3.2 Preferred Shares		
C.4 Additional Paid-in Capital / Capital in excess of par value / Paid-in Surplus		
C.5 Minority Interest	10,170	18,062
C.6 Others, specify (C.6.1 + C.6.2 + C.6.3)	9,019,705	8,484,199
C.6.1 Attributable to owners of parent company	9,019,705	8,484,199
C.6.2		
C.6.3		
C.7 Appraisal Surplus/Revaluation Increment in Property/Revaluation Surplus		
C.8 Retained Earnings (C.8.1 + C.8.2)	0	0
C.8.1 Appropriated		
C.8.2 Unappropriated		
C.9 Head / Home Office Account (for Foreign Branches only)		
C.10 Cost of Stocks Held in Treasury (negative entry)		
TOTAL LIABILITIES AND EQUITY (B + C)	**17,600,645**	**17,497,367**
	(0)	0

Control No.:
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SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: BERJAYA PHILIPPINES INC. AND SUBSIDIARIES
CURRENT ADDRESS: 9F RUFINO PACIFIC TOWER, 6784 AYALA AVE., MAKATI CITY
TEL. NO.: 811-0668 FAX NO.: 811-0538
COMPANY TYPE : INVESTMENT COMPANY OPERATION PSIC: 66910

If these are based on consolidated financial statements, please so indicate in the caption.

Table 2. Income Statement

FINANCIAL DATA	2019 (in P'000)	2018 (in P'000)	
A. REVENUE / INCOME (A.1 + A.2 + A.3)	32,605,341	31,170,796	
A.1 Net Sales or Revenue / Receipts from Operations (manufacturing, mining,utilities, trade, services, etc.) (from Primary Activity)	32,461,472	30,827,418	
A.2 Share in the Profit or Loss of Associates and Joint Ventures accounted for	(46,344)	167,064	
A.3 Other Revenue (A.3.1 + A.3.2 + A.3.3 + A.3.4 + A.3.5)			
A.3.1 Rental Income from Land and Buildings			
A.3.2 Receipts from Sale of Merchandise (trading) (from Secondary Activity)			
A.3.3 Sale of Real Estate or other Property and Equipment			
A.3.4 Royalties, Franchise Fees, Copyrights (books, films, records, etc.)			
A.3.5 Others, specify (A.3.5.1 + A.3.5.2 + A.3.5.3 + A.3.5.4 + A.3.5.5 + A.3.5.6 + A.3.5.7 + A.3.5.8)			
A.3.5.1			
A.3.5.2			
A.3.5.3			
A.3.5.4			
A.3.5.5			
A.3.5.6			
A.3.5.7			
A.3.5.8			
A.4 Other Income (non-operating) (A.4.1 + A.4.2 + A.4.3 + A.4.4)	190,213	176,314	
A.4.1 Interest Income	116,525	110,278	
A.4.2 Dividend Income	26,553	23,393	
A.4.3 Gain / (Loss) from selling of Assets, specify (A.4.3.1 + A.4.3.2 + A.4.3.3 + A.4.3.4)	0	(54,533)	
A.4.3.1 Gain (loss) on sale of available-for-sale financial assets	0	(54,533)	
A.4.3.2 Gain on sale of property and equipment	0	0	
A.4.3.3			
A.4.3.4			
A.4.4 Others, specify (A.4.4.1 + A.4.4.2 + A.4.4.3 + A.4.4.4)	47,135	97,177	
A.4.4.1 Gain / (Loss) on Foreign Exchange	0	47,934	
A.4.4.2 Remeasurement of gain on reclassification of AFS	0	0	
A.4.4.3 Excess 7% standard input vat over actual input vat	0	0	
A.4.4.4 Income from forfeited customer deposits	0	0	
A.4.4.5 Fair value gain on financial assets	15,419	0	
A.4.4.6 Others	31,716	49,243	
B. COST OF GOODS SOLD (B.1 + B.2 + B.3)			
B.1 Cost of Goods Manufactured (B.1.1 + B.1.2 + B.1.3 + B.1.4 + B.1.5)			
B.1.1 Direct Material Used			
B.1.2 Direct Labor			
B.1.3 Other Manufacturing Cost / Overhead			
B.1.4 Goods in Process, Beginning			
B.1.5 Goods in Process, End (negative entry)			
B.2 Finished Goods, Beginning			
B.3 Finished Goods, End (negative entry)			
C. COST OF SALES (C.1 + C.2 + C.3)			
C.1 Purchases			
C.2 Merchandise Inventory, Beginning			
C.3 Merchandise Inventory, End (negative entry)			
D. GROSS PROFIT (A - B - C)	32,605,341	31,170,796	

NOTE: Pursuant to SRC Rule 68.1 (as amended in Nov. 2005), for fiscal years ending December 31, 2005 up to November 30, 2006, a comparative format of only two (2) years may be filed to give temporary relief for covered companies as the more complex PFRSs will be applied for the first time in these year end periods. After these first time applications, the requirement of three (3) year comparatives shall resume for year end reports beginning December 31, 2006 and onwards.

Control No.:
Form Type: PHFS (rev 2006)

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: BERJAYA PHILIPPINES INC. AND SUBSIDIARIES
CURRENT ADDRESS: 9F RUFINO PACIFIC TOWER, 6784 AYALA AVE., MAKATI CITY
TEL. NO.: 811-0668 FAX NO.: 811-0538
COMPANY TYPE : INVESTMENT COMPANY OPERATION PSIC: 66910

If these are based on consolidated financial statements, please so indicate in the caption.

Table 2. Income Statement

FINANCIAL DATA	2019 (in P'000)	2018 (in P'000)	
E. OPERATING EXPENSES (E.1 + E.2 + E.3 + E.4)	31,189,325	29,659,858	
E.1 Selling or Marketing Expenses			
E.2 Administrative Expenses			
E.3 General Expenses			
E.4 Other Expenses, specify (E.4.1 + E.4.2 + E.4.3 + E.4.4 + E.4.5 + E.4.6 + E.4.7 + E.4.8 + E.4.9 + E.4.10)	31,189,325	29,659,858	
E.4.1 Cost of vehicles sold	24,179,966	22,439,750	
E.4.2 Bodyshop repairs and parts	2,191,871	2,347,773	
E.4.3 Salaries and employee benefits	1,818,371	1,881,686	
E.4.4 Rental	375,564	357,030	
E.4.5 Depreciation and amortization	245,765	268,631	
E.4.6 Professional fees	241,265	306,546	
E.4.7 Taxes and licenses	171,599	176,980	
E.4.8 Maintenance of computer equipment	155,640	133,430	
E.4.9 Communication, light and water	106,051	99,234	
E.4.10 Telecommunication	103,319	127,891	
E.4.11 Transportation and travel	75,917	83,244	
E.4.12 Representation and entertainment	43,968	38,121	
E.4.13 Charitable contributions	15,065	21,942	
E.4.14 Food and beverages	11,840	13,270	
E.4.15 Others	1,453,126	1,364,330	
F. FINANCE COSTS (F.1 + F.2 + F.3 + F.4 + F.5)	248,785	402,112	
F.1 Interest on Short-Term Promissory Notes			
F.2 Interest on Long-Term Promissory Notes			
F.3 Interest on bonds, mortgages and other long-term loans			
F.4 Amortization			
F.5 Other interests, specify (F.5.1 + F.5.2 + F.5.3 + F.5.4 + F.5.5)	248,785	402,112	
F.5.1 Interest expense	167,427	155,705	
F.5.2 Bad debts expense	0	210,238	
F.5.3 Bank charges	56,661	36,169	
F.5.4 Foreign currency losses- net	24,697	0	
F.5.5 Loss on deemed disposal of investment	0	0	
G. NET INCOME (LOSS) BEFORE TAX (D - E - F)	1,167,231	1,108,826	
H. INCOME TAX EXPENSE (negative entry)	(331,373)	(312,460)	
I. INCOME(LOSS) AFTER TAX	835,857	796,366	
J. Amount of (i) Post-Tax Profit or Loss of Discontinued Operations; and (ii) Post-Tax Gain or Loss Recognized on theMeasurement of Fair Value less Cost to Sell or on the Disposal of the Assets or Disposal Group(s) constituting the Discontinued Operation (if any)			
J.1			
J.2			
K. PROFIT OR LOSS ATTRIBUTABLE TO MINORITY INTEREST	5,752	10,541	
L PROFIT OR LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	830,105	785,825	
M. EARNINGS (LOSS) PER SHARE			
M.1 Basic	0.191	0.181	
M.2 Diluted			

Control No.:
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SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: BERJAYA PHILIPPINES INC. AND SUBSIDIARIES
CURRENT ADDRESS: 9F RUFINO PACIFIC TOWER, 6784 AYALA AVE., MAKATI CITY
TEL. NO.: 811-0668 FAX NO.: 811-0538
COMPANY TYPE: INVESTMENT COMPANY OPERATION PSIC: 65910

If these are based on consolidated financial statements, please so indicate in the caption.

Table 3. Cash Flow Statements

FINANCIAL DATA	2019 (in P'000)	2018 (in P'000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Income (Loss) Before Tax and Extraordinary Items	1,167,231	1,108,826	
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities			
Depreciation	245,765	268,631	
Amortization, specify			
Others, specify: Dividend income	(26,553)	(23,393)	
Remeasurement gain of available-for-sale financial assets	0	0	
Net gain on sale of available-for-sale financial assets	0	54,533	
Interest expense	167,427	155,705	
Interest income	(116,525)	(110,278)	
Unrealized foreign currency loss(gain)	24,697	(47,934)	
Equity share in net losses(income) of associates	46,344	(167,064)	
Gain on disposal of propert and equipment	448	(563)	
Loss on revaluation of investment property	31,320	0	
Bad debts expense	0	0	
Impairment loss on AFS financial assets	0	210,238	
Loss on deemed disposal of investment	0	0	
Provision for losses	0	63,985	
Write-down of Property, Plant, and Equipment			
Changes in Assets and Liabilities:			
Decrease (Increase) in:			
Trade and other receivables	571,454	1,157,891	
Inventories	(744,327)	(935,124)	
Other non-current assets	(850)	1,489	
Others, specify:			
Increase (Decrease) in:			
Prepayments and other current assets	(173,143)	(88,330)	
Post-employment benefit asset	12,000	(46,185)	
Trade and other payables	295,711	862,073	
Post-employment benefit obligation	(2,055)	31,553	
Financial assets at fair value through profit or loss	(15,419)	0	
Others, specify: Cash paid for income taxes	(251,368)	(341,628)	
A. Net Cash Provided by (Used in) Operating Activities (sum of above rows)	1,232,156	2,154,424	
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase) Decrease in Long-Term Receivables			
(Increase) Decrease in Investment			
Reductions/(Additions) to Property, Plant, and Equipment	(243,135)	(268,210)	
Others, specify: Acquisition of available-for-sale financial assets/investment in associates	(653,057)	(820,574)	
Cash dividends received	97,253	74,297	
Proceeds from sale of available-for-sale financial assets	0	158,659	
Collection from associates	5,000	3,000	
Payments to previous stockholders of H.R. Owen	0	0	
Interest received	33,409	51,247	
Acquisition of business	0	0	
Additional advances granted to associates	(207,118)	(469,623)	
Proceeds from disposal of property and equipment	130,855	949	
Acquisition of investment property	0	0	
Proceeds from sale of financial assets at fair value	35,599	0	
B. Net Cash Provided by (Used in) Investing Activities (sum of above rows)	(801,195)	(1,270,256)	
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Bank loans and borrowings	1,122,611	638,827	
Long-term Debt			
Issuance of Securities			
Others, specify:			
Payments of:			
(Loans and Bank Borrowings)	(1,363,463)	(1,228,786)	
(Long-term Debt)			
(Stock Subscriptions)			
Others, specify (negative entry):			
Interest paid	(167,509)	(155,529)	
Acquisition of treasury shares			
Dividends paid to minority interest	0	0	
C. Net Cash Provided by (Used in) Financing Activities (sum of above rows)	(408,361)	(745,489)	
D. Effect of Exchange Rate Changes to Cash and Cash Equivalents	3,592	(4,353)	
NET INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C + D)	26,191	134,327	
Cash and Cash Equivalents			
Beginning of year	1,195,177	1,060,851	
Beginning balance from newly acquired subsidiary	0	0	
End of year	1,221,369	1,195,177	

NOTE: Pursuant to SRC Rule 68.1 (as amended in Nov. 2005), for fiscal years ending December 31, 2005 up to November 30, 2006, a comparative format of only two (2) years may be filed to give temporary relief for covered companies as the more complex PFRSs will be applied for the first time in these year end periods. After these first time applications, the requirement of three (3) year comparatives shall resume for year end reports beginning December 31, 2006 and onwards.

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Control No.:
Form Type: PHFS (rev 2006)

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: BERJAYA PHILIPPINES INC. AND SUBSIDIARIES
CURRENT ADDRESS: 9F RUFINO PACIFIC TOWER, 6784 AYALA AVE., MAKATI CITY
TEL. NO.: 811-0668 FAX NO.: 0
COMPANY TYPE: INVESTMENT COMPANY OPERATION PSIC: 66010

If these are based on consolidated financial statements, please so indicate in the caption.

Table 4. Statement of Changes in Equity

(Amount in P'000)

FINANCIAL DATA	Capital Stock	Treasury Shares	Revaluation Reserve	Other Reserves	Translation Adjustment	Retained Earnings		Non-controlling Interest	TOTAL
						Appropriated	Unappropriated		
A. Balance, 2017	4,427,009	(988,150)	(67,235)	(963,742)	(165,175)	1,773,263	3,869,911	19,157	7,705,086
A.1 Correction of Error(s)									
A.2 Changes in Accounting Policy									
B. Restated Balance									
C. Surplus									
C.1 Surplus (Deficit) on Revaluation of Properties									
C.2 Surplus (Deficit) on Revaluation of Investments									
C.3 Currency Translation Differences									0
C.4 Other Surplus (specify)									
C.4.1 Net unrealized fair value losses									0
C.4.2 Non-controlling interest in acquired subsidiary									0
C.4.3 Change in equity share in a subsidiary									0
C.4.4 Actuarial gain on remeasurement			38,372					322	38,694
C.4.5 Net unrealized fair value gains			73,701						73,701
C.4.6 Reclassification adjustments			69,273						69,273
C.4.7 Translation adjustment					314,852			2,851	317,703
C.4.8 Effect of change in percentage ownership over a				(13,802)				(14,936)	(28,738)
C.4.9 Gain on revaluation of investment property			32,049					226	32,275
D. Net Income (Loss) for the Period							785,825	10,541	796,366
E. Dividends (negative entry)						0		0	0
F. Appropriation for (specify)									
F.1 Reversal of appropriation									0
F.2 Appropriation during the year									0
F.3									
F.4									
F.5									
G. Issuance of Capital Stock									
G.1 Common Stock									
G.2 Preferred Stock									
G.3 Additional treasury shares acquired									
H. Balance, 2018	4,427,009	(988,150)	144,193	(677,544)	149,727	1,773,263	3,655,736	18,062	8,502,251
H.1 Correction of Error(s)									
H.2 Changes in Accounting Policy			(228,758)				228,758		0
I. Restated Balance									
J. Surplus									
J.1 Surplus (Deficit) on Revaluation of Properties									
J.2 Surplus (Deficit) on Revaluation of Investments									
J.3 Currency Translation Differences									0
J.4 Other Surplus (specify)									
J.4.1 Non-controlling interest in acquired subsidiary									0
J.4.2 Change in equity share in a subsidiary									0
J.4.3 Actuarial gain on remeasurement			(7,608)						(7,608)
J.4.4 Net unrealized fair value gains			(76,538)						(76,538)
J.4.5 Gain on revaluation of investment property			17,959				(17,959)		0
J.4.5 Reclassification adjustments									0
J.4.6 Translation adjustment					(203,494)			(278)	(203,772)
J.4.7 Effect of change in percentage ownership over a				(6,899)				(13,365)	(20,204)
K. Net Income (Loss) for the Period							830,105	5,752	835,857
L. Dividends (negative entry)						0	0		0
M. Appropriation for (specify)									
M.1 Reversal of appropriation						0	0		0
M.2 Appropriation during the year									0
M.3									
M.4									
M.5									
N. Issuance of Capital Stock									
N.1 Common Stock									
N.2 Preferred Stock									
N.3 Others									
O. Balance, 2019	4,427,009	(988,150)	(150,837)	(684,443)	(53,767)	1,773,263	4,696,650	10,170	9,029,875

Control No.:
Form Type: PHFS (rev 2006)

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: BERJAYA PHILIPPINES INC. AND SUBSIDIARIES
CURRENT ADDRESS: 9F RUFINO PACIFIC TOWER, 6784 AYALA AVE., MAKATI CITY
TEL. NO.: 811-0668 FAX NO.: 8110538
COMPANY TYPE : INVESTMENT COMPANY OPERATION PSIC: 66910

If these are based on consolidated financial statements, please so indicate in the caption.

Table 5. Details of Income and Expenses, by source
(applicable to corporations transacting with foreign corporations/entities)

FINANCIAL DATA	2019 (in P'000)	2018 (in P'000)	
A. REVENUE / INCOME (A.1 + A.2)	32,651,685	31,003,732	
A.1 Net Sales or Revenue / Receipts from Operations (manufacturing, mining,utilities, trade, services, etc.) (from Primary Activity) (A.1.1 +A.1.2)	32,461,472	30,827,418	
A.1.1 Domestic	1,443,180	1,771,596	
A.1.2 Foreign	31,018,292	29,055,821	
A.2 Other Revenue (A.2.1 +A.2.2)	190,213	176,314	
A.2.1 Domestic	190,213	230,848	
A.2.2 Foreign, specify (A.2.2.1+A.2.2.2+ A.2.2.3+ A.2.2.4+ A.2.2.5+ A.2.2.6+ A.2.2.7+ A.2.2.8+A.2.2.9+A.2.2.10)	0	(54,533)	
A.2.2.1 Gain on sale of available-for-sale financial assets - BPI	0	(54,533)	
A.2.2.2 Remeasurement of gain on reclassification of AFS - BPI	0	0	
A.2.2.3 Interest Income - HRO	0	0	
A.2.2.4 Other Income - HRO	0	0	
A.2.2.5			
A.2.2.6			
A.2.2.7			
A.2.2.8			
A.2.2.9			
A.2.2.10			
B. EXPENSES (B.1 + B.2)	31,438,110	30,061,970	
B.1 Domestic	31,438,110	30,061,970	
B.2 Foreign, specify (B.2.1+B.2.2+B.2.3+B.2.4+B.2.5+B.2.6+B.2.7+B.2.8+B.2.9+B.2.10)	0	0	
B.2.1 Finance Cost - HRO			
B.2.2 Operating Expenses - New Subsidiary - HRO			
B.2.3 Expenses incurred in relation to HRO offer - BPI			
B.2.4		0	
B.2.5		0	
B.2.6		0	
B.2.7		0	
B.2.8		0	
B.2.9		0	
B.2.10.		0	

BERJAYA

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Berjaya Philippines, Inc. And Subsidiaries** is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended April 30, 2019 and 2018, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the **Berjaya Philippines, Inc. And Subsidiaries** ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the **Berjaya Philippines, Inc. And Subsidiaries** or to cease operations, or has no realistic alternative to do so.

The Board of Directors is responsible for overseeing the **Berjaya Philippines, Inc. And Subsidiaries** financial reporting process.

The Board of Directors reviews and approves the financial statements, including the schedules attached therein, and submits the same to the stockholders.

Punongbayan & Araullo, the independent auditors appointed by the stockholders, has audited the financial statements of the **Berjaya Philippines, Inc. And Subsidiaries** in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

Tan Sri Dr. Ibrahim Bin Saad
Chairman

Wong Ee Coln
President

Tan Eng Hwa
Treasurer

BERJAYA PHILIPPINES INC.
9/F Rufino Pacific Tower 6784 Ayala Ave., Cor. V.A. Rufino St., Makati City
Tel. No.: (632) 811-0668 * Fax No.: (632) 811-0538

MAY 29 2019

SUBSCRIBED AND SWORN TO BEFORE ME this _____ day of __________ 2019, by the following who exhibited to me their government issued identification cards during business hours.

Name	Tax Identification No.
Tan Sri Dr Ibrahim Bin Saad	313-386-574
Wong Ee Coln	486-058-206
Tan Eng Hwa	204-172-228

Doc No. 58
Page No. 69
Book No. CM/
Series of 2019

RUBEN T.M. RAMIREZ
NOTARY PUBLIC
UNTIL DEC. 31, 2019
IBP NO. 058333/1-3-2019 - CY 2019
ROLL NO. 28947/MCLE 4-0-19-12
PTR NO. MKT. 7333572/1-3-19 APPT. NO. M-127
BACK OF MAKATI CENTRAL POST OFFICE

P&A
Grant Thornton

An instinct for growth™

Consolidated Financial Statements and Independent Auditors' Report

Berjaya Philippines Inc. and Subsidiaries

April 30, 2019 and 2018

P&A
Grant Thornton

An instinct for growth™

Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 988 2288

Report of Independent Auditors

The Board of Directors and the Stockholders
Berjaya Philippines Inc. and Subsidiaries
[A Subsidiary of Berjaya Lottery Management (HK) Limited]
9th Floor, Rufino Pacific Tower
6784 Ayala Avenue, Makati City

Opinion

We have audited the consolidated financial statements of Berjaya Philippines Inc. and Subsidiaries (the Group), which comprise the consolidated statements of financial position as at April 30, 2019 and 2018, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended April 30, 2019, and the notes to consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at April 30, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended April 30, 2019 in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audits of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(a) Impairment Assessment of Goodwill and Dealership Rights

Description of the Matter

Under Philippine Accounting Standards (PAS) 36, *Impairment of Assets*, the Group is required to annually test the amount of goodwill and intangible assets with indefinite useful life for impairment. As at April 30, 2019, goodwill and dealership rights with indefinite useful life amounted to P1.9 billion. This annual impairment test was significant to our audit because the amounts of goodwill and dealership rights are material to the consolidated financial statements. In addition, management's assessment process is highly judgmental and is based on significant assumptions, specifically in determining the value-in-use (which uses a certain discount rate and cash flows projections) of the identified cash-generating units over which goodwill and dealership rights were allocated. The assumptions used by management are generally affected by expected future market and economic conditions.

The Group's policy on impairment assessment of goodwill and dealership rights with indefinite useful life is more fully described in Note 2 to the consolidated financial statements while the carrying amount of goodwill and dealership rights and the value-in-use of the cash-generating units to which the intangible assets were allocated are presented in Note 14.

How the Matter was Addressed in the Audit

Our audit procedures to address the risk of material misstatement relating to goodwill and dealership rights with indefinite useful life included, among others, the following:

- Evaluating the reasonableness of assumptions and methodology used in determining the value-in-use of cash-generating units attributable to goodwill and dealership rights, which include the discount rate, growth rate and cash flow projections, by comparing them to external and historical data; and,

- Performing sensitivity analysis on the calculation to determine whether a reasonably possible change in assumptions could cause the carrying amount of the cash-generating units to exceed the recoverable amount.

(b) Assessment of Going Concern of Philippine Gaming Management Corporation

Description of the Matter

As discussed in Note 6 to the consolidated financial statements, Philippine Gaming Management Corporation (PGMC), a subsidiary within the Group, has an existing Equipment Lease Agreement (ELA) with Philippine Charity Sweepstake Office (PCSO) which will expire on August 22, 2019. As PGMC's sole operation is the lease of lotto equipment and related services, this raises significant doubt as to the ability of PGMC to continue as going concern. Likewise, this is significant to our audit as PGMC contributes around 51% to the consolidated net profit of the Group. Management's actions to mitigate the significant doubt on the going concern of PGMC are discussed in Note 6 to the consolidated financial statements.

How the Matter was Addressed in the Audit

Our audit procedures to address the significant uncertainty relating to going concern of PGMC include, among others, the following:

- Obtaining an understanding of management's plan and proposal to mitigate the significant uncertainty relating to going concern;
- Examining documentation of actions already undertaken by management; and,
- Evaluating the reasonableness of management's judgment as to the resolution of the uncertainty.

(c) Revenue Recognition on Sale of Vehicles

Description of the Matter

Revenue recognition from the sale of vehicles amounting to P27.1 billion was significant to our audit as it accounts for 84% of total revenues of the Group. The Group recognizes revenue from sale of vehicles when the buyer has obtained control of vehicles.

The Group's policy on recognition of revenue from sale of vehicles is presented in Note 2 to the consolidated financial statements.

How the Matter was Addressed in the Audit

Our audit procedures to address the risk of material misstatement relating to revenue recognition on sale of vehicles included, among others, the following:

- Updating our understanding of the Group's revenue recognition policy, revenue processes and controls over the recognition and measurement of revenues;
- Reviewing the relevant vehicle dealership agreements;
- Testing the recognition and measurement of revenue on a sample basis by examining supporting deal files of recorded sale transactions;
- Testing the appropriateness of revenue cut-off; and,
- Testing the appropriateness of the application of PFRS 15, *Revenue from Contracts with Customers*.

(d) Existence and Valuation of Vehicle Inventories

Description of the Matter

The Group holds vehicle inventories amounting to P5.7 billion, net of allowance for inventory writedown, which represents 32% of the consolidated total assets. Under PAS 2, *Inventories*, the Group is required to measure its inventories at the lower of cost or net realizable value. The net realizable value of vehicle inventories depends on certain factors such as brand, model and parts, among others. Due to the materiality of the amount of vehicle inventories and the complexity of the process of determining the net realizable value, we considered this as significant to our audit.

How the Matter was Addressed in the Audit

Our audit procedures to address the risk of material misstatement relating to the existence and valuation of vehicle inventories included, among others, the following:

On existence of vehicle inventories:

- Observing the physical inventory count procedure; and,
- Performing a physical count test, on a sample basis, to test the quantities of inventory items as of the reporting date.

On valuation of vehicle inventories:

- Testing the recorded unit cost of a sample of inventories by examining supporting documentation;
- Obtaining fair value information using market comparable approach which reflects recent prices for similar inventories; and,
- Testing the appropriateness of application of the lower of cost or net realizable value.

Emphasis of Matter

We draw attention to Note 30 to the consolidated financial statements which describes that on July 3, 2019, the ownership of Berjaya Philippines Inc. (BPI) over PGMC was effectively reduced to 40%. As a result, BPI lost control over PGMC but has retained significant influence through the remaining shares. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Group's Securities and Exchange Commission (SEC) Form 17-A, which we obtained prior to the date of the auditors' report, and the Group's SEC Form 20-IS (Definitive Information Statement) and Annual Report, which are expected to be made available to us after that date, for the year ended April 30, 2019, but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control.

- Obtain and understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness if the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audits resulting in this independent auditors' report is Romualdo V. Murcia III.

PUNONGBAYAN & ARAULLO

By: **Romualdo V. Murcia III**
Partner

CPA Reg. No. 0095626
TIN 906-174-059
PTR No. 7333697, January 3, 2019, Makati City
SEC Group A Accreditation
Partner - No. 0628-AR-3 (until Nov. 29, 2019)
Firm - No. 0002-FR-5 (until Mar. 26, 2021)
BIR AN 08-002511-22-2016 (until Oct. 3, 2019)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Jul. 24, 2021)

August 7, 2019

BERJAYA PHILIPPINES INC. AND SUBSIDIARIES
[A Subsidiary of Berjaya Lottery Management (HK) Limited]
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
APRIL 30, 2019 AND 2018
(Amounts in Philippine Pesos)

	Notes	2019	2018
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	P 1,221,368,609	P 1,195,177,294
Trade and other receivables - net	8	1,526,672,759	2,620,625,259
Financial assets at fair value through profit or loss	11	63,572,179	-
Inventories - net	9	5,806,979,702	5,062,652,502
Advances to associates	13, 23	1,798,045,542	1,515,841,109
Prepayments and other current assets	10	639,058,034	555,838,830
Total Current Assets		11,055,696,825	10,950,134,994
NON-CURRENT ASSETS			
Financial asset at fair value through other comprehensive income	11	1,629,811,630	-
Property and equipment - net	12	1,578,711,300	1,768,323,852
Investment property	15	402,834,500	460,167,243
Investments in associates	13	897,588,528	978,436,158
Intangible assets - net	14	1,880,173,708	1,977,995,204
Deferred tax assets - net	25	117,576,037	113,537,342
Post-employment benefit asset	21	34,185,176	46,185,495
Available-for-sale financial assets - net	11	-	1,199,369,442
Other non-current assets		4,067,488	3,217,271
Total Non-current Assets		6,544,948,367	6,547,232,007
TOTAL ASSETS		P 17,600,645,192	P 17,497,367,001
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade and other payables	17	P 3,875,259,557	P 4,027,789,372
Loans payable and borrowings	18	3,822,557,996	4,297,760,596
Contract liabilities		445,854,258	-
Income tax payable		24,379,180	101,399,903
Total Current Liabilities		8,168,050,991	8,426,949,871
NON-CURRENT LIABILITIES			
Trade and other payables	17	16,855,000	17,892,850
Loans payable and borrowings	18	228,192,720	400,668,588
Provision for losses	29	63,985,202	63,985,202
Deferred tax liabilities - net	25	57,196,678	62,243,900
Post-employment benefit obligation	21	31,095,707	23,365,892
Contract liabilities		5,393,600	-
Total Non-current Liabilities		402,718,907	568,156,432
Total Liabilities		8,570,769,898	8,995,106,303
EQUITY			
Attributable to owners of the Parent Company	24		
Capital stock		4,427,009,132	4,427,009,132
Treasury shares - at cost		(988,150,025)	(988,150,025)
Revaluation reserves		(150,836,742)	144,158,758
Translation adjustment		(53,767,229)	149,727,044
Other reserves		(684,443,103)	(677,544,362)
Retained earnings		6,469,892,815	5,428,998,625
		9,019,704,848	8,484,199,172
Attributable to non-controlling interest		10,170,446	18,061,526
Total Equity		9,029,875,294	8,502,260,698
TOTAL LIABILITIES AND EQUITY		P 17,600,645,192	P 17,497,367,001

See Notes to Consolidated Financial Statements.

BERJAYA PHILIPPINES INC. AND SUBSIDIARIES
(A Subsidiary of Berjaya Lottery Management (HK) Limited)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED APRIL 30, 2019, 2018 AND 2017
(Amounts in Philippine Pesos)

	Notes	2019	2018	2017
REVENUES				
Sale of vehicles	2	P 27,113,531,090	P 25,009,110,092	P 23,401,950,448
Servicing and bodyshop	2	3,904,760,925	4,046,711,176	3,354,023,706
Rental	2, 6	1,312,808,936	1,642,234,495	1,601,472,285
Hotel operations	2	130,371,110	129,361,779	144,174,590
		32,461,472,061	30,827,417,542	28,501,621,029
COSTS AND OPERATING EXPENSES				
Cost of vehicles sold	2	24,179,966,197	22,439,750,254	21,428,578,970
Bodyshop repairs and parts	2	2,191,870,616	2,347,772,987	1,881,987,340
Salaries and employee benefits	21	1,818,370,964	1,881,685,967	1,732,125,153
Rental	29	375,564,027	357,030,160	321,414,367
Depreciation and amortization	12, 14	245,764,836	268,630,768	228,711,501
Professional fees	23	241,265,333	306,546,421	343,848,983
Taxes and licenses		171,598,653	176,979,717	175,438,204
Maintenance of computer equipment	23	155,639,573	133,429,881	112,224,603
Communication, light and water		106,051,330	99,235,928	78,750,000
Telecommunication		103,319,040	127,890,927	100,216,958
Transportation and travel		75,916,812	83,244,097	26,321,899
Representation and entertainment		43,967,745	38,121,450	47,704,942
Charitable contributions		15,065,000	21,941,930	73,033,081
Food and beverages		11,839,613	13,269,858	12,353,624
Others	20	1,453,125,619	1,364,329,729	931,631,792
		31,189,325,358	29,659,858,074	27,494,341,417
OPERATING PROFIT		1,272,146,703	1,167,559,468	1,007,279,612
OTHER INCOME (CHARGES)				
Finance costs and other charges	22	(248,784,746)	(402,112,359)	(348,699,921)
Finance income	22	143,077,993	181,604,913	123,217,395
Equity share in net income (loss) of associates	13	(46,343,951)	167,064,254	129,812,560
Fair value gain on financial assets at fair value through profit or loss	11	15,418,764	-	-
Net gain (loss) on sale of available-for-sale (AFS) financial assets	11	-	(54,533,062)	1,181,117
Others	20	31,715,753	49,242,614	71,377,695
		(104,916,187)	(58,733,640)	(23,111,154)
PROFIT BEFORE TAX		1,167,230,516	1,108,825,828	984,168,458
TAX EXPENSE	25	331,373,090	312,460,228	280,075,461
NET PROFIT		835,857,426	796,365,600	704,092,997
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss				
Actuarial gain (loss) on remeasurement of post-employment benefit obligation - net of tax	21	(7,608,239)	36,594,136	(5,963,139)
Net unrealized fair value gains (losses) on financial assets at fair value through other comprehensive income	11, 24	(76,598,203)	-	-
Gain on revaluation of property and equipment transferred to investment property - net of tax	15	-	32,274,979	-
		(84,206,442)	68,869,115	(5,963,139)
Items that will be reclassified subsequently to profit or loss				
Translation adjustment	2	(203,772,357)	317,703,260	(166,291,262)
Net unrealized fair value gains (losses) on AFS financial assets		-	73,700,839	(44,375,819)
Reclassification adjustments to profit or loss				
Due to impairment of AFS financial assets	11, 24	-	69,273,240	-
Due to disposal of AFS financial assets	11, 24	-	-	9,564,509
		(203,772,357)	460,677,339	(201,102,572)
TOTAL COMPREHENSIVE INCOME		P 547,878,627	P 1,325,912,054	P 497,027,286
Balance carried forward		P 547,878,627	P 1,325,912,054	P 497,027,286

	Note	2019	2018	2017
Balance brought forward		P 547,878,627	P 1,325,912,054	P 497,027,286
Net profit attibutable to:				
Owners of the Parent Company		P 830,105,132	P 785,824,811	P 674,067,840
Non-controlling interest		5,752,294	10,540,789	30,025,157
		P 835,857,426	P 796,365,600	P 704,092,997
Total comprehensive income attributable to:				
Owners of the Parent Company		P 542,404,417	P 1,312,071,819	P 505,623,045
Non-controlling interest		5,474,210	13,840,235	(8,595,759)
		P 547,878,627	P 1,325,912,054	P 497,027,286
Earnings Per Share - Basic and Diluted	26	P 0.19	P 0.18	P 0.16

See Notes to Consolidated Financial Statements.

BERJAYA PHILIPPINES INC. AND SUBSIDIARIES
[A Subsidiary of Berjaya Lottery Management (HK) Limited]
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED APRIL 30, 2019, 2018 AND 2017
(Amounts in Philippine Pesos)

		Attributable to Owners of the Parent Company									
							Retained Earnings				
	Notes	Capital Stock	Treasury Stock - at Cost	Revaluation Reserves	Other Reserves	Translation Adjustment	Appropriated	Unappropriated	Total	Non-controlling Interests	Total Equity
Balance at May 1, 2018											
As previously reported	24	P 4,427,009,132	(P 988,150,025)	P 144,158,758	(P 677,544,362)	P 149,727,044	P 1,773,262,552	P 3,655,736,073	P 5,428,998,625	P 18,061,526	P 8,502,260,698
Effect of adoption of PFRS 9	2, 24	-	-	(228,757,664)	-	-	-	228,757,664	228,757,664	-	-
As restated		4,427,009,132	(988,150,025)	(84,598,906)	(677,544,362)	149,727,044	1,773,262,552	3,884,493,737	5,657,756,289	18,061,526	8,502,260,698
Transactions with owners											
Effect of change in percentage ownership over a subsidiary		-	-	-	(6,898,741)	-	-	-	-	(13,365,290)	(20,264,031)
		-	-	-	(6,898,741)	-	-	-	-	(13,365,290)	(20,264,031)
Total comprehensive income (loss)											
Net profit for the year		-	-	-	-	-	-	830,105,132	830,105,132	5,752,294	835,857,426
Actuarial gain on remeasurement of post-employment benefit obligation - net of tax	20, 24	-	-	(7,608,239)	-	-	-	-	-	-	(7,608,239)
Net unrealized fair value gains on disposals of financial assets at FVOCI	11, 24	-	-	(76,598,203)	-	-	-	-	-	-	(76,598,203)
Realized fair value changes on disposals of financial assets at FVOCI	11, 24	-	-	17,968,606	-	-	-	(17,968,606)	(17,968,606)	-	-
Translation adjustment		-	-	-	-	(203,494,273)	-	-	-	(278,084)	(203,772,357)
		-	-	(66,237,836)	-	(203,494,273)	-	812,136,526	812,136,526	5,474,210	547,878,627
Balance at April 30, 2019	**24**	**P 4,427,009,132**	**(P 988,150,025)**	**(P 150,836,742)**	**(P 684,443,103)**	**(P 53,767,229)**	**P 1,773,262,552**	**P 4,696,630,263**	**P 6,469,892,815**	**P 10,170,446**	**P 9,029,875,294**
Balance at May 1, 2017	24	P 4,427,009,132	(P 988,150,025)	(P 67,236,203)	(P 663,742,273)	(P 165,125,003)	P 1,773,262,552	P 2,869,911,262	P 4,643,173,814	P 19,156,836	P 7,205,086,278
Transactions with owners											
Effect of change in percentage ownership over a subsidiary		-	-	-	(13,802,089)	-	-	-	-	(14,935,545)	(28,737,634)
		-	-	-	(13,802,089)	-	-	-	-	(14,935,545)	(28,737,634)
Total comprehensive income (loss)											
Net profit for the year		-	-	-	-	-	-	785,824,811	785,824,811	10,540,789	796,365,600
Actuarial gain on remeasurement of post-employment benefit obligation - net of tax	20, 24	-	-	36,371,828	-	-	-	-	-	222,308	36,594,136
Net unrealized fair value losses on available-for-sale financial assets	11, 24	-	-	73,700,839	-	-	-	-	-	-	73,700,839
Gain on revaluation of property and equipment transferred to investment property - net of tax	15	-	-	32,049,054	-	-	-	-	-	225,925	32,274,979
Reclassification adjustments to profit or loss	11, 24	-	-	69,273,240	-	-	-	-	-	-	69,273,240
Translation adjustment		-	-	-	-	314,852,047	-	-	-	2,851,213	317,703,260
		-	-	211,394,961	-	314,852,047	-	785,824,811	785,824,811	13,840,235	1,325,912,054
Balance at April 30, 2018	24	P 4,427,009,132	(P 988,150,025)	P 144,158,758	(P 677,544,362)	P 149,727,044	P 1,773,262,552	P 3,655,736,073	P 5,428,998,625	P 18,061,526	P 8,502,260,698

	Notes	Attributable to Owners of the Parent Company								Non-controlling	
							Retained Earnings				
		Capital Stock	Treasury Stock - at Cost	Revaluation Reserves	Other Reserves	Translation Adjustment	Appropriated	Unappropriated	Total	Interests	Total Equity
Balance at May 1, 2016	24	P 953,984,448	(P 988,150,025)	(P 26,506,235)	(P 14,577,611)	(P 37,410,176)	P 5,246,287,236	P 2,195,843,422	P 7,442,130,658	P 335,890,074	P 7,665,361,133
Transactions with owners											
Issuance of stock dividend	24	3,473,024,684	-	-	-	-	-	(3,473,024,684)	(3,473,024,684)	-	-
Effect of change in percentage ownership over a subsidiary		-	-	-	(649,164,662)	-	-	-	-	(308,137,479)	(957,302,141)
		3,473,024,684	-	-	(649,164,662)	-	-	(3,473,024,684)	(3,473,024,684)	(308,137,479)	(957,302,141)
Appropriations of retained earnings											
Reversal of appropriations during the year	24	-	-	-	-	-	(3,473,024,684)	3,473,024,684	-	-	-
		-	-	-	-	-	(3,473,024,684)	3,473,024,684	-	-	-
Total comprehensive income (loss)											
Net profit for the year		-	-	-	-	-	-	674,067,840	674,067,840	30,025,157	704,092,997
Actuarial gain on remeasurement of post-employment benefit obligation - net of tax	20, 24	-	-	(5,918,658)	-	-	-	-	-	(44,481)	(5,963,139)
Net unrealized fair value losses on available-for-sale financial assets	11, 24	-	-	(44,375,819)	-	-	-	-	-	-	(44,375,819)
Reclassification adjustments to profit or loss	11, 24	-	-	9,564,509	-	-	-	-	-	-	9,564,509
Translation adjustments		-	-	-	-	(127,714,827)	-	-	-	(38,576,435)	(166,291,262)
		-	-	(40,729,968)	-	(127,714,827)	-	674,067,840	674,067,840	(8,595,759)	497,027,286
Balance at April 30, 2017	24	P 4,427,009,132	(P 988,150,025)	(P 67,236,203)	(P 663,742,273)	(P 165,125,003)	P 1,773,262,552	P 2,869,911,262	P 4,643,173,814	P 19,156,836	P 7,205,086,278

See Notes to Consolidated Financial Statements.

BERJAYA PHILIPPINES INC. AND SUBSIDIARIES
[A Subsidiary of Berjaya Lottery Management (HK) Limited]
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED APRIL 30, 2019, 2018 AND 2017
(Amounts in Philippine Pesos)

	Notes	2019	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		P 1,167,230,516	P 1,108,825,828	P 984,168,458
Adjustments for:				
Depreciation and amortization	12, 14	245,764,838	268,630,768	228,711,501
Interest expense	22	167,426,551	155,704,879	141,814,994
Interest income	22	(116,525,036)	(110,277,860)	(106,988,671)
Equity share in net loss (income) of associates	13	46,343,951	(167,064,254)	(129,812,560)
Loss on revaluation of investment property	15	31,320,061	-	-
Dividend income	22	(26,552,957)	(23,393,052)	(16,228,724)
Unrealized foreign currency losses (gains) - net	22	24,697,473	(47,934,001)	71,998,410
Net loss (gain) on disposal of property and equipment	12, 20	448,152	(562,738)	(3,395,202)
Impairment loss on available-for-sale financial assets	11, 22	-	210,238,322	2,877,999
Provision for losses	20, 29	-	63,985,202	-
Net loss (gain) on sale of available-for-sale financial assets	11	-	54,533,062	(1,181,117)
Loss on deemed disposal of investment	22	-	-	99,084,160
Operating income before working capital changes		1,540,153,549	1,512,686,156	1,271,049,248
Decrease (increase) in trade and other receivables		571,453,783	1,157,890,918	(216,364,742)
Decrease (increase) in inventories		(744,327,200)	(935,124,317)	374,995,295
Increase in financial assets at fair value through profit or loss		(15,418,764)	-	-
Increase in prepayments and other current assets		(173,143,044)	(88,329,942)	(22,232,774)
Decrease (increase) in post-employment benefit asset		12,000,319	(46,185,495)	-
Decrease (increase) in other non-current assets		(850,217)	1,488,827	(353,780)
Increase (decrease) in trade and other payables		(155,536,971)	862,072,666	(409,043,275)
Increase in contract liabilities		451,247,858	-	-
Increase (decrease) in post-employment benefit obligation		(2,055,069)	31,553,227	(10,820,430)
Cash generated from operations		1,483,524,244	2,496,052,040	987,229,541
Cash paid for income taxes		(251,368,406)	(341,627,768)	(209,032,684)
Net Cash From Operating Activities		1,232,155,838	2,154,424,272	778,196,857
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of financial assets	11	(590,793,083)	(578,017,157)	(184,727,645)
Acquisitions of property and equipment	12	(243,135,443)	(268,210,461)	(198,603,905)
Additional advances granted to associates	23	(207,117,601)	(469,622,710)	(31,040,000)
Proceeds from disposal of property and equipment	12	130,854,869	948,917	4,123,232
Cash dividends received	13	97,252,531	74,296,745	16,228,724
Acquisition of additional investments in subsidiaries and associates	13	(62,264,028)	(242,557,235)	(1,020,302,141)
Proceeds from sale of financial assets at fair value through other comprehensive income	11	35,599,277	-	-
Interest received		33,408,824	51,246,862	67,914,648
Collections of advances to associates	23	5,000,000	3,000,000	2,000,000
Proceeds from sale of available-for-sale financial assets	11	-	158,659,172	106,255,575
Acquisitions of investment property	15	-	-	(132,720,106)
Net Cash Used in Investing Activities		(801,194,654)	(1,270,255,867)	(1,370,871,618)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of bank loans	18	(1,363,462,750)	(1,228,786,160)	(216,666,667)
Proceeds from bank loans	18	1,122,610,819	638,826,550	987,272,800
Interest paid		(167,509,468)	(155,528,994)	(139,855,973)
Net Cash From (Used in) Financing Activities		(408,361,399)	(745,488,604)	630,750,160
EFFECT OF EXCHANGE RATE CHANGES TO CASH AND CASH EQUIVALENTS		3,591,530	(4,353,219)	(11,656,807)
NET INCREASE IN CASH AND CASH EQUIVALENTS		26,191,315	134,326,582	26,418,593
Balance carried forward		P 26,191,315	P 134,326,582	P 26,418,593

		2019		2018		2017
Balance brought forward	P	26,191,315	P	134,326,582	P	26,418,593
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		1,195,177,294		1,060,850,712		1,034,432,119
CASH AND CASH EQUIVALENTS AT END OF YEAR	P	1,221,368,609	P	1,195,177,294	P	1,060,850,712

Supplemental Information on Non-cash Financing and Investing Activities:

1 In 2019 and 2018, the Group acquired certain leasehold improvements for a total consideration of P1,907,092 and P12,827,844. As at April 30, 2019 and 2018, P711,190 and P1,775,938 remains outstanding (see Note 12). The outstanding balance in 2018 was fully paid in 2019.

2 In 2018, the Company reclassified certain property amounting to P256,346,568 from Property and Equipment account to Investment Property account due to change in use of the property (see Notes 12 and 15).

3 In 2017, the Parent Company reclassified advances for stock subscription to an investment in an associate amounting to P82,283,456 (see Notes 8 and 13).

See Notes to Consolidated Financial Statements.

BERJAYA PHILIPPINES INC. AND SUBSIDIARIES
[A Subsidiary of Berjaya Lottery Management (HK) Limited]
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2019, 2018 AND 2017
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

1.1 Incorporation and Operations

Berjaya Philippines Inc. (BPI or the Parent Company) was incorporated in the Philippines on October 31, 1924. The Parent Company is organized as a holding company. The Parent Company's shares of stock were listed in the Philippine Stock Exchange on November 29, 1948.

On June 2, 2010, the Parent Company's Board of Directors (BOD) approved the Parent Company's change in corporate name from Prime Gaming Philippines, Inc. to Berjaya Philippines Inc. The application for change in name was approved by the Philippine Securities and Exchange Commission (SEC) on June 11, 2010.

The Parent Company is 74.20% owned by Berjaya Lottery Management (HK) Limited (BLML) as at April 30, 2019 and 2018. The Parent Company's ultimate parent company is Berjaya Corporation Berhad of Malaysia, a publicly listed company in the Main Market of Bursa Malaysia Securities Berhad.

The registered office of BPI is located at 9th Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City. BLML's registered address is at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong and the ultimate parent company's registered office is at Lot13-01A, Level 13 (East Wing), Berjaya Times Square, No. 1, Jalan Imbi 55100 Kuala Lumpur, Malaysia.

1.2 Subsidiaries and Associates

The Parent Company holds ownership interest in the following active entities as at April 30:

Subsidiaries/Associates	Short Name	Explanatory Notes	Effective % of Ownership 2019	2018
Subsidiaries:				
Leasing –				
Philippine Gaming Management Corporation	PGMC	*(a)*	**100.00%**	100.00%
Services:				
Perdana Hotel Philippines Inc.	PHPI	*(b)*	**100.00%**	100.00%
Floridablanca Enviro Corporation	FEC	*(c)*	**100.00%**	100.00%

Subsidiaries/Associates	Short Name	Explanatory Notes	Effective % of Ownership 2019	2018
Subsidiaries:				
Motor Vehicle Dealership:				
H.R. Owen Plc	H.R. Owen	*(d)*	**100.00%**	99.30%
Broughtons of Cheltenham Limited		*(e)*	**100.00%**	99.30%
H.R. Owen Dealership Limited		*(e)*	**100.00%**	99.30%
Jack Barclay Limited		*(e)*	**100.00%**	99.30%
Holland Park Limited	Holland Park	*(e)*	**100.00%**	99.30%
Bodytechnics Limited	Bodytechnics	*(e)*	**100.00%**	99.30%
Upbrook Mews Limited	Upbrook Mews	*(e)*	**100.00%**	99.30%
H.R. Owen Insurance Services Limited	H.R.O. Insurance	*(e)*	**60.00%**	59.58%
Holding Company –				
eDoc Holdings Limited	eDoc Holdings	*(f)*	**100.00%**	99.30%
Associates:				
Berjaya Pizza Philippines Inc.	BPPI	*(g)*	**48.38%**	48.38%
Neptune Properties, Incorporated	NPI	*(h)*	**41.46%**	41.46%
Sanpiro Realty and Development Corporation	SRDC	*(h)*	**41.46%**	41.46%
Perdana Land Philippines Inc.	PLPI	*(i)*	**40.00%**	40.00%
Cosway Philippines Inc.	CPI	*(j)*	**40.00%**	40.00%
Bermaz Auto Philippines Inc. (formerly Berjaya Auto Philippines, Inc.)	BAPI	*(k)*	**28.28%**	28.28%
Chailease Berjaya Finance Corporation	CBFC	*(l)*	**25.00%**	25.00%
Ssangyong Berjaya Motor Philippines Inc.	SBMPI	*(m)*	**21.67%**	20.00%
VideoDoc Limited	Videodoc	*(n)*	**20.15%**	20.01%

(a) PGMC is involved principally in the business of leasing on-line lottery equipment and providing software support related to on-line lottery operation. PGMC was organized in April 1993 in the Philippines and started commercial operations in February 1995. The registered office and principal place of business of PGMC is located at 9th Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City.

(b) PHPI was incorporated in the Philippines on December 11, 2009 primarily to manage and/or operate hotels or other buildings, and to sell, lease or otherwise dispose of the same; to own, lease, and operate one or more hotels, and all adjuncts and accessories thereto. PHPI started its commercial operations on May 1, 2010. PHPI's registered office is located at 9th Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City while its principal place of business is located at 7835 Makati Avenue corner Eduque Street, Makati City.

(c) In April 2017, the Group made a 100% investment in FEC amounting to P249,993. FEC was incorporated on April 7, 2017 and is registered to engage in the business of protecting and cleaning the environment. In 2019, SEC approved the increase in capital stock of FEC. Subsequently, the Group acquired 39,750,000 additional shares amounting to P39,750,000. As at April 30, 2019, FEC has not yet started commercial operations.

(d) H.R. Owen operates a number of vehicle franchises in the prestige and specialist car market for both sales and aftersales, predominantly in the London area. H.R. Owen is an investment holding company that provides group services to its trading subsidiaries that operate H.R. Owen's motor vehicle dealerships and other allied subsidiaries as discussed under (e). On January 11, 2017 and February 14, 2018, the Group purchased H.R. Owen shares from certain stockholders which amounted to P956,231,975 and P28,737,634, respectively. The acquisitions resulted in the increase in ownership interest in H.R. Owen. On August 14, 2018, the Group acquired the remaining shares of H.R. Owen amounting to P20,264,039 resulting in 100% ownership interest. The effects of changes in equity are included in Other Reserves under equity attributable to owners of the Parent Company. The registered address of H.R. Owen is Melton Court, Old Brompton Road, London SW7 3TD.

(e) These are subsidiaries of H.R. Owen, which were incorporated and are currently operating in England and Wales. The subsidiaries of H.R. Owen, except Holland Park, Bodytechnics, Upbrook Mews and H.R.O. Insurance, are engaged in luxury motor vehicle retail. Holland Park and Bodytechnics provide aftersales services. Upbrook Mews is engaged in operating leased properties, H.R.O. Insurance operates as an insurance broker.

(f) eDoc Holdings was incorporated on July 25, 2017 and is registered to engage as a holding company. The registered address of eDoc Holdings is Melton Court, Old Brompton Road, London, SW7 3TD.

(g) BPPI was organized as part of BPI's strategy to acquire an interest in a chain of restaurants. BPPI was incorporated on July 12, 2010 in the Philippines and started commercial operations on December 10, 2010. In 2016, BPI reclassified advances to BPPI to Investments in Associates account resulting to an increase in ownership over BPPI to 41.40%. In 2017, the Group made additional investment in BPPI amounting to P63,000,000, which resulted in an increase in its effective ownership interest over BPPI from 41.40% to 48.38%. BPPI's registered office, which is also its principal place of business, is located at Unit E2902D PSE Center, Exchange Road, Ortigas Complex, Pasig City.

(h) NPI was incorporated on March 8, 1996. NPI has a wholly owned subsidiary, SRDC, which was incorporated in the Philippines and is currently engaged in holding real properties for lease. The registered address of NPI, which is also its principal place of business, is at 9th Floor Rufino Pacific Tower, 6784 Ayala Avenue, Makati City. SRDC's registered address, which is also its principal place of business, is located at Units 209-210, Atrium of Makati, Makati Avenue, Makati City.

(i) PLPI was incorporated in the Philippines and started its commercial operations on May 1, 2010 engaging in leasing real properties. The Group made additional investment amounting to P32,000,000 which maintained the 40% percentage ownership in March 2019. The registered office of PLPI, which is also its principal place of business, is located at 9th Floor, Rufino Pacific Tower, 6784, Ayala Avenue, Makati City.

(j) CPI was incorporated in the Philippines on September 28, 2012 and has not yet started its commercial operations as of April 30, 2019. The registered office and principal place of business of CPI is located at 9th Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City.

(k) BAPI was incorporated on August 10, 2012 and started commercial operations on January 1, 2013. BAPI is currently engaged in distribution of motor vehicles. In 2017, the Group's effective ownership interest over BAPI decreased to 25.48% due to issuance of capital stock of BAPI to other stockholders. In 2018, the Group made additional investment in BAPI amounting to P25,516,453 which resulted to the increase in its effective ownership interest over BAPI to 28.28%. BAPI's registered office address and principal place of business is at the 9th Floor Rufino Pacific Tower, 6784 Ayala Avenue, Makati City.

(l) In April 2018, BPI acquired 25% ownership interest in CBFC amounting to P62,500,000. CBFC was incorporated in September 2017 to engage in offering of leasing, installment, factoring, corporate direct loan and other financing services. CBFC started commercial operations in November 2017. CBFC's registered address and principal place of business is located at 5/F 45 San Miguel Building, San Miguel Avenue, Ortigas Center, Pasig City, Metro Manila.

(m) SBMPI was incorporated on July 3, 2015 and started commercial operations on April 1, 2016. SBMPI is currently engaged in distribution of motor vehicles. In 2019, the Group made additional investment in SBMPI amounting to P10,000,000, which resulted to the increase in its effective ownership interest over SBMPI from 20.00% to 21.67%. SBMPI's registered office and principal place of business is located at 9th Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City.

(n) VideoDoc was incorporated in July 2014 to engage in the business of providing online health consultations and private care service to patients. VideoDoc's registered office and principal place of business is located at International House, 1-6 Yarmouth Place, London, England, W1J 7BU.

1.3 Approval of Consolidated Financial Statements

The consolidated financial statements of the Group as at and for the year ended April 30, 2019 (including the comparative consolidated financial statements as at April 30, 2018 and for the years ended April 30, 2018 and 2017) were authorized for issue by the BOD on August 7, 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarized below and in the succeeding pages. These policies have been consistently applied to all years presented, unless otherwise stated.

2.1 Basis of Preparation of Consolidated Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS are adopted by the Financial Reporting Standards Council (FRSC) from the pronouncements issued by the International Accounting Standards Board, and approved by the Philippine Board of Accountancy.

The consolidated financial statements have been prepared using the measurement bases specified by PFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

(b) Presentation of Consolidated Financial Statements

The consolidated financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements.* The Group presents all items of income and expenses and other comprehensive income in a single consolidated statement of comprehensive income.

The Group presents a third consolidated statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the consolidated statement of financial position at the beginning of the preceding period. The related notes to the third consolidated statement of financial position are not required to be disclosed.

(c) Functional and Presentation Currency

These consolidated financial statements are presented in Philippine pesos, the Group's functional and presentation currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the consolidated financial statements of the Group are measured using its functional currency (see Note 2.19). Functional currency is the currency of the primary economic environment in which the Group operates.

2.2 Adoption of New and Amended PFRS

(a) Effective in Fiscal Year 2019 that are Relevant to the Group

The Group adopted for the first time the following new PFRS, interpretation, amendments and annual improvements to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2018, for its annual reporting period beginning May 1, 2018:

PAS 40 (Amendments)	:	Investment Property – Reclassification to and from Investment Property
PFRS 9	:	Financial Instruments
PFRS 15	:	Revenue from Contracts with Customers; Clarifications to PFRS 15
International Financial Reporting Interpretations Committee (IFRIC) 22	:	Foreign Currency Transactions and Advance Consideration

Annual Improvements to
PFRS (2014-2016 Cycle)

PAS 28 (Amendments)	:	Investment in Associates – Clarification on Fair Value Through Profit or Loss Classification
PFRS 1 (Amendments)	:	First-time Adoption of Philippine Financial Reporting Standards – Deletion of Short-term Exemptions

Discussed below and in the succeeding pages are the relevant information about these new standards, interpretation, amendments and improvements.

(i) PAS 40 (Amendments), *Investment Property – Reclassification to and from Investment Property*. The amendments state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The amendments provided a non-exhaustive list of examples constituting change in use. The application of these amendments have no impact on the Group's consolidated financial statements.

(ii) PFRS 9, *Financial Instruments* (issued in 2014). This new standard on financial instruments replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and PFRS 9 issued in 2009, 2010 and 2013. This standard contains, among others, the following:

- three principal classification categories for financial assets based on the business model on how an entity is managing its financial instruments, i.e., financial assets at amortized cost, fair value through profit and loss (FVTPL), and fair value through other comprehensive income (FVOCI);

- an expected credit loss (ECL) model in determining impairment of all debt financial assets that are not measured at FVTPL, which generally depends on whether there has been a significant increase in credit risk since initial recognition of such financial assets; and,

- a new model on hedge accounting that provides significant improvements principally by aligning hedge accounting more closely with the risk management activities undertaken by entities when hedging their financial and non-financial risk exposures.

The Group adopted PFRS 9 using the transitional relief allowed by the standard. This allows the Group not to restate its prior periods' consolidated financial statements. The impact of the adoption of this new accounting standard to the Group's consolidated financial statements are described in the succeeding pages.

a. *Investments Reclassified from Available-for-Sale (AFS) Financial Assets to Financial Assets at FVOCI and Financial Assets to FVTPL*

With respect to the quoted equity securities and warrants amounting to P1,248,845,520 and P14,206,921, respectively, as of May 1, 2018, which were previously classified as AFS financial assets, the Group elected to irrevocably designate these equity securities as financial assets at FVOCI, as these assets are neither held for trading nor a contingent consideration in a business combination. The accumulated impairment loss on these securities amounting to P228,757,664 as of May 1, 2018 was reclassified from the opening balance of Retained Earnings account to the opening balance of Revaluation Reserve account. Under PFRS 9, investments in equity security irrevocably classified as financial assets at FVOCI are no longer subject to impairment tests.

On the other hand, the unquoted equity securities measured at cost previously classified as AFS financial assets with a carrying amount of P116,921,250 which had a fair value loss of P7,867,490 was reclassified to financial assets at FVOCI upon adoption of PFRS 9 on May 1, 2018.

Debt securities of the Group which were previously classified as AFS financial assets are classified as financial asset at FVTPL with carrying amount of P48,153,415 as of May 1, 2018 (see Note 11).

b. *Credit Losses on Financial Assets*

The Group's adoption of PFRS 9 has resulted in changes in its accounting policies, specifically on the application of the ECL methodology based on the impairment assessment for trade and other receivables, and advances to associates, but has not resulted in any adjustment to the amounts recognized in the Group's consolidated financial statements since management determined that the credit risk on these financial assets is considered negligible.

The adoption of PFRS 9 has no impact on the Group's financial liabilities.

The Group's new accounting policies relative to the adoption of PFRS 9 is fully disclosed in Notes 2.4 and 2.10.

The table below shows the impact of the adoption of PFRS 9 to the Group's total equity as of May 1, 2018.

	Effects on		
	Retained Earnings	Revaluation Reserves	Total Equity
Balance at May 1, 2018	P 5,428,998,625	P 144,158,758	P 8,502,260,698
Effect of reclassification and remeasurements of financial assets	228,757,664	(228,757,664)	-
	P 5,657,756,289	(P 84,598,906)	P 8,502,260,698

The following table shows the effects of the adoption of PFRS 9 in the carrying amounts and presentation of the categories of the financial assets in the consolidated statement of financial position as of May 1, 2018:

	Carrying Value PAS 39 April 30, 2018	Reclassification	Carrying Value PFRS 9 May 1, 2018
AFS securities	P 1,199,369,442	P -	P 1,199,369,442
Reclassification to:			
Financial assets at FVOCI	-	(1,151,216,027)	(1,151,216,027)
Financial assets at FVTPL	-	(48,153,415)	(48,153,415)
AFS Securities	**P 1,199,369,442**	**(P 1,199,369,442)**	**P -**
Financial assets at FVOCI	**P -**	**P 1,151,216,027**	**P 1,151,216,027**
Financial assets at FVTPL	**P -**	**P 48,153,415**	**P 48,153,415**

(iii) PFRS 15, *Revenue from Contract with Customers*, together with the *Clarifications to PFRS 15* (herein referred to as PFRS 15). This standard replaces PAS 18, *Revenue*, and PAS 11, *Construction Contracts*, the related Interpretations on revenue recognition: IFRIC 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreement for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers*, and Standing Interpretations Committee 31, *Revenue – Barter Transactions Involving Advertising Services*. This new standard establishes a comprehensive framework for determining when to recognize revenue and how much revenue to recognize. The core principle in the said framework is for an entity to recognize revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Based on an assessment and comprehensive study of the Group's revenue streams as at April 30, 2019, management determined that its significant sources of revenues pertain to rentals of on-line lottery equipment, revenue from motor distribution and dealership operations, and revenue from hotel operations.

Rental income is covered under PAS 17, *Leases*. Further, the Group's Equipment Lease Agreement (ELA) does not contain non-lease components; hence, the Group does not expect the application of PFRS 15 to have an impact in its consolidated financial statements.

In relation to room revenues which are covered by PFRS 15, the Group's performance obligation is to transfer goods or services to a customer which often include bundle of services including supplying goods to be used within the hotel premises. The Group's revenue streams from hotel operations are not affected by the adoption of PFRS 15.

Revenue from distributions and dealership operations are recognized when control over the vehicle is transferred to the customer or upon completion of the agreed work. The revenue streams from distribution and dealership operations are not affected by the adoption of PFRS 15.

The Group adopted PFRS 15 using the modified retrospective approach for all outstanding contracts as of the beginning of the fiscal year. The Group's adoption of PFRS 15 has resulted in changes in its accounting policies (see Note 2.16).

(iv) IFRIC 22, *Foreign Currency Transactions and Advance Consideration – Interpretation on Foreign Currency Transactions and Advance Consideration*. The interpretation provides more detailed guidance on how to account for transactions that include the receipt or payment of advance consideration in a foreign currency. The interpretation states that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary asset (arising from advance payment) or liability (arising from advance receipt). If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The application of this interpretation has no impact on the Group's consolidated financial statements.

(v) Annual Improvements to PFRS 2014-2016 Cycle. Among the improvements, the following amendments are relevant to the Group but had no material impact on the Group's consolidated financial statements as these amendments merely clarify existing requirements:

- PAS 28 (Amendments), *Investment in Associates – Clarification on Fair Value Through Profit or Loss Classification*. The amendments clarify that the option for venture capital organization, mutual funds and other similar entities to elect the fair value through profit or loss classification in measuring investments in associates and joint ventures shall be made at initial recognition, separately for each associate or joint venture.

- PFRS 1 (Amendments), *First-time Adoption of Philippine Financial Reporting Standards – Deletion of Short-term Exemptions*. The amendments removed short-term exemptions in PFRS 1 covering PFRS 7, *Financial Instruments: Disclosures*, PAS 19, *Employee Benefits*, and PFRS 10, *Consolidated Financial Statements*, because the reporting period to which the exemptions applied have already transpired.

(b) Effective in 2019 that are not Relevant ot the Group

The following amendments to existing standards are mandatorily effective for annual periods beginning on or after January 1, 2018 but are not relevant to the Group's consolidated financial statements, for its annual reporting period beginning May 1, 2018:

PFRS 2 (Amendments)	:	Share-based Payment – Classification and Measurement of Share-based Payment Transactions
PFRS 4 (Amendments)	:	Insurance Contracts – Applying PFRS 9 with PFRS 4

(c) *Effective Subsequent to Fiscal Year 2019 but not Adopted Early*

There are new PFRS, amendments, interpretations and annual improvements to existing standards effective for annual periods subsequent to fiscal year 2019, which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have significant impact on the Group's consolidated financial statements:

(i) PAS 19 (Amendments), *Employee Benefits – Plan Amendment, Curtailment or Settlement* (effective January 1, 2019). The amendments require the use of updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement when the entity remeasures its net defined benefit liability (asset).

(ii) PAS 28 (Amendments), *Investment in Associates – Long-term Interest in Associates and Joint Venture* (effective from January 1, 2019). The amendments clarify that the scope exclusion in PFRS 9 applies only to ownership interests accounted for using the equity method. Thus, the amendments further clarify that long-term interests in an associate or joint venture – to which the equity method is not applied – must be accounted for under PFRS 9, which shall also include long-term interests that, in substance, form part of the entity's net investment in an associate or joint venture.

(iii) PFRS 9 (Amendments), *Financial Instruments – Prepayment Features with Negative Compensation* (effective from January 1, 2019). The amendments clarify that prepayment features with negative compensation attached to financial instruments may still qualify under the "solely payments of principal and interests" (SPPI) test. As such, the financial assets containing prepayment features with negative compensation may still be classified at amortized cost or at FVOCI.

(iv) PFRS 16, *Leases* (effective from January 1, 2019). The new standard will eventually replace PAS 17, and its related interpretation IFRIC 4, *Determining Whether an Arrangement Contains a Lease.* For lessees, it requires to account for leases "on-balance sheet" by recognizing a "right-of-use" asset and a lease liability. The lease liability is initially measured as the present value of future lease payments. For this purpose, lease payments include fixed, non-cancellable payments for lease elements, amounts due under residual value guarantees, certain types of contingent payments and amounts due during optional periods to the extent that extension is reasonably certain. In subsequent periods, the "right-of-use" asset is accounted for similar to a purchased asset subject to depreciation or amortization. The lease liability is accounted for similar to a financial liability which is amortized using the effective interest method. However, the new standard provides important reliefs or exemptions for short-term leases and leases of low value assets. If these exemptions are used, the accounting is similar to operating lease accounting under PAS 17 where lease payments are recognized as expenses on a straight-line basis over the lease term or another systematic basis (if more representative of the pattern of the lessee's benefit).

For lessors, lease accounting is similar to PAS 17's. In particular, the distinction between finance and operating leases is retained. The definitions of each type of lease, and the supporting indicators of a finance lease, are substantially the same as PAS 17's. The basic accounting mechanics are also similar, but with some different or more explicit guidance in few areas. These include variable payments, sub-leases, lease modifications, the treatment of initial direct costs and lessor disclosures.

Management plans to adopt the modified retrospective application of PFRS 16 where the cumulative effect of initially applying the standard will be recognized as an adjustment to the opening balance of Retained Earnings account at the date of initial application. The Group will elect to apply the standard to contracts that were previously identified as leases applying PAS 17 and IFRIC 4 at the date of initial application. Management is currently assessing the financial impact of this new standard on the Group's consolidated financial statements.

(v) IFRIC 23, *Uncertainty over Income Tax Treatments* (effective from January 1, 2019). The interpretation provides clarification on the determination of taxable profit, tax bases, unused tax losses, unused tax credits, and tax rates when there is uncertainty over income tax treatments. The core principle of the interpretation requires the Group to consider the probability of the tax treatment being accepted by the taxation authority. When it is probable that the tax treatment will be accepted, the determination of the taxable profit, tax bases, unused tax losses, unused tax credits, and tax rates shall be on the basis of the accepted tax treatment. Otherwise, the Group has to use the most likely amount or the expected value, depending on the surrounding circumstances, in determining the tax accounts identified immediately above.

(vi) PFRS 10 (Amendments), *Consolidated Financial Statements*, and PAS 28 (Amendments), *Investments in Associates and Joint Ventures – Sale or Contribution of Assets Between an Investor and its Associates or Joint Venture* (effective date deferred indefinitely). The amendments to PFRS 10 require full recognition in the investor's financial statements of gains or losses arising on the sale or contribution of assets that constitute a business as defined in PFRS 3, *Business Combinations*, between an investor and its associate or joint venture. Accordingly, the partial recognition of gains or losses (i.e., to the extent of the unrelated investor's interests in an associate or joint venture) only applies to those sale or contribution of assets that do not constitute a business. Corresponding amendments have been made to PAS 28 to reflect these changes. In addition, PAS 28 has been amended to clarify that when determining whether assets that are sold or contributed constitute a business, an entity shall consider whether the sale or contribution of those assets is part of multiple arrangements that should be accounted for as a single transaction.

(vii) Annual Improvements to PFRS 2015-2017 Cycle (effective from January 1, 2019). Among the improvements, the following amendments are relevant to the Group but had no material impact on the Group's consolidated financial statements as these amendments merely clarify existing requirements:

- PAS 12 (Amendments), *Income Taxes – Tax Consequences of Dividends*. The amendments clarify that all income tax consequence of dividend payments should be recognized in profit or loss.

- PAS 23 (Amendments), *Borrowing Costs – Eligibility for Capitalization*. The amendments clarify that any specific borrowing which remains outstanding after the related qualifying asset is ready for its intended purpose, such borrowing will then form part of the entity's general borrowings when calculating the capitalization rate for capitalization purposes.

- PFRS 3 (Amendments), *Business Combinations*, and PFRS 11 (Amendments), *Joint Arrangements – Remeasurement of Previously Held Interests in a Joint Operation*. The amendments clarify that previously held interest in a joint operation shall be remeasured when the Group obtains control of the business. On the other hand, previously held interests in a joint operation shall not be remeasured when the Group obtains joint control of the business.

2.3 Basis of Consolidation

The Group's consolidated financial statements comprise the accounts of the Parent Company and its subsidiaries (see Note 1), after the elimination of intercompany transactions. All intercompany assets, liabilities, equity, income, expenses and cash flows relating to transactions between entities under the Group, are eliminated in full on consolidation. Unrealized profits and losses from intercompany transactions that are recognized in assets are also eliminated in full. Intercompany losses that indicate impairment are recognized in the consolidated financial statements.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting principles.

The Parent Company accounts for its investments in subsidiaries and associates as presented below and in the succeeding pages.

(a) Investments in Subsidiaries

Subsidiaries are all entities (including structured entities, if any) over which the Group has control. The Group controls an entity when it is has the power over the investee, it is exposed, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date the Group obtains control.

The Parent Company reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of controls indicated above. Accordingly, entities are deconsolidated from the date that control ceases.

The acquisition method is applied to account for acquired subsidiaries. This requires recognizing and measuring the identifiable assets acquired, the liabilities assumed and any noncontrolling interest in the acquiree. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group, if any. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred and subsequent change in the fair value of contingent consideration is recognized directly in profit or loss.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any existing equity interest in the acquiree over the acquisition-date fair value of the identifiable net assets acquired is recognized as goodwill (see Note 2.12). If the consideration transferred is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly as gain in profit or loss.

(b) Investments in Associates

Associates are those entities over which the Parent Company is able to exert significant influence but not control and which are neither subsidiaries nor interests in a joint arrangement. Investments in associates are initially recognized at cost and subsequently accounted for using the equity method from the date on which the entity becomes an associate.

Acquired investment in associate is subject to the purchase method of accounting. The purchase method involves the recognition of the acquiree's identifiable assets and liabilities, including contingent liabilities, regardless of whether they were recorded in the financial statements prior to acquisition. Goodwill represents the excess of acquisition cost over the fair value of the Parent Company's share of the identifiable net assets over the acquire at the date of acquisition. Any goodwill or fair value adjustment attributable to the Parent Company's share in the associate is included in the amount recognized as Investment in associates account.

All subsequent changes to the ownership interest in the equity of the associates are recognized in the Group's carrying amount of the investments. Changes resulting from the profit or loss generated by the associates are credited or charged against the Equity Share in Net Income (Losses) of Associates account in the consolidated statement of comprehensive income.

Impairment loss is provided when there is objective evidence that the investment in an associate will not be recovered (see Note 2.18).

Changes resulting from other comprehensive income of the associates or items recognized directly in the associates' equity are recognized in other comprehensive income or equity of the Group, as applicable. However, when the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has commitments, incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profit, the investor resumes recognizing its share of those profits only after its share of the profits exceeds the accumulated share of losses that has previously not been recognized.

Distributions received from the associates are accounted for as a reduction of the carrying value of the investment.

(c) Transactions with Non-controlling Interests

The Group transactions with non-controlling interests that do not result to loss of control are accounted for as equity transaction – that is, as transaction with the owners of the Group with their capacity as owners. The difference between any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary is recognized in equity. Disposals of equity investments to non-controlling interests result in gains and losses that are also recognized in equity.

When the Group ceases to have control over a subsidiary, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amount previously recognized in other comprehensive income in respect of that entity is accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

The Parent Company holds interest in various subsidiaries and associates as presented in Notes 1.2 and 13.

2.4 Financial Assets

Financial assets are recognized when the Group becomes a party to the contractual terms of the financial instrument. For purposes of classifying financial assets, an instrument is considered as an equity instrument if it is non-derivative and meets the definition of equity for the issuer in accordance with the criteria of PAS 32, *Financial Instruments: Presentation*. All other non-derivative financial instruments are treated as debt instruments.

(a) Classification, Measurement and Reclassification of Financial Assets in Accordance with PFRS 9 (2019)

Under PFRS 9, the classification and measurement of financial assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The classification and measurement of financial assets are described in the succeeding pages.

(i) Financial Assets at Amortized Cost

Financial assets are measured at amortized cost if both of the following conditions are met:

- the asset is held within the Group's business model whose objective is to hold financial assets in order to collect contractual cash flows ("hold to collect"); and,

- the contractual terms of the instrument give rise, on specified dates, to cash flows that are SPPI on the principal amount outstanding.

Except for trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with PFRS 15, all financial assets meeting these criteria are measured initially at fair value plus transaction costs. These are subsequently measured at amortized cost using the effective interest method, less any impairment in value.

The Group's financial assets at amortized cost are presented in the statement of financial position as Cash and Cash Equivalents and Trade and Other Receivables, Advances to Associates and Refundable deposits under Prepayments and Other Current Assets and Other Non-current Assets account, which are included in current assets, except for maturities greater than 12 months after the end of each reporting period which are classified as non-current assets.

For purposes of cash flows reporting and presentation, cash and cash equivalents comprise accounts with original maturities of three months or less, including cash. These generally include cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial assets except for those that are subsequently identified as credit-impaired. For credit-impaired financial assets at amortized cost, the effective interest rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance). The interest earned is recognized in the statement of comprehensive income as part of Finance Income.

(ii) Financial Assets at FVTPL

Financial assets that are held within a different business model other than "hold to collect" or "hold to collect and sell" are categorized at FVTPL. Further, irrespective of business model, financial assets whose contractual cash flows are not SPPI are accounted for at FVTPL.

Financial assets at FVTPL are measured at fair value with gains or losses recognized in profit or loss as part of Finance Income in the consolidated statements of comprehensive income. The fair values of these financial assets are determined by reference to active market transactions or using a valuation technique where no active market exists.

Interest earned on these investments is included in the net fair value gains (losses) on these assets presented as part of Finance Income in the consolidated statements of comprehensive income.

(iii) Financial Assets at Fair Value Through Other Comprehensive Income

The Group accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective is to hold to collect the associated cash flows and sell ("hold to collect and sell"); and,

- the contractual terms of the financial assets give rise to cash flows that are SPPI on the principal amount outstanding.

At initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI; however, such designation is not permitted if the equity investment is held by the Group for trading or as mandatorily required to be classified as FVTPL. The Group has designated its equity instruments as at FVOCI on initial application of PFRS 9.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value, with no deduction for any disposal costs. Gains and losses arising from changes in fair value, including the foreign exchange component, are recognized in other comprehensive income, net of any effects arising from income taxes, and are reported as part of Revaluation Reserves account in equity. When the asset is disposed of, the cumulative gain or loss previously recognized in the Revaluation Reserves account is not reclassified to profit or loss but is reclassified directly to Retained Earnings account, except for those debt securities classified as FVOCI wherein cumulative fair value gains or losses are recycled to profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial assets except for those that are subsequently identified as credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance). The interest earned is recognized in the consolidated statement of comprehensive income as part of Finance Income.

Any dividends earned on holding equity instruments are recognized in profit or loss as part of Others under Other Income (Charges) account, when the Group's right to receive dividends is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and, the amount of the dividend can be measured reliably, unless the dividends clearly represent recovery of a part of the cost of the investment.

(b) Classification, Measurement and Reclassification of Financial Assets in Accordance with PAS 39 (2018)

Financial assets are assigned to different categories by management on initial recognition, depending on the purpose for which the investments were acquired and their characteristics. Financial assets other than those designated and effective as hedging instruments are classified into the following categories: financial assets at FVTPL, loans and receivables, held-to-maturity investments and AFS financial assets.

A more detailed description of categories of financial assets relevant to the Group is as follows:

(i) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the end of each reporting period which are classified as non-current assets.

The Group's financial assets categorized as loans and receivables are presented as Cash and Cash Equivalents, Trade and Other Receivables, Advances to Associates and Refundable deposits under Prepayments and Other Current Assets and Other Non-current Assets account in the consolidated statement of financial position. Cash and cash equivalents are defined as cash on hand, demand deposits and short-term, highly liquid investments with original maturities of three months or less, readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Loans and receivables are subsequently measured at amortized cost using the effective interest method, less impairment loss, if any. Impairment loss is provided when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the impairment loss is determined as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the financial asset's original effective interest rate or current effective interest rate determined under the contract if the loan has a variable interest rate.

The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognized in profit or loss.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date of the impairment is reversed. The amount of the reversal is recognized in the profit or loss.

(ii) AFS Financial Assets

This category includes non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. They are included in non-current assets under the Available-for-Sale Financial Assets account in the consolidated statement of financial position unless management intends to dispose of the investment within 12 months from the end of the reporting period.

All financial assets within this category are subsequently measured at fair value. Gains and losses from changes in fair value are recognized in other comprehensive income and are reported as part of Revaluation Reserves account in equity, except for interest and dividend income which are recognized in profit or loss.

When the financial asset is disposed of or is determined to be impaired, the cumulative fair value gains or losses recognized in other comprehensive income is reclassified from equity to profit or loss and is presented as reclassification adjustment within other comprehensive income even though the financial asset has not been derecognized.

Reversal of impairment losses is recognized in other comprehensive income, except for financial assets that are debt securities which are recognized in profit or loss only if the reversal can be objectively related to an event occurring after the impairment loss was recognized.

All income and expenses, including impairment losses, relating to financial assets that are recognized in profit or loss are presented as part of Finance Income or Finance Costs and Other Charges account in the consolidated statement of comprehensive income.

For investments that are actively traded in organized financial markets, fair value is determined by reference to stock exchange-quoted market bid prices at the close of business at the end of the reporting period. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows (such as dividend income) of the underlying net asset base of the investment.

Non-compounding interest, dividend income and other cash flows resulting from holding financial assets are recognized in profit or loss when earned, regardless of how the related carrying amount of financial assets is measured.

The financial assets are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

(c) Impairment of Financial Assets Under PFRS 9

From May 1, 2018, the Group assesses its ECL on a forward-looking basis associated with its financial assets carried at amortized cost. Recognition of credit losses is no longer dependent on the Group's identification of a credit loss event. Instead, the Group considers a broader range of information in assessing credit risk and measuring ECL, including past events, current conditions, reasonable and supportable forecasts that affect collectability of the future cash flows of the financial assets.

The Group applies the simplified approach in measuring ECL, which uses a lifetime expected loss allowance for all trade and other receivables and advances to associates. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. To calculate the ECL, the Group uses its historical experience, external indicators and forward-looking information to calculate the ECL using a provision matrix. The Group assesses impairment of trade receivables based on the days past due.

The key elements used in the calculation of ECL are as follows:

- *Probability of default* – It is an estimate of likelihood of default over a given time horizon.

- *Loss given default* – It is an estimate of loss arising in case where a default occurs at a given time. It is based on the difference between the contractual cash flows of a financial instrument due from a counterparty and those that the Company would expect to receive, including the realization of any collateral.

- *Exposure at default* – It represents the gross carrying amount of the financial instruments subject to the impairment calculation.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

(d) Impairment of Financial Assets Under PAS 39

As of April 30, 2018, the Group's assessment of impairment of financial assets involves the evaluation of the existence of objective evidence that an impairment loss on loans and other receivables and advances to aassociates has been incurred, wherein the amount of the impairment loss is determined as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the financial asset's original effective interest rate or current effective interest rate determined under the contract if the loan has a variable interest rate.

The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognized in profit or loss.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date of the impairment is reversed. The amount of the reversal is recognized in the profit or loss.

2.5 Inventories

Inventories are valued at the lower of cost and net realizable value (NRV). Cost is determined using specific identification for vehicles, first-in, first-out method for spare parts and accessories, and all other inventories. The cost of inventories include all costs directly attributable to acquisitions, such as the purchase price, import duties and other taxes that are not subsequently recoverable from taxing authorities.

Vehicles on consignment from manufacturers are included in inventories when substantially all of the principal benefits and inherent risks rest with the Group. The corresponding consignment liability after deducting any deposits is included under Loans Payable and Borrowings, as manufacturers' vehicle stocking loans.

NRV is the estimated selling price in the ordinary course of business, less the estimated costs of completion, if any, and the estimated costs necessary to make the sale. NRV of spare parts inventory is the current replacement cost while the NRV of vehicles is fair value less estimated cost to sell.

2.6 Prepayments and Other Assets

Prepayments and other assets pertain to other resources controlled by the Group as a result of past events. They are recognized in the consolidated financial statements when it is probable that the future economic benefits will flow to the entity and the asset has a cost or value that can be measured reliably.

Other recognized assets of similar nature, where future economic benefits are expected to flow to the Group beyond one year after the end of the reporting period (or in the normal operating cycle of the business, if longer), are classified as non-current assets.

2.7 Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization and any impairment in value.

The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized; expenditures for repairs and maintenance are charged to expense as incurred.

Computers and on-line lottery equipment are depreciated on a straight-line basis over the shorter of eight years or the remaining term of the lease agreement with Philippine Charity Sweepstakes Office (PCSO). Leasehold improvements are amortized over the shorter of the lease term or estimated useful lives of the improvements.

Depreciation on all other classes of property and equipment, except for land which is not subject to depreciation, is computed using the straight-line basis over the estimated useful lives of the assets as follows:

Buildings	50 years
Workshop equipment	5 to 10 years
Office furniture, fixtures and equipment	5 years
Communication equipment	5 years
Hotel and kitchen equipment and utensils	5 years
Transportation equipment	3 to 5 years

Construction in progress represents properties under construction and is stated at cost. The account is not depreciated until such time that the assets are completed and available for use.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.18).

Fully depreciated and amortized assets are retained in the accounts until they are no longer in use and no further charge for depreciation and amortization is made in respect of those assets.

The residual values, estimated useful lives and method of depreciation and amortization of property and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

An item of property and equipment, including the related accumulated depreciation, amortization and impairment loss, is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period the item is derecognized.

2.8 Investment Property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. This account also includes property held for undetermined use.

Investment property is accounted for under the fair value model. It is revalued annually and is presented in the consolidated statement of financial position at its market value.

Any gain or loss resulting from either a change in the fair value or the sale of an investment property is immediately recognized in profit or loss in the consolidated statement of comprehensive income.

Investment property is derecognized upon disposal or when permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in profit or loss in the year of retirement or disposal.

Expenditures incurred after the investment property have been put into operations, such as repairs and maintenance costs, are normally charged to profit or loss in the period in which the costs are incurred.

Transfers are made to investment properties when, and only when, there is a change in use evidenced by ending of owner occupation, commencement of an operating lease to another party or ending of construction or development.

When an owner-occupied property is transferred to investment property due to change in use, the property is revaluaed at the date of transfer. Any difference between the revalued amount and the carrying amount of the property is recognized in other comprehensive income and in equity under Revaluation Reserves account. When the property is disposed, the amount recognized under Revaluation Reserves is transferred directly to Retained Earnings.

2.9 Intangible Assets

Intangible assets include goodwill, dealership rights and customer relationship which are accounted for under the cost model. The costs of dealership rights and customer relationship were determined using a valuation approach based on estimated economic benefits of these assets over multiple time periods.

Goodwill and dealership rights have indefinite useful lives; hence, these are not amortized, but are reviewed for impairment at least annually (see Notes 2.12 and 2.18). Customer relationship is amortized over the estimated useful life of 10 years.

When these assets are retired or otherwise disposed of, the cost and the related accumulated impairment in value are removed from the accounts. Any resulting gain or loss is credited to or charged against current operations.

2.10 Financial Liabilities

Financial liabilities, which pertain to Trade and Other Payables (except for tax-related liabilities) and Loans Payable and Borrowings, are recognized when the Group becomes a party to the contractual terms of the instrument. All interest-related charges incurred on a financial liability are recognized as an expense in profit or loss under the Finance Costs and Other Charges account in the consolidated statement of comprehensive income.

Financial liabilities are recognized initially at their fair values and subsequently measured at amortized cost, using effective interest method for maturities beyond one year, less settlement payments.

Loans payable and borrowings are raised for support of long-term funding of operations and vehicle stock financing. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to profit or loss except for any capitalized borrowing cost, on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that these are not settled in the period in which they arise.

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the end of the reporting period (or in the normal operating cycle of the business, if longer), or the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Otherwise, these are presented as non-current liabilities.

Financial liabilities are derecognized from the consolidated statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss.

2.11 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the resulting net amount, considered as a single financial asset or financial liability, is reported in the consolidated statement of financial position when there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The right of set-off must be available at the end of the reporting period, that is, it is not contingent on future event. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy; and, must be legally enforceable for both entity and all counterparties to the financial instruments.

2.12 Business Combination

Business acquisitions are accounted for using the acquisition method of accounting.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed (see Note 2.18).

For the purpose of impairment testing, goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The cash-generating units or groups of cash-generating units are identified according to operating segment.

Gains and losses on the disposal of an interest in a subsidiary include the carrying amount of goodwill relating to it.

If the business combination is achieved in stages, the acquirer is required to remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognize the resulting gain or loss, if any, in the profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect the new information obtained about facts and circumstances that existed as at the acquisition date and, if known, would have affected the measurement of the amounts recognized as at that date. During the measurement period, the acquirer shall also recognize additional assets or liabilities if new information obtained about facts and circumstances that existed as of those assets and liabilities as at the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as at that date. The measurement period ends as soon as the acquirer receives the information it was seeking about facts and circumstances that existed as at the acquisition date or learns that more information is not obtainable. However, the measurement period shall not exceed one year from the acquisition date.

2.13 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's Strategic Steering Committee (SSC), its chief operating decision-maker. The SSC is responsible for allocating resources and assessing performance of the operating segments.

In identifying its operating segments, management generally follows the Group's products and service lines as disclosed in Note 5, which represent the main products and services provided by the Group.

Each of these operating segments is managed separately as each of these service lines requires different technologies and other resources as well as marketing approaches. All inter-segment transfers are carried out at arm's length prices.

The measurement policies the Group uses for segment reporting under PFRS 8, *Operating Segments*, are the same as those used in its consolidated financial statements.

In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

2.14 Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the consolidated financial statements. Similarly, probable inflows of economic benefits to the Group that do not yet meet the recognition criteria of an asset are considered contingent assets; hence, are not recognized in the consolidated financial statements. On the other hand, any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

2.15 Equity

Capital stock represents the nominal value of shares that have been issued.

Treasury shares are shares reacquired by the Parent Company and are stated at the cost of reacquiring such shares. These are deducted from equity until the shares are cancelled, reissued or disposed of.

Revaluation reserves represent unrealized fair value gains and losses on financial assets at FVOCI (previously classified as AFS financial assets), accumulated actuarial gains and losses arising from remeasurement of post-employment benefit obligation, and revaluation surplus arising from transfers of owner-occupied properties to investment property measured at fair value, net of tax.

Other reserves represent the gain or loss on change in the percentage of ownership which resulted to the increase or decrease of the equity share in the net assets of a subsidiary.

Translation adjustments represent the adjustments resulting from the translation of foreign-currency denominated financial statements of a foreign subsidiary into the Group's functional and presentation currency.

Retained earnings, the appropriated portion of which is not available for dividend declaration, represent all current and prior period results of operations as reported in the profit or loss section of the consolidated statement of comprehensive income, reduced by the amounts of dividends declared.

2.16 Revenue and Expense Recognition

Revenue comprises revenue from sales of goods and rendering of services measured by reference to the fair value of consideration received or receivable by the Group for goods sold and services rendered, excluding value-added tax (VAT).

Prior to May 1, 2018, revenue is recognized to the extent that the revenue can be reliably measured; it is probable that the economic benefits will flow to the Group; and, the cost incurred or to be incurred can be measured reliably.

Starting May 1, 2018, revenue is recognized only when (or as) the Group satisfies a performance obligation by transferring control of the promised goods or services to a customer. The transfer of control can occur over time or at a point in time.

To determine whether to recognize revenue, the Group follows a five-step process:

(1) identifying the contract with a customer;
(2) identifying the performance obligation;
(3) determining the transaction price;
(4) allocating the transaction price to the performance obligations; and,
(5) recognizing revenue when/as performance obligations are satisfied.

For Step 1 to be achieved, the following five gating criteria must be present:

(i) the parties to the contract have approved the contract either in writing, orally or in accordance with other customary business practices;
(ii) each party's rights regarding the goods or services to be transferred or performed can be identified;
(iii) the payment terms for the goods or services to be transferred or performed can be identified;
(iv) the contract has commercial substance (i.e., the risk, timing or amount of the future cash flows is expected to change as a result of the contract); and,
(v) collection of the consideration in exchange of the goods and services is probable.

Amounts received by the Group on agreements which do not satisfy the above criteria are recognized as Advances from customers under Trade and Other Payables in the consolidated statement of financial position. The Group continuously reassesses if the criteria are subsequently met.

A performance obligation is satisfied at a point in time unless it meets one of the following criteria, in which case it is satisfied over time:

(i) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
(ii) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and,
(iii) the Group's performance does not create an asset with an alternative use to the Group and the entity has an enforceable right to payment for performance completed to date.

In addition, the specific recognition criteria presented below must also be met before revenues are recognized.

(a) *Revenue from motor distribution and dealership operations* – Revenue from distributions and dealership operations is recognized as follows:

   (i) *Sale of vehicles, parts and accessories* – The Group's performance obligation is to transfer ownership over the vehicles, parts and accessories. Revenue is recognized at a point in time upon transfer of control of the goods sold to customers. All vehicles and most parts are sold on cash basis.

   (ii) *Servicing and bodyshop sales* – The Group's performance obligation is to render specific services on motor vehicles based on the requirements of manufacturers and customers. Revenue is recognized over time as services are performed on customer vehicles.

(b) *Revenue from hotel operations* – Revenue from hotel operations is categorized as follows:

   (i) *Hotel accommodation* – The Group's performance obligation is to keep open the use of hotel facilities during the duration of the stay of guests. Revenues are recognized over time during the occupancy of hotel guests and ends when the scheduled hotel room accommodation has lapsed (i.e., the related room services have been rendered). As applicable, invoices for hotel accommodations are due upon receipt by the customer.

   (ii) *Food, beverage and others* – The Group's performance obligation is to deliver consumer goods to customers. Revenues are recognized at point in time upon delivery to and receipt of consumer goods by the customer. Invoice for consumer goods transferred is due upon receipt by the customer.

Any amount received from customers on which the Group has not yet satisfied its performance obligations are recognized as Contract Liabilities in the consolidated statement of financial position until the performance obligations are satisfied.

Costs and expenses are recognized in profit or loss upon utilization of the goods or services or at the date these are incurred. All finance costs are reported in profit or loss on an accrual basis, except capitalized borrowing costs which are included as part of the cost of the related qualifying asset (see Note 2.22).

2.17 Leases

The Group accounts for its leases as follows:

(a) *Group as Lessee*

   Leases which do not transfer to the Group substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments (net of any incentive received from the lessor) are recognized as expense in profit or loss on a straight-line basis over the lease term. Associated costs, such as repairs and maintenance and insurance, are expensed as incurred.

(b) Group as Lessor

Lease which do not transfer to the lessee substantially all the risks and benefits of ownership of the asset are classified as operating lease. Lease income from operating lease is recognized in profit or loss equivalent to a certain percentage of the gross receipts from all PCSO's ticket sales subject to an annual minimum fee as prescribed in the ELA with PCSO.

The Group determines whether an arrangement is, or contains, a lease based on the substance of the arrangement. It makes an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

2.18 Impairment of Non-financial Assets

The Group's inventories, property and equipment, investments in associates, intangible assets with finite lives, and other non-financial assets are subject to impairment testing. Goodwill and dealership rights are tested for impairment at least annually. All other individual assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, assets are tested for impairment either individually or at the cash-generating unit level. Impairment loss is recognized in profit or loss for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amounts which is the higher of its fair value less costs to sell and its value in use.

In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

All assets, except goodwill, are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist and the carrying amount of the asset is adjusted to the recoverable amount resulting in the reversal of the impairment loss.

2.19 Foreign Currency Transactions and Translation

(a) Transactions and Balances

Except for H.R. Owen and eDoc Holdings which uses the British Pounds (GBP) as their functional currency, the accounting records of the Group are maintained in Philippine pesos. Foreign currency transactions during the year are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates.

Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized under Other Income (Charges) section in the consolidated statement of comprehensive income.

(b) Translation of Financial Statements of Foreign Subsidiaries

The operating results and financial position of H.R. Owen and eDoc Holdings, which are measured in GBP, their functional currency, are translated to Philippine pesos, the Group's reporting currency, as follows:

(i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;

(ii) Income and expenses for each profit or loss account are translated at the monthly average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and,

(iii) All resulting exchange differences are recognized in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in H.R. Owen and eDoc Holdings are recognized as Translation Adjustment in the consolidated statement of comprehensive income, which is allocated between the Parent Company's shareholders and non-controlling interest as necessary. When a foreign operation is partially disposed of or sold, such exchange differences are recognized in the consolidated statement of comprehensive income as part of gains or loss on sale.

Goodwill arising on the acquisition of a foreign entity is treated as asset of the foreign entity and translated at closing rate on each of the reporting date.

The translation of the financial statements into Philippine pesos should not be construed as a representation that the GBP amounts could be converted into Philippine peso amounts at the translation rates or at any other rates of exchange.

2.20 Related Party Transactions and Relationships

Related party transactions are transfers of resources, services or obligations between the Group and its related parties, regardless whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Group; (b) associates; (c) individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the Group and close members of the family of any such individual; and, (d) the Group's post-employment plans.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

2.21 Employee Benefits

The Group provides post-employment benefits to employees through defined benefit plans, as well as various defined benefit contribution plans, and other employee benefits which are recognized as follows:

(a) Post-employment Defined Benefit Plan

A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of post-employment plan remains with the Group, even if plan assets for funding the defined benefit plan have been acquired. Plan assets may include assets specifically designated to a long-term benefit fund, as well as qualifying insurance policies.

The Group's defined benefit post-employment plan covers all regular full-time employees. PGMC's pension plan is tax-qualified, noncontributory and administered by a trustee while H.R. Owen's pension plan operates on a pre-funded basis and is also administered by a trustee. PHPI, on the other hand, has an unfunded, non-contributory post-employment plan.

The liability recognized in the consolidated statement of financial position for a defined benefit plan is the present value of the defined benefit obligation (DBO) at the end of the reporting period less the fair value of plan assets. The DBO is calculated annually by independent actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows using a discount rate derived from the interest rates of a zero coupon government bond that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related post-employment liability.

Remeasurements, comprising of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions and the return on plan assets (excluding amount included in net interest) are reflected immediately in the consolidated statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they arise. Net interest is calculated by applying the discount rate at the beginning of the period, taking account of any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments. Net interest is reported as part of Finance Costs and Other Charges or Finance Income account in the consolidated statement of comprehensive income. Past service costs are recognized immediately in profit or loss in the period of a plan amendment or curtailment.

(b) Post-employment Defined Contribution Plans

A defined contribution plan is a post-employment plan under which the Group pays fixed contributions into an independent entity. The Group has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognized in respect of defined contribution plans are expensed as they fall due. Liabilities or assets may be recognized if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short-term nature.

(c) Compensated Absences

Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the end of the reporting period. They are included in the Trade and Other Payables account of the consolidated statement of financial position at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

2.22 Borrowing Costs

For financial reporting purposes, borrowing costs are recognized as expenses in the period in which they are incurred, except to the extent that they are capitalized. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (i.e., an asset that takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of the cost of such asset. The capitalization of borrowing costs commences when expenditures for the asset and borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when substantially all such activities are complete.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

For income tax purposes, interest and other borrowing costs are charged to expense when incurred.

2.23 Income Taxes

Tax expense recognized in profit or loss comprises the sum of current tax and deferred tax not recognized in other comprehensive income or directly in equity, if any.

Current tax assets or current liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the end of reporting period. They are calculated using the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or current tax liabilities are recognized as a component of tax expense in profit or loss.

Deferred tax is accounted for using the liability method on temporary differences at the end of the reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carry forward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deferred income tax asset can be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow such deferred tax assets to be recovered.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled provided such tax rates have been enacted or substantively enacted at the end of the reporting period.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable income will be available to allow all or part of the deferred tax asset to be utilized.

The measurement of deferred tax liabilities and deferred tax assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted, that is, when the investment property is depreciable and is held within the business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Most changes in deferred tax assets or deferred tax liabilities are recognized as a component of tax expense in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Deferred tax assets and deferred tax liabilities are offset if the Group has a legally enforceable right to set-off current tax assets against current tax liabilities and the deferred taxes relate to the same entity and the same taxation authority.

2.24 Earnings Per Share

Basic earnings per share (EPS) is computed by dividing net profit attributable to equity holders of the Parent Company by the weighted average number of shares issued and outstanding, adjusted retroactively for any stock dividend, stock split or reverse stock split declared during the current period.

Diluted EPS is computed by adjusting the weighted average number of ordinary shares outstanding to assume conversion of dilutive potential shares (see Note 26).

2.25 Events After the End of the Reporting Period

Any post-year-end event that provides additional information about the Group's consolidated financial position at the end of the reporting period (adjusting event) is reflected in the consolidated financial statements. Post-year-end events that are not adjusting events, if any, are disclosed when material to the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements in accordance with PFRS requires management to make judgments and estimates that affect the amounts reported in the consolidated financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately vary from these estimates.

3.1 Critical Management Judgments in Applying Accounting Policies

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimation, which have the most significant effect on the amounts recognized in the consolidated financial statements:

(a) Determination of Transaction Price and Amounts Allocated to Performance Obligations (2019)

The transaction price for a contract is allocated amongst the material right and other performance obligations identified in the contract based on their stand-alone selling prices, which are all observable. The transaction price for a contract excludes any amounts collected on behalf of third parties [e.g., VAT].

In the normal course of business, the Group receives advanced payments from customers for purchase of motor vehicles. The timing difference between when the Group receives payment and when the performance obligation is satisfied may extend beyond twelve months. The Group evaluates if this indicates a significant financing component when determining the transaction price. In making its evaluation, the Group considers the intention of customers when making the advanced payment.

Based on the evaluation of the Group, customers pay in advance as a form of a security to ensure an allocation of limited motor vehicle models to be released in the future; hence, the transaction price does not contain a financing component.

The determination of the transaction price on other revenue sources is straightforward as contracts do not contain any variable consideration or significant financing components.

(b) Determination of the Timing of Satisfaction of Performance Obligation (2019)

The Group applies judgment in determining the timing of satisfaction of performance obligations in its contracts with customers. In making its evaluation, the Group considers the rights and obligations of the parties to the contracts.

The Group determined that it satisfies its performance obligations in relation to room accommodation over time as customers receive the benefits simultaneous as the Group performs. Further, servicing and bodyshop obligations are also satisfied over time as the services are performed on assets controlled by customers.

On the other hand, the Group determined that it satisfies its performance obligations in relation to sale of vehicles, parts, accessories, food and beverages at a point in time when the customers receive the goods.

(c) Determination of ECL on Trade and Other Receivbales and Advances to Associates (2019)

The Group uses a provision matrix and net asset approach to calculate ECL for trade and other receivables and advances to associates, respectively. The provision rates are based on days past due (age buckets). The provision matrix is based on the Group's historical observed default rates. The Group's management intends to regularly calibrate (i.e., on an annual basis) the matrix to consider the historical credit loss experience with forward-looking information (i.e., forecast economic conditions). Details about the ECL on the Group's trade receivables and advances to associates are disclosed in Note 4.2.

(d) Evaluation of Business Model Applied in Managing Financial Instruments (2019)

Upon adoption of PFRS 9, the Group developed business models which reflect how it manages its portfolio of financial instruments. The Group's business models are applied at the level of a portfolio of financial instruments (i.e., group of financial instruments that are managed together by the Group) and not on an instrument-by-instrument basis (i.e., not based on intention or specific characteristics of individual financial instrument).

In determining the classification of a financial instrument under PFRS 9, the Group evaluates in which business model a financial instrument or a portfolio of financial instruments belong to taking into consideration the objectives of each business model established by the Group (e.g., held-for-trading, generating accrual income, direct matching to a specific liability) as those relate to the Group's investment and trading strategies.

(e) Testing the Cash Flow Characteristics of Financial Assets and Continuing Evaluation of the Business Model (2019)

In determining the classification of financial assets under PFRS 9, the Group assesses whether the contractual terms of the financial assets give rise on specified dates to cash flows that are SPPI on the principal outstanding, with interest representing time value of money and credit risk associated with the principal amount outstanding. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual term that changes the timing or amount of cash flows (unless it is a variable interest rate that represents time value of money and credit risk) does not meet the amortized cost criteria. In cases where the relationship between the passage of time and the interest rate of the financial instrument may be imperfect, known as modified time value of money, the Group assesses the modified time value of money feature to determine whether the financial instrument still meets the SPPI criterion. The objective of the assessment is to determine how different the undiscounted contractual cash flows could be from the undiscounted cash flows that would arise if the time value of money element was not modified (the benchmark cash flows). If the resulting difference is significant, the SPPI criterion is not met. In view of this, the Group considers the effect of the modified time value of money element in each reporting period and cumulatively over the life of the financial instrument.

(f) Evaluating Impairment of AFS Financial Assets (2018 and 2017)

The determination when an investment is other-than-temporarily impaired requires significant judgment. In making this judgment, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

Based on the recent evaluation of information and circumstances affecting the Group's AFS financial assets, management has recognized impairment losses on certain AFS financial assets in 2018 and 2017 as disclosed in Note 11. Future changes in those information and circumstances might significantly affect the carrying amount of the assets.

(g) Distinction Between Operating and Finance Leases

The Group has entered into various lease agreements. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities. As of April 30, 2019 and 2018, management determined that the Group's current lease agreements are operating leases.

(h) Amortization of Leasehold Improvement

The Group constructed an improvement over the leased premises under an operating lease agreement with the lessor. Critical judgment was exercised by management in determining the amortization period of the improvement. The policy adopted by the Group is discussed in Note 2.7.

(i) Determining Control, Joint Control or Significant Influence

Judgment is exercised in determining whether the Group has control, joint control or significant influence over an entity. In assessing each interest over an entity, the Group considers voting rights, representation on the board of directors or equivalent governing body of the investee, participation in policy-making process and all other facts and circumstances, including terms of any contractual arrangement.

(j) Distinction Between Investment Property and Owner-managed Property

The Group determines whether a property qualifies as investment property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. In 2018, the Group transferred certain owner-managed property to investment property due to a change in use, evidenced by the end of owner-occupation and commencement of an operating lease to another party. The details of the Group's investment property are disclosed in Note 15.

(k) Recognition of Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition and disclosure of provision and contingencies are discussed in Note 2.14 and relevant disclosures of commitments and contingencies are presented in Note 29.

(l) Distinction Between Principal and Agent

The Group is acting as a principal when it controls the service before transfer to the customer while it acts as an agent when (a) another party is primarily responsible for fulfilling the contract, (b) the entity does not have discretion in establishing prices for the other party's services and, therefore, the benefit the entity can receive from those services is limited, and (c) the entity's consideration is in the form of a service income.

Management assessed that the Group is acting as an agent for the 85% of the service charge received from customers from its hotel operations as it is required under Article 96 of the Labor Code of the Philippines to distribute such amount to its employees. The Group recognizes revenue equivalent to remaining 15% of the service fee received.

3.2 Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period:

(a) Estimation of Allowance for ECL (2019)

The measurement of the allowance for ECL on financial assets at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 4.2.

(b) Impairment of Trade and Other Receivables and Advances to Associates (2018 and 2017)

Adequate amount of allowance for impairment is provided for specific and groups of accounts, where objective evidence of impairment exists. The Group evaluates the amount of allowance for impairment based on available facts and circumstances affecting the collectability of the accounts, including, but not limited to, the length of the Group's relationship with the counterparties, the counterparties' current credit status, average age of accounts, collection experience and historical loss experience. The methodology and assumptions used in estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

The carrying value of the Group's trade and other receivables and its analysis of allowance for impairment and the carrying value of advances to associates are shown in Notes 8 and 13, respectively.

(c) Fair Value Measurement of Financial Instruments

The Group carries certain financial assets at fair value, which requires the extensive use of accounting estimates and judgment. In cases when active market quotes are not available, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net base of the instrument. The amount of changes in fair value would differ if the Group utilized different valuation methods and assumptions. Any change in fair value of these financial assets would affect comprehensive income. For investments where fair value is not reliably determinable either through reference of similar instruments or valuation techniques, these are carried at cost.

The carrying value of the Group's financial instruments and the amount of fair value changes therein are disclosed in Note 11.

(d) Estimation of Useful Lives of Property and Equipment and Customer Relationship

The Group estimates the useful lives of property and equipment and customer relationship based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment and customer relationship are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

Based on management's assessment as at April 30, 2019 and 2018, there is no change in estimated useful lives of property and equipment and customer relationship during those years (see Notes 12 and 14).

On the other hand, management assessed that the acquired dealership rights resulting from the acquisition of H.R. Owen have indefinite useful lives as management has the intention and capacity to renew the dealership agreements with manufacturers indefinitely and that the Group will benefit from the use of such dealership rights over the foreseeable future (see Note 14). Further, these agreements were in effect for a long period (i.e., 70 to 80 years ago for Bentley dealership agreements and prior to 1990 for Ferrari and Lamborghini dealership agreements) and that there has been no compelling challenge not to maintain the agreements historically.

The carrying amounts of property and equipment and customer relationship are analyzed in Notes 12 and 14, respectively.

Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

(e) Fair Value Measurement of Investment Property

The Group's investment property is carried at fair value at the end of the reporting period. The fair value is determined by reference to market-based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and seller in an arm's length transaction as at the valuation date. Such amount is influenced by different factors including the location and specific characteristics of the property (e.g., size, features, and capacity), quantity of comparable properties available in the market, and economic condition and behavior of the buying parties. A significant change in these elements may affect prices and the value of the assets.

The details of the Group's investment property are disclosed in Note 15.

(f) Valuation of Financial Assets Other than Trade and Other Receivables and Advances to Associates

The Group carries certain financial assets at fair value, which requires the extensive use of accounting estimates and judgment. In cases when active market quotes are not available, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net base of the instrument.

The carrying values of financial instruments and the amounts of fair value changes recognized on those assets are disclosed in Note 11.

(g) Determination of Net Realizable Value of Inventories

In determining the NRV of inventories, management takes into account the most reliable evidence available at the dates the estimates are made. The Group's inventories are affected by certain factors which may cause inventory obsolescence. Moreover, future realization of the carrying amounts of inventories as presented in Note 9 is affected by price changes in different market segments in which the Group operates. Both aspects are considered key sources of estimation uncertainty and may cause significant adjustments to the Group's inventories within the next reporting period.

The amount of allowance for inventory writedown made by management are based on, among others, age and status of inventories and the Group's past experience. The NRV of inventories and analysis of allowance for inventory writedown are presented in Note 9.

(h) Business Combinations

On initial recognition, the assets and liabilities of the acquired business and the consideration paid for them are included in the consolidated financial statements at their fair values. In measuring fair value, management uses estimates of future cash flows and discount rates. Any subsequent change in these estimates would affect the amount of goodwill if the change qualifies as a measurement period adjustment. Any other change would be recognized in profit or loss in the subsequent period.

During the measurement period, the management shall recognize adjustments to the provisional amounts as if the accounting for the business combination had been completed at the acquisition date. Thus, management shall revise comparative information for prior periods presented in financial statements as needed, in accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors.*

(i) Impairment of Goodwill and Dealership Rights

The Group follows the guidance of PAS 36, *Impairment of Assets*, on determining when goodwill and dealership rights with indefinite life are impaired. This determination requires significant judgment. In making this judgment, the Group evaluates the recoverable amount of the intangible assets by analyzing the value in use, based on an internal discounted cash flow evaluation, of the cash-generating units to which these intangible assets are allocated.

Though management believes that the assumptions used in the estimation of the recoverable amount are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations. Management's assessment on impairment of goodwill and dealership rights is disclosed in Note 14.

(j) Determination of Realizable Amount of Deferred Tax Assets

The Group reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Management assessed that the deferred tax assets recognized as at April 30, 2019 and 2018 will be fully utilized in the coming years. The carrying amount of deferred tax assets as at those dates is disclosed in Note 25.

(k) Estimation of Impairment of Non-financial Assets Other than Goodwill and Dealership Rights

In assessing impairment, management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate (see Note 2.18). Though management believes that the assumptions used in the estimation of fair values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

There were no impairment losses required to be recognized in 2019, 2018 and 2017 based on management's assessment.

(l) Valuation of Post-employment Defined Benefit Obligations

The determination of the Group's obligation and cost of post-employment defined benefit is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, discount rates, expected rate of return on plan assets, salary rate increase, and employee turnover. A significant change in any of these actuarial assumptions generally affect the recognized expense, other comprehensive income or losses and the carrying amount of post-employment defined benefit obligation.

The amounts of post-employment benefit obligation and expense and an analysis of the movements in the estimated present value of post-employment benefit obligation are presented in Note 21.

4. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks in relation to financial instruments. The Group's financial assets and financial liabilities by category are summarized in Note 27. The main types of risks are market risk, credit risk and liquidity risk.

The Group's risk management is carried out in close cooperation with the BOD, and focuses on actively securing the Group's short to medium-term cash flows by minimizing the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most relevant financial risks to which the Group is exposed to are described below and in the succeeding pages.

4.1 Market Risk

The Group is exposed to market risk through its use of financial instruments and specifically to interest rate risk, foreign currency risk and certain other price risk which result from both its operating, investing and financing activities.

(a) Interest Rate Risk

The Group's policy is to minimize interest rate cash flow risk exposures on cash and cash equivalents and long-term financing. As at April 30, 2019 and 2018, the Group is exposed to changes in market interest rates through short-term placements included as part of Cash and Cash Equivalents account and stocking loans of H.R. Owen presented as Loans Payable and Borrowings, which are subject to variable interest rates, in the consolidated statements of financial position (see Notes 7 and 18).

The Group keeps placements with fluctuating interest at a minimum while H.R. Owen's stocking loans are secured at any time by fixed and floating charges on stocks of new and demonstrator cars and commercial vehicles held. As such, management believes that its exposure to interest rate risk is immaterial.

(b) Foreign Currency Risk

Except for H.R. Owen and eDoc Holdings whose functional currency is GBP, most of the Group's transactions are carried out in Philippine pesos, its functional currency. Exposures to currency exchange rates arise from the Group's overseas purchases, which are primarily denominated in United States Dollars (USD). The Group also holds USD, GBP, Malaysian Ringgit (MYR) and European Union Euro (EUR) denominated cash and cash equivalents and receivables. Further, the Group has AFS financial assets denominated in MYR and GBP. There were no foreign currency-denominated financial liabilities as at April 30, 2019 and 2018.

To mitigate the Group's exposure to foreign currency risk, non-Philippine peso cash flows are monitored.

Foreign currency denominated financial assets, translated into Philippine pesos at the closing rate are as follows:

	2019	2018
Php - GBP	**P 1,000,031,746**	P 507,337,713
Php - MYR	**15,700,778**	6,148,929
Php - USD	**8,049,572**	10,718,010
Php - EUR	**301,750**	1,271,470

The table presented below illustrates the sensitivity of the Group's profit before tax with respect to changes in Philippine peso against USD, MYR, GBP and EUR exchange rates. These percentages have been determined based on the average market volatility in exchange rates, using standard deviation, in the previous 12 months, estimated at 95.00% level of confidence. The sensitivity analysis is based on the Group's foreign currency financial instruments held at the end of each reporting period with effect estimated from the beginning of the year.

	2019		2018	
	Reasonably possible change in rate	**Effect in profit before tax**	Reasonably possible change in rate	Effect in profit before tax
PhP - GBP	**18.81%**	**P 194,414,447**	18.90%	P 95,886,828
PhP - MYR	**8.13%**	**1,276,375**	9.80%	602,595
PhP - USD	**7.66%**	**616,691**	7.82%	838,148
PhP - EUR	**35.29%**	**106,479**	18.09%	230,009
		P 196,413,992		P 97,557,580

Exposures to foreign exchange rates vary during the year depending on the volume of foreign currency transactions. Nonetheless, the analysis above is considered to be representative of the Group's currency risk.

(c) Other Price Risk

The Group's market price risk arises from its investments carried at fair value (financial assets classified as AFS financial assets). The Group manages exposure to price risk by monitoring the changes in the market price of the investments and at some extent, diversifying the investment portfolio in accordance with the limit set by management.

The observed volatility rates of the fair values of the Group's financial assets held at fair value and their impact on the Group's other comprehensive income (loss) as at April 30, 2019 and 2018 are summarized below.

	Observed Volatility Rates		Impact of Increase on Equity		Impact of Decrease on Equity	
	Increase	Decrease	Before tax	After tax	Before tax	After tax
April 30, 2019						
Debt securities:						
Listed in Malaysia	+13.99%	-13.99%	P 8,895,669	P 6,226,968	(P 8,895,669)	(P 6,226,968)
Equity securities:						
Listed in Malaysia	+13.99%	-13.99%	154,054,472	107,838,130	(154,054,472)	(107,838,130)
Listed in England	+52.67%	-52.67%	220,954,395	154,668,076	(220,954,395)	(154,668,076)
			P 375,008,867	P262,506,206	(P 375,008,867)	(P 262,506,206)
April 30, 2018						
Debt securities:						
Listed in Malaysia	+9.28%	-9.28%	P 4,468,192	P 3,127,734	(P 4,468,192)	(P 3,127,734)
Equity securities:						
Listed in Malaysia	+9.28%	-9.28%	79,890,185	55,923,129	(79,890,185)	(55,923,129)
Listed in England	+63.94%	-63.94%	110,819,608	77,573,725	(110,819,608)	(77,573,725)
			P 190,709,793	P133,496,854	(P 190,709,793)	(P 133,496,854)

These volatility rates have been determined based on the average volatility in quoted market price, using standard deviation, in the previous 12 months, estimated at 95.00% level of confidence.

4.2 Credit Risk

Credit risk is the risk that a counterparty may fail to discharge an obligation to the Group. The Group is exposed to this risk for various financial instruments arising from granting loans and selling goods and services to customers; granting advances to associates; and, placing deposits with banks, lessors and utility companies.

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. The Group's policy is to deal only with creditworthy counterparties.

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown in the consolidated statements of financial position or in the detailed analysis provided in the notes to the consolidated financial statements, as summarized in the below.

	Notes	2019	2018
Cash and cash equivalents	7	**P 1,221,368,609**	P 1,195,177,294
Trade and other receivables – net	8	**1,526,672,759**	2,620,625,259
Financial assets at FVTPL	11	**63,572,179**	-
Advances to associates	13	**1,798,045,542**	1,515,841,109
Prepayments and other current assets	10	**67,652,095**	50,906,435
Other non-current assets		**4,067,488**	3,217,271
		P 4,681,378,672	P 5,385,767,368

Other non-current assets pertain to refundable security deposits paid in accordance with the various lease agreemetns entered into by the Group.

None of the Group's financial assets are secured by collateral or other credit enhancements, except for cash and cash equivalents as described below.

(a) Cash and Cash Equivalents

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. Included in the cash and cash equivalents are cash in local banks and short-term placements, which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P500,000 for every depositor per banking institution.

(b) Trade and Other Receivables and Advances to Associates

The Group's trade receivables as at April 30, 2019 and 2018 are due mainly from customers of H.R. Owen and from PCSO. The Group maintains policies that require appropriate credit checks to be completed on potential customers prior to delivery of goods and services. On-going credit checks are periodically performed on the Group's existing customers to ensure that the credit limits remain at appropriate levels. The Group applies the simplified approach in measuring ECL which uses a lifetime expected loss allowance for all trade receivables and other receivables.

The Group mitigates the concentration of its credit risk from its receivables from PCSO by regularly monitoring the age of its receivables from PCSO and ensuring that collections are received within the agreed credit period. These objectives, policies and strategies are consistently applied in the previous year up to the current year. In addition, the risk is reduced to the extent that PCSO has no history of significant defaults and none of the past due receivables are impaired as at the end of the reporting period.

ECL for advances to associates are measured and recognized using the net asset approach. The Group does not consider any risks in the amounts due from associates as it has enough net assets to cover the amount due. Moreover, based on historical information on payments of associates, management considers the credit quality of receivables that are not past due or impaired to be good.

In respect to trade receivables from the customers of H.R. Owen and other receivables and advances to associates, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The trade receivables of H.R. Owen are mostly related to servicing and bodyshop operations as the sale of vehicles is on a cash basis. The credit risk from servicing and bodyshop operations of H.R. Owen is minimal as H.R. Owen will not release the car without full payment. The Group's receivables are actively monitored to avoid significant concentrations of credit risk.

H.R. Owen's trade receivables that are past due but not impaired as at April 30 are as follows:

	2019	2018
Not more than 30 days	**P 36,000,055**	P 14,242,709
31 to 90 days	**32,293,377**	49,527,409
	P 68,293,432	P 63,770,118

(c) Prepayments and Other Current Assets and Other Non-current Assets

The refundable deposits of the Group presented as part of Prepayments and Other Current Assets account and Other Non-Current Assets account in the consolidated statements of financial position pertain to security deposits made to various lessors and utility companies which the Group is not exposed to significant credit risk.

4.3 Liquidity Risk

The ability of the Group to finance increases in assets and meet obligations as they become due is extremely important to the Group's operations. The Group's policy is to maintain liquidity at all times. This policy aims to honor all cash requirements on an on-going basis to avoid raising funds above market rates or through forced sale of assets.

Liquidity risk is also managed by borrowing with a spread of maturity periods. The Group has significant fluctuations in short-term borrowings due to industry-specific factors. The Group mitigates any potential liquidity risk through maintaining substantial unutilized banking and used vehicle stocking loan facilities. As at April 30, 2019 and 2018, the Group has undrawn floating rate borrowing facilities of P6,499,030,051 and P3,070,413,060, respectively, represented by used and demonstrator vehicle stocking loans, all of which would be repayable on demand. Further, the Parent Company has undrawn loan facility of P250,000,000 from a local commercial bank for both 2019 and 2018.

The table below summarizes the maturity profile of the Group's financial liabilities as at April 30 reflecting the gross cash flows, which may differ to the carrying values of the liabilities at the end of reporting periods.

		2019		
		Current	**Non-current**	
	Notes	**Within One Year**	**1 to 5 Years**	**More than 5 Years**
Trade and other payables	17	P 3,768,523,612	P 16,855,000	P -
Loans payable and borrowings	18	3,835,188,409	231,249,056	-
		P 7,603,712,021	**P 248,104,056**	**P -**

		2018		
		Current	Non-current	
	Notes	Within One Year	1 to 5 Years	More than 5 Years
Trade and other payables	17	P 3,949,446,398	P 17,892,850	P -
Loans payable and borrowings	18	4,415,212,145	335,544,216	78,679,335
		P 8,364,658,543	P 353,437,066	P 78,679,335

5. SEGMENT REPORTING

5.1 Business Segments

The Group is organized into different business units based on its products and services for purposes of management assessment of each unit. In identifying its operating segments, management generally follows the Group's four service lines. The Group is engaged in the business of Leasing, Services, Investments and Motor Vehicle Dealership. Presented below is the basis of the Group in reporting to its SSC for its strategic decision-making activities.

(a) The Leasing segment mainly pertains to the lease of on-line lottery equipment by the Group to PCSO.

(b) The Services segment mainly pertains to the hotel operations of PHPI.

(c) Investments segment relates to investing activities.

(d) The Motor Vehicle Dealership segment mainly pertains to the luxury motor vehicle retailers and provision of aftersales services of H.R. Owen.

The segment results also include the equity share in net income and losses of associates operating in the same industry.

5.2 Segment Assets and Liabilities

Segment assets are allocated based on their physical location and use or direct association with a specific segment. Segment assets include all operating assets used by a segment and consist principally of operating cash, receivables, advances, inventories and property and equipment, net of allowances and provisions. Similar to segment assets, segment liabilities are also allocated based on their use or direct association with a specific segment. Segment liabilities include all operating liabilities and consist principally of accounts, taxes currently payable and accrued liabilities.

5.3 Intersegment Transactions

Segment revenues, expenses and performance include sales and purchases between business segments. Such sales and purchases are eliminated in consolidation.

The Group's operating businesses are organized and managed separately according to the nature of segment accounting policies which are the same as the policies described in Note 2.

5.4 *Analysis of Segment Information*

The tables below and in the succeeding pages present revenue and profit information regarding business segments for the years ended April 30, 2019, 2018 and 2017, and certain assets and liabilities information regarding industry segments as at April 30, 2019 and 2018.

	2019				
	Leasing	Services	Investments	Motor Vehicle Dealership	Total
Income:					
Revenue from external customers	P 1,312,808,936	P 130,371,110	P -	P 31,018,292,015	P 32,461,472,061
Interest income	2,331,244	4,980,454	94,577,187	14,636,151	116,525,036
Other income	27,506,067	4,209,686	41,971,721	-	73,687,474
Inter-segment	-	-	412,399,574	882,917	413,282,491
Total income	P 1,342,646,247	P 139,561,250	P 548,948,482	P 31,033,811,083	P 33,064,967,062
Expenses:					
Costs and operating expenses before depreciation	P 715,090,695	P 124,649,799	P 35,974,522	P 30,067,845,506	P 30,943,560,522
Depreciation and amortization	21,626,018	21,589,379	2,501,202	200,048,237	245,764,836
Interest expense	1,258,137	665,111	16,306,284	149,197,019	167,426,551
Equity share in net loss (income) of associates	35,340,509	32,545,133	-	(21,541,691)	46,343,951
Other expenses (income)	439,388	(76,019)	25,029,781	55,965,045	81,358,195
Inter-segment	-	1,700,000	-	-	1,700,000
Total expenses	P 773,754,747	P 181,073,403	P 79,811,789	P 30,451,514,116	P 31,486,154,055
Profit (loss) before tax	P 568,891,500	(P 41,512,153)	P 469,136,693	P 582,296,967	P 1,578,813,007
Net profit (loss)	P 383,624,176	(P 42,100,784)	P 449,649,443	P 456,267,082	P 1,247,439,917
Segment assets	P 725,139,349	P 960,808,359	P 8,847,161,880	P 10,394,650,904	P 20,927,760,492
Segment liabilities	P 139,038,328	P 760,709,752	P 1,024,450,151	P 8,113,798,452	P 10,037,996,683
Other segment item – Capital expenditures	P 922,983	P 4,852,908	P -	P 235,583,614	P 241,359,505

	2018				
	Leasing	Services	Investments	Motor Vehicle Dealership	Total
Income:					
Revenue from external customers	P 1,642,234,495	P 129,361,779	P -	P 29,055,821,268	P 30,827,417,542
Equity share in net income of associates	105,622,602	-	-	61,411,652	167,064,254
Interest income	1,198,802	70,596	84,873,133	24,135,329	110,277,860
Other income	34,109,888	4,323,049	71,227,774	10,908,956	120,569,667
Inter-segment	-	-	701,603,519	-	701,603,519
Total income	P 1,783,165,787	P 133,755,424	P 857,704,426	P 29,152,277,205	P 31,926,932,842
Expenses:					
Costs and operating expenses before depreciation	P 899,223,425	P 114,694,771	P 105,711,420	P 28,270,897,864	P 29,390,527,480
Depreciation and amortization	21,401,034	21,755,205	2,501,204	222,973,325	268,630,768
Interest expense	1,566,156	207,803	19,701,884	134,928,861	156,404,704
Impairment loss on AFS financial assets	-	-	210,238,322	-	210,238,322
Other expenses	125,698	943,961	58,309,465	31,323,097	90,702,221
Inter-segment	-	-	-	699,826	699,826
Total expenses	P 922,316,313	P 137,601,740	P 396,462,295	P 28,660,822,973	P 30,117,203,321
Profit (loss) before tax	P 860,849,474	(P 3,846,316)	P 461,242,131	P 491,454,232	P 1,809,729,521
Net profit (loss)	P 628,070,858	(P 3,439,282)	P 507,744,727	P 364,892,990	P 1,497,269,293
Segment assets	P 693,026,721	P 713,730,716	P 8,193,578,613	P 10,338,597,861	P 19,938,933,911
Segment liabilities	P 183,922,550	P 711,201,805	P 550,258,132	P 8,352,803,127	P 9,798,185,614
Other segment item – Capital expenditures	P 17,109,172	P 14,022,352	P -	P 238,854,875	P 269,986,399

	2017				
	Leasing	Services	Investments	Motor Vehicle Dealership	Total
Income:					
Revenue from external customers	P 1,601,472,285	P 144,174,590	P -	P 26,755,974,154	P 28,501,621,029
Equity share in net income (loss) of associates	88,600,239	(63,000,000)	-	104,212,321	129,812,560
Interest income	1,755,837	642,431	94,393,389	10,197,014	106,988,671
Other income	45,683,357	5,679,533	18,938,547	18,486,099	88,787,536
Inter-segment	-	-	173,940,119	-	173,940,119
Total income	P 1,737,511,718	P 87,496,554	P 287,272,055	P 26,888,869,588	P 29,001,149,915
Expenses:					
Costs and operating expenses before depreciation	P 847,898,309	P 121,276,786	P 50,629,451	P 26,245,825,370	P 27,265,629,916
Depreciation and amortization	5,045,627	28,853,083	2,501,204	192,311,587	228,711,501
Interest expense	1,837,136	184,369	11,766,565	131,798,064	145,586,134
Loss on deemed disposal	-	-	99,084,160	-	99,084,160
Other expenses (income)	2,338	(155,118)	75,329,318	28,853,089	104,029,627
Inter-segment	-	-	-	3,964,797	3,964,797
Total expenses	P 854,783,411	P 150,159,120	P 239,310,698	P 26,602,752,907	P 27,847,006,135
Profit (loss) before tax	P 882,728,308	(P 62,662,566)	P 47,961,357	P 286,116,681	P 1,154,143,780
Net profit (loss)	P 636,005,916	(P 63,526,788)	P 68,579,786	P 233,009,405	P 874,068,319

	2017				
	Leasing	Services	Investments	Motor Vehicle Dealership	Total
Segment assets	P 781,169,922	P 694,647,867	P 7,852,362,024	P 8,422,147,593	P 17,750,327,406
Segment liabilities	P 148,469,001	P 689,812,536	P 7,852,974,022	P 8,421,660,487	P 17,112,916,046
Other segment item – Capital expenditures	P 47,898,706	P 3,870,368	P -	P 146,834,831	P 198,603,905

Currently, the Group's operation has two geographical segments: London, England for the motor dealership segment and Philippines for all other segments.

5.5 Reconciliations

Presented below and in the succeeding page is a reconciliation of the Group's segment information to the key financial information presented in its consolidated financial statements.

	2019	2018	2017
Revenues			
Total segment revenues	**P 33,064,967,062**	P 31,926,932,842	P 29,001,149,915
Elimination of intersegment revenues	**(413,282,491)**	(701,603,519)	(173,940,119)
Revenues as reported in profit or loss	**P 32,651,684,571**	P 31,225,329,323	P 28,827,209,796
Profit or loss			
Segment profit before tax	**P 1,578,813,007**	P 1,809,729,521	P 1,154,143,780
Elimination of intersegment revenues	**(413,282,491)**	(701,603,519)	(173,940,119)
Elimination of intersegment expenses	**1,700,000**	699,826	3,964,797
Profit before tax as reported in profit or loss	**P 1,167,230,516**	P 1,108,825,828	P 984,168,458

	2019	2018
Assets		
Segment assets	**P 20,927,760,492**	P 19,938,933,911
Elimination of intercompany accounts	**(3,327,115,300)**	(2,441,566,910)
Total assets as reported in the consolidated statements of financial position	**P 17,600,645,192**	P 17,497,367,001
Liabilities		
Segment liabilities	**P 10,037,996,683**	P 9,798,185,614
Elimination of intercompany accounts	**(1,467,226,785)**	(803,079,311)
Total liabilities as reported in the consolidated statements of financial position	**P 8,570,769,898**	P 8,995,106,303

6. CONTRACTS WITH PCSO

PGMC is a party to the ELA with PCSO covering the lease of PGMC's on-line lottery equipment (see Notes 1.2 and 12) to PCSO under certain conditions. Under the ELA, PGMC is entitled to fees equal to a certain percentage of the gross receipts from all PCSO on-line lottery operations (the ticket sales) within a specified territory subject to an annual minimum fee as prescribed in the ELA. PGMC's revenues are derived from the ELA with PCSO.

In addition, PGMC has an agreement with PCSO whereby PGMC agreed to provide maintenance and repair services on the equipment under the ELA. This agreement runs concurrently with the ELA. Any extension or termination of the ELA by PCSO will have a similar effect on this agreement.

On August 13, 2015, a Supplemental and Status Quo Agreement was signed by both parties, and thereby, the term of ELA is extended for another three years.

On August 7, 2018, the PCSO granted the extension of the ELA for one year effective until August 22, 2019.

On June 3, 2019, PGMC expressed intention to bid by purchasing bid documents during the Pre-Bid Conference held by the PCSO as invitation to bid for the five-year lease of the PCSO lottery system (PLS).

On July 9, 2019, the Abstract of Bids as published by the Special Bids and Awards Committee (SBAC) reads that only PGMC has passed the qualifications set on the bid documents and was declared eligible subject to evaluation. Being the only one declared eligible, only PGMC's financial bid was opened by the SBAC.

However, on a subsequent Abstract of Bids published by the SBAC on July 16, 2019, based on the Detailed Evaluation of Bids, PGMC also failed the qualifications set.

PGMC filed with the PCSO a motion for reconsideration asserting its claim that it did not fail the bid for the PLS. As of August 7, 2019, the motion is still pending resolution.

Fees, maintenance and repair services, and related telecommunication and integration services revenues recognized by PGMC from the foregoing ELA and related agreements amounted to P1,312,808,936, P1,642,234,495, and P1,601,472,285 in 2019, 2018 and 2017, respectively, and are presented as Rental under the Revenues section of the consolidated statements of comprehensive income (see Note 29.2). The related receivables are shown as part of Trade receivables under Trade and Other Receivables account in the consolidated statements of financial position (see Note 8).

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

	2019	2018
Cash on hand and in banks	**P1,187,658,609**	P 948,341,348
Short-term placements	**33,710,000**	246,835,946
	P1,221,368,609	P 1,195,177,294

Cash in banks generally earn interest based on daily bank deposit rates. Short-term placements have an average maturity of 30 days and average annual effective interest ranging from 1.50% to 2.25% and 0.75% to 1.50% in 2019 and 2018, respectively (see Note 22.1).

8. TRADE AND OTHER RECEIVABLES

This account is composed of the following:

	Notes	2019	2018
Deposits	23.15	**P 620,200,558**	P1,171,695,083
Trade receivables	6	**617,999,883**	801,798,625
Manufacturer's bonuses		**218,849,096**	452,346,630
Due from related parties	23.9	**29,355,342**	21,752,409
Payments for future acquisition of investments	23.3	**15,700,778**	91,831,035
Advances to officers and employees	23.12	**3,844,196**	4,760,526
Other receivables	16	**70,008,814**	94,788,208
		1,575,958,667	2,638,972,516
Allowance for impairment		**(49,285,908)**	(18,347,257)
		P1,526,672,759	P2,620,625,259

Deposits represent amounts provided to a foreign asset management firm engaged in the business of general trading and financing services. In April 2019, certain deposits were redeemed by the Group (see Note 23.15).

Trade receivables are usually due within 30 to 60 days and do not bear any interest.

Manufacturer's bonuses mainly pertain to incentives received by H.R. Owen from its car manufacturer for the sale of vehicles and related parts including meeting certain volume requirements.

Payments for future acquisition of investments represent deposits made to foreign parties for future acquisition of investment securities. These include deposits made to Inter-Pacific Securities Sdn Berhad (IPSSB), a related party under common ownership who acts as stockbroker of the Parent Company (see Note 23.3).

Other receivables include receivables from TF Ventures, Inc. (TF) arising from payment made by the Group on behalf of TF (see Note 16). These receivables were fully collected in 2019.

All of the Group's trade and other receivables have been assessed for impairment. Certain receivables were found to be impaired; hence, adequate amounts of allowance for impairment have been recognized accordingly.

A reconciliation of the allowance for impairment at the beginning and end of fiscal years 2019 and 2018 is shown below.

	2019	2018
Balance at beginning of year	**P 18,347,257**	P 12,646,898
Provision during the year	**32,711,696**	5,600,337
Translation adjustment	**(1,773,045)**	1,769,067
Write-off during the year	**-**	(1,669,045)
Balance at end of year	**P 49,285,908**	P 18,347,257

9. INVENTORIES

The composition of this account are shown below.

	2019	2018
At cost:		
Vehicles	**P4,178,346,073**	P3,724,603,211
Work in progress	**46,680,732**	31,270,833
Spare parts and accessories	**39,980,469**	22,314,001
Parts and components	**10,310,878**	195,755,294
Hotel supplies	**4,783,754**	5,173,062
	4,280,101,906	3,979,116,401
At net realizable value:		
Vehicles	**1,492,447,819**	1,239,338,951
Parts and components	**252,763,378**	50,787,710
	1,745,211,197	1,290,126,661
Allowance for inventory write down	**(218,333,401)**	(206,590,560)
	1,526,877,796	1,083,536,101
	P5,806,979,702	P5,062,652,502

Certain vehicles are carried at net realizable value which is lower than their cost. An analysis of the movements in allowance for inventory writedown is presented below.

	2019	2018
Balance at beginning of year	**P 206,590,560**	P 180,866,700
Additional provision during the year	**16,650,143**	3,659,802
Translation adjustment	**(4,907,302)**	22,064,058
Balance at end of year	**P 218,333,401**	P 206,590,560

The additional provision in 2019, 2018 and 2017 is presented as part of Cost of vehicles sold under Costs and Operating Expenses section in the consolidated statements of comprehensive income.

10. PREPAYMENTS AND OTHER CURRENT ASSETS

The details of this account are as follows:

	Note	2019	2018
Prepaid expenses		**P 309,135,926**	P 244,725,787
Advances to suppliers		**100,907,807**	33,554,422
VAT recoverable		**72,859,311**	136,410,508
Refundable deposits		**67,652,095**	50,906,435
Input VAT		**45,013,745**	39,445,598
Advance rental	23.10	**20,916,644**	12,020,000
Prepaid taxes		**11,037,969**	25,939,717
Creditable withholding tax		**3,933,892**	3,603,722
Other current assets		**7,600,645**	9,232,641
		P 639,058,034	P 555,838,830

Prepaid expenses include subscriptions, refurbishment costs, maintenance expenses, license and support arrangements, prepaid insurance, benefits and advertising which are expected to be realized in the next reporting period.

VAT recoverable pertains to the excess of input tax over output tax on sale of vehicles which the Group can reclaim under the tax laws in the United Kingdom (UK).

11. INVESTMENT SECURITIES

11.1 Financial Assets at Fair Value through Profit or Loss

The Group's financial assets at FVTPL comprise of listed debt securities, which earn fixed annual interest. The debt securities are non-redeemable convertible unsecured loan stocks which entitles the holder to convert it into common stocks of the issuer within a fixed conversion period or at maturity date. Unless previously converted, all outstanding debt securities are mandatorily converted into common stock on the day falling immediately after the maturity date. Prior to the adoption of PFRS 9, these securities were previously classified as AFS financial assets in the 2018 consolidated statement of financial position with total fair value of P48,153,415 as of April 30, 2018.

In 2019, the Group recognized an unrealized fair value gain on the securities amounting to P15,418,764 and is presented as Fair Value Gain on Financial Assets Through Profit or Loss under the Other Income (Charges) in the 2019 consolidated statement of comprehensive income. The fair value of these securities have been determined directly by reference to quoted bid prices in active markets (see Note 28.2).

Total interest earned amounted to P1,416,643, P1,494,035 and P1,255,517 in 2019, 2018 and 2017, respectively, presented as part of Finance Income in consolidated statements of comprehensive income (see Note 22.1).

11.2 Financial Assets at Fair Value through Other Comprehensive Income (2018: AFS Financial Assets)

This account consists of the following financial assets as at April 30:

	2019	2018
Quoted equity securities	**P1,626,785,134**	P1,365,766,770
Quoted debt securities	-	120,346,028
Unquoted equity securities	**3,026,496**	14,206,921
	1,629,811,630	1,500,319,719
Allowance for impairment	-	(300,950,277)
	P1,629,811,630	P1,199,369,442

The fair values of all of the Group's investments, except for unquoted securities which are categorized under Level 3, are categorized under Level 1 in fair value hierarchy, since these have been determined directly by reference to published prices in active markets.

The unquoted securities are categorized under Level 3 which are retained at cost for having no observable market data in 2018 (see Note 28.2). While in 2019, the fair value of these securities have been determined using discounted cash flow valuation.

In 2019 and 2018, the Group disposed certain investment securities at FVOCI at a selling price of P35,599,277 and P158,659,172, respectively. Due to the effectivity of PFRS 9, cumulative fair value gains in 2019 are reclassified directly from other comprehensive income to retained earnings amounting to P17,968,606 (see Note 24.4). The cumulative fair value gains recognized in other comprehensive income amounting to P9,564,509 in 2017 (nil in 2018) were reclassified from equity to profit or loss and are presented as Reclassification Adjustments to Profit or Loss in the 2017 consolidated statement of comprehensive income (see Note 24.4). Net realized loss in 2018 and gain in 2017 arising from sale of AFS financial assets amounting to P54,533,062 and P1,181,117 are presented as Net Gain (Loss) on Sale of Available-for-sale Financial Assets under Other Income (Expenses) in the consolidated statements of comprehensive income.

The movements of financial assets at FVOCI (previously classified as AFS financial assets) are as follows:

	Notes	2019	2018
Balance at beginning of year		**P1,199,369,442**	P 901,808,762
Additions during the year		**590,793,083**	578,017,157
Fair value gains (losses)	24.4	**(76,598,203)**	73,700,839
Effect of adoption of PFRS 9 – reclassified to FVTPL	11.1	**(48,153,415)**	-
Disposals during the year		**(35,599,277)**	(213,192,234)
Impairment losses		-	(140,965,082)
Balance at end of year		**P1,629,811,630**	P1,199,369,442

Dividend income from these shares amounted to P26,552,957, P23,393,052, and P16,228,724 in 2019, 2018, and 2017, respectively, and are presented as part of Finance Income under Other Income (Charges) section in the consolidated statements of comprehensive income (see Note 22.1).

In 2018 and 2017, management determined that certain investments were found to be impaired, that is, there is a significant or prolonged decline in the fair value of the securities below cost. Accordingly, impairment loss amounting to P210,238,322 in 2018 and P2,877,999 in 2017, of which P69,273,240 in 2018 (nil in 2017) has been previously accumulated in equity, was recognized in profit or loss.

A reconciliation of the allowance for impairment at the beginning and end of the reporting periods is shown below.

	Note	**2019**	2018
Balance at beginning of year		**P 300,950,277**	P 90,711,955
Effect of adoption of PFRS 9:			
Transferred to revaluation reserves		**(228,757,664)**	-
Reclassified to FVTPL		**(72,192,613)**	-
Impairment losses during the year	22.2	**-**	210,238,322
Balance at end of year		**P -**	P 300,950,277

12. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of property and equipment at the beginning and end of fiscal years 2019 and 2018 are shown below.

	Computers and On-line Lottery Equipment	Buildings	Transportation Equipment	Workshop Equipment	Office Furniture, Fixtures and Equipment	Hotel and Kitchen Equipment and Utensils	Communication Equipment	Leasehold improvements	Land	Construction in Progress	Total
April 30, 2019											
Cost	P 1,500,905,990	P 720,291,386	P 76,125,523	P 616,937,699	P 49,403,145	P 13,013,060	P 3,782,237	P 1,217,155,855	P 186,074,615	P 18,407,928	P 4,402,098,438
Accumulated depreciation and amortization	(1,478,938,379)	(127,058,746)	(63,494,478)	(396,877,334)	(43,683,260)	(11,361,295)	(3,725,023)	(698,248,823)	-	-	(2,823,387,138)
Net carrying amount	P 21,968,611	P 593,232,640	P 12,631,045	P 220,060,565	P 5,719,885	P 1,651,765	P 57,214	P 518,907,032	P 186,074,615	P 18,407,928	P 1,578,711,300
April 30, 2018											
Cost	P 1,501,969,726	P 720,291,386	P 78,588,331	P 754,311,812	P 48,067,482	P 12,822,617	P 3,782,237	P 1,380,181,970	P 93,617,473	P -	P 4,593,633,035
Accumulated depreciation and amortization	(1,467,261,907)	(112,607,332)	(51,291,459)	(437,468,354)	(40,735,517)	(11,274,552)	(3,676,736)	(700,993,325)	-	-	(2,825,309,183)
Net carrying amount	P 34,707,819	P 607,684,054	P 27,296,872	P 316,843,458	P 7,331,965	P 1,548,065	P 105,501	P 679,188,645	P 93,617,473	P -	P 1,768,323,852
May 1, 2017											
Cost	P 1,501,060,111	P 954,450,637	P 65,740,851	P 689,587,568	P 45,182,027	P 12,935,363	P 3,782,237	P 1,236,045,533	P 83,502,415	P -	P 4,592,286,742
Accumulated depreciation and amortization	(1,455,057,067)	(101,217,243)	(45,898,668)	(383,043,870)	(38,657,848)	(11,078,715)	(3,628,452)	(668,587,489)	-	-	(2,707,169,352)
Net carrying amount	P 46,003,044	P 853,233,394	P 19,842,183	P 306,543,698	P 6,524,179	P 1,856,648	P 153,785	P 567,458,044	P 83,502,415	P -	P 1,885,117,390

The reconciliation of the carrying amounts at the beginning and end of fiscal years 2019 and 2018, of property and equipment is shown below.

	Computers and On-line Lottery Equipment	Buildings	Transportation Equipment	Workshop Equipment	Office Furniture, Fixtures and Equipment	Hotel and Kitchen Equipment and Utensils	Communication Equipment	Leasehold improvements	Land	Construction in Progress	Total
Balance at May 1, 2018 net of accumulated depreciation and amortization	P 34,707,819	P 607,684,054	P 27,296,872	P 316,843,458	P 7,331,965	P 1,548,065	P 105,501	P 679,188,645	P 93,617,473	P	P1,768,323,852
Additions	-	-	1,050,179	84,104,630	1,335,663	489,879		38,795,048	97,887,368	18,407,928	242,070,695
Disposals	(6,000)	-	(2,000)	(41,052,240)	-	(15,000)	-	(90,227,781)	-	-	(131,303,021)
Transfers (see Note 15)	-	-	-	(40,001,432)	-	-	-	40,001,432	-	-	-
Depreciation and amortization charges for the year	(12,733,208)	(14,451,414)	(15,128,870)	(83,259,960)	(2,947,743)	(371,179)	(48,287)	(112,758,017)	-	-	(241,698,678)
Translation adjustment	-	-	(585,136)	(16,573,891)	-	-	-	(36,092,295)	(5,430,226)	-	(58,681,548)
Balance at April 30, 2019 net of accumulated depreciation and amortization	P 21,968,611	P 593,232,640	P 12,631,045	P 220,060,565	P 5,719,885	P 1,651,765	P 57,214	P 518,907,032	P 186,074,615	P 18,407,928	P 1,578,711,300
Balance at May 1, 2017 net of accumulated depreciation and amortization	P 46,003,044	P 853,233,394	P 19,842,183	P 306,543,698	P 6,524,179	P 1,856,648	P 153,785	P 567,458,044	P 83,502,415	P -	P1,885,117,390
Additions	1,440,983	-	20,752,190	76,362,175	3,439,813	201,563	-	167,789,675	-	-	269,986,399
Disposals	(3,000)	-	(6,000)	(340,179)	(18,000)	(19,000)	-	-	-	-	(386,179)
Transfers (see Note 15)	-	(256,346,568)	-	-	-	-	-	-	-	-	(256,346,568)
Depreciation and amortization charges for the year	(12,733,208)	(17,085,225)	(14,143,671)	(98,677,116)	(2,614,027)	(491,146)	(48,284)	(118,786,629)		-	(264,579,306)
Translation adjustment	-	27,882,453	852,170	32,954,880	-	-	-	62,727,555	10,115,058	-	134,532,116
Balance at April 30, 2018 net of accumulated depreciation and amortization	P 34,707,819	P 607,684,054	P 27,296,872	P 316,843,458	P 7,331,965	P 1,548,065	P 105,501	P 679,188,645	P 93,617,473	P -	P1,768,323,852
Balance at May 1, 2016 net of accumulated depreciation and amortization	P 5,775,739	P 636,586,459	P 9,614,470	P 312,271,100	P 6,322,332	P 2,371,310	P 202,071	P 674,635,476	P 89,396,784	P 264,584,956	P2,001,760,694
Additions	42,176,753	-	15,260,030	89,494,861	2,433,470	516,779	-	48,722,012	-	-	198,603,905
Disposals	(22,000)	(699,030)	(6,000)	-	-	-	-	(1,000)	-	-	(728,030)
Reclassifications	-	252,303,661	-	12,281,295		-	-	-	-	(264,584,956)	-
Depreciation and amortization charges for the year	(1,927,448)	(17,447,373)	(5,009,312)	(85,069,985)	(2,231,623)	(1,031,441)	(48,286)	(110,723,058)	-	-	(223,488,526)
Translation adjustment	-	(17,510,323)	(17,005)	(22,433,573)	-	-	-	(45,175,386)	(5,894,366)	-	(91,030,653)
Balance at April 30, 2017 net of accumulated depreciation and amortization	P 46,003,044	P 853,233,394	P 19,842,183	P 306,543,698	P 6,524,179	P 1,856,648	P 153,785	P 567,458,044	P 83,502,415	P -	P1,885,117,390

Workshop equipment includes fixtures and fittings utilized for bodyshop works.

Construction in progress pertains to buildings and leased properties undergoing renovation. The total cost was reclassified to the appropriate accounts upon completion in 2017. In 2019, the construction in progress pertains to pre-construction costs of sanitary landfill project of FEC. There was no similar transaction in 2018.

In 2019, the Group recognized a loss on disposal of certain property and equipment amounting to P448,152 and is presented as part of Other Operating Expenses under Other Income (Charges) section in the consolidated statements of comprehensive income (see Note 20.2). Meanwhile, the gain on sale amounting to P562,738, and P3,395,202 in 2018 and 2017, respectively, are presented as part of Other Income under Other Income (Charges) section in the consolidated statements of comprehensive income (see Note 20.1).

The cost of fully depreciated assets still being used in operations as at April 30, 2019 and 2018, amounted to P2,263,161,686 and P1,617,372,841, respectively.

The Group obtained loans from local banks in 2018 and 2017 which are partly secured by the Group's hotel building, including all the improvements thereof, with carrying amount of P593,232,663 and P607,638,928, as of April 30, 2019 and 2018, respectively (see Note 18.1).

13. INVESTMENTS IN AND ADVANCES TO ASSOCIATES

13.1 Breakdown of Carrying Values

The components of the carrying values (amounts in thousands of pesos) of investments in associates are shown below. These investments are accounted for under the equity method in the consolidated financial statements of the Group:

	Notes	FLPI	BPPI	BAPI	CPI	SBMPI	NPI	CBFC	VideoDoc	Total
April 30, 2019										
Investment:										
Acquisition costs:										
Beginning balance		P 8,000	P 180,400	P 203,896	P 400	P 22,500	P 82,283	P 62,500	P 132,407	P 692,386
Reclassification										
Additional investment	1.2	32,000	-	-		10,000	-	-	-	42,000
Translation adjustment		-	-	-	-	-	-	-	(5,843)	(5,843)
		40,000	180,400	203,896	400	32,500	82,283	62,500	126,564	728,543
Deduction of interest in associate – Loss on deemed disposal	22.2	-	-	(149,988)	-	-	-	-	-	(149,988)
Dividend income		-	-	(70,700)	-	-	-	-	-	(70,700)
Accumulated equity share in net profit (losses):										
Share in net profit (losses) in prior years		154,408	(180,400)	422,146	(400)	(11,840)	74,424		(22,300)	436,038
Share in net profit (losses) during the year		(7,630)	-	25,383		(3,841)	(17,031)	(10,680)	(32,545)	(46,344)
Share in other comprehensive income during the year		-	-	40	-	-	-	-	-	40
Translation adjustment		-	-	-	-	-	-	-	-	-
		146,778	(180,400)	447,569	(400)	(15,681)	57,393	(10,680)	(54,845)	389,734
Total investments in associates		186,778	-	430,777	-	16,819	139,676	51,820	71,719	897,589
Advances	23.1	384,464	351,670	-	2,823	-	969,082	-	90,007	1,798,046
		P 571,242	P 351,670	P 430,777	P 2,823	P 16,819	P 1,108,758	P 51,820	P 161,726	P 2,695,635

	Notes	PLPI	BPPI	BAPI	CPI	SBMPI	NPI	CBFC	VideoDoc	Total
April 30, 2018										
Investment:										
Acquisition costs:										
Beginning balance		P 8,000	P 180,400	P 178,380	P 400	P 22,500	P 82,283	P -	P -	P 471,963
Additional investment	1.2	-	-	25,516	-	-	-	62,500	125,803	213,819
Translation adjustment		-	-	-	-	-	-	-	6,604	6,604
		8,000	180,400	203,896	400	22,500	82,283	62,500	132,407	692,386
Deduction of interest in associate – Loss on deemed disposal	22.2	-	-	(99,084)	-	-	-	-	-	(99,084)
Dividend income		-	-	(50,904)	-	-	-	-	-	(50,904)
Accumulated equity share in net profit (losses):										
Share in net profit (losses) in prior years		35,228	(180,400)	333,077	(400)	(5,638)	87,981	-	-	260,848
Share in net profit (losses) during the year		119,180		89,038	-	(6,202)	(13,557)	-	(21,394)	167,065
Share in other comprehensive income during the year		-	-	31	-		-	-	-	31
Translation adjustment		-	-	-	-	-	-	-	(906)	(906)
		154,408	(180,400)	422,146	(400)	(11,840)	74,424	-	(22,300)	436,038
Total investments in associates		162,408	-	476,054	-	10,660	156,707	62,500	110,107	978,436
Advances	23.1	373,749	207,692	-	2,724	-	920,365	-	11,311	1,515,841
		P 536,157	P 207,692	P 476,054	P 2,724	P 10,660	P 1,077,072	P 62,500	P 121,418	P 2,494,277

The accumulated equity share in net profit (losses) relates to the Group's equity in the net income or loss of its associates.

In 2017, NPI became an associate of the Group due to reclassification of certain advances for future stock subscription to an investment in associate [see Note 1.1(h)].

Starting 2014, the Group ceased to recognize further losses of BPPI and CPI and carried the related investments at nil in the consolidated statements of financial position as a result of the accumulated share in net losses recognized to the extent of the original cost of the investments [see Note 2.3(b)]. The unrecognized share in net losses over BPPI and CPI amounted to P37,774,372 and P39,457, respectively, in 2019 and P37,699,815 and P24,880, respectively, in 2018. In 2017, the Group recognized share in net losses of BPPI equivalent to the additional investment made during those years (see Note 22.2). There was no additional investment in 2018 and 2019. The cumulative unrecognized share in net losses over BPPI and CPI amounted to P79,708,577 and P1,065,333, respectively, as of April 30, 2019 and P41,982,444 and P1,025,876, respectively, as of April 30, 2018.

The reconciliation of the Group's equity share in its significant associates to the carrying amount of the Group's investments in associates is presented below.

	April 30, 2019			
	PLPI	BPPI	BAPI	NPI
Total equity (capital deficiency)	P 466,776,397	(P 432,318,054)	P 1,463,519,344	P 179,078,634
Percentage of ownership	40.00%	48.38%	28.28%	41.46%
Equity share	186,710,559	(209,155,475)	413,883,271	74,246,002
Deemed goodwill	-	-	67,883,993	65,430,531
Unrecognized share in losses	-	79,708,577	-	-
Other reconciling items	67,713	129,446,898	(50,989,068)	-
Carrying amount at April 30, 2019	P 186,778,272	P -	P 430,778,196	P 139,676,533

	April 30, 2018			
	PLPI	BPPI	BAPI	NPI
Total equity (capital deficiency)	P 405,850,310	(P 354,339,276)	P 1,620,247,902	P 220,156,226
Percentage of ownership	40.00%	48.38%	28.28%	41.46%
Equity share	162,340,124	(171,429,342)	485,206,107	91,276,771
Deemed goodwill	-	-	67,883,993	65,430,531
Unrecognized share in losses	-	41,982,444	-	-
Other reconciling items	67,710	129,446,898	(50,035,746)	-
Carrying amount at April 30, 2018	P 162,407,834	P -	P 476,054,354	P 156,707,302

Other reconciling items include cumulative adjustments on equity share arising from changes in the percentage of ownership.

13.2 Summarized Financial Information

Significant financial information as at and for the years ended April 30 is presented as follows:

	2019			
	Assets	**Liabilities**	**Equity (Capital Deficiency)**	**Net Profit (Loss)**
BAPI	P 2,545,294,664	P 1,081,775,320	P 1,463,519,344	P 89,756,490
NPI	1,159,063,336	979,984,702	179,078,634	(41,077,592)
PLPI	1,020,721,619	553,945,222	466,776,397	(19,073,913)
CBFC	1,106,848,727	944,111,444	162,737,283	(42,720,694)
BPPI	151,706,339	584,024,393	(432,318,054)	(78,696,609)
SBMPI	144,099,869	77,516,078	66,583,791	(18,962,310)
VideoDoc	47,035,024	271,231,402	(224,196,378)	(161,514,444)
CPI	196,172	2,859,496	(2,663,324)	(98,643)
	P 6,174,965,750	**P 4,495,448,057**	**P 1,679,517,693**	**(P 272,387,715)**

	2018			
	Assets	Liabilities	Equity (Capital Deficiency)	Net Profit (Loss)
BAPI	P 2,795,488,625	P 1,175,240,723	P 1,620,247,902	P 342,245,961
NPI	1,148,778,113	928,621,887	220,156,226	(32,663,607)
PLPI	975,960,116	570,109,806	405,850,310	297,949,266
CBFC	325,746,160	120,341,421	205,404,739	(44,595,261)
BPPI	168,067,199	522,406,475	(354,339,276)	(77,924,379)
SBMPI	68,131,925	20,085,824	48,046,101	(31,011,754)
VideoDoc	6,527,844	26,429,051	(19,901,207)	(106,172,265)
CPI	194,815	2,759,496	(2,564,681)	(62,200)
	P 5,488,894,797	P 3,365,994,683	P 2,122,900,114	P 347,765,761

14. INTANGIBLE ASSETS

The compositions of this account as at April 30 are shown below.

	2019	2018
Goodwill	P 1,156,363,307	P 1,205,393,035
Dealership rights	697,624,270	740,580,624
Customer relationship	26,186,131	32,021,545
	P 1,880,173,708	P 1,977,995,204

The reconciliation of the carrying amounts of intangible assets at the beginning and end of fiscal years 2019 and 2018 is shown below.

	Goodwill	Dealership Rights	Customer Relationship	Total
Balance at May 1, 2018	P 1,205,393,035	P 740,580,624	P 32,021,545	P 1,977,995,204
Amortization	-	-	(4,066,160)	(4,066,160)
Translation adjustment	(49,029,728)	(42,956,354)	(1,769,254)	(93,755,336)
Balance at April 30, 2019	P 1,156,363,307	P 697,624,270	P 26,186,131	P 1,880,173,708
Balance at May 1, 2017	P 1,114,063,397	P 660,563,886	P 32,328,468	P 1,806,955,751
Amortization	-	-	(4,051,462)	(4,051,462)
Translation adjustment	91,329,638	80,016,738	3,744,539	175,090,915
Balance at April 30, 2018	P 1,205,393,035	P 740,580,624	P 32,021,545	P 1,977,995,204

Goodwill primarily relates to growth expectations arising from operational efficiencies and synergies that will be achieved by combining the resources, skills and expertise of the individual components of the Group.

Dealership rights were determined as separately identifiable intangible assets acquired separately from the net assets of H.R. Owen. The dealership rights pertain to agreements with various luxury car manufacturers which authorized H.R. Owen to sell new and used cars as well as provide after-sale services across England.

Goodwill and dealership rights have indefinite useful lives, thus, not subject to amortization but would require an annual test for impairment. Goodwill and dealership rights are subsequently carried at cost less accumulated impairment losses.

The Group monitors goodwill and dealership rights with indefinite useful lives on the cash-generating units to which these assets were allocated. An analysis of the value-in-use and the amount of intangible assets allocated to such groups of cash-generating units is presented as follows (amounts in millions of pesos):

	2019				2018			
	Allocated Intangible Assets	Value in Use	Terminal Growth Rate	Discount Rate	Allocated Intangible Assets	Value in Use	Terminal Growth Rate	Discount Rate
Goodwill:								
Bodytechnics	P 119.7	P 146.6	1.00%	11.84%	P 127.1	P 170.3	1.00%	11.84%
Bentley	571.7	2,187.9	1.00%	11.84%	606.9	1,065.3	1.00%	11.84%
Aston Martin	52.3	471.5	1.00%	11.84%	55.5	830.8	1.00%	11.84%
Lamborghini	35.2	1,376.8	1.00%	11.84%	37.3	1,817.9	1.00%	11.84%
Ferrari	17.4	2,650.4	1.00%	11.84%	18.5	1,226.8	1.00%	11.84%
PGMC	360.1	1,056.5	-	6.13%	360.1	1,103.6	-	4.40%
Dealership rights:								
Bentley	305.7	2,187.9	1.00%	11.84%	324.6	1,065.3	1.00%	11.84%
Ferrari	255.1	2,650.4	1.00%	11.84%	270.8	1,226.8	1.00%	11.84%
Lamborghini	136.7	1,376.8	1.00%	11.84%	145.2	1,817.9	1.00%	11.84%

The value-in-use of each group of cash-generating unit was determined using five-year cash flow projections and extrapolating cash flows beyond the projection period using a steady terminal growth rate. The discount rates and growth rates are the key assumptions used by management in determining the value-in-use of the cash-generating units. Based on management's analysis, no impairment is required to be recognized on goodwill and dealership rights with indefinite useful lives. Management has also determined that a reasonably possible change in the key assumptions used would not cause the carrying value of the cash-generating units to exceed their respective value-in-use.

Customer relationship pertains to the association of Bodytechnics with its insurers and franchised garages. Customer relationship is amortized over the estimated useful life of 10 years. No impairment loss was recognized at end of the periods presented based on management's assessment.

15. INVESTMENT PROPERTY

In 2017, the Group acquired certain residential property amounting to 2,218,235GBP (about P132,720,106), which is classified by the Group as investment property. The translated amount of investment property as at April 30, 2017 amounted to P141,608,573. There were minimal changes in the fair value of the investment property in 2018, thus, the fair value of investment property approximates its carrying amount as at April 30, 2018 and 2017. In 2019, the fair value of the investment property declined by 148,385GBP (about P10,225,687).

In 2018, the Group ceased to occupy and leased out a property with a carrying amount of 3,581,690GBP (about P256,346,568) that have been previously classified as Buildings under Property and Equipment account in the consolidated statements of financial position (see Note 12). The property was revalued to fair value of 4,125,000GBP (about P295,232,025) at the date of transfer and the Group recognized gain, net of related deferred tax, amounting to 450,948GBP (about P32,274,979), which is presented under Other Comprehensive Income (Loss) in the 2018 consolidated statement of comprehensive income. The fair value of investment property approximates its carrying amount as at April 30, 2018 due to the proximity of the purchase date to the reporting date (see Note 28.4). In 2019, the fair value of the investment property declined by 306,100GBP (about P21,094,374).

The Group earned rental income from investment property amounting to P8,523,998 in 2019 (nil in 2018). Real estate taxes on investment property amounting to P499,621 and P12,506,600 were recognized as direct operating expenses in 2019 and 2018, respectively.

16. MEMORANDUM OF AGREEMENT AND DEED OF ASSIGNMENTS

In December 2009, the Parent Company entered into a Memorandum of Agreement (MOA) with the stockholders of TF, whereby the stockholders agreed to sell all their interest in TF and to consent to the sale of TF's assets to PHPI and PLPI for a total consideration of P785,000,000.

Previously, both the hotel building and land were attached as a lien to an obligation of TF, which was then under court rehabilitation. Subsequently, the court approved the sale of the hotel to PHPI and the land to PLPI together with the settling of the lien over the hotel building and land. Accordingly in 2010, the Parent Company advanced funds to PHPI for the acquisition of the hotel building. On the other hand, the land was acquired by PLPI for an amount of P70,000,000 payable in equal installments over eight years (see Note 23.1). The outstanding balance of P8,750,000 as at April 30, 2018 is presented as part of Other receivables under Trade and Other Receivables account in the consolidated statements of financial position (see Note 8). The outstanding receivable was fully collected in 2019.

17. TRADE AND OTHER PAYABLES

This account consists of the following:

	Notes	2019	2018
Current:			
Advances from customers		**P1,642,257,217**	P 2,071,907,790
Trade payables	23.5	**1,393,740,398**	1,307,044,834
Accrued expenses	18.1	**483,715,503**	387,661,634
Withholding taxes payable		**64,394,030**	42,865,450
Deferred output VAT		**42,341,914**	35,477,524
Deferred rent		**16,921,409**	21,677,847
Due to related parties	23.8	**389,916**	945,621
Deferred income		**-**	1,501,768
Management fee payable	23.4	**-**	19,947,000
Other payables		**231,499,170**	138,759,904
		3,875,259,557	4,027,789,372
Non-current –			
Advances from a director	23.12	**16,855,000**	17,892,850
		P 3,892,114,557	P 4,045,682,222

Advances from customers pertain to amounts received as deposits in anticipation of future sale of vehicles before title passes to the customer.

Accrued expenses include unpaid salaries and wages, commissions, utilities, supplies, and other operating expenses of the Group.

18. LOANS PAYABLE AND BORROWINGS

This account consists of the following:

	Notes	2019	2018
Current:			
Vehicle stocking loans	18.2	**P3,658,096,406**	P 4,132,408,531
Bank loans	18.1	**164,461,590**	165,352,065
		3,822,557,996	4,297,760,596
Non-current –			
Bank loans	18.1	**228,192,720**	400,668,588
		P4,050,750,716	P 4,698,429,184

18.1 Bank Loans

In 2016, the Parent Company obtained a secured loan amounting to P200,000,000 which represents the initial drawdown of a P700,000,000 loan from a local bank for its working capital requirements. Such loan bears a fixed annual interest based on prevailing market rate and is secured by surety from PGMC and a real estate mortgage over parcels of land owned by PLPI. In 2017, the Parent Company fully paid such loan. Interest expense on this loan amounted to P892,593 in 2017 and is presented as part of Finance Costs and Other Charges under Other Income (Charges) section in the 2017 consolidated statement of comprehensive income (see Note 22.2). There was no unpaid interest as at April 30, 2017.

In 2017, the Parent Company obtained a secured loan amounting to P700,000,000 from a local bank for its working capital requirements and other purposes. Such loan bears a fixed annual interest based on prevailing market rate and is secured by a real estate mortgage over parcels of land owned by PLPI and a building owned by PHPI (see Note 12). Outstanding balance of such loan amounted to P583,333,333 as at April 30, 2017, which was fully paid in 2018. Interest expense on this loan amounted to P15,171,062 in 2018 and P10,873,972 in 2017 and is presented as part of Finance Costs and Other Charges under Other Income (Charges) section in the consolidated statements of comprehensive income. As at April 30, 2017, unpaid interest amounting to P1,078,767 is presented as Trade payables under Trade and Other Payables account in the 2017 consolidated statement of financial position (see Note 17). There was no unpaid interest as at April 30, 2018.

In 2018, the Parent Company obtained a secured loan amounting to P450,000,000 from a local bank for the repayment of the loan obtained in 2017. Such loan bears a fixed annual interest based on prevailing market rate and is secured a real estate mortgage over parcels of land owned by PLPI and a building owned by PHPI (see Note 12). Outstanding balance of such loan amounted to P262,500,000 and P412,500,000 as at April 30, 2019 and 2018, respectively. Interest expense on this loan amounted to P16,306,284 and P4,530,822 in 2019 and 2018, respectively, and is presented as part of Finance Costs and Other Charges under Other Income (Charges) section in the consolidated statements of comprehensive income. There were no unpaid interest as at April 30, 2019 and 2018.

H.R. Owen has an outstanding loan from a financial institution, which bears a fixed annual interest based on prevailing market rate. Outstanding balance of such loan amounted to P130,154,310 and P153,520,653 as at April 30, 2019 and 2018, respectively. Interest expense on this loan amounted to P4,414,517, P6,584,312, and P6,985,961 in 2019, 2018 and 2017, respectively, and is presented as part of Finance Costs and Other Charges under Other Income (Charges) section in the consolidated statements of comprehensive income (see Note 22.2).

18.2 Vehicle Stocking Loans

Manufacturers' vehicle stocking loans and other loans amounting to P2,819,630,475 and P2,790,867,267 as at April 30, 2019 and 2018, respectively, are all at variable, floating commercial rates of interest. These are secured at any time by fixed and floating charges on stocks of new and demonstrator cars and commercial vehicles held. Other third party vehicle stocking loans amounting to P838,465,931 and P1,341,541,264 as at April 30, 2019 and 2018, respectively, are secured by fixed and floating charges on stocks of used cars.

Interest expense incurred related to H.R. Owen's vehicle stocking loans amounted to P141,436,899, P125,897,184, and P113,605,472 in 2019, 2018 and 2017, respectively, and are presented as part of Finance Costs and Other Charges under Other Income (Charges) section in the consolidated statements of comprehensive income (see Note 22.2).

18.3 Reconciliation of Liabilities Arising from Loans Payable

Presented below is the reconciliation of the Group's liabilities arising from bank loans, which include both cash and non-cash changes.

	2019	2018
Balance at beginning of year	**P 566,020,653**	P 998,282,933
Cash flows from financing activities:		
Additional borrowings	**1,122,610,819**	638,826,550
Repayment of borrowings	**(1,363,462,750)**	(1,228,786,160)
Non-cash financing activity – Translation adjustments	**67,485,588**	157,697,330
	P 392,654,310	P 566,020,653

19. REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue recognized from contracts with customers in 2019 from each business segment is as follows:

Motor vehicle dealership:	
Sale of vehicle	P27,113,531,090
Sale of spare parts and accessories	2,199,698,409
Servicing and bodyshop	1,705,062,516
	31,018,292,015
Hotel Operations:	
Room accommodation	91,035,780
Food and beverages	34,488,496
Others	4,846,834
	130,371,110
	P31,148,663,125

The amount of contract liability recognized from advance payments received from customers as at April 30, 2019 is analyzed as follows:

Balance at beginning of year	P 868,724,617
Additions during the year	364,420,647
Amount recognized as revenue	(739,638,954)
Translation adjustment	(42,258,467)
Balance at end of year	**P 451,247,843**

The transaction price allocated to unsatisfied performance obligations recognized as contract liability as at April 30, 2019 is expected to be recognized as revenue within two to three years from the end of the reporting period.

20. OTHER INCOME AND EXPENSES

20.1 Other Income

Other income consists of the following:

	Note	2019	2018	2017
Excess of 7% standard input VAT over actual input VAT related to revenues with the PCSO		**P 27,506,067**	P 33,281,621	P 42,288,155
Net gain on disposal of property and equipment	12	-	562,738	3,395,202
Gain on reversal of impairment loss		-	-	1,528,706
Miscellaneous		**4,209,686**	15,398,255	24,165,632
		P 31,715,753	P 49,242,614	P 71,377,695

Income from excess of 7% standard input VAT over actual input VAT consists of the excess of 7% standard input VAT over actual input VAT on purchases related to revenues with the PCSO.

Miscellaneous income include rental income from sublease of certain properties and unutilized service charge income attributable to the management.

20.2 Other Operating Expenses

Other operating expenses account is composed of the following:

	Notes	2019	2018	2017
Advertising and promotions		**P 1,060,383,210**	P 817,362,588	P 501,254,805
Stationery and office supplies		**111,347,872**	169,241,143	80,069,728
Repairs and maintenance		**92,766,101**	82,398,570	59,148,974
Insurance		**76,836,552**	71,489,082	72,211,800
Outside services		**28,042,646**	26,992,477	65,341,730
Membership fees, dues and subscription		**8,580,968**	5,501,787	4,128,426
Hotel supplies		**5,462,826**	5,797,533	10,499,974
Security services		**3,958,910**	4,472,635	4,382,365
Laundry		**3,417,008**	2,924,039	3,018,579
Computer supplies		**3,343,675**	1,592,079	1,990,233
Commissions		**2,879,186**	3,324,694	5,343,632
Sponsorships		**995,500**	869,498	10,257,708
Net loss on disposal of property and equipment	12	**448,110**	-	-
Provision for losses	29.3	**-**	63,985,202	-
Settlement expense		**-**	40,269,900	-
Miscellaneous expenses		**54,663,052**	68,108,502	113,983,838
		P 1,453,125,619	P1,364,329,729	P 931,631,792

Miscellaneous expenses include gas and oil, store supplies consumable and vehicle storage.

21. EMPLOYEE BENEFITS

21.1 Salaries and Employee Benefits

Details of salaries and employee benefits are presented below.

	2019	2018	2017
Short-term employee benefits:			
Salaries	**P 1,547,469,866**	P 1,630,881,738	P1,494,502,837
Social security cost	**177,370,730**	184,115,759	173,518,187
Fringe benefits	**14,372,705**	13,298,854	12,772,112
Bonuses	**12,003,555**	11,873,020	12,797,871
Compensated absences	**1,438,563**	2,413,900	2,690,502
Health benefits	**1,040,576**	1,184,958	1,271,995
Others	**17,577,430**	17,494,445	16,201,595
	1,771,273,425	1,861,262,674	1,713,755,099
Post-employment benefits:			
Defined benefit plan	**25,532,804**	7,385,839	8,696,218
Defined contribution plan	**21,564,735**	13,037,454	9,673,836
	47,097,539	20,423,293	18,370,054
	P 1,818,370,964	P 1,881,685,967	P1,732,125,153

21.2 Post-employment Defined Benefit Obligation

(a) Characteristics of Defined Benefit Plan

PGMC maintains a tax-qualified, non-contributory post-employment plan covering all regular full-time employees. PHPI, on the other hand, has an unfunded, non-contributory post-employment defined benefit plan covering all regular full-time employees; while H.R. Owen's retirement benefit plan administered by a trustees operates on a pre-funded basis.

(b) Explanation of Amounts Presented in the Consolidated Financial Statements

Actuarial valuations are made annually to update the post-employment benefit costs and the amount of contributions. All amounts presented below and in the succeeding pages are based on the actuarial valuation report obtained from independent actuaries in 2019 and 2018.

The amounts relating to the Group's post-employment benefit obligation (asset) recognized in the consolidated statements of financial position are as follows:

	2019	2018
Present value of the obligation	**P 975,296,747**	P 965,848,887
Fair value of plan assets	**(978,386,216)**	(988,668,490)
	(P 3,089,469)	(P 22,819,603)

These are presented in the consolidated statements of financial position at gross amounts for each defined benefit plan.

The movements in present value of the post-employment defined benefit obligation recognized in the books are as follows:

	2019	2018
Balance at beginning of year	**P 965,848,887**	P 927,419,911
Actuarial loss (gain)	**61,773,156**	(38,605,589)
Current service and interest costs	**55,312,380**	34,534,465
Translation adjustment	**(54,427,752)**	105,940,841
Benefits paid	**(53,209,924)**	(21,805,242)
Liabilities extinguished on settlement	**-**	(41,635,499)
Balance at end of year	**P 975,296,747**	P 965,848,887

The movements in the fair value of plan assets are presented below.

	2019	2018
Balance at beginning of year	P 988,668,490	P 890,300,678
Translation adjustment	(56,651,870)	105,547,404
Benefits paid by the plan	(53,209,924)	(21,805,242)
Actuarial gain (loss)	52,013,039	7,955,631
Interest income	29,862,493	25,407,007
Employer's contribution	17,703,988	22,411,544
Assets distributed on settlement	-	(41,148,532)
Balance at end of year	P 978,386,216	P 988,668,490

The plan assets consist of the following:

	2019	2018
Cash in banks	P 3,759,152	P 4,436,471
Equity securities	659,634,988	664,909,901
Debt securities	305,389,764	310,052,949
Unit investment trust funds	4,108,729	5,009,394
Government bonds	5,287,643	4,259,765
Miscellaneous receivables	205,940	10
	P 978,386,216	P 988,668,490

Cash in banks includes deposit to a trustee bank and a special deposit account with Bangko Sentral ng Pilipinas. The fair values of the above plan asssets, except for miscellaneous receivables which is at Level 3, are determined based on quoted market prices in active markets and are classified as Level 1 of the fair value hierarchy (see Note 28).

The plan assets do not comprise any of the Group's own financial instruments or any of its assets occupied and/or used in its operations.

The components of amounts recognized in profit or loss and in other comprehensive income in respect of the defined benefit post-employment plan are as follows:

	2019	2018	2017
Reported in consolidated profit or loss:			
Past service costs	P 16,463,043	P -	P -
Current service costs	9,069,761	7,872,806	8,696,218
Net interest costs (income)	(82,917)	1,254,652	1,959,021
Settlement (gain) loss	-	(486,967)	-
	P 25,449,887	P 8,640,491	P 10,655,239

	2019	2018	2017
Reported in consolidated other comprehensive income:			
Remeasurement gains (losses) arising from changes in:			
Demographic assumptions	(P 66,015,709)	P 27,900,536	(P 15,641,238)
Financial assumptions	5,469,880	12,024,139	(137,733,728)
Experience adjustments	(1,227,327)	(1,319,086)	12,563,794
Return on plan assets	52,013,219	7,955,631	132,782,636
Share in OCI of an associate	40,280	31,480	-
Tax effect	2,111,418	(9,998,564)	2,065,397
	(P 7,608,239)	P 36,594,136	(P 5,963,139)

Current service cost including settlement gain is allocated and presented as part of Salaries and Employee Benefits under Costs and Operating Expenses section in the consolidated statements of comprehensive income. The net interest cost is included in Finance Costs and Other Charges under Other Income (Charges) section in the consolidated statements of comprehensive income (see Note 22.2).

Settlement gain on the exercise of enhance transfer value is presented as part of Salaries and Employee Benefits under Costs and Operating Expenses section in the consolidated statements of comprehensive income (see Note 21.1).

Amounts recognized in other comprehensive income were included within items that will not be reclassified subsequently to profit or loss.

In determining the amounts of the defined post-employment benefit obligation, the discount rate used by the Group ranges from 2.30% to 6.09% in 2019, 2.70% to 6.37% in 2018, and 2.70% to 5.08% in 2017.

(c) *Risks Associated with the Retirement Plan*

The plan exposes the Group to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

(i) *Investment and Interest Risks*

The present value of the defined benefit obligation is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of a reference government bonds will increase the plan obligation. However, this will be partially offset by an increase in the return on the plan's investments in debt securities and if the return on plan asset falls below this rate, it will create a deficit in the plan. Currently, majority of the plan asset has been invested in equity and debt securities.

(ii) Longevity and Salary Risks

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of the plan participants both during their employment and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

(d) Other Information

The information on the sensitivity analysis for certain significant actuarial assumptions, the Group's asset-liability matching strategy, and the timing and uncertainty of future cash flows related to the retirement plan are described below and in the succeeding page.

(i) Sensitivity Analysis

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the defined benefit obligation as at April 30:

	Maximum Impact on Post-employment Defined Benefit Obligation		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
2019			
Salary rate	**+/- 1.00%**	**P 5,042,562**	**(P 4,551,335)**
Discount rate	**+/- 1.00%**	**(4,334,425)**	**4,952,345**
Turn-over rate	**+/-10.00%**	**(8,368)**	**8,368**
2018			
Salary rate	+/- 1.00%	P 4,694,695	(P 4,694,695)
Discount rate	+/- 1.00%	(4,014,745)	4,014,745
Turn-over rate	+/-10.00%	(17,045)	17,045

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation recognized in the consolidated statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

(ii) Asset-liability Matching Strategies

PGMC, through its BOD, envisions that the investment positions shall be managed in accordance with its asset-liability matching strategy to achieve that long-term investments are in line with the obligations under the retirement scheme. This aims to match the plan assets to the retirement obligations by investing in equities and maintaining cash and cash equivalents that match the benefit payments as they fall due and in the appropriate currency.

There are no asset-liability matching strategies currently being used by H.R. Owen's retirement plan.

(iii) Funding Arrangements and Expected Contributions

The undiscounted expected benefit payment from the plan is expected to be paid more than 15 years from the reporting date. The weighted average duration of the defined benefit obligation at the end of the reporting period is 15 years.

The best estimate of contribution to be paid by H.R. Owen to the plan for the fiscal year 2020 is P14,697,560.

21.3 Post-employment Defined Contribution Plan

H.R. Owen operates a small number of defined contribution pension schemes which are administered by trustees. The contributions recognized in respect of defined contribution plans are expensed as they fall due.

In 2019, 2018 and 2017, post-employment benefit expense for the defined contribution plans amounted to P21,564,735, P13,037,454, and P9,673,836, respectively, and is presented as part of Salaries and Employee Benefits under Costs and Operating Expenses section in the consolidated statements of comprehensive income (see Note 21.1).

22. FINANCE INCOME AND FINANCE COSTS

The components of this account follow:

22.1 Finance Income

	Notes	2019	2018	2017
Interest income	7	**P116,525,036**	P110,277,860	P106,988,671
Dividend income	11.2	**26,552,957**	23,393,052	16,228,724
Foreign currency gains – net		**-**	47,934,001	-
		P143,077,993	P181,604,913	P123,217,395

22.2 Finance Costs and Other Charges

	Notes	2019	2018	2017
Interest expense	18, 21	**P167,426,551**	P155,704,879	P141,814,994
Bank charges		**56,660,722**	36,169,158	32,924,358
Foreign currency losses – net		**24,697,473**	-	71,998,410
Impairment losses	11.2	**-**	210,238,322	2,877,999
Loss on deemed disposal of investment	13.1	**-**	-	99,084,160
		P248,784,746	P402,112,359	P348,699,921

23. RELATED PARTY TRANSACTIONS

The significant transactions of the Group with related parties are described below.

Related Party Category	Notes	Amount of Transactions 2019	Amount of Transactions 2018	Amount of Transactions 2017	Outstanding Balance Receivable (Payable) 2019	Outstanding Balance Receivable (Payable) 2018
Associates:						
Cash advances granted	13.1, 23.1	P 207,117,601	P 469,622,710	P 31,040,000	P 1,798,045,542	P 1,515,841,109
Advances for stock subscription	23.2	-	-	(82,283,456)	-	-
Related party under common ownership:						
Payments for future acquisition of investment securities	8, 23.3	8,478,300	(4,977,146)	(60,378,722)	15,700,778	7,222,478
Management services	8, 23.4	-	-	1,491,243	-	21,752,409
Purchase of spare parts and accessories	17, 23.5	34,563,168	1,440,983	12,941,389	-	(94,132)
Software support services	23.7	21,173,398	20,370,965	19,343,632	-	-
Rental	23.10	6,562,500	6,250,000	6,000,000	-	-
Share in allocated expenses	17, 23.8	(555,705)	432,977	329,392	389,916	945,621
Payment for certain expenses (net)	8, 23.9	-	(87,547)	348,752	-	-
Advance rental	10, 23.10	-	(1,070,000)	1,070,000	12,000,000	12,000,000
Vehicle services	23.9	7,670,050	-	10,307,111	29,355,342	21,752,409
Stockholders –						
Purchase of inventories	17, 23.6	-	-	299,923,200	-	-
Directors, officers and employees:						
Key management compensation	23.11	100,786,597	85,114,299	82,795,789	-	-
Advances	8, 23.12	(916,330)	(332,506)	(377,784)	3,844,196	4,760,526
Sale of vehicles	23.12	232,150,715	79,581,808	-	-	-
Loan obtained	23.13	-	17,892,850	-	16,855,000	17,892,850
Entity owned by a key management personnel –						
Management services	17, 23.4	55,695,000	71,655,000	76,083,000	-	19,947,000
Others –						
Deposits	23.15	(759,873,517)	384,037,094	255,708,180	-	776,434,674

Unless otherwise stated, advances granted to related parties are unsecured, noninterest-bearing and are payable in cash upon demand. These advances have been reviewed for impairment. Based on management's assessment, no impairment loss is required to be recognized.

23.1 Advances to Associates

The Group grants advances to its associates for working capital purposes. These advances are unsecured, noninterest-bearing and due on demand, except for the loan granted to BPPI, NPI and VideoDoc. The balances of these advances, presented as Advances to Associates account in the consolidated statements of financial position as at April 30, are shown below.

	2019	2018
NPI	**P 969,081,553**	P 920,365,229
PLPI	**384,463,660**	373,749,072
BPPI	**351,669,919**	207,692,311
VideoDoc	**90,006,914**	11,311,001
CPI	**2,823,496**	2,723,496
	P1,798,045,542	P1,515,841,109

Since 2013, the Parent Company has an outstanding unsecured loan to NPI, an associate beginning in 2017, amounting to P790,677,694 as of April 30, 2017. The loan is payable in cash to the Parent Company on demand subject to interest based on current bank rate. In 2018, additional loan was advanced to NPI amounting to P86,980,200. In 2019, no additional loan was granted to NPI. Interest income amounting to P45,136,076 in 2019, and P39,917,264 in both 2018 and 2017 is recorded as part of Finance Income under Other Income (Charges) section in the consolidated statements of comprehensive income (see Note 22.1).

In 2009, the Parent Company granted advances to PLPI as a result of the execution of a MOA, which is part of the Group's strategy to acquire an interest in the operation of a hotel located in Makati City (see Note 16). The advance granted was fully collected in 2019. In 2018, additional cash advances, which bear an annual interest rate of 6.00%, were granted by the Group to PLPI amounting to P336,806,800 for the acquisitions of parcels of land. Collections of P5,000,000 and P2,000,000 were also made from PLPI in 2019 and 2018, respectively.

The Parent Company granted advances to CPI amounting to P100,000 each in 2019 and 2018 for its pre-operating activities.

In 2011, the Parent Company provided P100,000,000 loan to BPPI, bearing an annual interest rate of 7.00% payable in cash within two years from the borrowing date. The loan is secured by a guaranty from a major stockholder of BPPI. In 2013, the Parent Company extended the term of this loan for an additional three years. The loan was further extended for another three years in 2016 bearing the same terms with the original loan except that the Parent Company now has the discretion to recall the loan any time prior to maturity; hence, the loan is presented in the consolidated statements of financial position. Interest income amounting to P7,000,000 in 2019, 2018 and 2017 is recorded as part of Finance Income under Other Income (Charges) section in the consolidated statements of comprehensive income (see Note 22.1).

Since 2017, the Parent Company has granted cash advances to BPPI with a total amount of P186,000,000. The advances bear an annual interest rate of 7% and are secured by a guaranty from the other stockholders of BPPI. Out of the total amount, P56,000,000 is payable in cash upon demand while the remaining advances are convertible into equity or payable in cash upon demand. In 2018, the Parent Company made collections from BPPI amounting to P1,000,000. Interest income amounting to P8,440,833 and P812,311 in 2019 and 2018, respectively, is recorded as part of Interest income under Finance Income account in the consolidated statements of comprehensive income (see Note 22.1). There was no interest income earned in 2017 as the advances were granted at year-end.

In 2018, the Group also provided 150,000GBP (equivalent to P10,735,710) unsecured loan to VideoDoc, bearing an annual interest rate of 8.00% payable on each interest payment date from the borrowing date. In 2019, the Group granted a series of additional advances totaling to 1,110,000GBP (equivalent to P77,017,601). No collections were recognized in both in 2019 and 2018. Interest income amounting to P4,615,813 and P575,291 in 2019 and 2018, respectively, is recorded as part of Interest income under Finance Income in the consolidated statements of comprehensive income (see Note 22.1).

The movements of Advances to Associates account recognized in the books are as follows:

	Note	2019	2018
Balance at beginning of year		**P 1,515,841,109**	P 990,024,321
Interest recognized during the year		**83,024,333**	64,970,620
Additions during the year:			
BPPI		**130,000,000**	35,000,000
VideoDoc		**77,017,601**	10,735,710
CPI		**100,000**	100,000
PLPI		**-**	331,030,258
NPI		**-**	86,980,200
Translation Adjustment		**(2,937,501)**	-
		1,803,045,542	1,518,841,109
Collections during the year		**(5,000,000)**	(3,000,000)
Balance at end of year	13	**P1,798,045,542**	P 1,515,841,109

23.2 Advances for Stock Subscription

In 2017, the Parent Company's outstanding advances for stock subscription to NPI were reclassified as part of Investments in Associates account in the 2017 consolidated statement of financial position which represent 41.46% effective ownership interest; hence, obtaining significant influence over NPI. There was no similar transaction in 2019 and 2018.

23.3 Payments for Future Acquisition of Investments

The Group deposited funds to IPSSB on client-trust basis for future acquisition of investment securities. IPSSB, a related party under common ownership, is principally engaged in the business of stockbrokerage. Outstanding balance of deposits to IPSSB for future acquisition of investments as at April 30, 2019 and 2018 amounted to P15,700,778 and P7,222,478, respectively, and are presented as part of Payments for future acquisition of investments under Trade and Other Receivables account in the consolidated statements of financial position (see Note 8). These advance payments are noninterest-bearing and collectible in cash upon demand of the Group.

23.4 Management Service Agreement

Total management fees paid to an entity owned by a key management personnel of the Group based on Management Services Agreement amounted to P55,695,000, P71,655,000, and P76,083,000 in 2019, 2018 and 2017, respectively, and are shown as part of Professional Fees under Costs and Other Operating Expenses section in the consolidated statements of comprehensive income. The net outstanding liability arising from this transaction amounted to P19,947,000 as at April 30, 2018 (nil in 2019) and is presented as Management fee payable under Trade and Other Payables account in the consolidated statements of financial position (see Note 17). The payable arising from this transaction is unsecured, noninterest-bearing and payable in cash within a year.

In 2017, Berjaya Sports Toto Berhad, a related party under common ownership, invoiced a total of P1,491,243 to the Group for the provision of management consultancy services, which is presented as part of Professional Fees under Costs and Other Operating Expenses section in the 2017 consolidated statement of comprehensive income. There was no outstanding liability arising from this transaction as at April 30, 2019 and 2018.

23.5 Purchase of Spare Parts and Accessories

The Group made purchases of imported spare parts and accessories of on-line lottery equipment from International Lottery Totalizator System (ILTS). The outstanding payable related to this transaction amounted to P94,132 as at April 30, 2018 (nil in 2019) and is presented as part of Trade payables under Trade and Other Payables account in the consolidated statements of financial position (see Note 17). The outstanding balance is unsecured, noninterest-bearing and payable in cash within a year.

23.6 Purchase of Inventories

In 2017, Bentley Motors Limited (Bentley Motors) held 26.3% ownership of H.R. Owen. Accordingly, Bentley Motors had been deemed to be a related party throughout the fiscal year ended April 30, 2017. In the normal course of business, the Group purchased a total value of vehicles and parts from Bentley Motors amounting to P299,923,200 in 2017. There are no similar transactions for 2019 and 2018, since H.R. Owen shares were disposed by Bentley Motors in 2017.

23.7 Software Support Services

The Group entered into a Software Support Services Agreement (Software Agreement) with Sports Toto Malaysia Sdn. Bhd. (STMSB), a related party under common ownership, for the maintenance of the Group's on-line lottery equipment. The Software Agreement is automatically renewed annually unless terminated by either party. In 2019, 2018 and 2017, the Group recognized royalty expenses arising from the transaction amounting to P21,173,398, P20,370,965, and P19,343,632, respectively, and are presented as part of Maintenance of Computer Equipment under Costs and Other Operating Expenses section in the consolidated statements of comprehensive income. The Group has no outstanding payable arising from this transaction as at April 30, 2019 and 2018.

23.8 Due to a Related Party

Berjaya Resorts Management Services Sdn Bhd (Berjaya Resorts), a related party under common ownership, allocates costs and expenses to the Group related to advertising and promotion, among others. The outstanding allocated expenses are presented as part of Due to related parties under Trade and Other Payables account in the consolidated statements of financial position (see Note 17). The payable arising from this transaction is unsecured, noninterest-bearing and payable in cash upon demand.

The details of the Group's transactions with Berjaya Resorts are presented below.

	2019	2018
Balance at beginning of year	P 945,621	P 512,644
Expenses incurred during the year	5,152,429	5,306,844
Payments made during the year	(5,708,134)	(4,873,867)
Balance at end of year	P 389,916	P 945,621

23.9 Due from Other Related Parties

In 2016, the Group paid certain expenses in behalf of Taaras Beach & Spa Resort, a related party under common ownership. Total outstanding advances has been fully collected in 2018.

In 2018, H.R. Owen provided vehicle related services to STMSB. The total amount of income recognized in 2018 is presented as part of Servicing and bodyshop under Revenues in the consolidated statements of comprehensive income. The outstanding amount collectible from STMSB amounted to P29,355,342 and P21,752,409 as at April 30, 2019 and 2018, respectively, and are presented as part of Due from related parties under Trade and Other Receivables in the consolidated statements of financial position (see Note 8).

23.10 Lease Agreement with PLPI

In 2012, the Group and PLPI amended its existing lease agreement making the lease term good for one year for an annual rental of P6,000,000 but renewable annually, at the option of the lessee, for a maximum of 25 years. On July 1, 2018, the lease was amended, making the annual rental to P6,615,000, with all other terms being retained.

Total rent expense related to this lease agreement amounted to P6,562,500, P6,250,000 and P6,000,000 in 2019, 2018 and 2017, respectively, and is presented as part of Rental account under Costs and Other Operating Expenses section in the consolidated statements of comprehensive income. The Group also has advance rental to PLPI amounting to P12,000,000 each in April 30, 2019 and 2018, respectively, which are presented as part of Advance rental under Prepayments and Other Current Assets account in the consolidated statements of financial position (see Note 10).

23.11 Key Management Personnel Compensation

The details of key management personnel compensation (from vice-president and up) are as follows:

	2019	2018	2017
Short-term benefits	**P 96,128,058**	P 81,046,700	P 81,795,680
Post-employment benefits	**4,658,539**	4,067,599	1,000,109
	P 100,786,597	P 85,114,299	P 82,795,789

Director emoluments in 2019, 2018 and 2017 amounted to P4,350,000, P4,350,000, and P3,950,000, respectively, and are presented as part of Professional Fees under Costs and Other Operating Expenses section in the consolidated statements of comprehensive income. There were no outstanding payable relating to this compensation as at April 30, 2019 and 2018.

23.12 Transactions with Officers and Employees

In the normal course of business, the Group grants interest-bearing advances to its officers and employees. Outstanding advances to officers and employees amounted to P3,844,196 and P4,760,526 as at April 30, 2019 and 2018, respectively, and are presented as Advances to officers and employees under Trade and Other Receivables account in the consolidated statements of financial position (see Note 8).

In 2018, the Group obtained a 5-year, interest-bearing loan from a director of a subsidiary amounting to 250,000GBP (equivalent to P17,892,850). The loan, which is payable in cash upon maturity on May 4, 2022, bears interest at a rate of 1% above Bank of England base rate per annum. The outstanding balance of the loan amounting to P16,855,000 and P17,892,850 as of April 30, 2019 and 2018, respectively, is presented as Advances from a director under non-current portion of Trade and Other Payables account in the consolidated statements of financial position (see Note 17).

In the normal course of business, the Group sold vehicles on cash basis amounting to P232,150,715 and P79,581,808 to directors in 2019 and 2018, respectively. There was no outstanding balance arising from this transaction as at April 30, 2019 and 2018. Furthermore, total deposits of P23,655,655 and P7,157,140 in 2019 and 2018, respectively, are held by the Group from the directors for future vehicle purchases and is presented in Contract Liabilities account in the consolidated statements of financial position (see Note 19).

23.13 Loan Guarantee

The loans of BPPI from a certain financial institution amounting to P150,000,000 and P220,000,000 as at April 30, 2019 and 2018, respectively, are secured by the Parent Company (see Note 29.4).

23.14 Retirement Plan

The details of the contributions of the Parent Company and benefits paid out by the plan is presented in Note 21.2.

The retirement plan neither provides any gurantee or surety for any obligation of the Group nor its investments covered by any restrictions or liens.

23.15 Deposits

In 2018, a foreign subsidiary company has placements, inclusive of interest receivable, amounting to P776,434,674 with a foreign asset management firm of which a director of the foreign subsidiary company has an interest. These placements are presented as part of Deposits under Trade and Other Receivables account in the 2018 consolidated statement of financial position (see Note 8). These deposits were redeemed by the Group in full in 2019.

23.16 Related Party Transactions that are Eliminated in the Consolidated Financial Statements

The following are the related party transactions (amounts and balances) that are eliminated in the consolidated financial statements:

(a) Advances to Subsidiaries

In 2009, the Parent Company granted advances to PHPI as a result of the execution of a MOA, which is part of the Group's strategy to acquire an interest in the operation of a hotel located in Makati City. The outstanding balance as at April 30, 2019 and 2018 amounted to P646,020,377 and P648,020,377, respectively.

The Company granted a loan to FEC amounting to P40,000,000 in April 2018, which was subsequently paid in full in January 2019. Additional advances amounting to P90,000,000 were granted during 2019 to fund FEC's projects.

In 2019, the Parent Company acquired the sole share in eDoc Holdings from H.R. Owen for a consideration of 1GBP. Consequently, H.R. Owen transferred to the Parent Company the advances it previously granted to eDoc Holdings resulting to a recording of advances to eDoc Holdings and advances from H.R. Owen amounting to P193,322,130 and P193,322,197, in 2019 and 2018, respectively.

(b) Advances from a Subsidiary

In 2017, the Parent Company obtained advances from PGMC amounting to P258,348,250 for working capital requirements and other purposes. The advances are unsecured, noninterest-bearing and payable in cash upon demand, or through offsetting arrangements. Outstanding balance as at April 30, 2019 and 2018 amounted to P342,030,902 and P112,881,839, respectively.

(c) Dividends from a Subsidiary

The Parent Company recognized dividend income amounting to P340,000,000, P650,000,000 and P170,000,000 arising from the declaration of dividends by PGMC in 2019, 2018 and 2017, respectively. Consequently, the Parent Company received the cash dividends of P340,000,000, P440,000,000 and P325,600,000 in 2019, 2018 and 2017, respectively. There were no dividend receivable as at April 30, 2019 and 2018.

24. EQUITY

24.1 Capital Management Objectives, Policies and Procedures

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to shareholders by pricing products and services commensurate with the level of risk.

The Group sets the amount of capital in proportion to its overall financing structure. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

The Group monitors capital on the basis of the carrying amount of equity as presented on the face of the consolidated statements of financial position and also evaluates its capital in terms of debt-to-equity ratio as shown below.

	2019	2018
Total liabilities	**P 8,570,769,898**	P8,995,106,303
Total equity	**9,029,875,294**	8,502,260,698
Debt-to-equity ratio	**0.95 : 1.00**	1.06 : 1.00

24.2 Capital Stock

As at April 30, 2019 and 2018, the Parent Company has 6,000,000,000 authorized shares with P1 par value, of which 4,427,009,132 shares are issued.

As at April 30, 2019 and 2018, there are 142 holders of the Parent Company's total outstanding shares. In November 1948, the Parent Company listed 953,984,448 shares in the Philippine Stock Exchange (PSE). An additional 3,473,024,684 shares were listed in July 2016. The Parent Company's listed shares are bid at P2.61 per share and P5.40 per share as at April 30, 2019 and 2018, respectively.

The Parent Company has 126 stockholders owning 100 or more shares each of the Parent Company's capital stock, as at April 30, 2019 and 2018.

24.3 Treasury Shares

The Parent Company's treasury shares represent the cost of 85,728,277 shares bought back by the Parent Company prior to 2014.

The Parent Company's retained earnings is restricted for dividend declaration to the extent of the cost of treasury shares (see Note 24.5).

24.4 Revaluation Reserves

The movements of Revaluation Reserves follow:

	Note	2019	2018	2017
Revaluation of AFS				
Balance at beginning of year		P 81,442,363	(P 61,531,716)	(P 26,720,406)
Effect of application of PFRS 9		(228,757,664)	-	-
As restated		(147,315,301)	(61,531,716)	(26,720,406)
Net unrealized fair value gains (losses) on AFS financial assets	11.2	(76,598,203)	73,700,839	(44,375,819)
Transfer to retained earnings – Recycling of accumulated fair value loss on disposed financial assets at FVOCI	11.2	17,968,606	-	-
Reclassification adjustments:				
Due to impairment of AFS financial asset	11	-	69,273,240	-
Due to disposal of AFS financial asset	11.2	-	-	9,564,509
Balance at end of year		(P 205,944,898)	81,442,363	(61,531,716)
Measurement of post-employment benefits				
Balance at beginning of year		30,667,341	(5,704,487)	214,171
Net actuarial gain (loss) on remeasurement of post-employment benefit obligation – net of tax		(7,648,519)	36,340,348	(2,745,754)
Actuarial gain (loss) attributable to minority interest		40,280	31,480	(3,172,904)
Balance at end of year		23,059,102	30,667,341	(5,704,487)
Revaluation surplus				
Balance at beginning of year		32,049,054	-	-
Fair value adjustment on property and equipment transferred to investment properties		-	32,049,054	-
Balance at end of year		32,049,054	32,049,054	-
		(P 150,836,742)	P 144,158,758	(P 67,236,203)

24.5 Retained Earnings

In 2015, the BOD of the Parent Company approved the appropriation of retained earnings amounting to P1,150,000,000 for future investments, expansion and various expenditures which are expected to be carried out within the next two to five years in line with the Group's growth plans.

On October 5, 2015, the Parent Company's BOD approved the following resolutions:

(i) increase in authorized capital stock from P2,000,000,000 divided into 2,000,000,000 shares to P6,000,000,000 divided into 6,000,000,000 shares;

(ii) reversal of P4,000,000,000 previously allocated funds for capital expenditures and corporate expansion back to unrestricted retained earnings; and,

(iii) declaration of stock dividends at a rate of 4 common shares for every common share held to be taken from the increase in authorized capital stock.

Consequently, the Parent Company set apart portion of the unappropriated retained earnings amounting to P3,473,024,684 for distribution of stock dividends.

On May 27, 2016, the Parent Company filed the declaration of stock dividends and the increase in authorized capital stock for approval of the SEC. Subsequently, the SEC approved the increase in authorized capital stock on May 31, 2016. Further, on June 6, 2016, the SEC approved the declaration of stock dividends setting the date of record on June 24, 2016 and the date of payment on July 20, 2016.

Consequently on July 20, 2016, the Parent Company issued stock dividends of 3,473,024,684 shares at P1 par value and the amount of retained earnings previously appropriated was reversed.

There were no cash dividends declared in 2019, 2018 and 2017.

25. CURRENT AND DEFERRED TAXES

The components of tax expense relating to profit or loss and other comprehensive income follow:

	2019	2018	2017
Reported in profit or loss:			
Current tax expense:			
Regular corporate income tax (RCIT) at 30% and 20%	**P333,099,769**	P357,431,332	P303,686,910
Minimum corporate income tax (MCIT) at 2%	**798,536**	2,959,486	711,912
Final tax on passive income at 20%, 15% and 7.5%	**526,618**	241,592	466,008
Tax benefit from application of unrecognized MCIT	**-**	-	(4,583,464)
	334,424,923	360,632,410	300,281,366
Deferred tax income relating to the origination, reversal of temporary differences, and unused tax losses	**(3,051,833)**	(48,172,182)	(20,205,905)
	P331,373,090	P312,460,228	P280,075,461
Reported in other comprehensive income –			
Deferred tax expense (income) relating to origination and reversal of temporary differences	**(P 2,299,842)**	P 16,609,042	(P 692,361)

The reconciliation of tax on pre-tax income computed at the applicable statutory rates to tax expense reported in profit or loss follows:

	2019	2018	2017
Tax on pretax income at 30%	**P 350,169,155**	P332,647,749	P295,250,537
Adjustments for:			
Income subjected to lower income tax rates	**(37,651,190)**	(45,114,674)	(18,550,194)
Application of optional standard deduction (OSD)	**4,220,785**	6,313,079	8,637,545
Tax effects of:			
Fixed-asset differences	**13,878,796**	18,054,561	15,491,908
Non-taxable income	**(5,836,679)**	(59,914,208)	(39,381,155)
Non-deductible expenses	**3,449,556**	44,328,475	33,413,052
Unrecognized net operating loss carry over (NOLCO)	**2,518,744**	52,798	-
Expiration of MCIT	**731,019**	240,321	774,828
Expired NOLCO	**537,945**	-	-
Remeasurement of deferred tax asset due to change in UK tax rate	**(354,084)**	686,642	(1,749,552)
Adjustments to current tax for prior years	**-**	13,801,504	749,808
Unrecognized MCIT	**-**	1,363,981	(4,583,464)
NOLCO	**-**	-	(9,977,852)
Tax expense reported in the consolidated profit or loss	**P 331,373,090**	P312,460,228	P280,075,461

The deferred tax assets and liabilities as at April 30 presented in the consolidated statements of financial position relate to the following:

	2019	2018
Deferred tax assets – net:		
Impairment loss	**P 98,195,559**	P 98,195,559
Unrealized foreign currency losses – net	**10,984,189**	3,556,356
Post-employment benefit obligation	**7,936,253**	5,925,292
Unamortized past service cost	**5,085,665**	5,860,135
Unrealized fair value gains on financial assets at FVTPL	**(4,625,629)**	-
	P117,576,037	P113,537,342
Deferred tax liabilities – net:		
Rolled-over and held over capital gains	**P 54,876,711**	P 58,255,756
Post-employment benefit obligation	**4,229,142**	6,088,729
Depreciation in excess of capital allowance	**(3,640,680)**	(3,864,856)
Advance rental	**3,600,000**	3,606,000
MCIT	**(2,297,512)**	(2,229,995)
Capitalized direct cost	**947,594**	1,333,429
NOLCO	**(486,242)**	(860,045)
Other short-term timing differences	**(67,420)**	(71,571)
Security deposit	**-**	(57,458)
Unrealized foreign currency gains	**35,085**	43,911
	P 57,196,678	P 62,243,900

The deferred tax income reported in the consolidated statements of comprehensive income is shown below.

	Consolidated Profit or Loss		
	2019	2018	2017
Deferred tax income:			
Unrealized foreign currency gain (loss) – net	**(P 7,436,659)**	P 14,290,024	(P 19,757,139)
Unrealized fair value gains on financial assets at FVTPL	**4,625,629**	-	-
Post-employment benefit obligation	**(1,341,266)**	1,412,748	2,840,702
Unamortized past service cost	**774,470**	(1,398,571)	(2,602,133)
NOLCO	**373,803**	(322,100)	-
MCIT	**(67,517)**	(546,742)	62,916
Security deposit	**57,458**	(10,719)	(14,700)
Capitalized direct cost	**(31,751)**	(31,749)	(31,748)
Advance rental	**(6,000)**	-	159,597
Impairment losses	**-**	(63,071,497)	(863,400)
Depreciation in excess of capital allowance	**-**	2,591,662	-
Rolled-over and held-over capital gains	**-**	(643,040)	-
Pre-operating expenses	**-**	-	-
Other short-term timing differences	**-**	(442,198)	-
	(P 3,051,833)	(P 48,172,182)	(P 20,205,905)

	Consolidated Other Comprehensive Income		
	2019	2018	2017
Deferred tax expense (income):			
Post-employment benefit obligation	**(P 2,299,842)**	P 9,998,564	(P 692,361)
Investment property	**-**	6,610,478	-
	(P 2,299,842)	P 16,609,042	(P 692,361)

The details of the Group's NOLCO and MCIT, which can be applied against taxable income and RCIT, respectively, follow:

Year Incurred	Amount	Applied: Prior Year	Applied: Current Year	Expired	Balance	Expiry Date
NOLCO						
2019	P 8,854,522	P -	P -	P -	P 8,854,522	2022
2018	1,249,661	-	-	-	1,249,661	2021
2016	1,793,151	-	-	(1,793,151)	-	
	P 11,897,334	**P -**	**P -**	**(P 1,793,151)**	**P 10,104,183**	
MCIT						
2019	P 798,536	P -	P -	P -	P 798,536	2022
2018	2,151,045	-	-	-	2,151,045	2021
2017	711,912	-	-	-	711,912	2020
2016	2,957,475	-	-	(2,957,475)	-	
	P 6,618,968	**P -**	**P -**	**(P 2,957,475)**	**P 3,661,493**	

The Group's NOLCO and MCIT pertain to the Parent Company, PHPI and FEC. In 2019 and 2018, the management has taken a conservative position of not recognizing additional deferred tax assets arising from NOLCO and MCIT since their recoverability and utilization are unlikely at this time based on the assessment of management. In 2019 and 2018, the Parent Company, PHPI and FEC opted to claim itemized deductions, while PGMC continued claiming OSD.

Taxation of H.R. Owen is in accordance with the tax laws of UK. The standard rate of corporate tax in the UK was reduced to 19.00% for the years starting April 1, 2017 and 2018, which was substantively enacted in April 2015. A law was enacted on September 2016 which further reduces the corporate tax to 17% for the year starting April 1, 2020. Consequently, deferred tax assets and liabilities arising from transactions of H.R. Owen have been calculated at 17.00% of the gross sum on the basis that they are expected to unwind after April 1, 2020.

26. EARNINGS PER SHARE

The earnings per share of the Group is presented below.

	2019	2018	2017
Net profit attributable to owners of the Parent Company	**P 830,105,132**	P 785,824,811	P 674,067,840
Divided by weighted average number of outstanding shares	**4,341,280,855**	4,341,280,855	4,341,280,855
Earnings per share	**P 0.19**	P 0.18	P 0.16

The Group has no potentially dilutive instruments; thus, basic and dilutive earnings per share are the same.

27. CATEGORIES, FAIR VALUES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

27.1 Carrying Amounts and Fair Values by Category

The carrying amounts and fair values of the categories of financial assets and financial liabilities presented in the consolidated statements of financial position are shown below and in the succeeding page.

		2019		2018	
	Notes	**Carrying Amounts**	**Fair Values**	Carrying Amounts	Fair Values
Financial Assets					
Loans and receivables:					
Cash and cash equivalents	7	P 1,221,368,609	P 1,221,368,609	P 1,195,177,294	P 1,195,177,294
Trade and other receivables - net	8	1,522,828,563	1,522,828,563	2,620,625,259	2,620,625,259
Financial assets at FVTPL	11.1	63,572,179	63,572,179	-	-
Advances to associates	23.1	1,798,045,542	1,798,045,542	1,515,841,109	1,515,841,109
Refundable deposits	10	67,652,095	67,652,095	50,906,435	50,906,435
Other non-current assets		4,067,488	4,067,488	3,217,271	3,217,271
		P 4,677,534,476	P 4,677,534,476	P 5,385,767,368	P 5,385,767,368
Financial Assets at FVOCI (AFS financial assets)	11.2	P 1,629,811,630	P 1,629,811,630	P 1,199,369,442	P 1,199,369,442

		2019		2018	
	Notes	Carrying Amounts	Fair Values	Carrying Amounts	Fair Values
Financial Liabilities					
Financial liabilities at amortized cost:					
Trade and other payables	17	P 3,785,378,612	P 3,785,378,612	P 3,967,339,248	P 3,967,339,248
Loans payable and borrowings	18	4,050,750,716	4,045,654,828	4,698,429,184	4,709,005,437
		P 7,836,129,328	P 7,831,033,440	P 8,665,768,432	P 8,676,344,685

See Notes 2.4 and 2.10 for a description of the accounting policies for each category of financial instruments. A description of the Group's risk management objectives and policies for financial instruments is provided in Note 4.

27.2 Offsetting of Financial Assets and Financial Liabilities

Currently, financial assets and financial liabilities are settled on a gross basis; however, each party to the financial instrument (particularly related parties) will have the option to settle all such amounts on a net basis through approval by both parties' BOD and stockholders or upon instruction by the Parent Company.

28. FAIR VALUE MEASUREMENT AND DISCLOSURES

28.1 Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement*, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels:

(a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;

(b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,

(c) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Group uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

28.2 Financial Instruments Measured at Fair Value

Quoted equity securities and warrants classified as financial assets at FVOCI and debt securities classified as financial assets at FVTPL are included in Level 1 as their prices are derived from quoted prices in active market that the entity can access at the measurement date except for certain securities measured at cost.

The fair value of shares classified as financial assets at FVOCI decreased by P76,598,203 and P44,375,819 in 2019 and 2017, respectively, and increased by P73,700,839 in 2018. This was presented as Net Unrealized Fair Value Gains (Losses) on Financial Assets at FVOCI under Other Comprehensive Income (Loss) of the consolidated statements of comprehensive income.

In 2019, the Company recognized a fair value gain amounting to P15,148,764 for its debt securities classified as financial assets at FVTPL. These debt securities were previously classified as AFS investments (see Note 11.1).

Moreover, equity securities held in certain investee companies are included in Level 3 since its market value is not quoted in an active market, hence, determined through discounted cash flow valuation technique. The Company uses assumption that are mainly based on market conditions and historical performance of the entity such as discount rate and expected growth rate (see Note 11.2).

The Group has no financial liabilities measured at fair value as at April 30, 2019 and 2018. There were no transfers across the levels of the fair value hierarchy in both years.

28.3 Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed

The table below shows the fair value hierarchy of the Group's classes of financial assets and financial liabilities measured at fair value in the consolidated statements of financial position on a recurring basis as at April 30, 2019 and 2018:

	2019			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Cash and cash equivalents	P 1,221,368,609	P -	P -	P 1,221,368,609
Trade and other receivables	-	-	1,522,828,563	1,522,828,563
Financial assets at FVTPL	63,572,179	-	-	63,572,179
Advances to associates	-	-	1,798,045,542	1,798,045,542
Prepayments and other current assets	-	-	67,652,095	67,652,095
Other non-current assets	-	-	4,067,488	4,067,488
	P 1,284,940,788	P -	P 3,392,593,688	P 4,677,534,476
Financial liabilities:				
Trade and other payables	P -	P -	P 3,785,378,612	P 3,785,378,612
Loans payable and borrowings	-	-	4,045,654,828	4,045,654,828
	P -	P -	P 7,831,033,440	P 7,831,033,440

	2018			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Cash and cash equivalents	P 1,195,177,294	P -	P -	P 1,195,177,294
Trade and other receivables	-	-	2,620,625,259	2,620,625,259
Advances to associates	-	-	1,515,841,109	1,515,841,109
Prepayments and other current assets	-	-	50,906,435	50,906,435
Other non-current assets	-	-	3,217,271	3,217,271
	P 1,195,177,294	P -	P 4,190,590,074	P 5,385,767,368
Financial liabilities:				
Trade and other payables	P -	P -	P 3,967,339,248	P 3,967,339,248
Loans payable and borrowings	-	-	4,709,005,437	4,709,005,437
	P -	P -	P 8,676,344,685	P 8,676,344,685

28.4. Investment Property Measured at Fair Value

The fair value of the Group's investment property (see Note 15) are determined on the basis of the appraisals performed by an independent appraiser with appropriate qualifications. In estimating the fair value of the land, management takes into account the market participant's ability to generate economic benefits by using the assets in their highest and best use. Based on management's assessment, the best use of the Group's non-financial assets indicated above is their commercial utility.

The Level 3 fair value of land was derived using the market comparable approach that reflects the recent transaction prices for similar properties in nearby locations adjusted for differences in key attributes. Under this approach, when sales prices of comparable land in close proximity are used in the valuation of the subject property with no adjustment on the price, fair value is included in Level 2. On the other hand, if the observable recent prices of the reference properties were adjusted for differences in key attributes such as property size, zoning, and accessibility, the fair value is included in Level 3. The most significant input into this valuation approach is the price per square meter, hence, the higher the price per square meter, the higher the fair value. There were no transfers into or out of Level 3 fair value hierarchy in both years.

29. COMMITMENTS AND CONTINGENCIES

The following are the significant commitments and contingencies involving the Group:

29.1 Operating Lease Commitments – PGMC, PHPI and H.R. Owen as Lessees

PGMC and H.R. Owen lease its office and dealership spaces, respectively, under lease agreements from certain lessors, which will expire at various dates from 2017 to 2020. Other lease agreements by H.R. Owen are due until 2027. The lease agreements also provide for renewal options upon mutual consent of both parties.

In 2012, PHPI and PLPI amended its existing lease agreement making the lease term good for one year for an annual rental in 2012 of P6,000,000 but renewable annually for a maximum of 25 years at the option of the lessee. On July 1, 2017, the lease was amended, making the annual rental to P6,250,000, with all the other terms being retained.

Future minimum rental payable related to these leases as at April 30 are as follows:

	2019	2018
Within one year	**P 343,152,984**	P 341,617,786
After one year but not more than five years	**1,248,406,566**	1,144,442,757
More than five years	**1,410,455,997**	1,139,036,501
	P3,002,015,547	P 2,625,097,044

Rental expense arising from these leases amounted to P375,564,027, P357,030,160, and P321,414,367 in 2019, 2018 and 2017, respectively, and is presented as part of Rental under Costs and Other Operating Expenses section in the consolidated statements of comprehensive income.

H.R. Owen's total future minimum lease payments due after one year but not more than five years as shown above include P112,527,890 relating to two properties, which are sub-leased to third parties. Of this amount, P110,151,537 relates to a sub-lease for a single property, which is of the same duration as the Group's own lease, while the sub-lease for the remaining properties amounting to future minimum lease payments of P2,376,353 can be terminated by the third party on six months' written notice.

29.2 Operating Lease Commitments – PGMC as Lessor

PGMC entered into an ELA with PCSO covering the lease of its on-line lottery equipment for a period of three years under certain conditions. Rental income derived from ELA amounted to P1,312,808,936, P1,642,234,495, and P1,601,472,285 in 2019, 2018 and 2017, respectively, and are recognized as Rental under Revenues in the consolidated statements of comprehensive income.

29.3 Injunction Cased and Arbitration

On June 11, 2012, PGMC filed an application for the issuance of a Writ of Preliminary Injunction against PCSO asserting its exclusive rights under the 1995 ELA and its amendments and subsequently filed a request for arbitration at the International Chamber of Commerce court on March 12, 2014.

The Arbitral Tribunal has rendered a Final Award on February 23, 2018 ordering PGMC to pay all of PCSO's reasonable costs and expenses in the arbitration. A provision was recognized and presented as Provision for Losses in the consolidated statements of financial position.

On March 26, 2018, PGMC filed a Petition to Vacate the Final Award (the Petition) with the Makati Regional Trial Court (RTC). On March 28, 2018, PCSO filed a motion for confirmation of the arbitral award. The RTC confirmed the final award on May 25, 2018. Consequently, PGMC filed a motion for reconsideration of the order confirming the final award, while PCSO filed a motion for execution of the final award.

With the extension of ELA in August 2018, PGMC agreed to cause the lifting of the Writ of Preliminary Injunction. Subsequently, the Supreme Court rendered a decision on August 15, 2018 which granted PCSO's petition for certiorari, ruling that the Writ of Preliminary Injunction is deemed lifted.

On March 22, 2019, the RTC, in a Joint Order, granted PGMC's motion for reconsideration and denied PCSO's motion for execution. Further, the RTC decided to conduct a hearing on PGMC's petition to vacate. The cases are now scheduled for trial for the presentation of the parties' evidence on the petition to vacate.

29.4 Surety Agreement

In 2019 and 2018, the Parent Company acted as a surety in favor of a certain financial institution to the loan obtained by BPPI for the latter's working capital requirements (see Note 23.13).

29.5 Contracts

In December 2009, the Parent Company entered into a MOA with the stockholders of TF, whereby the stockholders agreed to sell all their interest in TF and to consent to the sale of TF's assets to PHPI and PLPI for a total consideration of P785,000,000.

29.6 Others

There are other commitments, guarantees, litigations and contingent liabilities that arise in the normal course of the Group's operations which are not reflected in the consolidated financial statements. As at April 30, 2019, management is of the opinion that losses, if any, from these commitments and contingencies will not have material effect on the Group's consolidated financial statements.

30. SUBSEQUENT EVENTS

On June 26, 2019, the BOD of PGMC announced a proposal to issue the remaining 5,000,000 common shares from the unsubscribed capital of PGMC.

On June 27, 2019, the BOD of BPI expressed its intention not to exercise its preemptive rights on the issuance of new shares of PGMC and executed a waiver to that effect. Further, the BOD also authorized the sale of 1,000,000 common shares of PGMC for a total of consideration of P117,500,000. This reduced BPI's ownership over PGMC to 80%.

On July 3, 2019, PGMC issued the remaining 5,000,000 shares, on which BPI did not subscribe further reducing BPI ownership over PGMC to 40%. As a result of the reduction in ownership, BPI lost its control over PGMC but has retained significant influence through the remaining shares. The investment in PGMC was reclassified from a subsidiary to an associate.

COVER SHEET
for
AUDITED FINANCIAL FINANCIAL STATEMENTS

SEC Registration Number

P R E W A R 4 7 6

COMPANY NAME

B E R J A Y A P H I L I P P I N E S I N C .

A N D S U B S I D I A R I E S

PRINCIPAL OFFICE *(No./Street/Barangay/City/Town)Province)*

9 T H F L O O R R U F I N O P A C I F I C T O W E R

6 7 8 4 A Y A L A A V E N U E M A K A T I C I T Y

Form Type	Department requiring the report	Secondary License Type, If Applicable
1 7 - A	S E C	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
blaw@attglobal.net	811-0668	

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
142	Any day in October	APRIL 30

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
TAN ENG HWA	tanenghwa@gmail.com		

Contact Person's Address

9th Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City

Note 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2: All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

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Report of Independent Auditors to Accompany Supplementary Information Required by the Securities and Exchange Commission Filed Separately from the Basic Consolidated Financial Statements

Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 988 2288

The Board of Directors and the Stockholders
Berjaya Philippines Inc. and Subsidiaries
[A Subsidiary of Berjaya Lottery Management (HK) Limited]
9th Floor, Rufino Pacific Tower
6784 Ayala Avenue, Makati City

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Berjaya Philippines Inc. and Subsidiaries (the Group) for the year ended April 30, 2019, on which we have rendered our report dated August 7, 2019. Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The applicable supplementary information (see List of Supplementary Information) is presented for purposes of additional analysis in compliance with the requirements of Securities Regulation Code Rule 68, as amended, and is not a required part of the basic consolidated financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information is the responsibility of the Group's management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

By: **Romualdo V. Murcia III**
Partner

CPA Reg. No. 0095626
TIN 906-174-059
PTR No. 73333697, January 3, 2019, Makati City
SEC Group A Accreditation
Partner - No. 0628-AR-3 (until Nov. 29, 2019)
Firm - No. 0002-FR-5 (until Mar. 26, 2021)
BIR AN 08-002511-22-2016 (until Oct. 3, 2019)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Jul. 24, 2021)

August 7, 2019

Berjaya Philippines Inc. and Subsidiaries
List of Supplementary Information
April 30, 2019

Berjaya Philippines Inc. and Subsidiaries
SEC Released Amended SRC Rule 68
Annex 68-E
Schedule A - Financial Assets
April 30, 2019

Name of Issuing Entity and Association of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Statement of Financial Position	Income Received and Accrued
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME			
Equity securities	123,950,595	P 1,626,785,134	P 26,552,957
Others	6,000,000	3,026,496	-
	129,950,595	1,629,811,630	26,552,957
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			
Debt securities	40,330,000	63,572,179	1,416,643
Total	**170,280,595**	**P 1,693,383,809**	**P 27,969,600**

Berjaya Philippines Inc. and Subsidiaries
SEC Released Amended SRC Rule 68
Annex 68-E
Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
April 30, 2019

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Deductions: Amounts Collected	Deductions: Amounts Reclassified	Deductions: Amounts Written off	Balance at End of Period
Related Parties:						
Berjaya Pizza Philippines Inc.	P 207,692,311	P 143,977,608	-	P -	P -	P 351,669,919
Inter-Pacific Securities Sdn Berhad	7,222,478	318,718,100	(310,239,800)	-	-	15,700,778
Sports Toto Malaysia Sdn. Bhd	21,752,409	7,602,933	-	-	-	29,355,342
Perdana Land Philippines Inc.	373,749,072	21,907,200	(11,192,612)	-	-	384,463,660
Cosway Philippines Inc.	2,723,496	100,000	-	-	-	2,823,496
Neptune Properties, Incorporated	920,365,229	48,716,324	-	-	-	969,081,553
VideoDoc Limited	11,311,001	78,695,913	-	-	-	90,006,914
Total	P 1,544,815,996	P 619,718,078	(P 321,432,412)	P -	P -	P 1,843,101,662

Berjaya Philippines Inc. and Subsidiaries
SEC Released Amended SRC Rule 68
Annex 68-E
Schedule C - Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements
April 30, 2019

			Deductions		Ending Balance		
Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written off	Current	Non-current	Balance at End of Period
Perdana Hotel Philippines Inc.	P 648,020,377	P -	(P 2,000,000)	P -	P 646,020,377	P -	P 646,020,377
eDoc Holdings Limited	-	193,322,130	-	-	193,322,130	-	193,322,130
Total	P 648,020,377	P 193,322,130	(P 2,000,000)	P -	P 839,342,507	P -	P 839,342,507

Berjaya Philippines Inc. and Subsidiaries
SEC Released Amended SRC Rule 68
Annex 68-E
Schedule D - Intangible Assets - Other Assets
April 30, 2019

Description	Balance at Beginning of Period	Additions at Cost	Deductions: Charged to Cost and Expenses	Deductions: Charged to Other Accounts	Other Changes -Additions (Deductions)	Balance at End of Period
Intangible Assets:						
Goodwill	P 1,205,393,035	P -	P -	P -	(P 49,029,728)	P 1,156,363,307
Dealership rights	740,580,624	-	-	-	(42,956,354)	697,624,270
Customer relationship	32,021,545	-	(4,066,160)	-	(1,769,254)	26,186,131
Total	P 1,977,995,204	P -	(P 4,066,160)	P -	(P 93,755,336)	P 1,880,173,708

Berjaya Philippines Inc. and Subsidiaries
SEC Released Amended SRC Rule 68
Annex 68-E
Schedule E - Long-term Debt
April 30, 2019

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount Shown under Caption "Current Portion of Long-term Debt" in Relation to Statement of Financial Position	Amount Shown under Caption "Long-term Debt" in Relation to Statement of Financial Position
Loans Payable	P 392,654,310	P 164,461,590	P 228,192,720

Berjaya Philippines Inc. and Subsidiaries
SEC Released Amended SRC Rule 68
Annex 68-E
Schedule F - Indebtedness to Related Parties (Long-term Loans from Related Companies)
April 30, 2019

Name of Related Party	Amount Authorized by Indenture	Balance at Beginning of Period	Balance at End of Period

NOT APPLICABLE
The Group has no indebtedness to related parties as at April 30, 2019.

Berjaya Philippines Inc. and Subsidiaries
SEC Released Amended SRC Rule 68
Annex 68-E
Schedule G - Guarantees of Securities of Other Issuers
April 30, 2019

Name of Issuing Entity of Securities Guaranteed by the Company for which this Statement is Filed	Title of Issue of Each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owned by Person for which this Statement is Filed	Nature of Guarantee
Berjaya Pizza Philippines Inc. (BPPI)*	Loan	P 150,000,000	P 150,000,000	Corporate guarantee

** The loans of BPPI from a certain local financial institution are secured by Berjaya Philippines Inc.*

Berjaya Philippines Inc. and Subsidiaries
SEC Released Amended SRC Rule 68
Annex 68-E
Schedule H - Capital Stock
April 30, 2019

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding as shown under the Related Balance Sheet Caption	Number of Shares Reserved for Options, Warrants, Conversion and Other Rights	Number of Shares Held by		
				Related Parties	Directors, Officers and Employees	Others
Common shares - P1 par value	6,000,000,000	4,341,280,855	-	3,831,443,430	981	509,836,444

BERJAYA PHILIPPINES INC. AND SUBSIDIARIES
(A Subsidiary of Berjaya Lottery Management (HK) Limited)
Schedule of Philippine Financial Reporting Standards and Interpretations
Adopted by the Securities and Exchange Commission and the
Financial Reporting Standards Council as at April 30, 2019

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements		✓		
Conceptual Framework Phase A: Objectives and Qualitative Characteristics		✓		
Practice Statement Management Commentary				✓
Philippine Financial Reporting Standards (PFRS)				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✓		
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters	✓		
	Amendments to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters	✓		
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters	✓		
	Amendments to PFRS 1: Government Loans	✓		
	Amendments to PFRS 1: Deletion of Short-term Exemptions	✓		
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
	Amendments to PFRS 2: Classification and Measurement of Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations	✓		
	Amendment to PFRS 3: Remeasurement of Previously Held Interests in a Joint Operation* *(effective January 1, 2019)*			✓
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PFRS 4: Applying PFRS 9, *Financial Instruments*, with PFRS 4, *Insurance Contracts* * *(effective January 1, 2018)*			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Transition	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures – Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures	✓		
PFRS 8	Operating Segments	✓		
PFRS 9	Financial Instruments (2014)	✓		
	Amendments to PFRS 9: Prepayment Features with Negative Compensation* *(effective January 1, 2019)*	✓		
PFRS 10	Consolidated Financial Statements	✓		
	Amendments to PFRS 10: Transition Guidance	✓		
	Amendments to PFRS 10: Investment Entities	✓		
	Amendments to PFRS 10: Investment Entities – Applying the Consolidation Exception	✓		
	Amendments to PFRS 10: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* *(effective date deferred indefinitely)*			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PFRS 11	Joint Arrangements			✓
	Amendments to PFRS 11: Transition Guidance			✓
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations			✓
	Amendment to PFRS 11: Remeasurement of Previously Held Interests in a Joint Operation* *(effective January 1, 2019)*			✓
PFRS 12	Disclosure of Interests in Other Entities	✓		
	Amendments to PFRS 12: Transition Guidance	✓		
	Amendments to PFRS 12: Investment Entities	✓		
	Amendments to PFRS 10: Investment Entities – Applying the Consolidation Exception	✓		
PFRS 13	Fair Value Measurement	✓		
PFRS 14	Regulatory Deferral Accounts			✓
PFRS 15	Revenue from Contracts with Customers	✓		
PFRS 16	Leases* *(effective January 1, 2019)*			✓
PFRS 17	Insurance Contracts* *(effective January 1, 2021)*			✓
Philippine Accounting Standards (PAS)				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	✓		
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Amendments to PAS 1: Disclosure Initiative	✓		
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
	Amendments to PAS 7: Disclosure Initiative	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events After the Reporting Period	✓		
PAS 12	Income Taxes	✓		
	Amendments to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
	Amendments to PAS 12 - Recognition of Deferred Tax Assets for Unrealized Losses	✓		
	Amendment to PAS 12 - Tax Consequences of Dividends* *(effective January 1, 2019)*			✓
PAS 16	Property, Plant and Equipment	✓		
	Amendments to PAS 16: Bearer Plants	✓		
	Amendments to PAS 16: Clarification of Acceptable Methods of Depreciation and Amortization	✓		
PAS 17	Leases	✓		
PAS 19 (Revised)	Employee Benefits	✓		
	Amendments to PAS 19: Defined Benefit Plans - Employee Contributions	✓		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendments: Net Investment in a Foreign Operation	✓		
PAS 23 (Revised)	Borrowing Costs	✓		
	Amendment to PAS 23: Eligibility for Capitalization	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans	✓		
PAS 27 (Revised)	Separate Financial Statements			✓
	Amendments to PAS 27: Investment Entities			✓
	Amendments to PAS 27: Equity Method in Separate Financial Statements			✓
PAS 28 (Revised)	Investments in Associates and Joint Ventures	✓		
	Amendments to PAS 28: Investment Entities - Applying the Consolidation Exception	✓		
	Amendments to PFRS 10: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* *(effective date deferred indefinitely)*			✓
	Amendment to PAS 28: Measurement of Investment in Associates at Fair Value through Profit or Loss	✓		
	Amendment to PAS 28: Long-term Interest in Associates and Joint Venture* *(effective January 1, 2019)*			✓

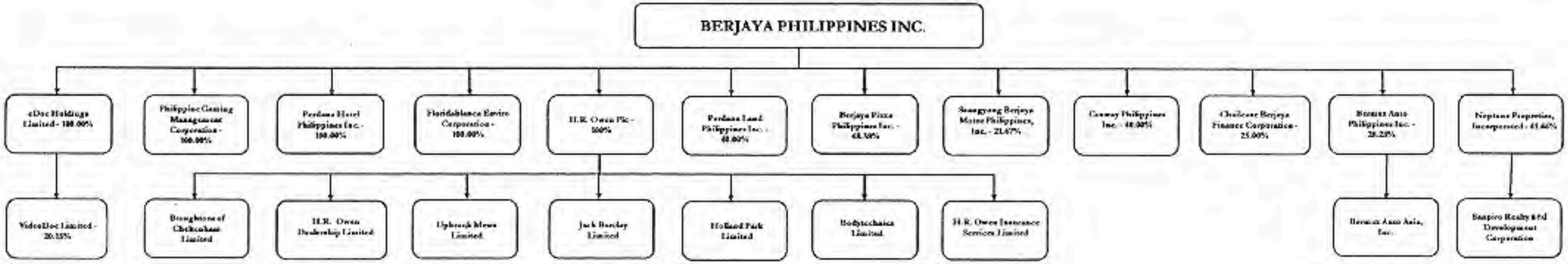
PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	✓		
	Amendments to PAS 32: Classification of Rights Issues	✓		
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
PAS 33	Earnings Per Share	✓		
PAS 34	Interim Financial Reporting			✓
PAS 36	Impairment of Assets	✓		
	Amendment to PAS 36: Recoverable Amount Disclosures for Non-financial Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets	✓		
	Amendments to PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization	✓		
PAS 40	Investment Property	✓		
	Amendment to PAS 40: Reclassification to and from Investment Property	✓		
PAS 41	Agriculture			✓
	Amendments to PAS 41: Bearer Plants			✓
Philippine Interpretations - International Financial Reporting Interpretations Committee (IFRIC)				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	✓		
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓		
IFRIC 5	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities Arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29, Financial Reporting in Hyperinflationary Economies			✓
IFRIC 9	Reassessment of Embedded Derivatives**	✓		
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives**	✓		
IFRIC 10	Interim Financial Reporting and Impairment	✓		
IFRIC 12	Service Concession Arrangements			✓
IFRIC 14	PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC - 14, Prepayments of a Minimum Funding Requirement and their Interaction			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments**	✓		
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies			✓
IFRIC 22	Foreign Currency Transactions and Advance Consideration	✓		
IFRIC 23	Uncertainty Over Income Tax Treatments* (effective *January 1, 2019*)			✓
Philippine Interpretations - Standing Interpretations Committee (SIC)				
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers			✓
SIC-15	Operating Leases - Incentives			✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders**	✓		
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease**	✓		
SIC-29	Service Concession Arrangements: Disclosures			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services**	✓		
SIC-32	Intangible Assets - Web Site Costs	✓		

* These standards will be effective for periods subsequent to fiscal year 2019 and are not early adopted by the Group.

** These standards have been adopted in the preparation of consolidated financial statements but the Group has no significant transactions covered in both years presented.

BERJAYA PHILIPPINES INC. AND SUBSIDIARIES
(A Subsidiary of Berjaya Lottery Management (HK) Limited)
9th Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City
(Amounts in Philippine Pesos)

Map Showing the Relationship Between and Among the Company and its Related Parties
April 30, 2019



BERJAYA PHILIPPINES INC. AND SUBSIDIARIES
[A Subsidiary of Berjaya Lottery Management (HK) Limited]
9th Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City
(Amounts in Philippine Pesos)

Reconciliation of Retained Earnings Available for Dividend Declaration
For the Year Ended April 30, 2019

Unappropriated Retained Earnings at Beginning of Year, as Reported in the Audited Financial Statements		P 1,850,831,220
Prior Years' Outstanding Reconciling Items, net of tax		
Impairment loss	210,238,322	
Deferred tax income	(63,071,497)	
Unrealized foreign currency gain	(47,880,959)	
Deferred tax expense	14,364,288	113,650,154
Unappropriated Retained Earnings Available for Dividend Declaration at Beginning of Year, as Adjusted		1,964,481,374
Net Profit Actually Earned during the Year		
Net profit per audited financial statements	449,649,443	
Unrealized foreign currency loss	24,886,841	
Realized fair value loss on disposal of financial assets at FVOCI	(17,968,606)	
Unrealized fair value gain on financial assets at FVTPL	(15,418,764)	
Deferred tax income	(7,466,053)	
Deferred tax expense	4,625,629	438,308,490
Unappropriated Retained Earnings Available for Dividend Declaration at End of Year		**P 2,402,789,864**

The Company plans to appropriate portions of available retained earnings for business expansions within three to five years.

Berjaya Philippines Inc. and Subsidiaries
[A Subsidiary of Berjaya Lottery Management (HK) Limited]
9th Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City
(Amounts in Philippine Pesos)

Financial Indicators
April 30, 2019

Financial Indicators	Computation 2019	Computation 2018	Ratio 2019	Ratio 2018
Quick ratio				
Cash and cash equivalents + Trade and other receivables - net + Advances to associates	4,546,086,910	5,331,643,662	0.56	0.63
Total Current Liabilities	8,168,050,991	8,426,949,871		
Current/liquidity ratio				
Total Current Assets	11,055,696,825	10,950,134,994	1.35	1.30
Total Current Liabilities	8,168,050,991	8,426,949,871		
Debt-to-equity ratio				
Total Liabilities	8,570,769,898	8,995,106,303	0.95	1.06
Total Equity	9,029,875,294	8,502,260,698		
Debt-to-assets ratio				
Total Liabilities	8,570,769,898	8,995,106,303	0.49	0.51
Total Assets	17,600,645,192	17,497,367,001		
Equity-to-assets ratio				
Total Equity	9,029,875,294	8,502,260,698	0.51	0.49
Total Assets	17,600,645,192	17,497,367,001		
Return on assets				
Net Profit	835,857,426	796,365,600	0.05	0.05
Total Assets	17,600,645,192	17,497,567,001		
Return on equity				
Net Profit	835,857,426	796,365,600	0.09	0.09
Total Equity	9,029,875,294	8,502,260,698		
Earnings per share				
Net Profit Attributable to Owners of the Parent Company	830,105,132	785,824,811	0.19	0.18
Weighted Average Number of Outstanding Common Shares	4,341,280,855	4,341,280,855		

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) §

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **DR. GEORGE T. YANG**, Filipino, of legal age and a resident of Urdaneta Village, Makati City, Metro Manila, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an independent director of BERJAYA PHILIPPINES INC. and have been its independent director since 12 November 1996.

2. I am affiliated with the following companies or organizations (including government-owned and controlled corporations), and my educational attainment is likewise listed below:

COMPANY/ORGANIZATION	POSITION / RELATIONSHIP	PERIOD OF SERVICE
Philippine Gaming Management Corporation	Independent Director	1996 to date
Golden Arches Development Corporation (McDonald's Philippines)	Chairman and Founder	1981 to date
First Georgetown Ventures, Inc.	Chairman of the Board	
MDS Call Solutions Inc.	Chairman of the Board	
Advance Food Concepts Mfg. Inc.	Chairman of the Board	
Ronald McDonald's House Charities	Chairman of the Board	
Klassikal Music Foundation Inc.	Chairman of the Board	2008 to date
Trojan Computer Forms, Inc.	Chairman of the Board	
Canyon Hills and Marina Inc.	Chairman of the Board	
Canyon Hills Real Estate and Development Inc.	Chairman of the Board	
GY Alliance Concepts Inc.	Chairman of the Board	
Northview Builder and Development Corporation	Chairman of the Board	
Laurel Lakeside Corp.	Chairman of the Board	
Golden Arches Realty Corporation	Chairman and President	
Paseo Premier Residences Inc.	Chairman	
Paseo Dormitories Inc.	Chairman	
Lead Logistics Innovations Inc	Chairman	
Fast Serve Solutions Systems Inc.	Chairman	
Clark Mac Enterprises Inc.	Chairman	
Creative Gateway Inc.	Chairman	
Davao City Food Industries Inc.	Chairman	
Golden City Food Industries Inc.	Chairman	
First Golden Laoag Ventures Inc.	Chairman	

First Creative Arch Restaurant Corporation	Chairman	
First Premiere Arches Restaurants Inc.	Chairman	
Golden Laoag Foods Corporation	Chairman	
Molino First Golden Food Inc.	Chairman	
Onzal Development Corporation	Chairman	
Prime Arch Creative Restaurants Inc.	Chairman	
Retiro Golden Foods Inc.	Chairman	
Oceonfront Properties Inc.	Vice-Chairman	
TransAire Development Holdings Corporation	Vice-Chairman	
Ayala Center Association	Member of the Board of Governors	
The Tower Club, Inc.	Member of the Board of Governors	
San Beda College Manila	Member of the Board of Trustees	
Consular Corps of the Philippines	Past Member & Dean	
Wharton School, University of Pennsylvania	Master in Business Administration	
State of Eritrea	Consul General *ad honorem*	

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of BERJAYA PHILIPPINES INC. as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to any director, officer or substantial shareholder of BERJAYA PHILIPPINES INC. other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code (where applicable

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

7. I shall inform the Corporate Secretary of BERJAYA PHILIPPINES INC. of any changes in the abovementioned information within five (5) days from its occurrence.

Executed this 24th day of September 2019 at Makati City, Metro Manila.

DR. GEORGE T. YANG
Affiant

SUBSCRIBED AND SWORN to before me this 24th day of September 2019 at the City of Makati, Metro Manila, affiant personally appeared before me and exhibited to me his Philippine Passport number P5880290A issued at the DFA on 2 February 2018.

CHARLES FRANCIS C. DECANGHON
Commission No. M-378
Notary Public – City of Makati
Until 31 December 2019
Bernas Law Offices
8th Floor Raha Sulayman Bldg., 108 Benavides St.,
Legaspi Village, Makati City
IBP Membership No. 063009 / 03 January 2019 / RSM
PTR No. 7333389 / 03 January 2019 / Makati City
Roll of Attorneys No. 70008

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Book No. III;
Series of 2019

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) §

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **JAIME Y. LADAO**, Filipino, of legal age and a resident of the Ritz Towers, Makati City, Metro Manila, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **BERJAYA PHILIPPINES INC**. and have been its independent director since 23 March 2010.
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY / ORGANIZATION	POSITION / RELATIONSHIP	PERIOD OF SERVICE
Berjaya Philippines Inc.	Independent Director, Chairman of the Audit and Nomination Committees	2010 to present
Philippine Dispute Resolution Center Inc.	Member	20 years
Corporate Governance Institute of the Philippines Inc.	Member	5 years
Dun & Bradstreet Philippines Inc.	Member	17 years
Financial Executive Institute of the Philippines	Member	50 years
Boy Scouts of the Philippines	National President and Member	3 years
Management Association of the Philippines	Past Board Member and Treasurer	1986 to 2014
Australian Institute of Corporate Directors	Fellow	5 years
Consumer Credit Score Philippines Inc. (licensed to issue FICO Consumer and SME Scores in the Philippines)	Founder and Executive Chairman	2 years
San Miguel Corporation	Independent Director, Member of the Executive Committee, and former Chair of the Audit Committee	2 years
Philippine Rating and Services Corporation	Founder and Past President	

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **BERJAYA PHILIPPINES INC**. as

provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to any director, officer or substantial shareholder of **BERJAYA PHILIPPINES INC**. other than the relationship provided under Rule 38 of the Securities Regulation Code.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

7. I shall inform the Corporate Secretary of **BERJAYA PHILIPPINES INC**. of any changes in the abovementioned information within five days from its occurrence.

Executed this 19th day of June 2019 at Makati City, Metro Manila.

JAIME Y. LADAO
Affiant

SUBSCRIBED AND SWORN to before me this 19th day of June 2019 at the City of Makati, Metro Manila, affiant personally appeared before me and exhibited to me his Passport with number EC3891219 issued at DFA NCR South on 9 April 2015.

DIANA ANN E. SOMERA
Commission No. M-46
Notary Public – City of Makati
Until 31 December 2019
Bernas Law Offices
8th Floor Raha Sulayman Bldg., 108 Benavides St.
Legaspi Village, Makati City
IBP Membership No. 063010 / 03 January 2019 / Makati City
PTR No. 7333388 / 03 January 2019 / Makati City
Roll of Attorneys No. 69352

Doc. No. 1686;
Page No. 24;
Book No. IV;
Series of 2019.