COVER SHEET

P	R	E	W	A	R	4	7	6

S.E.C. Registration Number

B E R J A Y A P H I L I P P I N E S
I N C .

(Company's Full Name)

9 F 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 C O R .
H E R R E R A S T R E E T M A K A T I

Business Address: No. Street City/Town/Province

Atty. Malu Sia-Bernas
Contact Person

811-0668/810-1814
Company/Telepone Number

Month Day

SEC Form - 20IS
AMENDED Definitive Information Statement
FORM TYPE

Month Day

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

Remarks - pls. use black ink for scanning purposes

BERJAYA

7 October 2020

Dear Stockholder,

Please take notice that an annual meeting of the stockholders of BERJAYA PHILIPPINES INC. will be held this year on 9 November 2020 at 9:00 a.m. by zoom. To join the meeting, please submit your name and email address to us at the address below, not later than 21 October 2020:

BCOR Corporate Secretary <corpsec@bernaslaw.com>

Once the office has validated your identity, a notice will be sent to your email for confirmation of your attendance and for guidelines on joining the meeting.

If you are attending by proxy, please send us your proxies or Secretary's Certificates at the same e-mail address not later than ten (10) days before the date of the meeting. Scanned copy of the forms should be sent to the above-mentioned email address.

Please download the zoom app on your computers, iPad and mobile phones to be able to access the meeting.

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 Annual Stockholders' Meeting held on 8 October 2019.
4. Ratification of Corporate Acts of the Board of Directors for the year ended 30 June 2020
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

AMENDED 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 9 November 2020, at 9:00 a.m. by remote communication or video-conference.

   To join the meeting, shareholders are instructed to submit their name and email address at the address below, not later than 21 October 2020 for identity validation and sending of guidelines on joining the meeting:

   BCOR Corporate Secretary <corpsec@bernaslaw.com>

9. Approximate date on which the Information Statement is first to be sent or given to security holders - 16 October 2020

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 June 2020 : Php 9,462,073,525

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 9 November 2020, at 9:00 a.m. by remote communication or video-conference.

Consistent with what is stated in the Notice, to join the meeting, shareholders are instructed to submit their name and email address at the address below, not later than 21 October 2020 for identity validation and sending of guidelines on joining the meeting:

BCOR Corporate Secretary <corpsec@bernaslaw.com>

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 16 October 2020 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 9 November 2020 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 ownership 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	358,470	358,470.00	358,470.00	0.0083	7
FILIPINO	507,003,909	507,003,909.00	507,003,909.00	11.6787	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 presented as information in this Statement is as of 9 October 2020.

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 1 September 2020.

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.

In the previous Annual Stockholders' Meeting held on 8 October 2019, cumulative voting was practiced. A shareholder's one share was entitled to one vote. Stockholders were provided with paper where they wrote their votes and signed thereon. For every resolution, stockholders were asked by the director presiding whether there were any questions. Stockholders did stand up at the center aisle in front of the microphone and proceeded to ask questions. Motions were duly made and seconded for every matter. The list of directors who attended the meeting, the directors elected, the appointment of the external auditor, and all the matters taken up, including the officers elected during the subsequent Organizational Meeting of the Board which followed the Annual Stockholders' Meeting were reported to the SEC and PSE in the Current Report under SEC Form 17-C.

Security Ownership of Certain Record and Beneficial Owners

Holders

As of the record date of 1 September 2020, 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 the record date of 1 September 2020 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 the record date of 1 September 2020 the Issuer holds in its name a total of eighty five million seven hundred twenty eight thousand four hundred thirty five (85,728,435) treasury shares.

As of 15 October 2020 the Issuer holds in its name a total of eighty five million seven hundred twenty eight thousand three hundred sixty (85,728,360) 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.

* On 28 April 2020, the Corporation set aside ₱2 billion from the Issuer's retained earnings for future corporate expansion for the next two years.

(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 15 October 2020 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 President of the Corporation, Wong Ee Coln	Filipino	85,728,360	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 15 October 2020 are as follows:

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Number of Shares Held	Percentage Held
Common	Wong Ee Coln	₱ 3.21	Malaysian	1	0.00%
Common	Seow Swee Pin	₱ 256.80	Malaysian	80	0.00%
Common	George T. Yang	₱ 256.80	Filipino	80	0.00%
Common	Casey M. Barleta	₱ 3.21	Filipino	1	0.00%
Common	Jimmy S. Soo	₱ 240.75	Filipino	75	0.00%
Common	Poncevic M. Ceballos	₱ 3.21	Filipino	1	0.00%
Common	Tan Eng Hwa	₱ 256.80	Malaysian	80	0.00%
Common	Jose A. Bernas	₱ 256.80	Filipino	80	0.00%
Common	Marie Lourdes Bernas	₱ 1,605.00	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 15 October 2020 which is three pesos and twenty one centavos (₱ 3.21) 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.	Seow Swee Pin	Director / Chairman	Malaysian
2.	Wong Ee Coln	Director / President	Malaysian
3.	George T. Yang*	Director	Filipino
4.	Tan Eng Hwa	Director / Treasurer	Malaysian
5.	Casey M. Barleta *	Director	Filipino
6.	Jimmy S. Soo	Director	Filipino
7.	Dean Poncevic M. Ceballos	Director	Filipino
8.	Jose A. Bernas	Corporate Secretary	Filipino
9.	Marie Lourdes Bernas	Assistant Corporate Secretary	Filipino

* The independent directors, Messrs. George T. Yang, and Casey M. Barleta 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. Casey M. Barleta is the second independent director of the Issuer. Mr. Tan Eng Hwa, a stockholder and the Treasurer nominated Mr. Barleta in a meeting of the Board on 17 August 2020, to serve the unexpired term of Tan Sri Dato Dr. Seri Ibrahim Bin Saad. Messrs. Barleta and Tan are not related to each other.

The members of the Nomination Committee are Messrs. Tan Eng Hwa, Casey M. Barleta, and Seow Swee Pin, with Mr. Barleta 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 current independent director Mr. Yang may serve as independent director until the year 2021, while Mr. Barleta may serve as independent director until the year 2029 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.	Seow Swee Pin	63	Director and Chairman of the Board Berjaya Philippines Inc. 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

2.	Dr. George T. Yang	81	Independent Director: Berjaya Philippines Inc. Philippine Gaming Management Corporation Chairman and Founder: Golden Arches Development Corporation (McDonald's Philippines) Chairman of the Board: Ronald McDonald's House Charities First Georgetown Ventures, Inc. MDS Call Solutions Inc. Advance Food Concepts Mfg. Inc. Klassikal Music Foundation Inc. 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 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 Former Dean: Consular Corps of the Philippines (2014) Doctor of Humanities, *honoris causa* De La Salle University Jose Rizal 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
3. Jimmy S. Soo	62	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. Member: Integrated Bar of the Philippines Managing Partner: Soo Gutierrez Leogardo & Lee Law Offices
4. Wong Ee Coln	41	Director and President: Berjaya Philippines Inc. Executive Director: Berjaya Group Bhd. General Manager: Group Properties and Development Department of Berjaya Land Berhad 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

5. Tan Eng Hwa	51	Director and Treasurer: Berjaya Philippines Inc. Save the Sea Philippines Inc. Director and Chairman: Floridablanca Enviro Corporation Perdana Hotel Philippines Inc. Director and Vice Chairman: Philippine Gaming Management Corporation Director and President: Perdana Land Philippines Inc. Sanpiro Realty & Development Corporation Neptune Properties Inc. Cosway Philippines Inc. Director and Treasurer: Berjaya Pizza (Philippines) Inc. Bermaz Auto Philippines Inc. Berjaya Auto Asia Inc. Ssangyong Berjaya Motor Philippines Most Pretty Lady Holdings Inc. Landphil Management and Development Corp. Berjaya Vacation Club (Phils.) Inc. Director: Beautiful Creation Holdings Inc. Chailease Berjaya Finance Corporation Member of the Board of Trustees and President: 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
6. Casey M. Barleta	61	Independent Director: Berjaya Philippines Inc. Tax Partner / Managing Partner: CMB/P Law (Casey M. Barleta & Partners) Director: Prime Rivers, Inc. MF Development Corporation SCF Properties Inc. First Foremost Resources, Inc. Corporate Secretary and Treasurer: Synechron Technologies Philippines, Inc. Member: Integrated Bar of the Philippines

7. Dean Poncevic M. Ceballos		Dean: Liceo Law, Cagayan de Oro City (2010-2011) Associate Dean: Philippine Christian University (2014-2016) President: Ceballos Bar Publisher: Trends (Quick Reviewers, Ceballos Mock Bar Exams [CMBE]) MCLE Lecturer: Ateneo School of Law Office of the Government Corporate Counsel MORE Center for Legal Excellence, Inc. Alternative Group Professor: Ateneo de Manila School of Law, since 1990 Wesleyan University Philippines Law School Liceo Law, Cagayan de Oro City (2010-2011) Philippine Christian University Law School, since 2011 Letran College, Doctorate in Business Administration Guest Lecturer: University of Hongkong Recipient: Three professorial chairs, Ateneo School of Law Legal Counsel and Corporate Secretary: Various corporations Member: Integrated Bar of the Philippines Entrepreneur Bonsai Master
8. Jose A. Bernas	60	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. B Infinite Asia Philippines Inc. Swift Foods, Inc. Chailease Berjaya Finance 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.

Member:
- Integrated Bar of the Philippines
- New York Bar

Managing Partner:
- Bernas Law Offices

9. Marie Lourdes Sia-Bernas 54

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.
- B Infinite Asia Philippines Inc.
- Beautiful Creation Holdings Inc.
- Cosway Philippines Inc.
- Go.Life International Holdings Inc.
- GK International Holdings Inc.
- MOL AccessPortal Inc.
- Most Pretty Lady Holdings Inc.
- Perdana Land Philippines Inc.
- Perdana Hotel Philippines Inc.
- Sanpiro Realty & Development Corporation
- Ssangyong Berjaya Motor Corporation
- One Qualityways Phils. Inc.
- Uniwiz Trade Sales Inc.
- B Infinite Asia Philippines Inc.
- VST-ECS Philippines 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.
- Noblesse Holdings Inc.
- Discovery Centre Condominium Corporation
- Vicky Sycip Herrera Scholarship Foundation

Chairman and President:
Roadster Car Imports, Inc.
President:
Deux Mille Trading Corporation
Silver Giggling Buddha Trading Inc.
Director and Assistant Corporate Secretary:
Floridablanca Enviro Corporation
Member:
Integrated Bar of the Philippines
Member since October 2012:
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.

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.

The Corporation is not involved in any bankruptcy petition, or in any litigation during the past five (5) years up to the filing of this report

Directors and Executive Officers as a Group

As of 9 October 2020 :

(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	898	0.001 %
	T o t a l :	898	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 Three Million Four Hundred Thousand Pesos (₱3,400,000.00) in financial year ended 30 June 2020. 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 executive officers as there are no salaries paid. 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 re-pricing or employment contracts entered into by the Corporation, nor any termination of employment and change in the control arrangement between the Corporation and the executive officers.

Material Pending Legal Proceedings

There is no pending litigation in which the directors are 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.

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 Php198,000.00 for its audit on the Corporation, Php240,000.00 for its audit on Perdana Hotel Philippines Inc. (PHPI), and Php24,000.00 for Floridablanca Enviro Corporation (FEC) for the previous fiscal year end of 30 April 2020, and the amounts of Php 132,000.00 for its audit on the Corporation, Php 97,600.00 and Php 8,600.00 for its audit on PHPI and FEC for the new fiscal year end 30 June 2020. For financial year ending 2019, the amount of Php 165,000.00 was paid for its audit on the Corporation, Php 425,000.00 and Php190,000.00 for its audit on PGMC and PHPI. This same amount was paid for financial year ended 2018.

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 28 October 2020. Punongbayan & Araullo, which is the principal accountant for the previous fiscal year ending 30 June 2020, was selected during the Annual Meeting held on 8 October 2019 and will be recommended for re-appointment this 28 October 2020 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.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

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	-	Casey M. Barleta
Member	-	Dean Poncevic M. Ceballos
Member	-	Seow Swee Pin

Nomination Committee

The members of the Nomination Committee are as follows:

Chairman	-	Tan Eng Hwa
Member	-	Casey M. Barleta
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.

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 March 2020, and the Annual Report under SEC Form 17-A for the year ended 30 June 2020 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 15 October 2020.

BERJAYA PHILIPPINES INC.

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

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 ("FEC").

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 June 2020, the Corporation does not have employees. Its subsidiaries, PHPI, Floridablanca Enviro Corporation and H.R. Owen have sixty two (62), seven (7), and four hundred forty (440) 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 June 2020 is attached.

Disagreements with Accountants on Accounting and Financial Disclosures

There are no disagreements with the accountants on accounting and financial disclosures. There has been no resignation or dismissal of accountants over the past two year period.

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.

<u>June 2020 Compared to June 2019</u>

<u>Results of Operations</u>

The Corporation and its subsidiaries (the Group) generated total revenues from operating sources of about ₱25.06 billion for the year ended 30 June 2020, a decrease of ₱6.57 billion (20.8%) over total revenues of ₱31.64 billion in the previous financial year. The decrease was primarily due to a lower revenue contribution from H.R. Owen in the financial year under review upon conversion into Philippine Peso.

PHPI which operates Berjaya Makati Hotel in Makati City recorded increased in revenue of ₱130.98 million compared to ₱126.34 million in the previous financial year. The decrease of ₱4.64 million (3.7%) in revenue was mainly due to increase in room occupancy level compared to the previous financial year.

HR Owen recorded revenue of ₱24.93 billion in the financial year under review compared to ₱30.30 billion in the previous financial year, the decrease of ₱5.39 billion (29.7%), was mainly due to decrease in the number of new models sold across various franchises.

PGMC ceased to be a subsidiary of BPI on 3 July 2019 and was reclassified as an associated company after BPI's ownership over PGMC was reduced to 40%.

The Group's total cost and operating expenses for the year ended 30 June 2020 decreased by ₱6.17 billion (19.7%) to ₱25.10 billion from ₱31.27 billion for the same period in 2019. The decrease is attributed to the following: (1) cost of vehicles sold decreased by ₱4.0 billion (17.0%), (2)salaries and employee benefits decreased by ₱305.97 million (15.4%),(3) body shop repairs and parts decreased by ₱380.40 million (18.65%), (4) taxes and licenses decreased by ₱36.83 million (20.7%), (5) communication, light and water decreased by ₱18.23 million (18.2%), (6) professional fees decreased by ₱167.63 million (70.6%), (7) transportation and travel expenses decreased by ₱27.08 million (28.4%), (8) rental expense decreased by ₱343.33 million (90.9%), (9) representation and entertainment decreased by ₱37.64 million (78.5%), (10) food and beverage decreased by ₱1.67 million (14.6%), (11) maintenance of computer equipment decreased by ₱172.95 million (100%), (12) telecommunication decreased by ₱110.37 million (100%), (13) charitable contribution decreased by ₱7.49 million (100.0%), and (14) other general and administrative expenses decreased by ₱849.95 million (40.3%). These decreases were offset by the following increase of expenses: (1) depreciation expense increased by ₱291.85 million (123.3%).

Other Income – net of other charges amounted to ₱195.62 million for the financial year 30 June 2019, an increase of ₱ 174.72 million (835.9%) from ₱20.90 million in the same period in 2019. This increase in income was mainly due to gain on sale of investment property.

The Group's net income decreased by ₱50.67 million (44.7%) to ₱62.72 million in financial year 2020 from ₱113.39 million in financial year 2019 under review.

Financial Position

Total assets of the Group increased by ₱3.53 billion (20.9%) to ₱20.45 billion as of 30 June 2020, from ₱16.92 billion as of 30 June 2019.

Trade and other receivables (net) increased by ₱299.73 million (20.9%) to ₱1.43 billion in 2020 compared to ₱1.44 billion in 2019, mainly due to increase in trade receivables and advances to stockholders.

Financial assets at fair value through profit or loss decreases by ₱72.08 million (95.2%) to ₱3.61 million in 2020 compared to ₱75.69 million in 2019 due to conversions made during the year.

Inventories (net) decreased by ₱721.37 million (13.0%) to ₱4.81 billion in 2020 compared to ₱5.53 billion in 2019.

Advances to associates increased by ₱242.40 million (13.7%) to ₱2.01 billion in 2020 compared to ₱1.76 billion in 2019 due to additional advances made during the year.

Prepayments and other current assets increased by ₱347.20 million (56.7%) to ₱959.51 million in 2020 compared to ₱612.31 million in 2020, mainly due to increase in VAT recoverable from H.R. Owen.

Financial assets at fair value through other comprehensive income decreases by ₱342.50 million (21.4%) to ₱1.26 billion in 2020 compared to ₱1.60 billion in 2019 due to disposals and fair value losses during the year.

Right of use assets (net) increased by ₱3.00 billion (100%) to ₱3.00 billion in 2020 compared to ₱0 million in 2019. This is due to adoption of the new standard.

Property and equipment (net) increased by ₱491.86 million (29.9%) to ₱2.14 billion in 2020 compared to ₱1.64 billion in 2019, mainly due to additions made during the year.

Investment property decreased by ₱6.97 million (5.8%) to ₱113.48 million in 2020 compared to ₱120.46 million in 2019, mainly due to translation adjustment of H.R. Owen property.

Investments in associates increased by ₱497.68 million (60.4%) to ₱1.32 billion in 2020 compared to ₱824.17 million in 2019 mainly due to disposal of previously subsidiary company, PGMC, making it as part of investment in associates.

Intangible assets decreased by ₱88.58 million (6%) to ₱1.38 billion in 2020 compared to ₱1.47 billion in 2019, primarily due to the translation adjustment of H.R. Owen's intangible assets.

Deferred tax assets decreased by ₱32.93 million (100.0%) to ₱0 million in 2020 compared to ₱103.49 million in 2019.

Meanwhile, other non-current assets increased by ₱789.12 million (47934.4%) to ₱790.76 million in 2020 compared to ₱1.65 million in 2018 mainly due to advance payment for acquisition of property.

Total liabilities of the Group increased by ₱3.98 billion (46.6%) to ₱12.54 billion as of 30 June 2020, from ₱8.55 billion as of 30 June 2019 mainly due to increase in loans payable and borrowings and recognition of lease liability for the adoption of new standard..

Trade and other payables (current) decreased by ₱549.32 million (22.5%) to ₱1.89 billion in 2020 compared to ₱2.44 billion in 2019, mainly due to a decrease in trade payables and advances from customers.

Loans payable and borrowings (current) increased by ₱972.59 million (25.7%) to ₱4.75 billion in 2020 compared to ₱3.78 billion in 2019, mainly due to an increase in vehicle stocking loans and as well as bank loans.

Contract Liabilities increased ₱151.86 million (8%) to ₱2.06 billion in 2020 compared to ₱1.91 billion in 2019 due to an increase of advance payments received from customers.

Trade and other payables (non-current) decreased by ₱.94 million (5.8%) to ₱15.34 million in 2020 compared to ₱16.28 million in 2019, due to translation adjustment.

Loans payable and borrowings (non-current) decreased by ₱195.74 million (100.0%) to ₱0 in 2020 compared to ₱195.74 million in 2019 due to classification of this as current because its maturity is less than one year.

Deferred tax liabilities decreased by ₱14.70 million (27.4%) to ₱38.96 million in 2020 compared to ₱53.67 million in 2019.

Post-employment benefit obligation increased by ₱21.20 million (415.6%) to ₱26.30 million in 2020 compared to ₱5.10 million in 2019.

The total stockholders' equity of the Group decreased by ₱440.06 million (5.3%) to ₱7.92 billion as of 30 June 2020, from ₱8.36 billion as of 30 June 2019 under review. The net decrease in total equity resulted from low net income as well as translation adjustment during the year.

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 Jun 2020	30 Jun 2019
Liquidity Ratio - Current ratio	1.07 : 1.00	1.29 : 1.00
Leverage Ratio - Debt to Equity	1:58 : 1.00	1.02 : 1.00
Activity Ratio - Annualized PPE Turnover	11.73 times	19.24 times
Profitability Ratios		
Return on Equity	0.79%	1.36%
Return on Assets	0.31%	0.67%

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

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 June 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 June 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 June 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.

Financial Position

Total assets of the Group increased by ₱103.28 million (0.6%) to ₱17.60 billion as of 30 June 2019, from ₱17.50 billion as of 30 June 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 June 2019, from ₱8.50 billion as of 30 June 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.

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 Jun 2019	30 Jun 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 June 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 June 2018 increased by ₱2.16 billion (7.9%) to ₱29.66billion from ₱27.49 billion 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 June 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 June 2018, from ₱14.76 billion as of 30 June 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 June 2018, from ₱7.20 billion as of 30 June 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 Jun 2018	30 Jun 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 Php198,000.00 for its audit on the Corporation, Php240,000.00 for its audit on Perdana Hotel Philippines Inc. (PHPI), and Php24,000.00 for Floridablanca Enviro Corporation (FEC) for the previous fiscal year end of 30 April 2020, and the amounts of Php 132,000.00 for its audit on the Corporation, Php 97,600.00 and Php 8,600.00 for its audit on PHPI and FEC for the new fiscal year end 30 June 2020. For financial year ending 2019, the amount of Php 165,000.00 was paid for its audit on the Corporation, Php 425,000.00 and Php190,000.00 for its audit on PGMC and PHPI. This same amount was paid for financial year ended 2018.

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.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

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).

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 June 2020. 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 2 January 2019 to 6 October 2020 are as follows:

Date	*High*	*Low*	*Close*
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
16 Jan 2020	₱ 3.54	₱ 3.27	₱ 3.30
17 Feb 2020	₱ 2.75	₱ 2.63	₱ 2.65
10 Mar 2020	₱ 2.21	₱ 2.00	₱ 2.19
27 Apr 2020	₱ 2.79	₱ 2.43	₱ 2.50
27 May 2020	₱ 2.07	₱ 2.00	₱ 2.07
10 Jun 2020	₱ 2.36	₱ 2.25	₱ 2.27
27 Jul 2020	₱ 2.19	₱ 2.13	₱ 2.18
10 Aug 2020	₱ 2.95	₱ 2.60	₱ 2.95
14 Sept 2020	₱ 3.33	₱ 3.00	₱ 3.33
21 Sept 2020	₱ 3.26	₱ 2.98	₱ 3.12
06 Oct 2020	₱ 5.20	₱ 1.50	₱ 2.71
15 Oct 2020	₱ 5.20	₱ 1.50	₱ 3.21

The price as of the last trading date for this report is Three Pesos and Twenty One Centavos (₱ 3.21) on 15 October 2020.

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

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) for **BERJAYA PHILIPPINES, INC. & SUBSIDIARIES** for the years ended **June 30, 2020** 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 Compact disc of the Company contains the basic and material data in the hard copies of the financial statements of the Company for the years ended **June 30, 2020**.

TAN ENG HWA
Treasurer

SUBSCRIBED AND SWORN to before me this OCT 07 2020 day of ______, 2020, at MAKATI CITY, with affiant exhibiting to me his Tax Identification No. 204-172-228

Book No. 382 :
Doc. No. 78 :
Page No. 65 :
Series of 20 20

NOTARY PUBLIC
RUBEN T. M. RAMIREZ
NOTARY PUBLIC
UNTIL DEC. 31, 2021
IBP NO. 093489 / 10-18-19 - CY. 2020
ROLL NO. 28947 / MCLE 6 C 3-22-19
PTR NO. MKT. 8117044 / 1-2-20 APPT. NO. M-15

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

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)

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

Fiscal Year: Month 04 Day 30

FORM TYPE: PHFS

Annual Meeting: Month Day

Secondary License Type, If Applicable

Dept. Requiring this Doc.: SEC

Amended Articles Number/Section: -

Total No. of Stockholders

Total Amount of Borrowings (in '000)

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

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	2020 (in P'000)	2019 (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)	**20,450,399**	**16,916,788**
A.1 Current Assets (A.1.1 + A.1.2 + A.1.3 + A.1.4 + A.1.5)	10,209,502	10,466,567
A.1.1 Cash and cash equivalents (A.1.1.1 + A.1.1.2 + A.1.1.3)	1,453,881	1,047,233
A.1.1.1 On hand	440	440
A.1.1.2 In domestic banks/entities	1,453,441	1,046,793
A.1.1.3 In foreign banks/entities		
A.1.2 Trade and Other Receivables (A.1.2.1 + A.1.2.2)	1,136,016	1,435,748
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)	7,981	101,586
A.1.2.1.1 Due from customers (trade)	4,344	3,864
A.1.2.1.2 Due from customers (trade)		
A.1.2.1.3 Others, specify (A.1.2.1.3.1 + A.1.2.1.3.2)	48,376	140,711
A.1.2.1.3.1 Advances to officers and employees	398	649
A.1.2.1.3.2 Other receivables	44,948	90,062
A.1.2.1.3.3 Receivables from sale of Investment in Subsidiary	0	
A.1.2.1.3.4 Deposit for future stock subscriptions	3,030	50,000
A.1.2.1.4 Allowance for doubtful accounts (negative entry)	-44,739	-42,989
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)	1,128,035	1,334,162
A.1.2.2.1 Deposits	0	155,425
A.1.2.2.2 Payments for future acquisition of investments	1,531	1,069
A.1.2.2.3 Receivable from supplier	411,496	342,653
A.1.2.2.4 Due from related parties	0	29,757
A.1.2.2.5 Due from customers (trade)	715,008	805,258
A.1.2.2.6 Other receivables		
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)	4,809,389	5,530,755
A.1.3.1 Vehicles	4,772,879	5,425,590
A.1.3.2 Parts and components	238,550	276,764
A.1.3.3 Spare parts and accessories	0	0
A.1.3.4 Work-in-progress	45,734	42,048
A.1.3.5 Hotel supplies	4,447	4,629
A.1.3.6 Others, specify (A.1.3.6.1 + A.1.3.6.2)	-252,221	-218,277
A.1.3.6.1 Allowance for inventory write down	-252,221	-218,277
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	2020 (in P'000)	2019 (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)	2,810,216	2,452,831
A.1.5.1 Advances to associate	2,007,232	1,764,829
A.1.5.2 Prepaid expenses	309,328	228,070
A.1.5.3 Prepaid taxes, input VAT and creditable withholding taxes	226,815	105,429
A.1.5.4 Refundable deposits and advance rental	71,610	79,566
A.1.5.5 Advances to suppliers	189,658	176,891
A.1.5.6 Other current assets	1,964	22,353
A.1.5.6 Financial assets at fair value through profit or loss	3,609	75,692
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)	2,136,567	1,644,706
A.2.1 Land	249,043	179,704
A.2.2 Building and improvements including leasehold improvement	2,005,935	1,855,096
A.2.3 Machinery and equipment (on hand and in transit)	586,979	578,943
A.2.4 Transportation/motor vehicles, automotive equipment, autos and trucks, and delivery equipment	31,291	24,345
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)	508,952	187,460
A..2.5.1 Furniture and fixture	11,768	10,943
A..2.5.2 Construction in progress	497,184	176,517
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)	-1,245,633	-1,180,843
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	1,378,798	1,467,379
A.6.1 Major item/s, specify (A.6.1.1 + A.6.1.2)	1,378,798	1,467,379
A.6.1.1 Goodwill	724,466	768,991
A.6.1.2	634,729	673,739
A.6.2 Others, specify (A.6.2.1 + A.6.2.2)	19,603	24,649
A.6.2.1		
A.6.2.2		
A.7 Assets Classified as Held for Sale	0	653,845
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	2020 (in P'000)	2019 (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)	6,725,532	2,684,291
A.10.1 Deferred charges - net of amortization		
A.10.2 Deferred Income Tax	82,506	103,489
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)	6,643,026	2,580,802
A.10.4.1 Available-for-sale financial assets	0	0
A.10.4.2 Investment in associates	1,321,850	824,168
A.10.4.3 Advances to an associate	0	0
A.10.4.4 Investment Property	113,482	120,457
A.10.4.5 Post-employment benefit asset	0	32,934
A.10.4.6 Financial asset at fair value through OCI	1,259,093	1,601,597
A.10.4.7 Right of use assets- net	2,997,697	
A.10.4.8 Other non-current assets	950,903	1,646
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)	**12,525,844**	**8,552,170**
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)	9,670,379	8,132,049
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)	1,528,236	803,208
B.1.1.1 Loans/Notes Payables		
B.1.1.2 Trade Payables	92,498	5,747
B.1.1.3 Payables to Related Parties	674,301	0
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)	359,148	417,640
B.1.1.5.1 Accrued expenses	359,148	417,640
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)	402,289	379,822
B.1.1.6.1 Advances from customers	0	0
B.1.1.6.2 Withholding taxes payable	35,282	44,951
B.1.1.6.3 Liability on stock vehicles	0	0
B.1.1.6.4 Management fee payable	0	0
B.1.1.6.4 Deferred output vat	41,778	31,506
B.1.1.6.4 Other payables	325,230	287,586
B.1.1.6.5 Deferred Rent	0	15,779
B.1.2 Trade and Other Payables to Foreign Entities (specify) (B.1.2.1 + B.1.2.2 + B.1.2.3)	3,099,863	3,548,053
B.1.2.1 Trade Payables	1,040,355	1,311,575
B.1.2.2 Advances from customers	0	328,826
B.1.2.3 Contract Liabilities	2,059,508	1,907,652
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)	5,042,280	3,780,788
B.1.4.1 Loans payable and borrowings	4,753,375	3,780,788
B.1.4.2 Lease liabilities	288,905	
B.1.4.3		
B.1.4.4		
B.1.4.5		
B.1.5 Liabilities for Current Tax	0	0
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	2020 (in P'000)	2019 (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)	0	195,740
B.2.1 Domestic Public Financial Institutions	0	195,740
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)	0	0
B.4 Liabilities Included in the Disposal Groups Classified as Held for Sale		149,335
B.5 Other Liabilities (B.5.1 + B.5.2)	2,855,464	75,046
B.5.1 Deferred Tax	38,962	53,666
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)	2,816,502	21,380
B.5.2.1 Post-employment benefit obligation	26,302	5,102
B.5.2.2 Provision for Losses	0	0
B.5.2.3 Contract Liabilities	0	0
B.5.2.4 Lease liabilities	2,774,865	
B.5.2.5 Advances from a director	15,335	16,278
C. EQUITY (C.3 + C.4 + C.5 + C.6 + C.7 + C.8 + C.9+C.10)	**7,924,556**	**8,364,619**
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	17,588	9,117
C.6 Others, specify (C.6.1 + C.6.2 + C.6.3)	7,906,968	8,355,503
C.6.1 Attributable to owners of parent company	7,906,968	8,355,503
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)	**20,450,399**	**16,916,789**
	0	1

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	2020 (in P'000)	2019 (in P'000)
A. REVENUE / INCOME (A.1 + A.2 + A.3+A.4)	25,562,935	31,904,355
A.1 Net Sales or Revenue / Receipts from Operations (manufacturing, mining,utilities, trade, services, etc.) (from Primary Activity)	25,061,665	31,636,044
A.2 Share in the Profit or Loss of Associates and Joint Ventures accounted for	-17,841	-49,081
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)	519,111	317,393
A.4.1 Interest Income	90,824	110,821
A.4.2 Dividend Income	22,613	42,993
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)	105,983	0
A.4.3.1 Gain (loss) on sale of available-for-sale financial assets	0	0
A.4.3.2 Gain on sale of property and equipment	0	0
A.4.3.3 Gain on sale of investment property	105,983	0
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)	299,692	163,579
A.4.4.1 Gain / (Loss) on Foreign Exchange	0	0
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	19,073	21,967
A.4.4.6 Others	280,619	141,612
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)	25,562,935	31,904,355

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

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	2020 (in P'000)	2019 (in P'000)
E. OPERATING EXPENSES (E.1 + E.2 + E.3 + E.4)	**25,105,533**	**31,271,374**
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 + E.4.11 + E.4.12 + E.4.13 + E.4.14 + E.4.15 + E.4.16	25,105,533	31,271,374
E.4.1 Cost of vehicles sold	19,563,636	23,562,258
E.4.2 Bodyshop repairs and parts	1,659,125	2,039,527
E.4.3 Salaries and employee benefits	1,680,184	1,986,155
E.4.4 Rental	34,554	377,884
E.4.5 Depreciation and amortization	528,600	236,748
E.4.6 Professional fees	69,630	237,264
E.4.7 Taxes and licenses	141,463	178,293
E.4.8 Maintenance of computer equipment	0	172,954
E.4.9 Communication, light and water	81,734	99,962
E.4.10 Telecommunication	0	110,371
E.4.11 Transportation and travel	68,269	95,351
E.4.12 Representation and entertainment	10,285	47,925
E.4.13 Charitable contributions	0	7,494
E.4.14 Food and beverages	9,804	11,475
E.4.15 Advertising and promotion	933,086	1,161,785
E.4.16 Impairment losses on receivables and goodwill	14,524	520,614
E.4.17 Others	310,639	425,316
F. FINANCE COSTS (F.1 + F.2 + F.3 + F.4 + F.5)	**305,648**	**247,895**
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)	305,648	247,895
F.5.1 Interest expense	263,683	167,793
F.5.2 Bad debts expense	0	0
F.5.3 Bank charges	34,682	56,000
F.5.4 Foreign currency losses- net	2,203	24,102
F.5.5 Loss on deemed disposal of investment	5,080	0
G. NET INCOME (LOSS) BEFORE TAX (D - E - F)	**151,753**	**385,087**
H. INCOME TAX EXPENSE (negative entry)	-89,027	-271,694
I. INCOME(LOSS) AFTER TAX	**62,726**	**113,393**
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)		**51,793**
J.1		
J.2		
K. PROFIT OR LOSS ATTRIBUTABLE TO MINORITY INTEREST	**8,692**	**4,638**
L PROFIT OR LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**54,033**	**160,548**
M. EARNINGS (LOSS) PER SHARE		
M.1 Basic	0.012	0.037
M.2 Diluted		

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 3. Cash Flow Statements

FINANCIAL DATA	2020 (in P'000)	2019 (in P'000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (Loss) Before Tax and Extraordinary Items	151.753	385.087
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
Depreciation	528.600	236.748
Amortization. specify		
Others. specify: Dividend income	-22.613	-42.993
Gain on sale of investment property	-105.983	0
Remeasurement gain of available-for-sale financial assets	0	0
Net gain on sale of available-for-sale financial assets	0	0
Interest expense	263.683	167.793
Interest income	-90.824	-110.821
Impairment losses	14.524	520.614
Unrealized foreign currency loss(gain)	2.203	24.102
Equity share in net losses(income) of associates	17.841	49.081
Loss on the disposal of share in PGMC	5.080	0
Gain on disposal of propert and equipment	4.274	687
Loss on revaluation of investment property	0	0
Bad debts expense	0	0
Impairment loss on AFS financial assets	0	0
Loss on deemed disposal of investment	0	0
Provision for losses	0	0
Write-down of Property, Plant, and Equipment		
Changes in Assets and Liabilities:		
Decrease (Increase) in:		
Trade and other receivables	363.970	1.196.218
Inventories	736.135	-96.533
Other non-current assets	-949.257	-1.645
Others, specify:		
Increase (Decrease) in:		
Prepayments and other current assets	-195.465	5.341
Post-employment benefit asset	31.283	10.590
Trade and other payables	84.624	-2.626.222
Contract liabilities	151.856	1.907.652
Post-employment benefit obligation	-30.681	53
Financial asssets at fair value through profit or loss	-19.073	-21.967
Others, specify: Cash paid for income taxes	-89.027	-267.605
A. Net Cash Provided by (Used in) Operating Activities (sum of above rows)	**852.904**	**1.336.180**
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) Decrease in Long-Term Receivables		
(Increase) Decrease in Investment		
Reductions/(Additions) to Property, Plant, and Equipment	-748.394	-396.529
Others, specify Acquisition of available-for-sale financial assets/investment in associates	0	0
Cash dividends received	22.613	113.693
Proceeds from sale of available-for-sale financial assets	0	0
Collections of advances to associates	47.000	9.000
Proceeds from disposal of investment property	374.568	
Proceeds from sale of investments through OCI	202.554	35.599
Acquisition of additional investment in associate	-60.865	-42.000
Interest received	7.181	27.908
Acquisition of financial asset	-37.223	-621.782
Additional advances granted to associates	-214.200	-240.066
Proceeds from disposal of property and equipment	474	126.103
Acquisition of investment property	0	0
Proceeds from sale of financial assets at fair value	0	0
B. Net Cash Provided by (Used in) Investing Activities (sum of above rows)	**-406.292**	**-988.074**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from:		
Bank loans and borrowings	516.586	80.000
Long-term Debt		
Issuance of Securities		
Others, specify: Advances received from a related parties	548.659	0
Payments of:		
(Loans and Bank Borrowings)	-371.188	-165.901
(Long-term Debt)		
(Stock Subscriptions)		
Others, specify (negative entry):		
Interest paid	-261.405	-167.549
Acquisition of treasury shares		
Payment of lease liabilities	-247.456	0
Advances paid to related parties	-217.219	
Dividends paid to minority interest	0	0
C. Net Cash Provided by (Used in) Financing Activities (sum of above rows)	**-32.023**	**-253.449**
D. Effect of Exchange Rate Changes to Cash and Cash Equivalents	**-7.940**	**-37.186**
NET INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C + D)	406.648	57.471
Cash and Cash Equivalents		
Beginning of year	1.047.233	1.112.704
Cash and cash equivalents of asset held for sale		-122.942
Beginning balance from newly acquired subsidiary	0	0
End of year	1.453.881	1.047.233

***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.*

0 0

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: 66910

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, 2018	4,427,009	-988,150	144,159	-677,544	108,510	1,773,263	3,865,031	18,122	8,670,399
A.1 Correction of Error(s)									
A.2 Changes in Accounting Policy			0				0		0
B. Restated Balance	4,427,009	-988,150	144,159	-677,544	108,510	1,773,263	3,865,031	18,122	8,670,399
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			-10,432					-40	-10,473
C.4.5 Net unrealized fair value gains on financial asset at FVOCI			-130,230						-130,230
C.4.6 Realized fair value changes on disposal of financial asset at FVOCI			17,969				-17,969		0
C.4.7 Translation adjustment					-257,968			-278	-258,246
C.4.8 Effect of change in percentage ownership over a subsidiary				-6,899				-13,325	-20,224
C.4.9 Gain on revaluation of investment property			0					0	0
D. Net Income (Loss) for the Period							108,755	4,638	113,393
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 Effect of adoption of PFRS 9			-218,833				218,833		0
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, 2019	4,427,009	-988,150	-197,368	-684,443	-149,458	1,773,263	4,174,650	9,117	8,364,619
H.1 Correction of Error (s)									
H.2 Changes in Accounting Policy			0				0		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			-48,976					-221	-49,198
J.4.4 Net unrealized fair value gains on financial asset at FVOCI			-268,329						-268,329
J.4.5 Realized revaluation surplus			-32,049				32,049		0
J.4.5 Realized fair value changes on disposal of financial asset at FVOCI			-8,374				8,374		0
J.4.6 Translation adjustment					-185,263			0	-185,263
J.4.7 Effect of change in percentage ownership over a subsidiary				0				0	0
K. Net Income (Loss) for the Period							54,033	8,692	62,726
L. Dividends (negative entry)						0	0		0
M. Appropriation for (specify)									
M.1 Reversal of appropriation			0			-1,773,263	1,773,263		0
M.2 Appropriation during the year						2,000,000	-2,000,000		0
M.3 Disposal of a subsidiary			-1,514				1,514		0
M.4									
M.5									
N. Issuance of Capital Stock									
N.1 Common Stock									
N.2 Preferred Stock									
N.3 Others									
O. Balance, 2020	4,427,009	-988,150	-556,610	-684,443	-334,721	2,000,000	4,043,882	17,588	7,924,556

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	2020 (in P'000)	2019 (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)	25,061,665	31,636,044	
A.1.1 Domestic	130,982	1,320,146	
A.1.2 Foreign	24,930,682	30,315,898	
A.2 Other Revenue (A.2.1 +A.2.2)	514,032	317,393	
A.2.1 Domestic	394,056	295,426	
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)	119,976	21,967	
A.2.2.1 Gain on sale of available-for-sale financial assets - BPI	0	0	
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 Loss on disposal of PGMC	-5,080		
A.2.2.6 Fair value gain on financial assets at fair value through profit	19,073	21,967	
A.2.2.7 Gain on sale of investment property	105,983		
A.2.2.8			
A.2.2.9			
A.2.2.10			
B. EXPENSES (B.1 + B.2)	**25,406,102**	**31,519,269**	
B.1 Domestic	25,406,102	31,519,269	
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 **June 30, 2020** 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.

Seow Swee Pin
Chairman of the Board

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

BERJAYA

OCT 07 2020

SUBSCRIBED AND SWORN TOBEFORE ME this ______ day of __________ 2020, by the following who exhibited to me their government issued identification cards during business hours.

Name	Tax Identification No.
Seow Swee Pin	304-215-270
Wong Ee Coln	486-058-206
Tan Eng Hwa	204-172-228

Doc No. 385
Page No. 78
Book No. 64
Series of 2020

RUBEN T. M. RAMIREZ
NOTARY PUBLIC
UNTIL DEC. 31, 2021
IBP NO. 093489 / 10-18-19 - CY. 2020
ROLL NO. 28947 / MCLE 6 C 3-22-19
PTR NO MKT. 8117044 / 1-2-20 APPT. NO. M-15a

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

COVER SHEET
for
AUDITED FINANCIAL FINANCIAL STATEMENTS

SEC Registration Number

P	R	E		W	A	R		4	7	6

COMPANY NAME

BERJAYA PHILIPPINES INC.
AND SUBSIDIARIES

PRINCIPAL OFFICE (No./Street/Barangay/City/Town)Province)

9TH FLOOR RUFINO PACIFIC TOWER
6784 AYALA AVENUE MAKATI CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-A	SEC	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	JUNE 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, resgination 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.

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

T +63 2 8988 22 88

Report of Independent Auditors

The Board of Directors and 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 June 30, 2020 and 2019, 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 June 30, 2020, 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 June 30, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended June 30, 2020 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.

Emphasis of a Matter – Impact of COVID 19 Outbreak

We draw attention to Note 31 to the consolidated financial statements, which describes management's assessment of the continuing impact of the business disruption as a result of the novel strain of coronavirus (COVID-19) outbreak to the Group's financial condition and performance starting March 2020 until the date of the issuance of the consolidated financial statements. Our opinion is not modified with respect to this matter.

Other Matter

On March 15, 2019, the Parent Company's Board of Directors (BOD) approved the amendment of its by-laws for the change in the Parent Company's current reporting period from fiscal year beginning May 1 and ending April 30 to fiscal year beginning July 1 and ending June 30, and such amendment was approved by the Securities and Exchange Commission (SEC) and Bureau of Internal Revenue on July 25, 2019 and February 12, 2020, respectively.

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) *Revenue Recognition on Sale of Vehicles*

Description of the Matter

Revenue recognition relating to the sale of vehicles amounting to P21.7 billion was significant to our audit as it accounts for 87% of total revenues of the Group. The sale of vehicle involves significant amount of transactions which directly impact the profitability of the Group. The Group recognizes revenue from sale of vehicles when the buyer has obtained control of vehicles.

We considered revenue recognition as a key audit matter due to the inherent risk of misstatement on revenue, since it involves significant volume of transactions, requires proper observation of cut-off procedures, and directly impacts the Group's profitability.

The Group's policy on revenue recognition and details of sale of vehicles is presented in Notes 2 and 20, respectively, 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;

- Testing the design and operating effectiveness of the Group's processes and controls over revenue recognition under PFRS 15, *Revenue from Contracts with Customers*, approval and documentation, including the implemented information technology general and application controls over automated systems that record the revenue transaction;

- Obtaining fair value information using market comparable approach which reflects recent prices for similar inventories; and,

- Evaluating the appropriateness and sufficiency of the amount of allowance for inventory write-down by testing the key assumptions used on the expected net realizable values of inventories.

(c) *Adoption of PFRS 16, Leases*

Description of the Matter

Effective for fiscal year ending June 30, 2020, the Group adopted PFRS 16, *Leases,* which replaced PAS 17, *Leases*, and the related interpretations to PAS 17. The adoption of this new standard, which primarily affected the Group's accounting for leases as a lessee by recognizing "right-of-use" assets and lease liabilities "on-balance sheet", is considered significant due to the complexities of the accounting requirements and the significant judgements involved in determining the assumptions to be used in applying PFRS 16.

The Group's adoption of PFRS 16 resulted in the recognition of right-of-use assets and lease liabilities amounting to P3.0 billion and P3.1 billion, respectively, as at June 30, 2020 and is considered significant in amount relative to the Group's consolidated total assets and liabilities.

The Group's approach in adopting PFRS 16 and its effect on certain assets and liabilities as at July 1, 2019 as well as the related policy for the recognition of leases are more fully described in Note 2 to the consolidated financial statements. The significant judgments applied and estimates used by management related to lease recognition are more fully described in Note 3 to the consolidated financial statements. The details of the right-of-use assets, lease liabilities and other relevant information are disclosed in Note 16 to the consolidated financial statements.

How the Matter was Addressed in the Audit

Among others, our audit procedures to address the risk associated with the adoption of PFRS 16 are as follows:

- Understanding the policies and procedures applied by the Group in identifying leases that qualify under PFRS 16, and leases that qualify under the recognition exemptions on short-term leases and low-value leases, as well as compliance therewith;

- Assessing the completeness of the lease contracts and verifying the accuracy of the lease information provided by considering the reconciliation of the Group's operating lease commitments;

- On a sample basis, evaluating the reasonableness of the inputs and assumptions used by the management in determining the lease term and incremental borrowing rate used, such as but not limited to, renewal and termination options, contractual terms of the lease, nature and quality of security, if any, and the economic environment in which the transaction occurs; and,

- Obtaining fair value information using market comparable approach which reflects recent prices for similar inventories; and,

- Evaluating the appropriateness and sufficiency of the amount of allowance for inventory write-down by testing the key assumptions used on the expected net realizable values of inventories.

(c) *Adoption of PFRS 16, Leases*

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How the Matter was Addressed in the Audit

Among others, our audit procedures to address the risk associated with the adoption of PFRS 16 are as follows:

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(e) *Conduct of Audit Remotely*

Description of the Matter

As disclosed in Note 31 to the consolidated financial statements, a novel strain of coronavirus (COVID-19) started to become widespread in the Philippines in early March 2020. This caused the government to declare the country in a state of public health emergency followed by implementation of enhanced community quarantine (ECQ) and social distancing measures and restrictions within the Luzon area with other cities and provinces in the country enacting similar measures thereafter. The UK has also imposed strict lockdown from sometime mid-March which started loosening in June. The ECQ and social distancing measures implemented by the government resulted in performing a significant portion of the engagement remotely.

The change in working conditions is relevant and significant to our audit since it creates an increased risk of misstatements due to less in-person access to the Group's management and personnel, and lack of access to the physical records and original documents. Given the changes in how the audit will be performed, the audit requires exercising enhanced professional skepticism.

How the Matter was Addressed in the Audit

Our audit procedures to address the risk of performing the audit remotely included the following:

- Considering the nature of the engagement and the engagement team's knowledge of the entity and its environment when determining whether it is possible to perform a significant portion, if not all, of the engagement remotely;

- Following the requirements of PSA including providing proper supervision and review, even when working remotely;

- Obtaining information through electronic means, which includes sending and receiving of confirmation electronically, obtaining calculation in electronic form to check the mathematical accuracy, scanning of hard-copy items for review and using real-time inspection technology such as video and screen-sharing;

- Determining the reliability of audit evidence provided electronically with professional skepticism;

- Performing inquiries through video call in order to judge body language and other cues and to have a more interactive audit engagement;

- Reviewing of workpapers of component auditors remotely through share screening and constant communication; and,

- Examining critical electronic copy documents (e.g., contracts, progress billings, billing invoices, purchases invoices, and official receipts) in response to the risk in revenues and costs, which is considered to be significant.

(e) *Conduct of Audit Remotely*

Description of the Matter

As disclosed in Note 31 to the consolidated financial statements, a novel strain of coronavirus (COVID-19) started to become widespread in the Philippines in early March 2020. This caused the government to declare the country in a state of public health emergency followed by implementation of enhanced community quarantine (ECQ) and social distancing measures and restrictions within the Luzon area with other cities and provinces in the country enacting similar measures thereafter. The UK have also imposed strict lockdown from sometime mid-March which started loosening in June. The ECQ and social distancing measures implemented by the government resulted in performing a significant portion of the engagement remotely.

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- Examining critical electronic copy documents (e.g., contracts, progress billings, billing invoices, purchases invoices, and official receipts) in response to the risk in revenues and costs, which is considered to be significant.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Group's Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended June 30, 2020, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report for the year ended June 30, 2020 are expected to be made available to us after the date of this auditors' report.

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. 8116550, January 2, 2020, Makati City
SEC Group A Accreditation
Partner - No. 0628-AR-4 (until Sept. 4, 2022)
Firm - No. 0002-FR-5 (until Mar. 26, 2021)
BIR AN 08-002511-022-2019 (until Sept. 4, 2022)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Jul. 24, 2021)

October 6, 2020

BERJAYA PHILIPPINES INC. AND SUBSIDIARIES
[A Subsidiary of Berjaya Lottery Management (HK) Limited]
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019
(Amounts in Philippine Pesos)

	Notes	2020	2019
A S S E T S			
CURRENT ASSETS			
Cash and cash equivalents	7	**P 1,453,881,090**	P 1,047,232,990
Trade and other receivables - net	8	**1,136,016,361**	1,435,748,169
Financial assets at fair value through profit or loss	11	**3,609,020**	75,692,147
Inventories - net	9	**4,809,388,692**	5,530,754,919
Advances to associates - net	13, 23	**2,007,231,967**	1,764,829,216
Prepayments and other current assets	10	**799,374,640**	612,309,642
Total Current Assets		**10,209,501,770**	10,466,567,083
NON-CURRENT ASSETS			
Financial asset at fair value through other comprehensive income	11	**1,259,093,353**	1,601,597,095
Right of use assets - net	16	**2,997,696,798**	-
Property and equipment - net	12	**2,136,567,037**	1,644,705,984
Investment property	15	**113,482,145**	120,456,645
Investments in associates - net	13	**1,321,850,365**	824,167,951
Intangible assets - net	14	**1,378,798,345**	1,467,379,799
Deferred tax assets - net	26	**82,506,046**	103,489,456
Post-employment benefit asset	22	**-**	32,934,084
Other non-current assets	10	**950,903,294**	1,646,244
Total Non-current Assets		**10,240,897,383**	5,796,377,258
ASSETS HELD FOR SALE	15, 17	**-**	653,844,636
TOTAL ASSETS		**P 20,450,399,153**	P 16,916,788,977
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade and other payables	18	**P 1,894,289,202**	P 2,443,609,294
Loans payable and borrowings	19	**4,753,375,352**	3,780,787,774
Lease liabilities	16	**288,904,856**	-
Contract liabilities	20	**2,059,508,257**	1,907,651,767
Advances from related parties	24	**674,301,470**	-
Total Current Liabilities		**9,670,379,137**	8,132,048,835
NON-CURRENT LIABILITIES			
Trade and other payables	18	**15,335,425**	16,277,925
Lease liabilities	16	**2,774,865,185**	-
Deferred tax liabilities - net	26	**38,962,082**	53,666,133
Post-employment benefit obligation - net	22	**26,301,737**	5,101,604
Loans payable and borrowings	19	**-**	195,740,062
Total Non-current Liabilities		**2,855,464,429**	270,785,724
LIABILITIES OF DISPOSAL GROUP	17	**-**	149,335,036
Total Liabilities		**12,525,843,566**	8,552,169,595
EQUITY			
Attributable to owners of the Parent Company	25		
Capital stock		**4,427,009,132**	4,427,009,132
Treasury shares - at cost		**(988,150,025)**	(988,150,025)
Revaluation reserves		**(556,610,047)**	(197,368,120)
Translation adjustment		**(334,720,753)**	(149,457,977)
Other reserves		**(684,443,103)**	(684,443,103)
Retained earnings		**6,043,882,496**	5,947,912,638
		7,906,967,700	8,355,502,545
Attributable to non-controlling interest		**17,587,887**	9,116,837
Total Equity		**7,924,555,587**	8,364,619,382
TOTAL LIABILITIES AND EQUITY		**P 20,450,399,153**	P 16,916,788,977

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 JUNE 30, 2020, 2019 AND 2018
(Amounts in Philippine Pesos)

	Notes	2020	2019	2018
REVENUES				
Sale of vehicles	2, 20	**P 21,686,865,086**	P 26,668,087,951	P 26,222,596,706
Servicing and bodyshop	2, 20	**3,243,817,302**	3,647,810,153	3,716,930,698
Hotel operations	2, 20	**130,982,234**	126,339,649	130,144,590
Rental	2, 6, 20	**-**	1,193,805,905	1,641,414,659
		25,061,664,622	31,636,043,658	31,711,086,652
COSTS AND OPERATING EXPENSES				
Cost of vehicles sold	2	**19,563,635,501**	23,562,257,764	23,565,204,445
Salaries and employee benefits	22	**1,680,184,242**	1,986,154,557	1,871,547,668
Bodyshop repairs and parts	2	**1,659,125,424**	2,039,526,549	1,962,861,375
Advertising and promotions		**933,086,173**	1,161,784,565	927,975,967
Depreciation and amortization	12, 14, 16	**528,599,924**	236,747,708	273,413,003
Taxes and licenses		**141,462,866**	178,292,615	179,740,635
Communication, light and water		**81,733,859**	99,961,697	99,341,589
Professional fees	24	**69,630,258**	237,263,612	299,328,187
Transportation and travel		**68,269,119**	95,351,232	81,358,377
Rental	30	**34,553,952**	377,884,030	362,056,389
Impairment losses on receivables and goodwill	8, 13, 14 24	**14,524,497**	520,614,282	4,423,665
Representation and entertainment		**10,284,907**	47,924,982	36,739,794
Food and beverages		**9,803,636**	11,475,097	13,283,508
Maintenance of computer equipment	23	**-**	172,953,692	127,527,609
Telecommunication		**-**	110,370,917	131,948,795
Charitable contributions		**-**	7,494,000	20,608,930
Others	21	**310,639,037**	425,316,275	548,835,761
		25,105,533,395	31,271,373,574	30,506,195,697
OPERATING PROFIT (LOSS)		**(43,868,773)**	364,670,084	1,204,890,955
OTHER INCOME (CHARGES)				
Finance costs and other charges	23	**(300,568,573)**	(247,894,998)	(403,734,518)
Finance income	23	**113,437,172**	153,814,435	183,720,711
Gain on sale of investment property	15	**105,982,624**	-	-
Fair value gain on financial assets at fair value through profit or loss	11	**19,072,704**	21,966,802	-
Equity share in net income (loss) of associates	13	**(17,841,270)**	(49,081,427)	162,843,162
Loss on the disposal of share in PGMC	1	**(5,079,744)**	-	-
Net loss on sale of available-for-sale (AFS) financial assets	23	**-**	-	(54,533,062)
Others	21	**280,618,843**	141,612,022	55,120,749
		195,621,756	20,416,834	(56,582,958)
PROFIT BEFORE TAX		**151,752,983**	385,086,918	1,148,307,997
TAX EXPENSE	26	**89,027,454**	271,694,332	321,760,838
NET PROFIT		**62,725,529**	113,392,586	826,547,159
NET LOSS (PROFIT) FROM DISCONTINUED OPERATIONS	17	**-**	51,792,864	(539,400,774)
NET PROFIT FROM CONTINUING OPERATIONS		**62,725,529**	165,185,450	287,146,385
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	22	**(49,197,670)**	(10,432,327)	35,899,877
Net unrealized fair value losses on financial assets at fair value through other comprehensive income	11, 25	**(268,328,878)**	(130,229,915)	-
Gain on revaluation of property and equipment transferred to investment property - net of tax	15	**-**	-	31,569,426
		(317,526,548)	(140,662,242)	67,469,303
Balance carried forward		**(P 317,526,548)**	(P 140,662,242)	P 67,469,303

	Notes	2020	2019	2018
Balance brought forward		**(P 317,526,548)**	(P 140,662,242)	P 67,469,303
Items that will be reclassified subsequently to profit or loss				
Translation adjustment	2	**(185,262,776)**	(258,246,430)	276,486,587
Net unrealized fair value gains on AFS financial assets		**-**	-	73,700,839
Reclassification adjustments to profit or loss due to impairment of AFS financial assets	11, 25	**-**	-	69,273,240
		(185,262,776)	(258,246,430)	419,460,666
TOTAL COMPREHENSIVE INCOME (LOSS)		**(P 440,063,795)**	(P 285,516,086)	P 1,313,477,129
Net profit from continuing operations attibutable to:				
Owners of the Parent Company		**P 54,033,165**	P 160,547,686	P 278,033,132
Non-controlling interest		**8,692,364**	4,637,764	9,113,253
		P 62,725,529	P 165,185,450	P 287,146,385
Net profit (loss) from discontinued operations attibutable to -				
Owners of the Parent Company		**P -**	(P 51,792,864)	P 539,400,774
Total comprehensive income (loss) attributable to:				
Owners of the Parent Company		**(P 448,756,159)**	(P 289,835,488)	P 1,301,064,430
Non-controlling interest		**8,692,364**	4,319,402	12,412,699
		(P 440,063,795)	(P 285,516,086)	P 1,313,477,129
Earnings Per Share - Basic and Diluted	27			
From continuing operations		**P 0.012**	P 0.037	P 0.064
From discontinued operations		**P -**	(P 0)	P 0.124

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 JUNE 30, 2020, 2019 AND 2018
(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	Total Attributable to Parent Company	Non-controlling Interests	Total Equity
Balance at July 1, 2019		P 4,427,009,132	(P 988,150,025)	(P 197,368,120)	(P 684,443,103)	(P 149,457,977)	P 1,773,262,552	P 4,174,650,086	P 5,947,912,638	P 8,355,502,545	P 9,116,837	P 8,364,619,382
Transactions with owners												
Disposal of a subsidiary		-	-	(1,513,643)	-	-	-	1,513,643	1,513,643	-	-	-
Reversal of appropriations during the year		-	-	-	-	-	(1,773,262,552)	1,773,262,552	-	-	-	-
Appropriations during the year		-	-	-	-	-	2,000,000,000	(2,000,000,000)	-	-	-	-
		-	-	(1,513,643)	-	-	226,737,448	(225,223,805)	1,513,643	-	-	-
Total comprehensive income (loss)												
Net profit for the year		-	-	-	-	-	-	54,033,165	54,033,165	54,033,165	8,692,364	62,725,529
Actuarial gain on remeasurement of										-		
post-employment benefit obligation - net of tax	20, 24	-	-	(48,976,356)	-	-	-	-	-	(48,976,356)	(221,314)	(49,197,670)
Net unrealized fair value gains on disposals of financial assets at FVOCI	11, 24	-	-	(268,328,878)	-	-	-	-	-	(268,328,878)	-	(268,328,878)
Realized revaluation surplus	15	-	-	(32,049,054)	-	-	-	32,049,054	32,049,054	-	-	-
Realized fair value changes on disposals of financial assets at FVOCI	11, 24	-	-	(8,373,996)	-	-	-	8,373,996	8,373,996	-	-	-
Translation adjustment		-	-	-	-	(185,262,776)	-	-	-	(185,262,776)	-	(185,262,776)
		-	-	(357,728,284)	-	(185,262,776)	-	94,456,215	94,456,215	(448,534,845)	8,471,050	(440,063,795)
Balance at June 30, 2020	24	**P 4,427,009,132**	**(P 988,150,025)**	**(P 556,610,047)**	**(P 684,443,103)**	**(P 334,720,753)**	**P 2,000,000,000**	**P 4,043,882,496**	**P 6,043,882,496**	**P 7,906,967,700**	**P 17,587,887**	**P 7,924,555,587**
Balance at July 1, 2018												
As previously reported	24	P 4,427,009,132	(P 988,150,025)	P 144,158,757	(P 677,544,362)	P 108,510,371	P 1,773,262,552	P 3,865,030,627	P 5,638,293,179	P 8,652,277,053	P 18,122,446	P 8,670,399,499
Effect of adoption of PFRS 9	2, 24	-	-	(218,833,242)	-	-	-	218,833,242	218,833,242	-	-	-
As restated		4,427,009,132	(988,150,025)	(74,674,485)	(677,544,362)	108,510,371	1,773,262,552	4,083,863,869	5,857,126,421	8,652,277,053	18,122,446	8,670,399,499
										-		
Total comprehensive income (loss)												
Net profit for the year		-	-	-	-	-	-	108,754,823	108,754,823	108,754,823	4,637,763	113,392,586
Effect of change in percentage ownership over a subsidiary		-	-	-	(6,898,741)	-	-	-	-	(6,898,741)	(13,325,010)	(20,223,751)
Actuarial gain on remeasurement of										-		
	21, 24	-	-	(10,432,327)	-	-	-	-	-	(10,432,327)	(40,280)	(10,472,607)
Net unrealized fair value gains on financial assets at FVOCI	11, 24	-	-	(130,229,915)	-	-	-	-	-	(130,229,915)	-	(130,229,915)
Realized fair value changes on disposals of financial assets at FVOCI	11, 24	-	-	17,968,606	-	-	-	(17,968,606)	(17,968,606)	-	-	-
Translation adjustment		-	-	-	-	(257,968,348)	-	-	-	(257,968,348)	(278,082)	(258,246,430)
		-	-	(122,693,636)	(6,898,741)	(257,968,348)	-	90,786,217	90,786,217	(296,774,508)	(9,005,609)	(285,516,086)
Balance at June 30, 2019		P 4,427,009,132	(P 988,150,025)	(P 197,368,120)	(P 684,443,103)	(P 149,457,977)	P 1,773,262,552	P 4,174,650,086	P 5,947,912,638	P 8,355,502,545	P 9,116,837	P 8,364,619,382

	Notes	Capital Stock	Treasury Stock - at Cost	Revaluation Reserves	Other Reserves	Translation Adjustment	Retained Earnings: Appropriated	Retained Earnings: Unappropriated	Retained Earnings: Total	Total Attributable to Parent Company	Non-controlling Interests	Total Equity
		Attributable to Owners of the Parent Company										
Balance at July 1, 2017	23	P 4,427,009,132	(P 988,150,025)	(P 66,541,945)	(P 663,742,273)	(P 165,125,003)	P 1,773,262,552	P 3,047,596,721	P 4,820,859,273	P 7,364,309,159	P 20,645,292	P 7,384,954,451
Effect of change in percentage ownership over a subsidiary		-	-	-	(13,802,089)	-	-	-	-	(13,802,089)	(14,229,993)	(28,032,082)
Total comprehensive income (loss)												
Net profit for the year		-	-	-	-	-	-	817,433,906	817,433,906	817,433,906	9,113,253	826,547,159
Actuarial gain on remeasurement of										-		
post-employment benefit obligation - net of tax	20, 23	-	-	35,677,569	-	-	-	-	-	35,677,569	222,308	35,899,877
Net unrealized fair value gains on available-for-sale financial assets	11, 23	-	-	73,700,839	-	-	-	-	-	73,700,839	-	73,700,839
Gain on revaluation of property and equipment transferred										-		
to investment property - net of tax	15	-	-	32,049,054	-	-	-	-	-	32,049,054	-	32,049,054
Reclassification adjustments to profit or loss	11, 23	-	-	69,273,240	-	-	-	-	-	69,273,240	-	69,273,240
Translation adjustment		-	-	-	-	273,635,374	-	-	-	273,635,374	2,371,586	276,006,960
		-	-	210,700,702	-	273,635,374	-	817,433,906	817,433,906	1,301,769,983	11,707,147	1,313,477,129
Total equity at June 30, 2018	23	P 4,427,009,132	(P 988,150,025)	P 144,158,757	(P 677,544,362)	P 108,510,371	P 1,773,262,552	P 3,865,030,627	P 5,638,293,179	P 8,652,277,053	P 18,122,446	P 8,670,399,499

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 JUNE 30, 2020, 2019 AND 2018
(Amounts in Philippine Pesos)

	Notes	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		P 151,752,983	P 385,086,918	P 1,148,307,997
Adjustments for:				
Depreciation and amortization	12, 14, 16	528,599,924	236,747,708	273,413,003
Gain on sale of an investment property	15	(105,982,624)	-	-
Interest expense	23	263,683,078	167,793,267	158,139,266
Interest income	23, 24	(90,824,461)	(110,821,226)	(118,394,329)
Dividend income	23	(22,612,711)	(42,993,209)	(21,336,854)
Equity share in net loss (income) of associates	13	17,841,270	49,081,427	(162,843,162)
Impairment losses	13, 14, 18	14,524,497	520,614,282	-
Loss on the disposal of share in Philippine Gaming Management Corporation (PGMC)	17	5,079,744	-	-
Net loss (gain) on disposal of property and equipment	12, 21	4,274,031	686,881	(679,204)
Unrealized foreign currency losses (gains) - net	23	2,203,365	24,101,759	(43,989,528)
Impairment loss on available-for-sale financial assets	11, 23	-	-	210,238,322
Provision for losses	21, 30	-	-	63,985,202
Net loss on sale of available-for-sale financial assets	11	-	-	54,533,062
Operating income before working capital changes		768,539,096	1,230,297,807	1,561,373,775
Increase in trade and other receivables		363,969,626	1,196,218,099	1,102,922,899
Decrease (increase) in inventories		736,134,503	(96,533,497)	(1,357,884,297)
Increase in financial assets at fair value through profit or loss		(19,072,704)	(21,966,802)	-
Decrease (increase) in prepayments and other current assets		(195,464,998)	5,340,757	(192,065,935)
Decrease (increase) in post-employment benefit asset		31,282,696	10,590,406	(45,175,878)
Decrease (increase) in other non-current assets		(949,257,050)	(1,644,795)	605,661
Increase (decrease) in trade and other payables		84,624,257	(2,626,222,098)	302,362,172
Increase in contract liabilities		151,856,490	1,907,651,767	-
Increase (decrease) in post-employment benefit obligation		(30,680,908)	53,162	31,338,876
Cash generated from operations		941,931,008	1,603,784,806	1,403,477,273
Cash paid for income taxes		(89,027,454)	(267,604,691)	(342,801,350)
Net Cash From Operating Activities		852,903,554	1,336,180,115	1,060,675,923
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of property and equipment	12	(748,394,002)	(396,529,394)	(246,860,334)
Proceeds from disposal of investment property	15	374,568,387	-	
Additional advances granted to associates	24	(214,200,000)	(240,065,601)	(481,171,919)
Proceeds from sale of investments through other comprehensive income	11	202,553,766	35,599,277	-
Acquisition of additional investments in associates	13	(60,864,998)	(41,999,997)	(242,557,235)
Collections of advances to associates	24	47,000,000	9,000,000	3,000,000
Acquisition of financial assets	11	(37,223,071)	(621,782,190)	(578,017,157)
Cash dividends received	11, 13	22,612,711	113,692,783	72,240,547
Interest received		7,181,188	27,908,089	55,265,012
Proceeds from disposal of property and equipment	12	473,849	126,102,846	700,735
Proceeds from sale of available-for-sale financial assets	11	-	-	158,659,172
Net Cash Used in Investing Activities		(406,292,170)	(988,074,187)	(1,258,741,179)
CASH FLOWS FROM FINANCING ACTIVITIES				
Advances received from a related parties	24	548,658,789	-	-
Proceeds from bank loans	19	516,586,000	80,000,000	450,000,000
Repayment of bank loans	19	(371,187,962)	(165,900,561)	(37,500,000)
Interest paid		(261,404,517)	(167,548,615)	(158,228,022)
Payment of lease liabilities	16	(247,456,313)	-	-
Advances paid to related parties	24	(217,219,243)	-	-
Net Cash From (Used in) Financing Activities		(32,023,246)	(253,449,176)	254,271,978
EFFECT OF EXCHANGE RATE CHANGES TO CASH AND CASH EQUIVALENTS		(7,940,038)	(37,186,210)	(4,353,221)
NET INCREASE IN CASH AND CASH EQUIVALENTS		406,648,100	57,470,542	51,853,501
Balance carried forward		P 406,648,100	P 57,470,542	P 51,853,501

	Notes	2020	2019	2018
Balance brought forward		**P 406,648,100**	P 57,470,542	P 51,853,501
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**1,047,232,990**	1,112,704,213	1,060,850,712
CASH AND CASH EQUIVALENTS OF ASSETS HELD FOR SALE	17	**-**	(122,941,765)	-
CASH AND CASH EQUIVALENTS AT END OF YEAR		**P 1,453,881,090**	P 1,047,232,990	P 1,112,704,213

Supplemental Information on Non-cash Financing and Investing Activities:

1 In 2020, the Parent Company disposed of significant ownership interest in PGMC, which resulted in the deconsolidation of PGMC. The deconsolidation resulted in the decrease in various account balances as contributed by PGMC, including receivables, inventories, property and equipment, intangible assets and various liabilities (see Notes 1, 13 and 17).

2 On July 1, 2019, the Group recognized right-of-use assets and lease liabilities amounting to P2,369,665,569 and 2,361,265,569, respectively, upon initial adoption of PFRS 16 (see Notes 2 and 16). The carrying amount of right-of-use assets and lease liabilities amounted to P2,997,696,798 and P3,063,770,041, respectively, as of June 30, 2020.

3 For the periods ended June 30, 2019 and June 30, 2018, the Group acquired certain leasehold improvements for a total consideration of P1,907,092 and P12,827,844, respectively. As at June 30, 2019 and 2018, P1,064,748 and P1,775,938 remain outstanding (see Note 12). The outstanding balance in 2018 was fully paid in 2019.

See Notes to Consolidated Financial Statements.

BERJAYA PHILIPPINES INC. AND SUBSIDIARIES
[A Subsidiary of Berjaya Lottery Management (HK) Limited]
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020, 2019 AND 2018
(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 June 30, 2020 and 2019. 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.

On May 15, 2019, the Parent Company's Board of Directors (BOD) approved the amendment of its by-laws for the change in the current reporting period from fiscal year beginning May 1 and ending April 30 to fiscal year beginning July 1 and ending June 30, and such amendment was approved by the Securities and Exchange Commission (SEC) and Bureau of Internal Revenue (BIR) on July 25, 2019 and February 12, 2020, respectively.

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 entities as at June 30:

Subsidiaries/Associates	Short Name	Explanatory Notes	Effective % of Ownership 2020	2019
Subsidiaries:				
Services:				
Perdana Hotel Philippines Inc.	PHPI	*(a)*	**100.00%**	100.00%
Floridablanca Enviro Corporation	FEC	*(b)*	**100.00%**	100.00%
Holding Company –				
eDoc Holdings Limited	eDoc Holdings	*(e)*	**100.00%**	100.00%

Subsidiaries/Associates	Short Name	Explanatory Notes	Effective % of Ownership 2020	2019
Subsidiaries:				
Motor Vehicle Dealership:				
H.R. Owen Plc	H.R. Owen	*(c)*	**100.00%**	100.00%
Broughtons of Cheltenham Limited		*(d)*	**100.00%**	100.00%
H.R. Owen Dealership Limited		*(d)*	**100.00%**	100.00%
Jack Barclay Limited		*(d)*	**100.00%**	100.00%
Holland Park Limited	Holland Park	*(d)*	**100.00%**	100.00%
Bodytechnics Limited	Bodytechnics	*(d)*	**100.00%**	100.00%
Upbrook Mews Limited	Upbrook Mews	*(d)*	**100.00%**	100.00%
H.R. Owen Insurance Services Limited	H.R.O. Insurance	*(d)*	**60.00%**	60.00%
Leasing –				
Philippine Gaming Management Corporation	PGMC	*(f)*	**-**	100.00%
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%
Philippine Gaming Management Corporation	PGMC	*(f)*	**40.00%**	-
Perdana Land Philippines Inc.	PLPI	*(i)*	**40.00%**	40.00%
Cosway Philippines Inc.	CPI	*(j)*	**40.00%**	40.00%
Berjya Auto Asia, Inc.	BAAI	*(k)*	**30.00%**	-
Bermaz Auto Philippines Inc.	BAPI	*(l)*	**28.28%**	28.28%
Chailease Berjaya Finance Corporation	CBFC	*(m)*	**25.00%**	25.00%
Ssangyong Berjaya Motor Philippines Inc.	SBMPI	*(n)*	**21.67%**	21.67%
VideoDoc Limited	Videodoc	*(o)*	**20.15%**	20.15%

(a) 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.

(b) 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 March 2019, SEC approved the increase in authorized capital stock of FEC to P160,000,000. Subsequently, the Company acquired 120,000,000 and 39,750,000 additional shares in 2020 and 2019, respectively, at P1 per share. Further, in 2020 the Company made equity advances amounting to P125.0 million for the future subscription in the shares of FEC. As at June 30, 2020, FEC has not yet started commercial operations.

(c) 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.

(d) 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.

(e) 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.

(f) 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.

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. The BOD of the Parent 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. Consequently, PGMC issued the remaining 5,000,000 unsubscribed shares to other stockholders on July 3, 2019.

On June 27, 2019, the BOD of the Parent Company authorized the sale of 1,000,000 common shares of PGMC amounting to P117,150,000. As a result, the Group presented its investments in PGMC as Non-current Assets Held for Sale in the 2019 consolidated statement of financial position. The estimated fair value less cost to sell of the Parent Company's investment is higher than the carrying amount; hence, no impairment was recognized.

The foregoing transactions reduced BPI's interest ownership over PGMC to 40%. Hence, the fair value of the remaining ownership shares in PGMC is presented as part of investment in associates (see Note 13).

(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. BPI 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) In July 2019, BPI acquired 30% ownership interest in BAAI. BAAI was incorporated on November 20, 2017 and is primarily engaged in the business of dealing all types of new automobiles, trucks, and other motor vehicles and any parts, supplies or accessories used in connection therewith. BAAI started its commercial operations on May 2019. The registered office and principal place of business of BAAI is at 9th Floor, Rufino Pacific Tower, 6784 Ayala Ave. corner V. A. Rufino St., Makati City.

(l) 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.

(m) 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. In May 2019, CBFC increased its authorized capital stock from P250,000,000 to P450,000,000. Consequently, BPI subscribed to 50,000,000 shares at P1 per share to retain its 25% interest over CBFC.

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.

(n) 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, BPI subscribed to additional 10,000,000 shares at P1 per share, which resulted to the increase in its effective ownership interest from 20.00% to 21.67%. In 2020, SBMPI proposed to issue 50,000,000 common shares from its unsubscribed capital. BPI exercised its preemptive rights and paid for 10,835,000 shares of SBMPI at P1 per share, to retain its 21.67% interest over SBMPI as at June 30, 2020. SBMPI's registered office and principal place of business is located at 9th Floor, Rufino Pacific Tower, 6784 Ayala Avennue, Makati City.

(o) 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 June 30, 2020 (including the comparative consolidated financial statements as at June 30, 2019 and for the years ended June 30, 2019 and 2018) were authorized for issue by the BOD on October 6, 2020.

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 2020 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, 2019, for its annual reporting period beginning July 1, 2019:

PAS 19 (Amendments)	:	Employee Benefits – Plan Amendment, Curtailment or Settlement
PAS 28 (Amendments)	:	Investment in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures
PFRS 9 (Amendments)	:	Financial Instruments – Prepayment Features with Negative Compensation
PFRS 16	:	Leases
International Financial Reporting Interpretations Committee (IFRIC) 23	:	Uncertainty over Income Tax Treatments
Annual Improvements to PFRS (2015-2017 Cycle)		
PAS 12 (Amendments)	:	Income Taxes – Tax Consequences of Dividends
PAS 23 (Amendments)	:	Borrowing Costs – Eligibility for Capitalization

PFRS 3 and PFRS 11 (Amendments) : Business Combinations and Joint Arrangements – Remeasurement of Previously Held Interests in a Joint Operation

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

(i) PAS 19 (Amendments), *Employee Benefits – Plan Amendment, Curtailment or Settlement*. The amendments clarify that past service cost and gain or loss on settlement is calculated by measuring the net defined benefit liability or asset using updated actuarial assumptions and comparing the benefits offered and plan assets before and after the plan amendment, curtailment or settlement but ignoring the effect of the asset ceiling that may arise when the defined benefit plan is in a surplus position. Further, the amendments require 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 an entity measures its net deferred liability (asset). The application of these amendments had no impact on the Group's consolidated financial statements as there were no changes in the plan, curtailment or material settlement during the year.

(ii) PAS 28 (Amendments), *Investment in Associates and Joint Ventures – Long-term Interest in Associates and Joint Ventures*. 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. The application of these amendments had no impact on the Group's consolidated financial statements.

(iii) PFRS 9 (Amendments), *Financial Instruments – Prepayment Features with Negative Compensation*. 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 fair value through other comprehensive income. The application of these amendments had no impact on the Group's consolidated financial statements as there was no financial asset identified with negative compensation.

(iv) PFRS 16, *Leases*. The new standard replaced PAS 17, *Leases*, and its related interpretations IFRIC 4, *Determining Whether an Arrangement Contains a Lease*, Standard Interpretations Committee (SIC) 15, *Operating Leases – Incentives* and SIC 27, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. For lessees, it requires an entity to account for leases "on-balance sheet" by recognizing a "right-of-use" asset and lease liability arising from contract that is, or contains, a lease.

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

The Group adopted PFRS 16 and the related Philippine Interpretations Committee (PIC) Questions and Answer (Q&A) using the modified retrospective approach as allowed under the transitional provisions of the standard. Accordingly, comparative information were not restated. The adoption of the standard has resulted in adjustments to the amounts recognized in the consolidated financial statements as at July 1, 2019, without any effect to the opening balance of Retained Earnings account as the amount of the right-of-use assets and lease liabilities is the same.

The new accounting policies of the Group as a lessee are disclosed in Note 2.17(a), while the accounting policies of the Group as a lessor, as described in Note 2.17(b), were not significantly affected.

The following are the relevant information arising from the Group's adoption of PFRS 16 and how the related accounts are measured and presented on the Group's consolidated financial statements as at July 1, 2019:

(a) For contracts in place at the date of initial application, the Group has elected to apply the definition of a lease from PAS 17 and IFRIC 4 and has not applied PFRS 16 to arrangements that were previously not identified as leases under PAS 17 and IFRIC 4.

(b) The Group recognized lease liabilities in relation to leases which had previously been classified as operating leases under PAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as of July 1, 2019. The Group's incremental borrowing rates applied to the lease liabilities are 3.4% for HR Owen and 6.5% for PHPI on July 1, 2019.

The right-of-use asset was recognized at the same amount of the lease liability.

(c) For leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets, the Group has applied the optional exemptions to not recognize right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

(d) The Group has also used the following practical expedients, apart from those already mentioned above, as permitted by the standard:

i. reliance on its historical assessments on whether leases are onerous as an alternative to performing an impairment review on right-of-use assets;

ii. use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease; and,

iii. application of a single discount rate to a portfolio of leases with reasonably similar characteristics.

Relative to the adoption of PFRS 16, the FRSC also approved the issuance of the following PIC Q&A, yet still subject to approval by the BOA:

(a) *PIC Q&A No. 2019-08*, *Accounting for Asset Retirement or Restoration Obligation ("ARO") with the Adoption of PFRS 16, Leases*, which clarifies on how a lessee should account for ARO, including any existing ARO that was previously capitalized as part of property plant and equipment – net when applying PAS 17;

(b) *PIC Q&A No. 2019-09*, *Accounting for Prepaid Rent or Rent Liability Arising from Straight-lining under PAS 17, Leases, on Transition to PFRS 16 and the Related Deferred Tax Effects*, which clarifies the accounting treatment for any existing prepaid rent or rent liability in transition from PAS 17 to PFRS 16 using the modified retrospective approach and the related deferred tax effects;

(c) *PIC Q&A 2019-11, Determining the Current Portion of an Amortizing Loan/Lease Liability*, which clarifies the proper classification/presentation between current and non-current portion of amortizing lease liability in the consolidated statement of financial position;

(d) *PIC Q&A 2019-12, Determining the Lease Term under PFRS 16, Leases,* which clarifies the lease term upon consideration of an option to either extend or terminate the lease; and,

(e) *PIC Q&A 2019-13*, *Determining the Lease Term of Leases that are Renewable Subject to Mutual Agreement of the Lessor and the Lessee*. This clarifies the lease term upon consideration of renewal option subject to mutual agreement of lessor and lessee.

The following table shows the effects of the adoption of PFRS 16 in the carrying amounts and presentation of certain accounts in the consolidated statement of financial position as at July 1, 2019:

	Note	Carrying Amount (PAS 17) June 30, 2019	Reclassification	Remeasurement	Carrying Amount (PFRS 16) July 1, 2019
Assets:					
Prepayments and other current assets		P 612,309,642	(P 12,000,000)	P -	P 600,309,642
Right-of-use assets – net	2.2(a)(iv)(d)	-	8,400,000	2,361,265,569	2,369,665,569
Deferred tax assets		103,489,456	3,600,000	-	107,089,456
Liabilities:					
Lease liabilities	2.2(a)(iv)(b), 2.2(a)(iv)(c)	-	-	2,361,265,569	2,361,265,569
Impact on net assets			P -	P -	

The following is a reconciliation of the opening lease liabilities recognized at July 1, 2019 and the total operating lease commitments determined under PAS 17 at June 30, 2019.

	Notes	
Operating lease commitments, June 30, 2019 (PAS 17)	30.1	P 3,803,659,979
Recognition exemptions:		
Leases of low value assets	2.2(a)(iv)(c)	(12,174,751)
Leases with remaining term of less than 12 months	2.2(a)(iv)(c)	(396,911,893)
Operating lease liabilities before discounting		3,394,573,335
Discount using incremental borrowing rate	2.2(a)(iv)(b)	(1,033,307,766)
Lease liabilities, July 1, 2019 (PFRS 16)		P 2,361,265,569

(v) IFRIC 23, *Uncertainty over Income Tax Treatments*. This 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. The application of this interpretation had no impact on the Group's consolidated financial statements.

(vi) Annual Improvements to PFRS 2015-2017 Cycle. Among the improvements, the following amendments, which are effective from January 1, 2019, are relevant to the Group's consolidated financial statements, for its annual reporting period beginning July 1, 2019:

- PAS 12 (Amendments), *Income Taxes – Tax Consequences of Dividends.* The amendments clarify that an entity should recognize the income tax consequence of dividend payments in profit or loss, other comprehensive income or equity according to where the entity originally recognized the transactions that generated the distributable profits.

- 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 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 amendment clarify that previously held interest in a joint operation shall be measured 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.

The application of these improvements had no impact on the Group's consolidated financial statements.

(b) Effective Subsequent to Fiscal Year 2020 but not Adopted Early

There are amendments to existing standards effective for annual periods subsequent to 2019, which are adopted by the FRSC. Management will adopt the 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 1 (Amendments), *Presentation of Financial Statements and PAS 8* (Amendments), *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material* (effective from January 1, 2020). The amendments provide a clearer definition of 'material' in PAS 1 by including the concept of 'obscuring' material information with immaterial information as part of the new definition, and clarifying the assessment threshold (i.e., misstatement of information is material if it could reasonably be expected to influence decisions made by primary users, which consider the characteristic of those users as well as the entity's own circumstances). The definition of material in PAS 8 has been accordingly replaced by reference to the new definition in PAS 1. In addition, amendments have also been made in other standards that contain definition of material or refer to the term 'material' to ensure consistency.

(ii) Revised Conceptual Framework for Financial Reporting (effective from January 1, 2020). The revised conceptual framework will be used in standard-setting decisions with immediate effect. Key changes include (a) increasing the prominence of stewardship in the objective of financial reporting, (b) reinstating prudence as a component of neutrality, (c) defining a reporting entity, which may be a legal entity, or a portion of an entity, (d) revising the definitions of an asset and a liability, (e) removing the probability threshold for recognition and adding guidance on derecognition, (f) adding guidance on different measurement basis, and, (g) stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

No changes will be made to any of the current accounting standards. The Group has initially assessed that its accounting policies are still appropriate under the revised framework.

(iii) Among the Annual Improvements to PFRS 2018-2020 Cycle, only PFRS 9 (Amendments), *Financial Instruments – Fees in the '10 per cent' Test for Derecognition of Financial Liabilities*, which are effective from January 1, 2022, is relevant to the Company. The improvements clarify the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

(iv) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective from January 1, 2023). The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

(v) 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.

(vi) PFRS 16 (Amendments), *Leases – COVID-19-Related Rent Concessions* (effective June 1, 2020). The amendements permit lessees, as a practical expedient, not to assess whether particular rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications. The amendment does not affect lessors.

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.

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 amounts previously recognized in other comprehensive income in respect of that entity are 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.

Gains and losses on the disposal of an interest in a subsidiary include the carrying amount of the related goodwill (see Note 2.12).

(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.

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

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 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 and other 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 (except Deposit for future stock subscription), 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 consolidated statement of comprehensive income as part of Finance Income.

(ii) 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 certain equity instruments as at FVOCI on initial recognition.

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.

Financial assets at FVOCI are initially measured at fair value. Subsequently, they are measured at fair value with gains or losses recognized in profit or loss as part of Finance Income in the consolidated statements of profit or loss.

Any dividends earned on holding equity instruments are recognized in profit or loss as part of Dividend under Finance Income, 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.

(iii) 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. Also, equity securities are classified as financial assets at FVTPL, unless the Group designates an equity investment that is not held for trading as at FVOCI at initial recognition. The Group's financial assets at FVTPL include equity securities which are held for trading purposes and designated as at FVTPL.

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.

The Group can only reclassify financial assets if the objective of its business model for managing those financial assets changes. Accordingly, the Group 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 Group's business model will take effect only at the beginning of the next reporting period following the change in the business model.

Prior to fiscal year 2019, the Group classified and measured financial assets in accordance with PAS 39, *Financial Instruments*, under the following categories: financial assets at FVPL, loans and receivables, held-to-maturity investments and available for sale (AFS) financial assets.

(b) Impairment of Financial Assets

At the end of the reporting period, the Group assesses and recognizes allowance for ECL on its financial assets measured at amortized cost and debt instruments measured at FVOCI. The measurement of ECL involves consideration of broader range of information that is available without undue cost or effort at the reporting date about past events, current conditions, and reasonable and supportable forecasts of future economic conditions (i.e., forward-looking information) that may affect the collectability of the future cash flows of the financial assets. Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instruments evaluated based on a range of possible outcome.

The Group recognizes lifetime ECL for trade and other receivables and contract assets. The ECL on these assets are estimated by applying the simplified approach using a provision matrix developed based on the Group's historical credit loss experience and credit information that are specific to the debtors, adjusted for general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. These assets are assessed for impairment on a collective basis based on shared credit risk characteristics.

To calculate the ECL of related parties, the Group determines possible impairment based on the sufficiency of the related parties' highly liquid assets in order to repay the Group's receivables if demanded at the reporting date taking into consideration the historical defaults of the related parties.

For the other financial assets measured at amortized cost, the Group applies the low credit risk simplification and measures the ECL on the financial assets based on the credit losses expected to result from default events that are possible within the next 12 months (12-month ECL) until there is a significant increase in credit risk since origination, at which point, the loss allowance will be based on lifetime ECL. When there has been a significant increase in credit risk on a financial asset since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (lifetime ECL).

Measurement of the ECL is determined by a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. The key elements used in the calculation of ECL are as follows:

- *Probability of default* – It is an estimate of likelihood of a counterparty defaulting at its financial obligation over a given time horizon, either over the next 12 months or the remaining lifetime of the obligation.

- *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 Group would expect to receive, including the realization of any collateral or effect of any credit enhancement.

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

The Group recognizes an impairment loss in profit or loss for all financial instruments subjected to impairment assessment with a corresponding adjustment to their carrying amount through a loss allowance account, except for debt instruments measured at FVOCI, for which the loss allowance is recognizes in other comprehensive income and accumulated in Revaluation Reserves account, and does not reduce the carrying amount of the financial asset in the consolidated statement of financial position.

Prior to fiscal year 2019, the Group assessed the impairment of financial assets based on the evaluation of the existence of objective evidence than an impairments loss 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 cashflows, 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.

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.

Prior to the deconsolidation of PGMC, the 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. This includes costs of construction, applicable borrowing costs (see Note 2.22) and other direct costs. 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 revalued 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 Note 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), Lease 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, 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).

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.

The Group determines whether a contract with customer exists by evaluating whether the following gating criteria are 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.

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.

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 in the succeeding page 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.

In fiscal year 2018, revenue is recognized based on the provisions of PAS 18, *Revenue*, which is to the extent that the revenue can be reliably measured; it is probable that the economic benefits will flow to the Group; and the costs incurred or to be incurred can be measured reliably.

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

(i) Accounting for leases in Accordance with PFRS 16 (2020)

For any new contracts entered into on or after July 1, 2019, the Group considers whether a contract is, or contains, a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;

- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and,

- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

At lease commencement date, the Group recognizes a right-of-use asset and a lease liability in the consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). Subsequently, the Group depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist (see Note 2.18).

On the other hand, the Group measures the lease liability at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate. Lease payments include fixed payments (including in-substance fixed) less lease incentives receivable, if any, variable lease payments based on an index or rate, amounts expected to be payable under a residual value guarantee, and payments arising from options (either renewal or termination) reasonably certain to be exercised. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

On the consolidated statement of financial position, right-of-use assets and lease liabilities have been presented separately from property, plant and equipment and other liabilities, respectively.

(ii) Accounting for Leases in Accordance with PAS 17 (2019 and 2018)

Leases which transfer to the Group substantially all risks and benefits incidental to ownership of the leased item are classified as finance leases and are recognized as assets and liabilities in the consolidated statement of financial position at amounts equal to the fair value of the leased property at the inception of the lease or, if lower, at the present value of minimum lease payments. Lease payments are apportioned between the finance costs and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability.

Finance costs are recognized in profit or loss. Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

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.

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.

(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. In 2019 and 2018, 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.

2.18 Impairment of Non-financial Assets

The Group's property and equipment, right-of-use assets, 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 and dealership rights, 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.

Transactions amounting to 10% or more of the total assets based on the latest audited consolidated financial statements that were entered into with related parties are considered material under SEC Memorandum Circular No. 10, Series of 2019, *Rules on Material Related Party Transactions for Publicly-listed Companies*.

All individual material related party transactions shall be approved by the BOD. For aggregate related party transactions within a 12-month period that breaches the materiality threshold, the same board approval would be required for the transaction(s) that meets and exceeds the materiality threshold covering the same related party.

Directors and officers with personal interest in the transaction should abstain from participating in discussions and voting on the same. In case they refuse to abstain, their attendance shall not be counted for the purposes of assessing the quorum and their votes shall not be counted for purposes of determining approval.

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 prior to deconsilidation 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 and 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 at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows for expected benefit payments using a discount rate derived from the interest rates of zero coupon government bonds [using the reference rates published by Bloomberg using its valuation technology, Bloomberg Valuation (BVAL)], 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. BVAL provides evaluated prices that are based on market observations from contributed sources.

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.

Past service costs are recognized immediately in profit or loss in the period of a plan amendment and 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.

(d) Termination Benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits at the earlier of when it can no longer withdraw the offer of such benefits and when it recognizes costs for a restructuring that is within the scope of PAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the reporting period are discounted to their present value.

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 27).

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 Lease Term of Contracts with Renewal and Termination Options (2020)

In determining the lease term, management considers all relevant factors and circumstances that create an economic incentive to exercise a renewal option or not exercise a termination option. Renewal options and/or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated.

For lease of land and building, the factors that are normally the most relevant are (a) if there are significant penalties should the Group pre-terminate the contract, and (b) if any leasehold improvements are expected to have a significant remaining value, the Group is reasonably certain to extend and not to terminate the lease contract. Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The Group included the renewal period as part of the lease term for leases of land and building due to the significance of these assets to its operations. These leases have non-cancellable lease period (i.e., 1 to 20 years) and there will be a significant negative effect on revenue generating activities if a replacement is not readily available.

The lease term is reassessed if an option is actually exercised or not exercised or the Group becomes obliged to exercise or not exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Group.

(b) Determination of Transaction Price and Amounts Allocated to Performance Obligations

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.

(c) Determination of the Timing of Satisfaction of Performance Obligation

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.

(d) Determination of ECL on Trade and Other Receivbales and Advances to Associates

The Group uses a provision matrix and liquidity analysis 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.

(e) Evaluation of Business Model Applied in Managing Financial Instruments

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, 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.

(f) Testing the Cash Flow Characteristics of Financial Assets and Continuing Evaluation of the Business Model

In determining the classification of financial assets, 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.

In addition, PFRS 9 emphasizes that if more than an infrequent sale is made out of a portfolio of financial assets carried at amortized cost, an entity should assess whether and how such sales are consistent with the objective of collecting contractual cash flows. In making this judgment, the Group considers certain circumstances documented in its business model manual to assess that an increase in the frequency or value of sales of financial instruments in a particular period is not necessary inconsistent with a held-to-collect business model if the Group can explain the reasons for those sales and why those sales do not reflect a change in the Group's objective for the business model.

(g) *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.

(h) *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.

(i) *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.

(j) *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 30.

(k) *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 100% 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.

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) Determination of Appropriate Discount Rate in Measuring Lease Liabilities (2020)

The Group measures its lease liabilities at present value of the lease payments that are not paid at the commencement date of the lease contract. The lease payments were discounted using a reasonable rate deemed by management equal to the Group's incremental borrowing rate. In determining a reasonable discount rate, management considers the term of the leases, the underlying asset and the economic environment. Actual results, however, may vary due to changes in estimates brought about by changes in such factors.

(b) Estimation of Allowance for ECL on Trade and Other Receivables and Advances to Associates

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.

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, Righ-of-use Assets and Customer Relationship

The Group estimates the useful lives of property and equipment, right-of-use assets 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 June 30, 2020 and 2019, there is no change in estimated useful lives of property and equipment, customer relationship and right-of-use assets during those years (see Notes 12, 14 and 16).

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, customer relationship and righ-of-use assets are analyzed in Notes 12, 14 and 16, 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 Group engages a valuation expert annually to assess the fair value of the investment properties (see Note 29.4). 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 the luxury vehicle market segment 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) Estimation of Impairment of Non-financial Assets

The Group follows the guidance of PAS 36, *Impairment of Assets*, on determining when non-financial assets, including goodwill and dealership rights with indefinite life, are impaired. 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 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.

Management's assessment of impairment of goodwill and dealership rights is disclosed in Note 14. There were no impairment losses required to be recognized for other non-financial assets in 2020, 2019 and 2018 based on management's assessment.

(i) 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 June 30, 2020 and 2019 will be fully utilized in the coming years. The carrying amount of deferred tax assets as at those dates is disclosed in Note 26.

(j) 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 22.

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 28. 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 June 30, 2020 and 2019, 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 19).

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 June 30, 2020 and 2019.

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:

	2020	2019
Php - GBP	**P 1,359,890,732**	P 999,379,258
Php - USD	**2,395,018**	3,277,210
Php - MYR	**1,531,186**	158,786
Php - EUR	**290,111**	302,337

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% 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.

	2020		2019	
	Reasonably possible change in rate	**Effect in profit before tax**	Reasonably possible change in rate	Effect in profit before tax
PhP - GBP	**34.10%**	**P 463,722,740**	19.45%	P 194,350,665
PhP - USD	**8.28%**	**198,307**	8.46%	277,264
PhP - MYR	**11.19%**	**171,340**	8.80%	13,975
PhP - EUR	**16.05%**	**46,563**	35.56%	107,509
		P 464,138,950		P 194,749,413

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. 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 June 30, 2020 and 2019 are summarized below.

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 June 30, 2020 and 2019 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
June 30, 2020						
Equity securities:						
Listed in Malaysia	+26.2%	-26.21%	P 225,048,236	P157,533,765	(P 225,048,236)	(157,533,765)
Listed in England	+108.39%	-108.39%	411,334,834	287,934,384	(411,334,834)	(287,934,384)
			P 636,383,070	**P445,468,149**	**(P 636,383,070)**	**(P 445,468,149)**
June 30, 2019						
Debt securities:						
Listed in Malaysia	+14.42%	-14.42%	P 9,733,303	P 6,813,312	(P 9,733,303)	(P 6,813,312)
Equity securities:						
Listed in Malaysia	+13.99%	-13.99%	159,711,313	111,797,919	(159,711,313)	(111,797,919)
Listed in England	+52.67%	-52.67%	274,039,567	191,827,697	(274,039,567)	(191,827,697)
			P 443,484,183	P310,438,928	(P 443,484,183)	(P 310,438,928)

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	**2020**	2019
Cash and cash equivalents	7	**P 1,453,881,090**	P 1,047,232,990
Trade and other receivables – net	8	**1,129,956,361**	1,335,748,169
Financial assets at FVTPL	11	**3,609,020**	75,692,147
Advances to associates – net	13	**2,007,231,967**	1,764,829,216
Prepayments and other current assets	10	**71,609,791**	79,566,497
Other non-current assets	10	**771,455**	1,646,244
		P 4,667,059,684	P 4,304,715,263

Other non-current assets pertain to refundable security deposits paid in accordance with the various lease agreements 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

The Group's trade receivables as at June 30, 2020 and 2019 are due mainly from customers of H.R. Owen and from PCSO of PGMC, prior to deconsolidation. 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.

In 2019, 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.

To measure the expected credit losses, trade receivables and other receivables have been grouped based on shared credit risk characteristics and the days past due (age buckets). The other receivables relate to receivables from both third and related parties other than trade receivables and have substantially the same risk characteristics as the trade receivables. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the other receivables.

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 June 30 are as follows:

	Current	Not more 30 days	More than 30 days but not more than 90 days	Total
June 30, 2020				
Expected loss rate	**-**	**22%**	**76%**	
Gross carrying amount	P 635,581,144	P 35,277,466	P 48,493,509	P 719,352,119
Loss allowance	**-**	**7,884,011**	**36,855,067**	**44,739,078**
June 30, 2019				
Expected loss rate	-	20%	70%	
Gross carrying amount	P 720,942,489	P 37,134,175	P 51,045,799	P 809,122,463
Loss allowance	-	7,257,355	35,732,059	42,989,414

(c) Advances to associates

ECL for advances to associates are measured and recognized using the liquidity approach. Management determines possible impairment based on the counterparties' ability to repay the receivables upon demand at the reporting date taking into consideration the historical defaults from the counterparties and the existence of guarantee provided by another stockholder of the advances extended to an associate. The ability is determined by assessing the available liquid assets to settle the payables at the reporting date.

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. Further, the Group does not consider any credit risks, except for certain receivables wherein an allowance for ECL has been provided, since the Group have committed to financially support these related parties as part of the its long-term corporate strategy.

(d) 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 June 30, 2020 and 2019, the Group has undrawn floating rate borrowing facilities of P4,298,375,352 and P6,276,040,908, 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 P70,000,000 and P170,000,000 from a local commercial bank as at 2020 and 2019.

The table below summarizes the maturity profile of the Group's financial liabilities as at June 30 reflecting the gross cash flows, which may differ to the carrying values of the liabilities at the end of reporting periods. The table below and in the succeeding page summarizes the maturity profile of the Group's financial liabilities as at June 30 reflecting the gross cash flows, which may differ to the carrying values of the liabilities at the end of reporting periods.

		2020		
		Current	**Non-current**	
	Notes	**Within One Year**	**1 to 5 Years**	**More than 5 Years**
Trade and other payables	18	P 1,817,229,749	P 15,335,425	P -
Loans payable and borrowings	19	4,896,617,870	-	-
Lease liabilities	16	379,412,926	1,345,086,891	2,112,502,132
Advances from related parties	24.3	674,301,470	-	-
		P 7,767,562,015	**P 1,360,422,316**	**P 2,112,502,132**

		2019		
		Current	Non-current	
	Notes	Within One Year	1 to 5 Years	More than 5 Years
Trade and other payables	18	P 2,367,152,362	P 16,277,925	P -
Loans payable and borrowings	19	3,791,788,801	145,269,092	52,374,224
		P 6,158,941,163	P 161,547,017	P 52,374,224

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 Services segment mainly pertains to the hotel operations of PHPI.

(b) Investments segment relates to investing activities.

(c) The Motor Vehicle Dealership segment mainly pertains to the luxury motor vehicle retailers and provision of aftersales services of H.R. Owen.

(d) The Leasing segment mainly pertains to the lease of on-line lottery equipment by the Group to PCSO prior to deconsolidation of PGMC (2019 and 2018).

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, right-of-use assets 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, lease, 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 2020, 2019 and 2018, and certain assets and liabilities information regarding industry segments as at

	2020			
	Services	Investments	Motor Vehicle Dealership	Total
Income:				
Revenue from externals customers	P 130,982,234	P -	P 24,930,682,388	P25,061,664,622
Interest income	324,595	89,153,367	1,346,499	90,824,461
Other income	4,707,096	41,685,415	381,894,371	428,286,882
Inter-segment	-	52,030,000	-	52,030,000
Total income	**P 136,013,925**	**P 182,868,782**	**P 25,313,923,258**	**P25,632,805,965**
Expenses:				
Costs and operating expenses before depreciation	P 118,114,554	P 37,926,683	P 24,416,618,204	P 24,572,659,441
Depreciation and amortization	24,854,579	-	503,745,345	528,599,924
Interest expense	7,261,494	26,692,308	229,718,623	263,672,425
Equity share in net loss (income) of associates	22,830,473	-	(4,989,203)	17,841,270
Other expenses	1,644,505	5,749,624	34,581,763	41,975,892
Inter-segment	-	57,109,744	-	57,109,744
Total expenses	**P 174,442,105**	**P 127,478,359**	**P 25,184,212,262**	**P25,486,132,726**
Profit (loss) before tax	**(P 38,428,180)**	**P 55,390,423**	**P 129,710,996**	**P 146,673,239**
Net profit (loss)	**(P 40,553,754)**	**(P 6,142,927)**	**P 104,342,466**	**P 57,645,785**
Segment assets	**P 1,479,387,611**	**P 9,147,216,338**	**P 13,233,935,712**	**P23,860,539,661**
Segment liabilities	**P 1,527,114,216**	**P 1,375,586,198**	**P 11,098,227,565**	**P14,000,927,979**
Other segment item – Capital expenditures	**P 479,494,864**	**P -**	**P 268,899,138**	**P 748,394,002**

	2019				
	Leasing	Services	Investments	Motor Vehicle Dealership	Total
Income:					
Revenue from external customers	P 1,193,805,905	P 126,339,649	P -	P 30,315,898,104	P 31,636,043,658
Interest income	1,875,583	4,955,958	97,205,886	6,783,799	110,821,226
Other income	22,254,952	9,666,707	64,960,011	110,175,793	207,057,463
Inter-segment	-	-	411,999,574	873,262	412,872,836
Total income	P 1,217,936,440	P 140,962,314	P 574,165,471	P 30,433,730,958	P 32,366,795,183
Expenses:					
Costs and operating expenses before depreciation	P 727,078,353	P 129,768,730	P 37,247,612	P 29,620,670,255	P 30,514,764,950
Depreciation and amortization	21,704,930	21,281,779	2,084,335	191,676,664	236,747,708
Interest expense	2,045,064	709,089	16,377,123	148,513,034	167,644,310
Equity share in net loss (income) of associates	33,492,328	35,617,192	-	(20,028,093)	49,081,427
Other expenses (income)	360,110,253	(88,964)	184,582,415	55,993,330	600,597,034
Inter-segment	-	1,300,000	-	-	1,300,000
Total expenses	P 1,144,430,928	P 188,587,826	P 240,291,485	P 29,996,825,190	P 31,570,135,429
Profit (loss) before tax	P 73,505,512	(P 47,625,512)	P 333,873,986	P 436,905,768	P 796,659,754
Net profit (loss)	(P 85,285,192)	(P 48,160,411)	P 306,097,783	P 352,313,241	P 524,965,421
Segment assets	P 726,127,235	P 896,371,955	P 8,862,875,555	P 10,245,210,228	P 20,730,584,973
Segment liabilities	P 149,335,036	P 1,056,455,914	P 878,963,098	P 8,027,887,931	P 10,112,641,979
Other segment item – Capital expenditures	P 657,893	P 38,818,562	P -	P 357,052,939	P 396,529,394

	2018				
	Leasing	Services	Investments	Motor Vehicle Dealership	Total
Income:					
Revenue from external customers	P 1,641,414,659	P 130,144,590	P -	P 29,939,527,404	P 31,711,086,653
Equity share in net income of associates	105,622,602	-	-	57,220,560	162,843,162
Interest income	1,653,825	96,656	88,490,368	28,153,479	118,394,328
Other income	40,031,620	4,714,624	65,151,275	10,549,612	120,447,131
Inter-segment	-	-	531,612,247	-	531,612,247
Total income	P 1,788,722,706	P 134,955,870	P 685,253,890	P 30,035,451,055	P 32,644,383,521
Expenses:					
Costs and operating expenses before depreciation	P 883,338,800	P 115,390,580	P 95,069,691	P 29,138,937,974	P 30,232,737,045
Depreciation and amortization	23,786,068	20,729,325	2,501,204	226,396,406	273,413,003
Interest expense	1,518,141	1,551,764	16,377,123	136,921,591	156,368,619
Impairment loss on AFS financial assets	-	-	210,238,322	-	210,238,322
Other expenses	135,777	45,698	61,283,773	30,241,040	91,706,288
Inter-segment	-	-	-	708,554	708,554
Total expenses	P 908,778,786	P 137,717,367	P 385,470,113	P 29,533,205,565	P 30,965,171,831
Profit (loss) before tax	P 879,943,920	(P 2,761,497)	P 299,783,777	P 502,245,490	P 1,679,211,690
Net profit (loss)	P 645,023,376	(P 2,354,898)	P 346,218,741	P 368,563,633	P 1,357,450,852

	2018				
	Leasing	Services	Investments	Motor Vehicle Dealership	Total
Segment assets	P 854,545,483	P 708,379,670	P 8,224,5,5,372	P 10,594,495,670	P 20,381,966,195
Segment liabilities	P 242,198,381	P 707,155,865	P 576,736,876	P 8,545,094,694	P 10,071,185,81
Other segment item – Capital expenditures	P 16,745,896	P 85,327	P -	P 230,029,111	P 246,860,334

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.

	2020	2019	2018
Income			
Total segment income	**P 25,632,805,965**	P 32,366,795,183	P 32,644,383,521
Income from discontinued operations	**-**	(1,217,936,440)	(1,788,722,706)
Elimination of intersegment income	**(52,030,000)**	(412,872,836)	(531,612,247)
Income from continuing operations as reported in profit or loss	**P 25,580,775,965**	P 30,735,985,907	P 30,324,048,568
Profit or loss			
Segment profit before tax	**P 146,673,239**	P 796,659,754	P 1,679,211,690
Profit before tax from discontinued operations	**-**	(73,505,512)	(879,943,920)
Elimination of intersegment income	**(52,030,000)**	(412,872,836)	(531,612,247)
Elimination of intersegment expenses	**57,109,744**	1,300,000	708,554
Profit from continuing operation before tax as reported in profit or loss	**P 151,752,983**	P 311,581,406	P 268,364,077

	2020	2019
Assets		
Segment assets	**P 20,791,539,661**	P 20,730,584,973
Segment assets from discontinued operations and held for sale	**-**	(653,844,636)
Elimination of intercompany accounts	**(341,140,508)**	(3,813,795,996)
Total assets from continuing operations as reported in the consolidated statements of financial position*	**P 20,450,399,153**	P 16,262,944,341

	2020	2019
Liabilities		
Segment liabilities	**P 14,000,927,979**	P 10,112,641,979
Segment liabilities from discontinued operations	**-**	(149,335,036)
Elimination of intercompany accounts	**(1,475,084,412)**	(1,560,472,383)
Total liabilities from continuing operations as reported in the consolidated statements of finanacial position*	**P 12,525,843,567**	P 8,402,834,560

**Total assets and liabilities in 2019 exclude amounts pertaining to Assets Held for Sale and Liabilities of Disposal Group.*

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(f) 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 PGMC and PCSO, 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 August 2019, the PCSO granted the extension of the ELA on a month-to-month basis until August 22, 2020. Upon expiration in 2020, this was further extended until August 22, 2021.

Fees, maintenance and repair services, telecommunication, and integration services revenues recognized by the PGMC from the foregoing ELA and the related agreements amounted to to P1,193,805,905 and P1,641,414,659 in 2019 and 2018, respectively, and are presented under Revenues in the 2019 and 2018 consolidated statements of comprehensive income. The related receivables as of June 30, 2019 are shown as part of Assets Held for Sale in the 2019 consolidated statement of financial position (see Note 17.1).

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

	2020	2019
Cash on hand and in banks	**P1,423,210,240**	P 1,014,677,140
Short-term placements	**30,670,850**	32,555,850
	P1,453,881,090	P 1,047,232,990

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 0.26% to 0.78%, 1.50% to 2.25% and 0.75% to 1.50% in 2020, 2019 and 2018, respectively (see Note 23.1).

8. TRADE AND OTHER RECEIVABLES

This account is composed of the following:

	Notes	2020	2019
Trade receivables		**P 719,352,119**	P 809,122,463
Manufacturer's bonuses		**411,496,013**	342,653,447
Deposit for future stock subscriptions	24.2	**3,030,000**	50,000,000
Payments for future acquisition of investments	24.4	**1,531,186**	1,068,726
Advances to officers and employees	24.12	**397,822**	649,032
Due from related parties	24.9	**-**	29,756,697
Deposits	24.14	**-**	155,425,274
Other receivables		**44,948,299**	90,061,944
		1,180,755,439	1,478,737,583
Allowance for impairment		**(44,739,078)**	(42,989,414)
		P 1,136,016,361	P1,435,748,169

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.

Deposits represent amounts provided to a foreign asset management firm engaged in the business of general trading and financing services. In June 2019, major portion of deposits were redeemed by the Group (see Note 24.14).

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 24.4).

Other receivables include outstanding warranty claims, finance commissions and interest income.

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 2020 and 2019 is shown below.

	2020	2019
Balance at beginning of year	**P 42,989,414**	P 35,330,752
Impairment loss during the year	**4,432,587**	4,337,070
Translation adjustment	**(2,682,923)**	4,911,076
Write-off during the year	**-**	(1,589,484)
Balance at end of year	**P 44,739,078**	P 42,989,414

The impairment loss is presented as part of Impairment loss on receivables and goodwill under Other Operating Expenses in the consolidated statements of comprehensive income (see Note 21.2).

9. INVENTORIES

The composition of this account are shown below.

	2020	2019
At cost:		
Vehicles	**P2,986,533,244**	P3,938,378,582
Work in progress	**42,403,493**	42,048,224
Hotel supplies	**4,447,183**	4,629,485
Parts and components	**-**	6,736,131
Hotel supplies	**3,033,383,920**	3,991,792,422
At net realizable value:		
Vehicles	**1,786,345,509**	1,487,211,001
Parts and components	**241,880,137**	270,028,117
	2,028,225,646	1,757,239,118
Allowance for inventory write down	**(252,220,874)**	(218,276,621)
	1,776,004,772	1,538,962,497
	P4,809,388,692	P5,530,754,919

Certain vehicles and parts and components are carried at net realizable value which is lower than their cost. An analysis of the movements in allowance for inventory writedown is presented in the succeeding page.

	2020	2019
Balance at beginning of year	**P 218,276,621**	P 180,866,700
Additional allowance during the year	**48,712,529**	3,659,802
Translation adjustment – net	**(14,768,276)**	33,750,119
Balance at end of year	**P 252,220,874**	P 218,276,621

The additional allowance in 2020, 2019 and 2018 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 ASSETS

The details of this account are as follows:

	Note	**2020**	2019
Current:			
Prepaid expenses		**P 309,328,221**	P 228,070,010
Advances to suppliers		**189,657,585**	176,890,789
Prepaid taxes		**81,246,452**	14,213,259
Input VAT		**79,703,347**	51,565,382
Refundable deposits		**71,609,791**	79,566,497
VAT recoverable		**65,620,468**	35,720,669
Creditable withholding tax		**244,892**	3,930,171
Advance rental	24.10	**-**	12,000,000
Other current assets		**1,963,884**	10,352,865
		799,374,640	612,309,642
Non-current:			
Advance payment for land acquistion	30.5	**765,698,629**	-
Advances to contractors		**160,139,579**	-
Deferred input VAT		**24,293,631**	-
Refundable deposits		**771,455**	1,646,244
		950,903,294	1,646,244
		P1,750,277,934	P 613,955,886

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).

Prepaid expenses include subscriptions, refurbishment costs, maintenance expenses, license and support arrangements, insurance, and advertising which are expected to be realized in the next reporting period.

Advances to suppliers pertain to advances for supplies on the hotel and service vehicle operations, which are expected to be realized in the next reporting period.

The advance payment for the land acquisition pertains to disbursements made to a third party agent for the acquisition of land for the development of multi-franchise site and head office in United Kingdom (see Note 30.5). As of June 30, 2020, the Group and the third party agent have executed a contract conditional on planning permission.

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, and warrants. 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.

Upon maturity in March 2020, the Group fully converted its debt securities amounting to P91,155,831 into common stock at the rate of ten loan stock into four ordinary shares. Consequently, the investment on common shares were accounted for as financial assets at FVOCI as these are not held for trading (see Note 11.2).

As of June 30, 2020, the remaining balance of financial assets at FVTPL pertain to warrants held by the Group.

In 2020 and 2019, the Group recognized an unrealized fair value gain on the securities amounting to P19,072,704 and P21,966,802, respectively, and is presented as Fair Value Gain on Financial Assets Through Profit or Loss under the Other Income (Charges) in the consolidated statements of comprehensive income. The fair value of these securities have been determined directly by reference to quoted bid prices in active markets (see Note 29.2).

The total interest earned amounted to P1,308,941, P1,416,643 and P1,494,035 in 2020, 2019 and 2018, respectively, presented as part of Finance Income in the consolidated statements of comprehensive income (see Note 23.1).

11.2 Financial Assets at Fair Value through Other Comprehensive Income

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

	2020	2019
Equity securities:		
Quoted	**P1,234,459,451**	P1,493,796,144
Unquoted	**24,633,902**	107,800,951
	P1,259,093,353	P1,601,597,095

The quoted and unquoted equity securities consist of listed foreign shares of stock and investments in shares of stock of foreign privately-held companies, respectively.

The fair values of the quoted financial assets have been determined by reference to published prices in an active market. The fair value of unquoted securities have been determined using the discounted cash flow valuation (see Note 29.2).

In 2020 and 2019, the Group disposed of certain investment securities at FVOCI at a selling price of P202,553,766 and P35,599,277, respectively. Accordingly, cumulative fair value gains amounting to P8,373,996 in 2020 and cumulative fair value loss of P17,968,606 in 2019 were transferred directly to retained earnings. Net realized loss of P54,533,062 in 2018 arising from sale of AFS financial assets amounting to P158,659,172 are presented as Net Loss on Sale of Available-for-sale Financial Assets under Other Income (Expenses) in the 2018 consolidated statement of comprehensive income.

The movements of financial assets at FVOCI are as follows:

	Notes	**2020**	2019
Balance at beginning of year		**P1,601,597,095**	P1,145,644,097
Fair value losses	25.4	**(268,328,878)**	(130,229,915)
Disposals during the year		**(202,553,766)**	(35,599,277)
Conversion of debt instrument previously classified as FVTPL	11.1	**91,155,831**	-
Additions during the year	11.1	**37,223,071**	621,782,190
Balance at end of year		**P1,259,093,353**	P 1,601,597,095

Dividend income from these equity securities amounted to P22,612,711, P25,432,848, and P21,336,854 in 2020, 2019, and 2018, respectively, and are presented as part of Finance Income under Other Income (Charges) section in the consolidated statements of comprehensive income (see Note 23.1).

In 2018, prior to adoption of PFRS 9, the management determined that certain investments were found to be impaired as there is a significant or prolonged decline in the fair value of the securities below cost. Accordingly, impairment loss on financial asset amounting to P210,238,322 was recognized as part of Finance Costs and Other Charges in the 2018 consolidated statement of comprehensive income (see Note 23.2).

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 2020 and 2019 are shown below.

	Computers and On-line Lottery Equipment	Buildings	Transportation Equipment	Workshop Equipnment	Office Furniture, Fixtures and Equipment	Hotel and Kitchen Equipment and Utensils	Communication Equipment	Leasehold improvements	Land	Construction in Progress	Total
June 30, 2020											
Cost	P -	P 720,291,386	P 31,290,852	P 573,450,195	P 11,767,608	P 13,528,690	P -	P 1,285,643,641	P 249,043,122	P 497,184,286	P 3,382,199,780
Accumulated depreciation and amortization	-	(143,918,533)	(25,952,542)	(379,251,274)	(9,942,498)	(11,773,117)	-	(674,794,779)	-	-	(1,245,632,743)
Net carrying amount	**P -**	**P 576,372,853**	**P 5,338,310**	**P 194,198,921**	**P 1,825,110**	**P 1,755,573**	**P -**	**P 610,848,862**	**P 249,043,122**	**P 497,184,286**	**P 2,136,567,037**
June 30, 2019											
Cost	P -	P 720,291,386	P 24,345,382	P 565,840,923	P 10,942,875	P 13,102,167	P -	P 1,134,804,647	P 179,703,864	P 176,517,419	P 2,825,548,663
Accumulated depreciation and amortization	-	(129,467,267)	(21,178,584)	(361,216,141)	(9,362,020)	(11,427,017)	-	(648,191,650)	-	-	(1,180,842,679)
Net carrying amount	P -	P 590,824,119	P 3,166,798	P 204,624,782	P 1,580,855	P 1,675,150	P -	P 486,612,997	P 179,703,864	P 176,517,419	P 1,644,705,984
June 30, 2018											
Cost	P 1,501,969,727	P 720,291,386	P 76,954,930	P 680,168,235	P 48,389,625	P 12,854,492	P 3,782,238	P 1,352,654,511	P 91,570,849	P -	P 4,488,635,993
Accumulated depreciation and amortization	(1,469,384,109)	(115,016,002)	(52,443,193)	(387,224,178)	(41,180,969)	(11,338,639)	(3,684,785)	(705,343,026)	-	-	(2,785,614,901)
Net carrying amount	P 32,585,618	P 605,275,384	P 24,511,737	P 292,944,057	P 7,208,656	P 1,515,853	P 97,453	P 647,311,485	P 91,570,849	P -	P 1,703,021,092

The reconciliation of the carrying amounts at the beginning and end of fiscal years 2020 and 2019, 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 July 1, 2019 net of accumulated depreciation and amortization	P -	P 590,824,119	P 3,166,798	P 204,624,782	P 1,580,855	P 1,675,150	P -	P 486,612,997	P 179,703,864	P 176,517,419	P 1,644,705,984
Additions	-	-	9,437,191	71,700,473	824,730	542,416	-	120,223,167	79,744,201	465,921,824	748,394,002
Disposals	-	-	(381,929)	(4,339,165)	-	(26,786)	-	-	-	-	(4,747,880)
Reclassifications	-	-	-	-	-	-	-	136,844,622	-	(136,844,622)	-
Depreciation and amortization charges for the year	-	(14,451,266)	(6,623,606)	(72,633,114)	(580,475)	(435,207)	-	(104,844,813)	-	-	(199,568,481)
Translation adjustment	-	-	(260,144)	(5,154,055)	-	-	-	(27,987,111)	(10,404,943)	(8,410,335)	(52,216,588)
Balance at June 30, 2020 net of accumulated depreciation and amortization	**P -**	**P 576,372,853**	**P 5,338,310**	**P 194,198,921**	**P 1,825,110**	**P 1,755,573**	**P -**	**P 610,848,862**	**P 249,043,122**	**P 497,184,286**	**P 2,136,567,037**
Balance at July 1, 2018 net of accumulated depreciation and amortization	P 32,585,618	P 605,275,384	P 24,511,737	P 292,944,057	P 7,208,656	P 1,515,853	P 97,453	P 647,311,485	P 91,570,849	P -	P 1,703,021,092
Additions	-	-	1,050,178	44,132,710	1,243,667	547,111	-	77,791,181	94,535,938	176,517,419	395,818,204
Disposals	(7,000)	-	-	(39,635,120)	-	(15,000)	-	(87,132,607)	-	-	(126,789,727)
Reclassified to assets of disposal group (see Note 17)	(19,845,410)	-	(7,201,774)	-	(3,826,482)	-	(49,167)	(287,410)	-	-	(31,210,243)
Depreciation and amortization charges for the year	(12,733,208)	(14,451,265)	(14,707,860)	(76,015,461)	(3,044,986)	(372,814)	(48,286)	(111,352,133)	-	-	(232,726,013)
Translation adjustment	-	-	(485,483)	(16,801,404)	-	-	-	(39,717,519)	(6,402,923)	-	(63,407,329)
Balance at June 30, 2019 net of accumulated depreciation and amortization	P -	P 590,824,119	P 3,166,798	P 204,624,782	P 1,580,855	P 1,675,150	P -	P 486,612,997	P 179,703,864	P 176,517,419	P 1,644,705,984
Balance at July 1, 2017 net of accumulated depreciation and amortization	P 45,503,843	P 857,369,175	P 14,576,985	P 303,982,372	P 7,468,628	P 1,937,838	P 145,738	P 582,598,509	P 85,867,064	P -	P 1,899,450,152
Additions	1,337,262	-	20,285,735	74,655,370	2,484,635	31,875	-	149,841,395	-	-	248,636,272
Disposals	(3,000)	-	(6,000)	(12,531)	-	-	-	-	-	-	(21,531)
Reclassifications	-	(250,742,655)	-	-	-	-	-	-	-	-	(250,742,655)
Depreciation and amortization charges for the year	(14,252,487)	(17,118,076)	(10,616,493)	(105,138,149)	(2,744,607)	(453,860)	(48,285)	(119,362,902)	-	-	(269,734,859)
Translation adjustment	-	15,766,940	271,510	19,456,995	-	-	-	34,234,483	5,703,785	-	75,433,713
Balance at June 30, 2018 net of accumulated depreciation and amortization	P 32,585,618	P 605,275,384	P 24,511,737	P 292,944,057	P 7,208,656	P 1,515,853	P 97,453	P 647,311,485	P 91,570,849	P -	P 1,703,021,092

Workshop equipment includes fixtures and fittings utilized for bodyshop works.

In 2020 and 2019, the construction in progress pertains to construction costs of sanitary landfill project of FEC. There was no similar transaction in 2018.

The Group recognized P4,274,031 loss in 2020, P686,881 loss in 2019 and P679,204 gain in 2018 on the disposal of certain property and equipment, and are presented as part of Other Operating Expenses under Other Income (Charges) section in the consolidated statements of comprehensive income (see Note 21.2).

The cost of fully depreciated assets still being used in operations as at June 30, 2020 and 2019, amounted to P1,392,794,696 and P882,189,121, respectively.

Depreciation and amortization expense of the Group includes the expenses of PGMC amounting to P21,704,930 and P23,786,068 for the years ended June 30, 2019 and 2018, which were presented as part of Net Profit from Discontinued Operations in the consolidated statements of comprehensive income (see Note 17).

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 P576,372,853 and P590,824,119, as of June 30, 2020 and 2019, respectively (see Note 19.1).

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 in the succeeding page. These investments are accounted for under the equity method in the consolidated financial statements of the Group.

June 30, 2020	Notes	PLPI	BPPI	BAPI	PGMC	CPI	SBMPI	NPI	BAAI	CBFC	VideoDoc	Total
Investment												
Acquisition costs:												
Beginning balance		P 40,000	P 180,400	P 203,896	P -	P 400	P 32,500	P 82,283	P -	P 62,500	P 124,203	P 726,182
Reclassification	1.2	-	-	-	454,880	-	-	-	-		-	454,880
Additional investment	1.2	-	-	-	-	-	10,835	-	30	50,000	-	60,865
Translation adjustment		-	-	-	-	-	-	-	-	-	(3,830)	(3,830)
		40,000	180,400	203,896	454,880	400	43,335	82,283	30	112,500	120,373	1,238,097
Deduction of interest in associate in prior years		-	-	(149,988)	-	-	-	-	-	-	-	(149,988)
Dividends received in prior year		-	-	(70,700)	-	-	-	-	-	-	-	(70,700)
Accumulated equity share in net profit (losses):												
Share in net profit (losses) in prior years		145,603	(180,400)	450,741	-	(400)	(16,821)	55,176	-	(11,022)	(58,058)	384,819
Share in net profit (losses) during the year		(5,397)	-	17,742	2,113	-	(12,723)	(17,528)	(30)	(2,019)	-	(17,842)
Share in other comprehensive income during the year		-	-	(221)	-	-	-	-	-	-	-	(221)
		140,206	(180,400)	468,262	2,113	(400)	(29,544)	37,648	(30)	(13,041)	(58,058)	366,756
Total investment in associates		180,206	-	451,470	456,993	-	13,791	119,931	-	99,459	62,315	1,384,165
Allowance for impairment	21.2	-	-	-	-	-	-	-	-	-	(62,315)	(62,315)
Total investments in associates - net		180,206	-	451,470	456,993	-	13,791	119,931	-	99,459	-	1,321,850
Advances	24.1	409,844	505,752	-	-	3,023	-	1,098,705	-	-	81,892	2,099,216
Allowance for impairment	21.2	-	(10,092)	-	-	-	-	-	-	-	(81,892)	(91,984)
Advances - net		409,844	495,660	-	-	3,023	-	1,098,705	-	-	-	2,007,232
		P 590,050	**P 495,660**	**P 451,470**	**P 456,993**	**P 3,023**	**P 13,791**	**P 1,218,636**	**P -**	**P 99,459**	**P -**	**P 3,329,082**

	Notes	PLPI	BPPI	BAPI	PGMC	CPI	SBMPI	NPI	BAAI	CBFC	VideoDoc	Total
June 30, 2019												
Investment:												
Acquisition costs:												
Beginning balance		P 8,000	P 180,400	P 203,896	P -	P 400	P 22,500	P 82,283	P -	P 62,500	P 132,407	P 692,386
Additional investment	1.2	32,000	-	-	-	-	10,000	-	-	-	-	42,000
Translation adjustment		-	-	-	-	-	-	-	-	-	(8,204)	(8,204)
		40,000	180,400	203,896	-	400	32,500	82,283	-	62,500	124,203	726,182
Deduction of interest in associate in prior years		-	-	(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		153,150	(180,400)	426,226	-	(400)	(12,374)	71,674	-	(1,575)	(22,441)	433,860
Share in net profit (losses) during the year		(7,547)	-	24,475	-	-	(4,447)	(16,498)	-	(9,447)	(35,617)	(49,081)
Share in other comprehensive income during the year		-	-	40	-	-	-	-	-	-	-	40
		145,603	(180,400)	450,741	-	(400)	(16,821)	55,176	-	(11,022)	(58,058)	384,819
Total investments in associates		185,603	-	433,949	-	-	15,679	137,459	-	51,478	66,145	890,313
Allowance for impairment	21.2	-	-	-	-	-	-	-	-	-	(66,145)	(66,146)
Total investments in associates - net		185,603	-	433,949	-	-	15,679	137,459	-	51,478	-	824,168
Advances	24.1	387,626	398,001	-	-	2,823	-	976,379	-	-	86,925	1,851,754
Allowance for impairment	21.2	-	-	-	-	-	-	-	-	-	(86,925)	(86,925)
Advances - net		387,626	398,001	-	-	2,823	-	976,379	-	-	-	1,764,829
		P 573,230	P 398,001	P 433,948	P -	P 2,823	P 15,679	P 1,113,838	P -	P 51,478	P -	P 2,588,997

The accumulated equity share in net profit (losses) relates to the Group's equity in the net income or loss of its associates.

In 2019, the Group recognized impairment loss on its investments and advances to VideoDoc amounting to P66,145,283 and P86,925,292, respectively. In 2020, the Group recognized impairment loss on its advances BPPI amounting to P10,091,910. These are presented as part of Impairment losses on receivables and goodwill under Other Operating Expenses (see Note 21.2). There were no similar transactions in 2018.

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 P25,898,550 and P39,766,506, respectively, in 2020 and P64,350 and P38,501, respectively, in 2019. There was no additional investment in 2020 and 2019. The cumulative unrecognized share in net losses over BPPI and CPI amounted to P114,001,219 and P1,135,145, respectively, as of June 30, 2020 and P88,102,669 and P1,070,795, respectively, as of June 30, 2019.

In 2020, the Group discontinued to recognize further losses of BAAI and carried the related investment at nil in the 2020 consolidated statement of financial position since its share of losses of BAAI exceeds the original cost of the investment [see Note 2.3(b)]. The unrecognized share in net losses over BAAI amounted to P465,519 as of June 30, 2020.

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.

	2020				
	PLPI	**BPPI**	**BAPI**	**PGMC**	**NPI**
Total equity (capital deficiency)	P 414,167,886	(P 503,200,112)	P 1,521,229,633	P 1,073,884,124	P 175,363,464
Percentage of ownership	40.00%	48.38%	28.28%	40.00%	41.46%
Equity share	165,667,154	(243,448,214)	430,203,740	429,553,650	72,705,692
Deemed goodwill	-	-	67,883,993	27,438,898	65,430,532
Unrecognized share in losses	-	114,001,219	-	-	-
Other reconciling items	14,538,667	129,446,995	(46,617,461)	-	(18,204,092)
Carrying amount at June 30, 2020	**P 180,205,821**	**P -**	**P 451,470,272**	**P 456,992,548**	**P 119,932,132**

	2019				
	PLPI	BPPI	BAPI	PGMC	NPI
Total equity (capital deficiency)	P 463,839,348	(P 449,668,389)	P 1,474,733,184	P -	P 172,483,777
Percentage of ownership	40.00%	48.38%	28.28%	-	41.46%
Equity share	185,535,739	(217,549,567)	417,054,544	-	71,511,774
Deemed goodwill	-	-	67,883,993	-	65,430,531
Unrecognized share in losses	-	88,102,669	-	-	-
Other reconciling items	67,713	129,446,898	(50,989,067)	-	516,890
Carrying amount at June 30, 2019	P 185,603,452	P -	P 433,949,470	P -	P 137,459,195

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 June 30 is presented as follows:

	2020					
	Current Assets	**Non-current Assets**	**Current Liabilities**	**Non-current Liabilities**	**Equity (Capital Deficiency)**	**Net Profit (Loss)**
BAPI	P 2,345,891,444	P 851,901,616	P 1,176,803,430	P 499,759,997	P 1,521,229,633	P 62,737,328
PGMC	1,159,300,847	44,168,379	82,221,717	47,363,385	1,073,884,124	5,281,371
NPI	280,390,424	1,005,132,561	1,109,912,742	246,779	175,363,464	(42,274,633)
CBCF	1,449,580,490	55,629,313	962,040,279	203,000,000	340,169,524	(8,073,318)
PLPI	19,196,631	978,944,000	432,585,515	151,387,230	414,167,886	(13,494,070)
BPPI	72,231,698	79,070,053	647,727,371	6,774,492	(503,200,112)	(53,103,285)
SMPI	286,450,874	128,665,545	317,915,241	44,590,135	52,611,043	(58,712,113)
BAAI	61,530,183	4,222,494	68,705,296	-	(2,952,619)	(1,651,722)
CPI	203,644	-	3,041,496	-	(2,837,852)	(160,876)
	P 5,674,776,235	**P 3,147,733,961**	**P 4,800,953,087**	**P 953,122,018**	**P 3,068,435,091**	**(P 109,451,318)**

	2019					
	Current Assets	Non-current Assets	Current Liabilities	Non-current Liabilities	Equity (Capital Deficiency)	Net Profit (Loss)
BAPI	P 2,180,767,391	P 348,450,496	P 919,211,362	P 135,273,341	P 1,474,733,184	P 86,545,998
NPI	152,299,703	1,006,712,096	986,354,703	173,319	172,483,777	(39,793,483)
PLPI	61,227,831	958,903,000	407,444,614	148,846,869	463,839,348	(18,866,539)
CBCF	1,081,244,477	43,320,402	603,194,461	160,000,000	361,370,418	(37,789,335)
BPPI	82,220,302	76,306,919	605,948,573	2,247,037	(449,668,389)	(82,196,168)
SBMPI	147,680,644	57,661,942	137,550,075	6,469,354	61,323,157	(21,551,399)
VideoDoc	66,771,071	47,435,242	33,905,160	-	80,301,153	(141,286,351)
CPI	164,520	-	2,841,496	-	(2,676,976)	(96,254)
	P 3,772,375,939	P 2,538,790,097	P 3,696,450,444	P 453,009,920	P 2,161,705,672	(P 255,033,531)

14. INTANGIBLE ASSETS

The compositions of this account as at June 30 are shown below.

	2020	2019	2018
Goodwill	**P 724,466,247**	P 768,991,248	P1,186,914,293
Dealership rights	**634,729,438**	673,739,279	751,371,535
Customer relationship	**19,602,660**	24,649,272	30,633,085
	P1,378,798,345	P 1,467,379,799	P1,968,918,913

The reconciliation of the carrying amounts of intangible assets at the beginning and end of fiscal years 2020 and 2019 is shown below.

	Goodwill	Dealership Rights	Customer Relationship	Total
Balance at July 1, 2019	P 768,991,248	P 673,739,279	P 24,649,272	P 1,467,379,799
Amortization	-	-	(3,784,900)	(3,784,900)
Translation adjustment	(44,525,001)	(39,009,841)	(1,261,712)	(84,796,554)
Balance at June 30, 2020	**P 724,466,247**	**P 634,729,438**	**P 19,602,660**	**P 1,378,798,345**
Balance at July 1, 2018	P 1,186,914,293	P 751,371,535	P 30,633,085	P 1,968,918,913
Impairment loss (see Note 17)	(360,110,253)	-	-	(360,110,253)
Amortization	-	-	(4,021,695)	(4,021,695)
Translation adjustment	(57,812,792)	(77,632,256)	(1,962,118)	(137,407,166)
Balance at June 30, 2019	P 768,991,248	P 673,739,279	P 24,649,272	P 1,467,379,799
Balance at July 1, 2017	P 1,135,414,129	P 679,269,984	P 32,598,393	P 1,847,282,506
Amortization	-	-	(3,678,144)	(3,678,144)
Translation adjustment	51,500,164	72,101,551	1,712,836	125,314,551
Balance at June 30, 2018	P 1,186,914,293	P 751,371,535	P 30,633,085	P 1,968,918,913

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 components of HR owen.

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.

In 2019, the Group recognize an impairment loss on goodwill amounting to P360,110,253 presented as part of Impairment losses on the Other Income and Expenses (see Notes 17.1 and 21.2).

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 in the succeeding page (amounts in millions of pesos).

	2020				2019			
	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 108.9**	**P 116.4**	**1.00%**	**11.84%**	P 115.6	P 141.6	1.00%	11.84%
Bentley	**520.1**	**1,479.3**	**1.00%**	**11.84%**	552.1	2,113.0	1.00%	11.84%
Aston Martin	**47.6**	**182.4**	**1.00%**	**11.84%**	50.5	455.3	1.00%	11.84%
Ferrari	**32.0**	**1,108.3**	**1.00%**	**11.84%**	34.0	2,559.7	1.00%	11.84%
Lamborghini	**15.9**	**2,962.0**	**1.00%**	**11.84%**	16.8	1,329.6	1.00%	11.84%
Dealership rights:								
Bentley	**278.2**	**1,479.3**	**1.00%**	**11.84%**	295.3	2,113.0	1.00%	11.84%
Ferrari	**232.1**	**2,962.0**	**1.00%**	**11.84%**	246.4	2,559.7	1.00%	11.84%
Lamborghini	**124.4**	**1,108.3**	**1.00%**	**11.84%**	132.1	1,329.6	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. 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 June 30, 2018. In 2019, the fair value of the investment property declined by 148,385GBP (about P10,225,687), which is presented as part of Other operating expenses (see Note 21.2). The fair value of investment property as of June 30, 2020 and 2019 is 1,850,000GBP.

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 P32,049,054), which is presented under Other Comprehensive Income (Loss) in the 2018 consolidated statement of comprehensive income. In 2019, the Group reclassified the property at carrying amount presented as part of Assets Held for Disposals under 2019 consolidated statement of financial position (see Note 17).

In 2020, the Group sold the said reclassified property at a sales price of 5,800,000 GBP (around P374,568,387). The Group recognized gain amounting to 1,675,000 GBP (around P105,982,624), which is presented as Gain on Sale of Investment Property in the 2020 consolidated statement of comprehensive income. The revaluation reserve resulting from the reclassification of the property in 2018 amounting to P32,049,054 from Property and Equipment account to Investment Property account was subsequently transferred to Retained Earnings (see Note 25.4).

The Group earned rental income from investment property amounting to P11,266,427 in 2019 (nil in 2020), which is presented as part of Rental income (see Note 21.1). Real estate taxes on investment property amounting to P1,174,537 were recognized as direct operating expenses in 2019 (nil in 2020).

16. LEASES

The Group has a lease for a certain land and building. The lease is reflected separately on the consolidated statement of financial position as Right-of-use Asset and Lease Liability. The depreciation expense relating to right-of-use assets is presented as part of Depreciation and amortization under costs and operating expenses in the 2020 consolidated statement of comprehensive income.

The table below describes the nature of the Group's leasing activities by type of right-of-use assets recognized in the consolidated statement of financial position.

	Number of right-of-use assets leased	Range of remaining term	Average remaining lease term	Number of leases with extension options	Number of leases with termination options
Land	1	40 years	40 years	1	-
Building	27	1 to 20 years	7 years	-	6

The carrying amounts of the Group's right-of-use assets as at June 30, 2020 and the movements during the period are shown below.

	Land	Building	Total
Balance at July 1, 2019	P -	P -	P -
Effect of PFRS 16 adoption	117,054,047	2,252,611,522	2,369,665,569
Additions	-	939,182,253	939,182,253
Translation adjustment	-	14,095,519	14,095,519
Amortization	(2,878,378)	(322,368,165)	(325,246,543)
Net carrying amount	P 114,175,669	P 2,883,521,129	P 2,997,696,798

Lease liabilities are presented in the consolidated statement of financial position as at June 30, 2020 as follows:

Current	P 288,904,856
Non-current	2,774,865,185
	P 3,063,770,041

The lease liabilities are secured by the related underlying assets. The undiscounted maturity analysis of lease liabilities at June 30, 2020 is as follows:

	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years	Total
Lease payments	P 379,412,926	P 384,287,526	P 382,791,697	P 335,897,776	P 242,109,892	P2,112,502,132	P3,837,001,949
Finance charges	(90,508,071)	(81,558,468)	(76,587,092)	(67,823,743)	(50,344,086)	(406,410,448)	(773,231,908)
Net present value	**P 288,904,855**	**P 302,729,058**	**P 306,204,605**	**P 268,074,033**	**P 191,765,806**	**P1,706,091,684**	**P3,063,770,041**

The movements in the lease liabilities recognized in the 2020 consolidated statement of financial position are as follows:

Balance as of July 1, 2019	P -
Effect of adoption of PFRS 16	2,361,265,569
Additions during the year	939,182,253
Interest expense	90,196,110
Translation adjustment	10,778,532
Repayment of lease liabilities	(337,652,423)
Balance as of June 30, 2020	**P 3,063,770,041**

Interest expense incurred on the lease liabilities is presented as part of Interest expense under Finance Costs and Other Charges account in the 2020 consolidated statement of comprehensive income (see Note 23).

The Group has elected not to recognize lease liabilities for short-term leases or for leases of low value assets; instead, expenses relating to these leases amounting to P34,553,952 million, which are significantly from short-term leases, are presented as Rentals under Cost of Services and Other Operating Expenses in the 2019 consolidated statement of comprehensive income (see Note 26).

The future minimum rentals payable of the Group arising from short-term leases amounted to P810,454,844 million as of December 31, 2019.

17. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

17.1 Planned Disposal of PGMC

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 Parent 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 which was executed on July 1, 2019. The Parent Company's decision to waive it preemptive rights and sell portion of its ownership over PGMC resulted on the reduction of its effective interest over PGMC to 40%. As a result, the assets and liabilities of PGMC are presented as part of Assets Held for Sale and Liabilities of Disposal Group, respectively, in the June 30, 2019 consolidated statement of financial position and its results of operations as part of Net Profit from Discontinued Operations in the consolidated statements of comprehensive income.

The compositions of assets and liabilities of PGMC included as part of assets and liabilities of disposal group as of June 30, 2019 are as follows:

Assets held for sale		
Cash and cash equivalents	P	122,941,765
Trade and other receiv ables		128,532,456
Prepayments and other current assets		88,747,075
Property and equipment		31,210,244
Investment property		268,585,763
Deferred tax assets		13,827,333
	P	**653,844,636**
Liabilities of disposal group		
Trade and other payables	P	48,165,912
Income tax payable		7,502,217
Provision for losses		63,985,202
Post-employment benefit obligation		29,681,705
	P	**149,335,036**

An analysis of the results of discontinued operations, pertaining to the results of operations of PGMC for the periods 2019 and 2018 as presented in the consolidated statements of comprehensive income is presented below.

	Note	2019	2018
Total revenues		P 1,217,936,440	P 1,683,100,104
Total expenses		(750,828,347)	(908,778,786)
Pre-tax profit		467,108,093	774,321,318
Tax expense		(158,790,704)	(234,920,544)
Net profit		308,317,389	539,400,774
Impairment loss	14	(360,110,253)	-
Net profit (loss) from discontinued operations		(P 51,792,864)	P 539,400,774

The net cash flows of discontinued operations for the periods 2019 and 2018 are as follows:

	2019	2018
Net cash from (used in):		
Operating activities	P 383,935,476	P 622,658,012
Investing activities	2,153,236	(15,012,271)
	P 386,088,712	P 607,645,741

17.2 Planned Disposal of Investment Property

On May 24, 2019, the Group's management authorized the sale of one of its investment properties with a carrying value of P268,585,763. The property was therefore reclassified as part of Assets Held for Sale in the 2019 consolidated statement of financial position. No gain or loss on revaluation was recognized as the fair value less cost to sell of the property approximates the fair value from the previous valuation made in 2018.

On July 1, 2019, the property was sold for approximately P377,647,860, resulting in a gain amounting to P105,982,624.

18. TRADE AND OTHER PAYABLES

This account consists of the following:

	Notes	2020	2019
Current:			
Trade payables	24.6	**P1,132,852,314**	P 1,317,321,875
Accrued expenses		**359,147,900**	417,639,673
Deferred output VAT		**41,777,853**	31,505,525
Withholding taxes payable		**35,281,601**	44,951,408
Due to related parties	24.8	**3,241,664**	130,223
Advances from customers		**-**	328,826,000
Deferred rent		**-**	15,778,844
Other payables		**321,987,870**	287,455,746
		1,894,289,202	2,443,609,294
Non-current –			
Advances from a director	24.12	**15,335,425**	16,277,925
		P1,909,624,627	P 2,459,887,219

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.

19. LOANS PAYABLE AND BORROWINGS

This account consists of the following:

	Note	2020	2019
Current:			
Vehicle stocking loans	19.2	**P4,175,691,952**	P 3,536,821,314
Bank loans	19.1	**577,683,400**	243,966,460
		4,753,375,352	3,780,787,774
Non-current –			
Bank loans	19.1	**-**	195,740,062
		P4,753,375,352	P 3,976,527,836

19.1 Bank Loans

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 of 4.50% and is secured by a real estate mortgage over parcels of land owned by PLPI and a building owned by PHPI (see Note 12). In 2018, the Parent Company fully paid such loan. Interest expense on this loan amounted to P11,974,315 in 2018 and is presented as part of Finance Costs and Other Charges under Other Income (Charges) section in the 2018 consolidated statement of comprehensive income (see Note 23.2).

In 2020 and 2019, the Parent Company obtained various unsecured short-term loans totalling to P260,000,000 and P80,000,000 from local banks for its working capital requirements. The loans are interest bearing and with maturity of less than one year from June 30, 2020. The interest rates on these local borrowings ranges from 5.76% to 6.00% in 2020 and 5.76% in 2019. Interest expense on these loans amounted to P12,293,284 in 2020 (nil in 2019 as the loans were obtained at year-end) and is presented as part of Interest Expense under Other Income (Expenses) in the 2020 consolidated statement of comprehensive income. The outstanding balance of loans payable amounted to P330,000,000 and P80,000,000 as at June 30, 2020 and 2019, respectively.

In 2017, H.R. Owen obtained a secured loan amounting to 2,500,000GBP (or equivalent to P157,311,240) from a financial institution with a term of five years and an annual interest rate of 3.25%. As at June 30, 2019, the outstanding balance amounted to P122,206,122. In 2020, the remaining balance of the loan was fully settled. Interest expense on this loan amounted to P284,756, P9,907,830 and P12,500,847 in 2020, 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 (see Note 23.2).

In 2020, H.R. Owen obtained unsecured short-term loans from a financial institution totalling to P256,586,000 with an annual interest rate of 2.25%. Outstanding balance of the loans amounted to P122,683,400 as at June 30, 2020. Interest expense on these loans amounted to P4,718,500 in 2020 and is presented as part of Finance Costs and Other Charges under Other Income (Charges) section in the 2020 consolidated statement of comprehensive income (see Note 23.2).

19.2 Vehicle Stocking Loans

Manufacturers' vehicle stocking loans and other loans amounting to P3,400,804,766 and P2,561,633,357 as at June 30, 2020 and 2019, 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 P774,887,186 and P975,187,958 as at June 30, 2020 and 2019, 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 P141,536,529, P137,034,259 and P124,603,483 in 2020, 2019 and 2018, 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 23.2).

19.3 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.

	2020	2019
Balance at beginning of year	**P 439,706,522**	P 535,161,843
Cash flows from financing activities:		
Additional borrowings	**516,586,000**	80,000,000
Repayment of borrowings	**(371,187,962)**	(165,900,561)
Non-cash financing activity –		
Translation adjustments	**(7,421,160)**	(9,554,760)
Balance at end of year	**P 577,683,400**	P 439,706,522

20. REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue recognized from contracts with customers in 2020 and 2019 from each business segment is as follows:

	2020	2019
Motor vehicle dealership		
Sale of vehicle	**P21,686,865,086**	P26,668,087,951
Sale of spare parts and accessories	**1,802,275,132**	2,003,246,777
Servicing and bodyshop	**1,441,542,170**	1,644,563,376
	24,930,682,388	30,315,898,104
Hotel Operations		
Room accommodation	**100,467,590**	91,424,650
Food and beverages	**27,024,264**	31,751,962
Others	**3,490,380**	3,163,037
	130,982,234	126,339,649
Rental	**-**	1,193,805,905
	P25,061,664,622	P31,636,043,658

The amount of contract liabilities recognized from advance payments received from customers as at June 30, is analyzed as follows:

	2020	2019
Balance at beginning of year	**P1,907,651,767**	P 1,638,728,262
Additions during the year	**2,153,677,619**	2,657,096,630
Amount recognized as revenue	**(1,879,373,202)**	(2,219,049,969)
Translation adjustments	**(122,447,927)**	(169,123,156)
Balance at end of year	**P2,059,508,257**	P 1,907,651,767

The transaction price allocated to unsatisfied performance obligations recognized as contract liabilities as at June 30, 2020 and 2019, is expected to be recognized as revenue within one year from the end of the reporting period.

21. OTHER INCOME AND EXPENSES

21.1 Other Income

Other income consists of the following:

	Note	**2020**	2019	2018
Government grant		**P 132,578,884**	P -	P -
Service fee		**67,110,623**	90,507,425	-
Rent income	15	**30,491,846**	11,266,427	-
Manufacturer's support		**24,054,938**	-	-
Management fees		**18,346,412**	-	-
Net gain on disposal of property and equipment	12	**-**	-	679,204
Excess of 7% standard input VAT over actual input VAT related to revenues with the PCSO		**-**	21,769,521	39,020,257
Miscellaneous		**8,036,140**	18,068,649	15,421,288
		P 280,618,843	P 141,612,022	P 55,120,749

As part of the UK government's response to the coronavirus pandemic, the Group received financial aid in a form of a grant to support the salaries of its employees amounting to P132,578,884.

The Group and its manufacturer entered into an agreement wherein the latter will provide financial support over a three-year period from January 1, 2020 to September 30, 2022. This agreement is designed to support the Group's positioning of the new flagship showroom with the global window offered by London, Mayfair's unique location.

In 2020, the Group entered into short-term operating lease agreements with no future commitments for certain vehicles which generated a rental income amounting to P30,491,846. There was no similar transaction in 2019 and 2018.

Service fee relates to income earned on providing aftersales services on behalf of a third party for a period of three years which commenced in July 2018.

Management fees pertain to the amount charged by the Group from outsourcing its employees.

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 unutilized service charge income attributable to the management.

21.2 Other Operating Expenses

Other operating expenses account is composed of the following:

	Notes	**2020**	2019	2018
Stationery and office supplies		**104,962,584**	116,218,883	171,601,703
Repairs and maintenance		**57,253,687**	94,409,187	40,069,114
Insurance		**55,065,247**	101,216,024	72,593,701
Outside services		**13,679,402**	27,042,080	27,762,446
Security services		**13,421,416**	15,496,965	18,262,384
Hotel supplies		**5,371,693**	5,379,905	5,984,922
Net loss on disposal of property and equipment	12	**4,274,031**	686,881	-
Laundry		**2,680,959**	3,366,085	2,996,398
Commissions		**1,999,194**	4,058,776	4,540,893
Sponsorships		**300,000**	150,000	1,212,855
Membership fees, dues and subscription		**218,719**	9,262,279	5,561,893
Provision for losses	30.4	**-**	-	63,985,202
Settlement expense		**-**	-	40,269,900
Fair value changes of investment property	15	**-**	10,225,687	-
Accomodation		**-**	-	3,197,858
Miscellaneous expenses		**51,412,105**	37,803,523	90,796,492
		P 310,639,037	P 425,316,275	P 548,835,761

Miscellaneous expenses include gas and oil, store supplies consumable and vehicle storage.

22. EMPLOYEE BENEFITS

22.1 Salaries and Employee Benefits

Details of salaries and employee benefits are presented below.

	2020	2019	2018
Short-term employee benefits:			
Salaries	**P 1,451,271,032**	P 1,677,826,400	P1,620,499,764
Social security cost	**179,526,799**	198,753,084	186,389,626
Bonuses	**2,992,078**	11,562,414	11,797,353
Health benefits	**1,165,994**	1,063,064	1,155,318
Fringe benefits	**-**	23,343,095	18,833,254
Compensated absences	**-**	1,438,563	2,413,900
Others	**5,636,306**	8,497,341	9,749,213
	1,640,592,209	1,922,483,961	1,850,838,428
Post-employment benefits:			
Defined contribution plan	**33,723,195**	37,823,361	13,275,146
Defined benefit plan	**5,868,838**	25,847,235	7,434,094
	39,592,033	63,670,596	20,709,240
	P 1,680,184,242	P 1,986,154,557	P1,871,547,668

22.2 Post-employment Defined Benefit Obligation

(a) Characteristics of Defined Benefit Plan

Prior to deconsolidation, 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 2020 and 2019.

The amounts relating to the Group's post-employment benefit obligation (asset) recognized in the consolidated statements of financial position are as follows:

	2020	2019
Present value of the obligation	**P 872,150,413**	P 947,705,221
Fair value of plan assets	**(845,848,676)**	(945,855,996)
	P 26,301,737	P 1,849,225

These are presented in the consolidated statements of financial position at gross amounts for each defined benefit plan. In 2019, the present value of the obligation and fair value of plan assets of PGMC amounting to P51,604,827 and P21,923,122, respectively, are presented as part of the Liabilities of Disposal Group in the 2019 consolidated statement of financial position (see Note 17.1).

The movements in present value of the post-employment defined benefit obligation recognized in the books are as follows:

	2020	2019
Balance at beginning of year	**P 947,705,221**	P 965,848,887
Translation adjustment	**(52,685,152)**	(85,129,800)
Disposal of a subsidiary	**(51,604,827)**	-
Current and and interest costs	**26,139,175**	55,859,744
Actuarial loss	**24,368,595**	62,588,033
Benefits paid	**(21,772,599)**	(51,461,643)
Balance at end of year	**P 872,150,413**	P 947,705,221

In 2019, benefits paid for the post-employement defined benefit obligation of PGMC amounted to P1,927,001.

The movements in the fair value of plan assets are presented below.

	2020	2019
Balance at beginning of year	**P 945,855,996**	P 988,668,490
Translation adjustment	**(54,407,390)**	(88,451,041)
Actuarial gain (loss)	**(36,531,191)**	50,619,919
Benefits paid by the plan	**(21,696,596)**	(51,461,643)
Disposal of a subsidiary	**(21,923,122)**	-
Interest income	**20,839,722**	29,767,857
Employer's contribution	**13,711,257**	16,712,414
Balance at end of year	**P 845,848,676**	P 945,855,996

In 2019, the employer's contribution and benefits paid by the plan for the fair value plan assets of PGMC amounted to P392,955 and P1,927,001, respectively.

The plan assets consist of the following:

	2020	2019
Cash in banks	**P 3,233,260**	P 3,663,586
Equity securities	**556,580,234**	637,050,659
Debt securities	**286,035,182**	295,314,957
Unit investment trust funds	**-**	4,108,729
Government bonds	**-**	5,287,643
Miscellaneous receivables	**-**	430,422
	P 845,848,676	P 945,855,996

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 29).

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:

	2020	2019	2018
Reported in consolidated profit or loss:			
Expenses	**P 5,073,540**	P 6,037,518	P 4,410,248
Current service costs	**795,298**	3,526,705	3,516,886
Net interest costs (income)	**(569,385)**	244,652	1,248,175
Settlement (gain) loss	**-**	16,283,012	(493,040)
	P 5,299,453	P 26,091,887	P 8,682,269
Reported in consolidated other comprehensive income:			
Remeasurement gains (losses) arising from changes in:			
Financial assumptions	**(P 101,459,686)**	P 2,062,293	P 11,914,228
Demographic assumptions	**39,221,576**	(63,755,488)	27,290,611
Experience adjustments	**38,161,653**	(894,838)	(1,319,073)
Return on plan assets	**(36,531,191)**	50,226,964	7,807,632
Share in OCI of an associate	**(221,314)**	40,280	31,480
Tax effect	**11,631,292**	1,888,462	(9,998,564)
Translation Adjustment	**-**	-	173,563
	(P 49,197,670)	(P 10,432,327)	P 35,899,877

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 (income) is included in Finance costs and Other Charges (Finance income) under Other Income (Charges) section in the consolidated statements of comprehensive income (see Notes 23.1 and 23.2).

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 22.1).

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 1.60% to 4.10% in 2020, 2.30% to 6.09% in 2019, and 2.70% to 6.37% in 2018.

(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 June 30:

	Maximum Impact on Post-employment Defined Benefit Obligation		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
2020			
Salary rate	**+/- 1.00%**	**P 875,305**	**(P 755,501)**
Discount rate	**+/- 1.00%**	**(744,630)**	**886,504**
Turn-over rate	**+/-10.00%**	**(175,946)**	**175,946**
2019			
Salary rate	+/- 1.00%	P 5,442,923	(P 4,874,358)
Discount rate	+/- 1.00%	(4,696,526)	5,403,144
Turn-over rate	+/-10.00%	(6,543)	6,543

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

Prior to deconsolidation of 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 2021 is P12,145,657.

22.3 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 2020, 2019 and 2018, post-employment benefit expense for the defined contribution plans amounted to P33,723,195, P37,823,361, and P13,275,146, 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 22.1).

23. FINANCE INCOME AND FINANCE COSTS

The components of this account follow:

23.1 Finance Income

	Notes	**2020**	2019	2018
Interest income	7, 11.1 24.1	**P 90,824,461**	P110,821,226	P118,394,329
Dividend income	11.2	**22,612,711**	42,993,209	21,336,854
Foreign currency gains – net		**-**	-	43,989,528
		P113,437,172	P153,814,435	P183,720,711

23.2 Finance Costs and Other Charges

	Notes	**2020**	2019	2018
Interest expense	16, 19, 22 24.3	**P263,683,078**	P167,793,267	P158,139,266
Bank charges		**34,682,130**	55,999,962	35,356,930
Foreign currency losses – net		**2,203,365**	24,101,769	-
Impairment losses AFS financial assets	11.2	**-**	-	210,238,322
		P300,568,573	P247,894,998	P403,734,518

24. RELATED PARTY TRANSACTIONS

The significant transactions of the Group with related parties are described below.

Related Party Category	Notes	Amount of Transactions 2020	2019	2018	Outstanding Balance Receivable (Payable) 2020	2019
Parent Company:						
Cash advances obtained	24.3	**P 56,993,562**	P -	P -	**(P 56,993,562)**	P -
Associates:						
Cash advances granted	13.1, 24.1	**242,402,751**	237,438,898	376,044,177	**2,007,231,967**	1,764,829,216
Cash advances obtained	24.3	**276,439,546**	-	-	**(617,307,908)**	-
Advances for stock subscription	8, 24.2	**46,970,000**	50,000,00	-	**3,030,000**	50,000,000
Related party under common ownership:						
Payments for future acquisition of investment securities	8, 24.4	**462,460**	(11,838,081)	12,418,331	**1,531,186**	1,068,726
Purchase of spare parts and accessories	18, 24.6	(91,787)	34,563,168	1,440,983	**-**	(91,787)
Software support services	24.7	**-**	21,163,699	20,540,565	**-**	-
Rental	24.10	**-**	6,562,500	6,250,000	**-**	-
Amortization of ROU	24.10	**2,878,377**	-	-	**-**	-
Share in allocated expenses	18, 24.8	**(3,111,441)**	(1,050,473)	432,977	**3,241,664**	130,223
Payment for certain expenses (net)	8, 24.9	**-**	-	(87,547)	**-**	-
Advance rental	10, 24.10	**(12,000,000)**	-	(1,070,000)	**-**	12,000,000
ROU	16, 24.10	**114,630,550**	-	-	**114,630,550**	-
Lease Liabilities	16, 24.10	**108,064,157**	-	-	**(108,064,157)**	-
Vehicle services	24.9	**(29,756,763)**	7,670,050	-	**-**	29,756,763
Loan received	24.15	**-**	358,114,350	-	**-**	-
Directors, officers and employees:						
Key management compensation	24.11	**87,610,195**	100,263,258	86,175,869	**-**	-
Advances	8, 24.12	**(3,303,408)**	(4,171,961)	2,780,159	**397,822**	3,701,230
Sale of vehicles	24.12	**125,674,668**	229,612,036	80,574,376	**-**	-
Loan obtained	24.12	**(942,500)**	(1,223,775)	17,501,700	**15,335,425**	16,277,925
Deposits	24.12	**(3,228,214)**	27,565,168	70,00,680	**(31,337,634)**	(34,565,848)
Payment to purchase a vehicle	24.12	**92,012,550**	-	-	**92,012,550**	-
Entity owned by a key management personnel –						
Management services	24.5	**-**	48,681,000	71,025,000	**-**	-
Others –						
Deposits	24.14	**(155,425,274)**	(604,448,243)	384,037,094	**-**	155,425,274

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, an impairment loss amounting to P10,091,910 and P86,925,292 is required to be recognized in 2020 and 2019 (nil in 2018), respectively (see Note 21.2).

24.1 Advances to Associates

The Group grants advances to its associates for working capital purposes. These advances are unsecured and due on demand. The loan granted to BPPI, NPI and VideoDoc are interest-bearing. The balances of these advances, presented as Advances to Associates account in the consolidated statements of financial position as at June 30, are shown below.

	2020	2019
NPI	**P1,098,705,360**	P 976,378,552
PLPI	**409,843,560**	387,625,860
BPPI	**505,751,461**	398,001,308
VideoDoc	**81,892,274**	86,925,292
CPI	**3,023,496**	2,823,496
	2,099,216,151	1,851,754,508
Allowance for impairment	**(91,984,184)**	(86,925,292)
	P2,007,231,967	P1,764,829,216

The Group recognized an impairment loss of P10,091,910 on it advances to BPPI and P86,925,292 on its advances to VideoDoc in 2020 and 2019, respectively, which is recorded as part of Impairment losses on receivables and goodwill under Other Income and Expenses (see Notes 13 and 21.2). Movement in the allowance for impairment in 2020 includes translation adjustment amounting to P5,033,018.

Since 2013, the Parent Company has an outstanding unsecured loan to NPI, an associate beginning in 2017, amounting to P790,677,694. 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, the Parent Company made collections from NPI amounting to P1,000,000. In 2020, additional loan of P125,000,000, which bears an annual interest rate of 6.00%, was granted by the Parent Company to NPI. Further, the Parent Company made collections of P45,000,000 from NPI in 2020. Interest income amounting to P43,635,886 in 2020, P46,005,878 in 2019 and 39,917,264 in 2018 is recorded as part of Finance Income under Other Income (Charges) section in the consolidated statements of comprehensive income (see Note 23.1). The total uncollected interest income net of withholding tax amounting to P235,415,945 and P224,110,622 as of June 30, 2020 and 2019, respectively, is recorded as part of the Advances to associates in the consolidated statements of financial position (see Note 13.1).

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. The said advances 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. In 2020, additional advances amounting to P4,000,000 were granted by the Parent Company to PLPI. Collections of P1,000,000 and P7,000,000 were made from PLPI in 2020 and 2019, respectively. Interest income on advances to PLPI amounting to P19,560,000, P19,560,000, P11,388,456 in 2020, 2019 and 2018, respectively, is recorded as part of Finance Income under Other Income (Charges) section in the consolidated statements of comprehensive income (see Note 23.1).

The total uncollected interest income net of withholding tax amounting to P79,935,439 and P61,717,739 as of June 30, 2020 and 2019, respectively, is recorded as part of the Advances to associates in the consolidated statements of financial position (see Note 13.1).

In 2020 and 2019, the Parent Company made advances to CPI amounting to P200,000 and P100,000, respectively, for its pre-operating activities. No collections were made on these advances in both years.

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 under current assets in the statements of financial position. The extended loan is secured by a guaranty from a major stockholder of BPPI. The loan remains outstanding as at June 30, 2020 and 2019. Interest income amounting to P7,000,000, P7,000,000 and 7,000,000 in 2020, 2019 and 2018, respectively, is recorded as part of Finance Income under Other Income (Charges) section in the consolidated statements of comprehensive income (see Note 23.1). Total uncollected interest income net of withholding tax amounting to P67,156,667 and P60,366,667 as of June 30, 2020 and 2019, respectively, is recorded as part of the Advances to associates in the consolidated statements of financial position (see Note 13.1).

Since 2017, the Parent Company has granted cash advances to BPPI with a total amount of P313,948,000, wherein P85,000,000 and P162,948,000 were granted in 2020 and 2019, respectively. The advances bear an annual interest rate of 7.00% 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. The Parent Company made collections from BPPI amounting to P1,000,000 both in 2020 and 2019. Outstanding balance of such advances amounted to P313,948,000 and P228,948,000 as at June 30, 2020 and 2019, respectively. Interest income amounting to P17,484,693, P10,108,864 and 1,378,611 in 2020, 2019 and 2018, respectively, is recorded as part of Interest income under Finance Income account in the consolidated statements of comprehensive income (see Note 23.1). Total uncollected interest income net of withholding tax amounting to P24,646,793 and P8,686,641 as of June 30, 2020 and 2019, respectively, is recorded as part of the Advances to associates in the consolidated statements of financial position (see Note 13.1).

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 2020 and 2019. Interest income amounting to P4,565,337 and P58,246 in 2019 and 2018, respectively, is recorded as part of Interest income under Finance Income in the consolidated statements of comprehensive income (see Note 23.1).

The movements of Advances to Associates account recognized in the books are as follows:

	Note	2020	2019
Balance at beginning of year		**P1,764,829,216**	P 1,527,390,318
Uncollected interest earned during the year		**85,294,661**	86,219,937
Additions during the year:			
NPI		**125,000,000**	-
BPPI		**85,000,000**	162,948,000
PLPI		**4,000,000**	
CPI		**200,000**	100,000
VideoDoc		**-**	77,017,601
Translation Adjustment		**-**	7,078,652
		2,064,323,877	1,860,754,508
Collections during the year		**(47,000,000)**	(9,000,000)
Impairment loss	13	**(10,091,910)**	(86,925,292)
Balance at end of year	13	**P2,007,231,967**	P 1,764,829,216

24.2 Advances for Stock Subscription

In 2019, the Parent Company made a deposit for future stock subscriptions to CBFC amounting to P50,000,000, which was presented as part of Trade and Other Receivables in the 2019 consolidated statement of financial position (see Note 8). This was reclassified as part of Investments in Associates account in the 2020 consolidated statement of financial position upon issuance of shares of CBFC (see Note 13).

In 2020, the Parent Company made an advance payment for stock subscription to BAAI amounting to P3,030,000, which is presented as part of Trade and Other Receivables in the 2020 consolidated statement of financial position (see Note 8).

24.3 Advances from related parties

The balance of this account as of June 30, 2020 is broken down as follows:

Associate	P 617,307,908
Parent Company	56,993,562
Balance at end of period	**P 674,301,470**

The Parent Company obtained non-interest bearing advances from PGMC amounting to P493,658,789 in 2020 for working capital requirements. In 2020, total payments made amounted to P217,219,243. Outstanding balance of the advances obtained amounted to P340,868,362 as at June 30, 2019, which was previously eliminated in the 2019 consolidated financial statements prior to disposal of significant ownership over PGMC in July 2019 [see Note 24.17(b)].

In 2020, the Parent Company obtained advances from Berjaya Lottery Management (HK) amounting to P55,000,000 for working capital requirements and other purposes. The advances bear an annual interest of 6.00% and payable upon demand. Interest expense amounting to P2,847,945 in 2020 is presented as part of Interest Expense under Finance Costs and Other Charges in the 2020 consolidated statement of comprehensive income (see Note 23.2). Total unpaid interest expense net of withholding tax amounting to P1,993,562 as of June 30, 2020 is recorded as part of the Advances from related parties in the 2020 consolidated statement of financial position.

The advances are unsecured, and generally payable upon demand in cash or through offsetting arrangements. Further, these advances are presented as Advances from related parties in the 2020 consolidated statement of financial position.

The movements of Advances from related parties account recognized in the 2020 statement of financial position are as follows:

Balance at beginning of year	P	-
Additional borrowings		548,658,789
Disposal of a subsidiary		340,868,362
Repayment of borrowings	(	217,219,243)
Unpaid interest		1,993,562
Balance at end of year	**P**	**674,301,470**

24.4 Payments for Future Acquisition of Investments

The Group 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 June 30, 2020 and 2019 amounted to P1,531,186 and P1,068,726 , respectively, and are presented as Payments for future acquisition of investments under the 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.

24.5 Management Service Agreement

Prior to the deconsolidation of PGMC, total management fees paid to an entity owned by a key management personnel of the Group based on Management Services Agreement amounted to P48,681,000 and P71,025,000 in, 2019 and 2018, respectively, and are shown as part of Professional Fees under Costs and Other Operating Expenses section in the 2019 and 2018 consolidated statements of comprehensive income.

24.6 Purchase of Spare Parts and Accessories

Prior to the deconsolidation of PGMC, 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 P91,787 as at June 30, 2019 and is presented as part of Trade payables under Trade and Other Payables account in the 2019 consolidated statement of financial position (see Note 18).

24.7 Software Support Services

Prior to the deconsolidation of PGMC, 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 and 2018, the Group recognized royalty expenses arising from the transaction amounting to P21,163,699 and P20,540,565, 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 June 30, 2019.

24.8 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 18). 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.

	2020	2019
Balance at beginning of year	**P 130,223**	P 1,180,696
Expenses incurred during the year	**3,111,441**	4,917,354
Payments made during the year	**-**	(5,967,827)
Balance at end of year	**P 3,241,664**	P 130,223

24.9 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 P29,756,763 as at June 30, 2019 (nil in 2020), and is presented as Due from related parties under Trade and Other Receivables in the 2019 consolidated statement of financial position (see Note 8).

In 2019, H.R. Owen recognized an income amounting to 153,085 GBP (or equivalent to P10,475,040) which is presented as part of Servicing and bodyshop under Revenues in the 2019 consolidated statement of comprehensive income. There was no similar transaction in 2020.

24.10 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.

The Group had an outstanding advance rental to PLPI amounting to P12,000,000 as at June 30, 2019 which was presented as part of Advance rental under Prepayments and Other Current Assets account in the 2019 consolidated statement of financial position (see Note 10). This was reclassified as part of Right-of-use asset account in the 2020 consolidated statement of financial position upon adoption of PFRS 16 (see Note 16). Payment of lease liabilities amounted to P7,640,328 in 2020, inclusive of P623,047 for lease liabilities and P7,017,281 for interest expense (see Note 16).

Depreciation of the right-of-use asset amounting to P2,878,378 is presented as part of Depreciation and Amortization under Costs and Other Operating expenses section in the 2020 consolidated statement of comprehensive income. Prior to adoption of PFRS 16, the Group recognized rent expense on this lease agreement amounting to P6,562,500 and P6,250,000 in 2019 and 2018, respectively, and is presented as part of Rental account under Costs and Other Operating Expenses section in the consolidated statements of comprehensive income.

24.11 Key Management Personnel Compensation

The details of key management personnel compensation (from vice-president and up) are as follows:

	2020	2019	2018
Short-term benefits	**P 82,650,076**	P 95,637,628	P 82,057,538
Post-employment benefits	**4,960,119**	4,625,630	4,118,331
	P 87,610,195	P 100,263,258	P 86,175,869

Director emoluments in 2020, 2019 and 2018 amounted to P3,400,000, P4,350,000, and P4,350,000, 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 June 30, 2020 and 2019.

24.12 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 P397,822 and P3,701,230 as at June 30, 2020 and 2019, 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 2019, the oustanding advances to officers and employees of PGMC amounting to P3,052,198 is presented as part of Assets Held for Sale in the 2019 consolidated statement of financial position (see Note 17.1).

In 2018, the Group obtained a five-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 P15,335,425 and P16,277,925 as of June 30, 2020 and 2019, 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 P125,674,668, P229,612,036 and P80,574,376 to directors in 2020 and 2019, respectively. There was no outstanding balance arising from this transaction as at June 30, 2019 and 2018. Furthermore, total deposits of P31,337,634 and P34,565,848 in 2020 and 2019, 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).

In 2020, the Group committed to purchase a vehicle from a director for a total of 4,000,000GBP (or equivalent to P256,586,000). An initial payment of P92,012,550 was paid during the year and is presented as part of the Prepaid expenses under the Prepayments and Other Assets account in the 2020 consolidated statement of financial position (see Note 10).

24.13 Loan Guarantee

The loans of BPPI from a certain financial institution amounting to P49,000,000 and P125,000,000 as at June 30, 2020 and 2019, respectively, are secured by the Parent Company (see Note 29.4).

24.14 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. Outstanding placements amounting to P155,425,274 as of June 30, 2019 is presented as part of Deposits under Trade and Other Receivables account in the 2019 consolidated statement of financial position (see Note 8). These deposits were fully redeemed by the Group in 2020.

24.15 Loan

A loan of 5,500,000GBP (or equivalent to P358,114,350) was received from a related party by virtue of common control during the period. The loan was used for working capital of H.R. Owen. This was settled in full, with accrued interest payable of 9% per annum, during the period. The interest expense amounting to P4,361,474 is presented as part of Interest Expense under Finance Costs and Other Charges account in the 2019 consolidated statements of comprehensive income (see Note 22.2). The interest was fully settled in 2019. No similar transaction was entered in 2018 and 2017.

24.16 Retirement Plan

The details of the contributions of the Parent Company and benefits paid out by the plan is presented in Note 22.2.

The retirement plan neither provides any guarantee or surety for any obligation of the Group nor its investments covered by any restrictions or liens.

24.17 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 June 30, 2020 and 2019 amounted to P609,020,377 and P644,020,377, 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 P200,000,000 were granted during 2019 to fund FEC's projects. Further, in 2020, non-interest bearing loans amounting to P159,979,095 were granted to FEC.

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 P175,893,031 and P186,703,240, in 2020 and 2019, 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 June 30, 2019 amounted to P340,868,362.

In 2020, H.R Owen granted advances to the Company amounting to P29,147,513. There was no payment made in 2020

(c) Dividends from a Subsidiary

The Parent Company received dividend income amounting to P340,000,000 and P480,000,000 in 2019 and 2018, respectively, from PGMC. There were no dividend receivable as at June 30, 2019.

25. EQUITY

25.1 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. Further, it is also the Group's goal to maintain a debt – equity structure of not higher than 2.50 : 1.00 (see Note 19.1).

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.

	2020	2019
Total liabilities	**P12,525,843,566**	P 8,552,169,595
Total equity	**7,924,555,587**	8,364,619,382
Debt-to-equity ratio	**1.58 : 1.00**	1.02 : 1.00

25.2 Capital Stock

As at June 30, 2020 and 2019, 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 June 30, 2020 and 2019, 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 P2.20 per share and P2.78 per share as at June 30, 2020 and 2019, respectively.

The Parent Company has 126 stockholders owning 100 or more shares each of the Parent Company's capital stock, as at June 30, 2020 and 2019.

25.3 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 25.5).

25.4 Revaluation Reserves

The movements of Revaluation Reserves follow:

	Note	2020	2019	2018
Fair value changes on financial assets at FVOCI				
Balance at beginning of year		**(P 249,652,188)**	P 81,442,363	(P 61,531,716)
Effect of application of PFRS 9		**-**	(218,833,242)	-
As restated		**(249,652,188)**	(137,390,879)	(61,531,716)
Net unrealized fair value gains (losses) on financial assets at FVOCI	11.2	**(268,328,878)**	(130,229,915)	73,700,839
Transfer to retained earnings – Recycling of accumulated fair value loss on disposed financial assets at FVOCI	11.2	**(8,373,996)**	17,968,606	-
Reclassification adjustments: Due to impairment of AFS financial asset	11	**-**	-	69,273,240
Balance at end of year		**(526,355,062)**	(249,652,188)	81,442,363
Measurement of post-employment benefits				
Balance at beginning of year		**20,235,014**	30,667,340	(5,010,229)
Net actuarial gain (loss) on remeasurement of post-employment benefit obligation – net of tax		**(49,197,670)**	(10,472,607)	35,899,877
Disposal of a subsidiary	1.2	**(1,513,643)**	-	-
Actuarial gain loss attributable to minority interest		**221,314**	40,281	(222,308)
Balance at end of year		**(30,254,985)**	20,235,014	30,667,340
Revaluation surplus				
Balance at beginning of year		32,049,054	32,049,054	-
Fair value adjustment on property and equipment transferred to investment properties		**-**	-	32,049,054
Transfer to retained earnings – Recycling of accumulated fair value gain on disposed investment property	11.2	**(32,049,054)**	-	-
Balance at end of year		**-**	32,049,054	32,049,054
		(P 556,610,047)	(P 197,368,120)	P 144,158,757

25.5 Retained Earnings

In 2020 and 2015, the BOD of Parent Company approved the appropriation of retained earnings amounting to P2,000,000,000 and 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. Consequently, the appropriation previously made totalling P1,773,262,552 was fully utilized as of 2020 and the related appropriation was reversed accordingly.

There was no cash dividend declaration in 2020, 2019 and 2018.

26. CURRENT AND DEFERRED TAXES

The components of tax expense (income) relating to profit or loss and other comprehensive income follow:

	2020	2019	2018
Reported in profit or loss:			
Current tax expense:			
Regular corporate income tax (RCIT) at 30% and 20%	**P 46,941,190**	P272,914,128	P 366,551,681
Final tax on passive income at 20%, 15% and 7.5%	**17,647,380**	433,461	355,052
Tax benefit from application of unrecognized Minimum corporate income tax (MCIT)	**(1,678,673)**	-	-
MCIT at 2%	**-**	891,609	3,027,499
	62,909,897	274,239,198	369,934,232
Deferred tax loss (income) relating to the origination, reversal of temporary differences, and unused tax losses	**26,117,557**	(2,544,866)	(48,173,394)
	P 89,027,454	P271,694,332	P321,760,838
Reported in other comprehensive income –			
Deferred tax income (loss) relating to origination and reversal of temporary differences	**(P 16,395,657)**	(P 3,101,688)	P 16,290,968

The reconciliation of tax on pre-tax income computed at the applicable statutory rates to tax expense reported in profit or loss follows:

	2020	2019	2018
Tax on pretax income at 30%	**P 45,525,895**	P239,545,512	P342,525,241
Adjustments for:			
Application of optional standard deduction (OSD)	**24,305,069**	16,351,867	2,920,679
Income subjected to lower income tax rates	**(130,161)**	(5,975,274)	(44,768,344)
Tax effects of:			
Non-deductible expenses	**24,878,318**	10,029,885	25,120,174
Adjustments to current tax for prior years	**(17,380,109)**	-	13,973,641
Non-taxable income	**(10,128,494)**	(4,874,421)	(38,589,855)
Fixed-asset differences	**9,621,975**	12,031,959	18,279,794
Remeasurement of deferred tax asset due to change in UK tax rate	**6,222,211**	-	695,206
Unrecognized net operating loss carry over (NOLCO)	**5,400,838**	3,315,840	-
Expiration of MCIT	**711,912**	731,019	240,321
Expired NOLCO	**-**	537,945	-
Unrecognized MCIT	**-**	-	1,363,981
Tax expense reported in the consolidated profit or loss	**P 89,027,454**	P271,694,332	P321,760,838

The deferred tax assets and liabilities as at June 30 presented in the consolidated statements of financial position relate to the following:

	2020	2019
Deferred tax assets – net:		
Impairment loss	**P 88,253,440**	P 98,195,558
Unrealized fair value gains on financial assets at FVTPL	**(12,311,853)**	(6,590,040)
Unrealized foreign currency losses – net	**3,705,766**	11,883,938
Post-employment benefit obligation	**2,182,094**	-
Leases	**676,599**	-
	P 82,506,046	P103,489,456
Deferred tax liabilities – net:		
Rolled-over and held over capital gains	**P 54,411,867**	P 48,052,435
Post-employment benefit obligation	**(5,140,741)**	-
Depreciation in excess of capital allowance	**(3,619,160)**	(4,278,034)
Other short-term timing differences	**(7,974,422)**	(74,812)
Capitalized direct cost	**1,264,642**	1,296,388
Unrealized foreign currency gains	**19,896**	-
Post-employment benefit obligation	**-**	4,948,703
Advance rental	**-**	3,600,000
Intangible assets differences	**-**	3,320,697
MCIT	**-**	(2,390,585)
NOLCO	**-**	(808,659)
	P 38,962,082	P 53,666,133

The deferred tax income reported in the consolidated statements of comprehensive income is shown below.

	Consolidated Profit or Loss		
	2020	2019	2018
Deferred tax income:			
Advance rental	**P 12,969,691**	(P 6,000)	P -
Unrealized foreign currency gain (loss) – net	**8,201,318**	(8,338,785)	14,290,024
Unrealized fair value gains on financial assets at FVTPL	**5,721,813**	6,590,040	-
Impairment losses	**(3,027,573)**	-	(63,071,497)
MCIT	**2,390,585**	(160,590)	(546,742)
Leases	**(676,599)**	-	-
NOLCO	**808,659**	51,386	(322,100)
Post-employment benefit obligation	**(238,589)**	(1,602,689)	1,412,748
Capitalized direct cost	**(31,748)**	(37,041)	(31,749)
Unamortized past service cost	**-**	901,354	(1,398,571)
Security deposit	**-**	57,459	(10,719)
Depreciation in excess of capital allowance	**-**	-	2,623,986
Rolled-over and held-over capital gains	**-**	-	(651,060)
Other short-term timing differences	**-**	-	(447,714)
	P 26,117,557	(P 2,544,866)	(P 48,153,394)

	Consolidated Other Comprehensive Income		
	2020	2019	2018
Deferred tax expense (income):			
Post-employment benefit obligation	**(P 16,395,657)**	(P 3,101,668)	P 9,824,999
Investment property	**-**	-	6,465,969
	(P 16,395,657)	(P 3,101,668)	P 16,290,968

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						
2020	P 18,002,792	P -	P -	P -	P 18,002,792	2023
2019	12,498,670	-	-	-	12,498,670	2022
2018	1,249,661	-	-	-	1,249,661	2021
	P 31,751,123	**P -**	**P -**	**P -**	**P 31,751,123**	
MCIT						
2019	P 798,536	P -	(P 798,536)	P -	P -	2022
2018	2,151,045	-	(787,064)	-	1,363,981	2021
2017	711,912	-	-	(711,912)	-	
	P 3,661,493	**P -**	**(P 1,585,600)**	**(P 711,912)**	**P 1,363,981**	

The Group's NOLCO and MCIT pertain to the Parent Company, PHPI and FEC. In 2020 and 2019, 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. Further, in 2020 and 2019, PHPI and FEC opted to claim itemized deductions, while the Parent Company opted to claim 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.

27. EARNINGS PER SHARE

The earnings per share of the Group is presented below.

	2020	2019	2018
Earning per share from continuing operations :			
Net profit attributable to owners of the Parent Company	**P 54,033,165**	P 160,547,686	P278,033,132
Divided by weighted average number of outstanding shares	**4,341,280,855**	4,341,280,855	4,341,280,855
Earnings per share	**P 0.012**	P 0.037	P 0.064
Earning per share from discontinued operations :			
Net profit (loss) attributable to owners of the Parent Company	**P -**	(P 51,792,864)	P539,400,774
Divided by weighted average number of outstanding shares	**-**	4,341,280,855	4,341,280,855
Earnings per share	**P -**	(P 0.012)	P 0.124

The Group has no potentially dilutive instruments; thus, basic and dilutive earnings per share are the same.

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

28.1 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.

	Notes	2020 Carrying Amounts	2020 Fair Values	2019 Carrying Amounts	2019 Fair Values
Financial Assets					
Amortized cost:					
Cash and cash equivalents	7	**P 1,453,881,090**	**P 1,453,881,090**	P 1,047,232,990	P 1,047,232,990
Trade and other receivables - net	8	**1,132,986,361**	**1,132,986,361**	1,385,748,169	1,385,748,169
Advances to associates – net	24.1	**2,007,231,967**	**2,007,231,967**	1,764,829,216	1,764,829,216
Refundable deporits	10	**71,609,791**	**71,609,791**	79,566,497	79,566,497
Other non-current assets	10	**771,455**	**771,455**	1,646,244	1,646,244
		P 4,666,480,664	**P 4,666,480,664**	P 4,279,023,116	P 4,279,023,116
Financial assets at FVTPL	11.1	**P 3,609,020**	**P 3,609,020**	P 75,692,147	P 75,692,147
Financial Assets at FVOCI	11.2	**P 1,259,093,353**	**P 1,259,093,353**	P 1,609,780,633	P 1,609,780,633
Financial Liabilities					
Financial liabilities at amortized cost:					
Trade and other payables	18	**P 1,832,565,174**	**P 1,832,565,174**	P 2,383,430,287	P 2,383,430,287
Loans payable and borrowings	19	**4,753,375,352**	**4,753,375,352**	3,976,527,836	3,989,432,117
Lease liabilities	16	**3,063,770,041**	**3,063,770,041**	-	-
Advances from related parties	24.2	**674,301,470**	**674,301,470**	-	-
		P10,324,012,037	**P10,324,012,037**	P 6,359,958,123	P 6,372,862,404

See Note 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.

28.2 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.

29. FAIR VALUE MEASUREMENT AND DISCLOSURES

29.1 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.

29.2 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 P268,328,878 and P130,229,915 in 2020 and 2019, respectively, which is presented as Net Unrealized Fair Value Losses on Financial Assets at FVOCI under Other Comprehensive Income (Loss) of the consolidated statements of comprehensive income (see Note 11.2). In 2018, the Group recognized gain on AFS financial assets amounting to P73,700,839, presented as Net Unrealized Fair Value Gains on AFS Financial Assets in the 2018 consolidated statement of comprehensive income.

In 2020 and 2019, the Group recognized a fair value gain amounting to P20,651,424 and P21,966,802, respectively, for its debt securities classified as financial assets at FVTPL (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 Group uses assumption that are mainly based on market conditions and historical performance of the entity such as discount rate and expected growth rate of 5% and 9%, respectively (see Note 11.2).

The Group has no financial liabilities measured at fair value as at June 30, 2020 and 2019. There were no transfers across the levels of the fair value hierarchy in both years.

29.3 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 June 30, 2020 and 2019:

	2020			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets:				
Cash and cash equivalents	P 1,453,881,090	P -	P -	P 1,453,881,090
Trade and other receivables	-	-	1,129,956,361	1,129,956,361
Advances to associates – net	-	-	2,007,231,967	2,007,231,967
Prepayments and other current assets	-	-	71,609,791	71,609,791
Other non-current assets	-	-	771,455	771,455
	P 1,453,881,090	**P -**	**P 3,209,569,574**	**P 4,663,450,664**
Financial liabilities:				
Trade and other payables	P -	P -	P 1,832,565,174	P 1,832,565,174
Loans payable and borrowings	-	-	4,753,375,352	4,753,375,352
Lease liabilities	-	-	3,063,770,041	3,063,770,041
Advances from related parties	-	-	674,301,470	674,301,470
	P -	**P -**	**P 10,324,012,037**	**P 10,324,012,037**

	2019			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Cash and cash equivalents	P 1,047,232,990	P -	P -	P 1,047,232,990
Trade and other receivables		-	1,335,748,169	1,335,748,169
Advances to associates –net	-	-	1,764,829,216	1,764,829,216
Prepayments and other current assets	-	-	79,566,497	79,566,497
Other non-current assets	-	-	1,646,244	1,646,244
	P 1,047,232,990	P -	P 3,181,790,126	P 4,229,023,116
Financial liabilities:				
Trade and other payables	P -	P -	P 2,383,430,287	P 2,383,430,287
Loans payable and borrowings	-	-	3,989,432,117	3,989,432,117
	P -	P -	P 6,372,862,404	P 6,372,862,404

29.4 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.

In 2019, the Group recognized fair value decline on investment property amounting to P10,225,687, which is presented as part of Other operating expenses (see Note 21.2). In 2020, there were no significant change noted in the fair value of investment property as determined by an external appraiser engaged by the Group (see Note 15).

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.

30. COMMITMENTS AND CONTINGENCIES

The following are the significant commitments and contingencies involving the Group:

30.1 Operating Lease Commitments – PHPI, PGMC 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 2021. 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. The Group made refundable deposits for its operating leases (see Note 10).

The future minimum rental payables under these non-cancellable leases as of the end of June 30, 2019 are as follows:

Within one year	P 400,255,011
After one year but not more than five years	1,464,488,083
More than five years	1,938,916,885
	P 3,803,659,979

Rental expense arising from these leases amounted to P423,663,694 and P357,030,160 in 2019 and 2018, 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 P192,014,403 relating to two properties, which are sub-leased to third parties. Of this amount, P129,442,060 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 P62,572,344 can be terminated by the third party on six months' written notice.

30.2 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.

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.

On September 6, 2019, the PGMC agreed to withdraw or cause the dismissal of its petition to vacate final award, and paid all of PCSO's reasonable costs and expenses in the arbitration.

30.3 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 24.13). The loan remains outstanding as at June 30, 2020.

30.4 Bank Guarantees

H.R. Owen Dealerships Limited and Broughtons of Cheltenham Limited, both wholly owned subsidiaries of H.R. Owen, have provided bank guarantees to certain manufacturers and other parties which totalled 1,667,000GBP (or equivalent to P102,256,614) and 1,583,100GBP (or equivalent to P103,078,332) as at June 30, 2020 and 2019.

30.5 Capital commitment

In 2020, the Group contracted to develop a new multi-franchise site and head office in UK. Total capital commitment not yet incurred amounts to P1,782,000,000 as at June 30, 2020. The commitment is subject to obtaining planning permission.

30.6 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 June 30, 2020, 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.

31. IMPACT OF CORONAVIRUS OF 2019 (COVID-19) UPDATE

The Group have been exposed to the risks brought about by COVID-19, a novel strain of coronavirus, which has rapidly spread worldwide and reached a pandemic magnitude as it continues to affect more and more countries and territories.

In the Philippines, the country is put into varying degrees of lockdown – a four-phased transition of community quarantine (CQ) – depending on the severity of infection. In particular, the entire Luzon, including its associated islands, was placed under enhanced CQ (ECQ) (the strictest phase) from March 17 to May 15 and afterwards under the lower phases depending on the level of risk assessments of the communities. The National Capital Region was placed under the general CQ (GCQ) (the third phase) for the whole month of June. The UK have also imposed strict lockdown from sometime mid-March which started loosening in May.

Through the community quarantine, the Philippine government have implemented various extensive measures that caused disruptions to businesses and economic activities, such as travel bans/restrictions (suspension of public transport, limit on number of passengers, curfew), home isolation and quarantine (stay-at-home orders), physical distancing (1-2 meters apart in all areas outside of home), gathering limitations (no big group meetings) and closing of non-essential businesses (all types of recreational venues and most public places, including dining places and hotels). Nonetheless, to balance economy and citizen's health, the governments formulated plans to gradually ease the lockdown restrictions.

The Group strictly adheres to the guidelines set by the governments where they operate, and businesses remain suspended or limited accordingly. In general, non-essential works have been suspended and certain flexible or remote work arrangements were subsequently adopted (work-from-home or telecommuting, reduced workdays/hours, reassignment) for highly critical functions and activities as necessary and as allowed by the guidelines. PHPI's hotel operations are limited to long-stay guests who have checked in prior to ECQ and local guests. BPPI's restaurants, being in the essential food business, continue operations of take-out and delivery services at limited hours (and limited dining capacity in general-CQ areas in compliance to physical distancing). Gaming related activities, including PGMC's lotto operations remain closed during the quarantine periods. HR Owen, situated in UK, is able to continue its off-premise distribution to a certain degree, mainly on the pre-ordered units. The Group are gradually resuming business operations as allowed by the local and national governments concerned where they are located.

The Group have implemented strict measures, including government-mandated protocols, and activated business continuity initiatives for its operations to mitigate the risks involved and alleviate the impact of COVID-19 on the Group's consolidated financial statements.

Management is confident that there will be no significant impairment on its tangible and intangible assets as the market share and popularity of the Group's brands and products would not be significantly affected by the pandemic in the long run.

Subsequent to end of reporting period, the Group gradually resumed local business operations starting as allowed by the local government units where it has business operations, following the restrictions set by the government. However, the management could not yet ascertain the ultimate impact of the pandemic and therefore, cannot reliably estimate the quantitative impact to the Group's financial position and results of operations.

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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

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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 June 30, 2020, on which we have rendered our report dated October 6, 2020. 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 Revised Securities Regulation Code Rule 68, 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. 8116550, January 2, 2020, Makati City
SEC Group A Accreditation
Partner - No. 0628-AR-4 (until Sept. 4, 2022)
Firm - No. 0002-FR-5 (until Mar. 26, 2021)
BIR AN 08-002511-022-2019 (until Sept. 4, 2022)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Jul. 24, 2021)

October 6, 2020

Berjaya Philippines Inc. and Subsidiaries
List of Supplementary Information
June 30, 2020

Berjaya Philippines Inc. and Subsidiaries
SEC Released Amended SRC Rule 68
Annex 68-J
Schedule A - Financial Assets
June 30, 2020

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	P 125,421,401	P 1,259,093,353	P 22,612,711
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			
Warrants	16,000,000	3,609,020	1,308,941
Total	**141,421,401**	**P 1,262,702,373**	**P 23,921,652**

Berjaya Philippines Inc. and Subsidiaries
SEC Released Amended SRC Rule 68
Annex 68-J
Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
June 30, 2020

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Deductions: Amounts Collected	Deductions: Amounts Reclassified	Deductions: Amounts Written off	Other Changes - Additions (Deductions)	Balance at End of Period
Related Parties:							
Berjaya Pizza Philippines Inc.	P 398,001,308	P 108,750,153	(P 1,000,000)	P -	P -	P -	P 505,751,461
Inter-Pacific Securities Sdn Berhad	1,068,726	226,555,551	(224,565,582)	-	-	(1,527,510)	1,531,186
Sports Toto Malaysia Sdn. Bhd	29,756,763	-	(29,315,656)	-	-	(441,107)	-
Perdana Land Philippines Inc.	387,625,860	23,217,700	(1,000,000)	-	-	-	409,843,560
Cosway Philippines Inc.	2,823,496	200,000	-	-	-	-	3,023,496
Neptune Properties, Incorporated	976,378,552	167,326,808	(45,000,000)	-	-	-	1,098,705,360
VideoDoc Limited	86,925,292	-	-	-	-	(5,033,018)	81,892,274
Total	**P 1,882,579,997**	**P 526,050,213**	**(P 300,881,238)**	**P -**	**P -**	**(P 7,001,635)**	**P 2,100,747,337**

Berjaya Philippines Inc. and Subsidiaries
SEC Released Amended SRC Rule 68
Annex 68-J
Schedule C - Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements
June 30, 2020

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Deductions: Amounts Collected	Deductions: Amounts Written off	Deductions: Other Charges	Ending Balance: Current	Ending Balance: Non-current	Balance at End of Period
Perdana Hotel Philippines Inc.	P 644,020,377	P -	(P 35,000,000)	P -	P -	P 609,020,377	P -	P 609,020,377
eDoc Holdings Limited	186,703,240	-	-	-	(10,810,209)	175,893,031	-	175,893,031
Total	**P 830,723,617**	**P -**	**(P 35,000,000)**	**P -**	**(P 10,810,209)**	**P 784,913,408**	**P -**	**P 784,913,408**

Berjaya Philippines Inc. and Subsidiaries
SEC Released Amended SRC Rule 68
Annex 68-J
Schedule D - Long-term Debt
June 30, 2020

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 125,000,000	P 125,000,000	P -

Berjaya Philippines Inc. and Subsidiaries
SEC Released Amended SRC Rule 68
Annex 68-J
Schedule E - Indebtedness to Related Parties (Long-term Loans from Related Companies)
June 30, 2020

Name of Related Party	Amount Authorized by Indenture	Balance at Beginning of Period	Balance at End of Period

NOT APPLICABLE

The Group has no long-term indebtedness to related parties as at June 30, 2020.

Berjaya Philippines Inc. and Subsidiaries
SEC Released Amended SRC Rule 68
Annex 68-J
Schedule F - Guarantees of Securities of Other Issuers
June 30, 2020

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 49,000,000	P 49,000,000	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-J
Schedule G - Capital Stock
June 30, 2020

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	Number of Shares Held by: Directors, Officers and Employees	Number of Shares Held by: Others
Common shares - P1 par value	6,000,000,000	4,341,280,855	-	3,831,443,430	981	509,836,444

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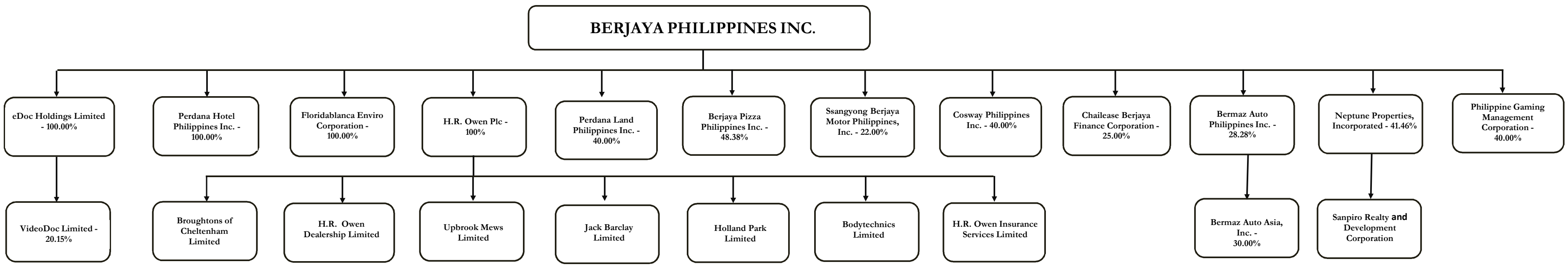
BERJAYA PHILIPPINES INC. AND SUBSIDIARIES
[A Subsidiary of Berjaya Lottery Management (HK) Limited]
9th Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City
(Amounts in Philippine Pesos)

Map Showing the Relationship Between and Among the Company and its Related Parties
June 30, 2020



BERJAYA PHILIPPINES INC. AND SUBSIDIARIES
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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 June 30, 2020

Unappropriated Retained Earnings at Beginning of Year, as Reported in the Audited Financial Statements		P 2,521,555,513
Prior Years' Outstanding Reconciling Items, net of tax		
Unrealized foreign currency loss	27,819,433	
Realized fair value loss on disposal of financial assets at FVOCI	(17,968,606)	
Unrealized fair value gain on financial assets at FVTPL	(21,966,802)	
Deferred tax income	(8,345,831)	
Deferred tax expense	6,590,040	(13,871,766)
Unappropriated Retained Earnings Available for Dividend Declaration at Beginning of Year, as Adjusted		2,507,683,747
Net Profit Actually Earned during the Year		
Net profit per audited financial statements	56,046,561	
Unrealized foreign currency loss	558,861	
Realized fair value gain on disposal of financial assets at FVOCI	8,373,996	
Unrealized fair value gain on financial assets at FVTPL	(19,072,704)	
Deferred tax income	(3,195,231)	
Deferred tax expense	27,037,334	69,748,817
Other Transactions During the Year		
Reversal of appropriation during the year	2,273,150,025	
Appropriations during the year	(2,000,000,000)	273,150,025
Unappropriated Retained Earnings Available for Dividend Declaration at End of Year		**P 2,850,582,589**

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

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Report of Independent Auditors on Components of Financial Soundness Indicators

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 June 30, 2020, on which we have rendered our report dated October 6, 2020. Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purposes of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at June 30, 2020 and 2019 and for each of the two years in the period ended June 30, 2020 and no material exceptions were noted.

PUNONGBAYAN & ARAULLO

By: Romualdo V. Murcia III
Partner

CPA Reg. No. 0095626
TIN 906-174-059
PTR No. 8116550, January 2, 2020, Makati City
SEC Group A Accreditation
Partner - No. 0628-AR-4 (until Sept. 4, 2022)
Firm - No. 0002-FR-5 (until Mar. 26, 2021)
BIR AN 08-002511-022-2019 (until Sept. 4, 2022)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Jul. 24, 2021)

October 6, 2020

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)

Schedule of Financial Soundness Indicators
Annex 68-E
As of June 30, 2020

Ratio	Formula	2020	2019
Current ratio	Current assets / Current liabilities	1.072	1.287
Acid test ratio	Quick assets / Current liabilities (Quick assets include cash and cash equivalents, trade and other receivables and financial assets at fair value through profit or loss)	0.268	0.315
Solvency ratio	EBITDA / Total debt (Total debt includes interest bearing loans and borrowings and bonds payable)	0.240	0.267
Debt-to-equity ratio	Total debt / Total stockholders' equity (Total debt includes interest bearing loans and borrowings, bonds payable and equity-linked debt securities)	1.581	1.022
Asset-to-equity ratio	Total assets / Total stockholders' equity	1.633	1.978
Interest rate coverage ratio	EBIT / Total Interest (Non-recurring gain is excluded from EBIT)	2.315	4.914
Return on investment	Net profit / Total stockholders' equity	0.008	0.039
Return on investment of equity owners	Net profit attributable to owners of the Parent Company/ equity attributable to the owners of the Parent Company	0.007	0.013
Return on assets	Net profit/ total assets	0.003	0.019
Net profit margin	Net profit / Total revenues	0.003	0.010

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**
Berjaya Philippines Inc.	Independent Director	1996 to date
Philippine Gaming Management Corporation	Independent Director	1996 to date
Golden Arches Development Corporation	Chairman and Founder	1981 to date
Ronald McDonald's House Charities	Chairman of the Board	
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	
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 of the Board 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	
De La Salle University	Doctor of Humanities, Honoris Causa (Hon.Dhum)	2017
Jose Rizal University	Doctor of Humanities, Honoris Causa (Hon.Dhum)	2014
Ayala Center Estate Association	Member of the Board of Governors	
Asian Executive Board of the Wharton School, University of Pennsylvania	Former Member	
Consular Corps of the Philippines	Former Dean	2014
Wharton School, University of Pennysylvania	Masters Degree 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 7th day of October 2020 at Makati City, Metro Manila.

DR. GEORGE T. YANG
Affiant

SUBSCRIBED AND SWORN to before me this 7th day of October 2020 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.

Doc. No. 665;
Page No. 29;
Book No. II;
Series of 2020.

CHARLES FRANCIS F. DECANGCHON
Commission No. M-214
Notary Public – City of Makati
Until 31 December 2021
Bernas Law Offices
8th Floor Raha Sulayman Bldg., 108 Benavides St.,
Legaspi Village, Makati City
IBP Membership No. 103265 / 03 January 2020 / RSM
PTR No. 8117738 / 03 January 2020 / Makati City
Roll of Attorneys No. 70008

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) §

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **CASEY M. BARLETA**, Filipino, of legal age, with address at The Bellagio Tower I, 1st Avenue corner Burgos Circle, Bonifacio Global City 1634, Taguig City, 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 17 August 2020.

2. I am affiliated with the following companies or organizations :

COMPANY / ORGANIZATION	POSITION / RELATIONSHIP	SINCE
Berjaya Philippines Inc.	Independent Director, Chairman of the Audit Committee, and Member of the Nomination Committee	Aug 2020
CMB/P Law (Casey M. Barleta & Partners)	Tax Partner / Managing Partner	2010 to date
Synechron Technologies Philippines, Inc.	Director and Treasurer	2016 to date
6Estella Corporation	Member, Board of Directors	2014-2019
Prime Rivers, Inc.	Member, Board of Directors	2013 to date
MF Development Corporation	Member, Board of Directors	2015 to date
SCF Properties, Inc.	Member, Board of Directors	2014 to date
First Foremost Resources, Inc.	Member, Board of Directors	2015 to date
Integrated Bar of the Philippines	Member	1987 to date

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 5th day of October 2020 at Makati City, Metro Manila.

CASEY M. BARLETA
Affiant

SUBSCRIBED AND SWORN to before me this 5th day of October 2020 at the City of Makati, Metro Manila, affiant personally appeared before me and exhibited to me his Passport with number P0097098A issued at Manila on 31 August 2016.

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Series of 2020.

CHARLES FRANCIS F. DECANGCHON
Commission No. M-214
Notary Public – City of Makati
Until 31 December 2021
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IBP Membership No. 103265 / 03 January 2020 / RSM
PTR No. 8117738 / 03 January 2020 / Makati City
Roll of Attorneys No. 70008