

COVER SHEET

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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-Bemas Contact Person
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811-0668/810-1814 Company/Telephone Number

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Month

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Day

AMENDED						
S	E	C	1	7	-	A

FORM TYPE

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Month

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Day

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Secondary License Type, If Applicable

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Dept. Requiring this Doc.

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Amended Articles Number/Section

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Total No. of Stockholders

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Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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File Number

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SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-A
ANNUAL REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141

1. For the fiscal year ended **30 June 2020**
2. SEC Identification Number **476**
3. BIR Tax Identification Number **001-289-374**
4. Exact name of registrant as specified in its charter **BERJAYA PHILIPPINES INC.**
5. Province, Country or other jurisdiction of incorporation or organization:
Manila, Philippines
6. Industry Classification Cod (SEC Use Only)
7. Address of registrant's principal office
9/F Rufino Pacific Tower
6784 Ayala Avenue, cor. Herrera Street
Makati City

Postal Code: **1200**
8. Registrant's telephone number, including area code **(632) 811-0688**
9. Former name, former address, and former fiscal year, if changed since last report
10. Securities Registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Stock Outstanding Amount of Debt Outstanding
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Common Stock, ₱1.00 par value	4,427,009,132
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11. Are any or all of these securities listed in the Philippine Stock Exchange?

Yes ☒

No ☐

12. Check whether the registrant:

- (a) has filed all reports required to be filed by Section 17 of the Securities Regulation Code (SRC) and SRC Rule 17 par. 2 thereunder and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports);

Yes ☒

No ☐

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

Yes ☒

No ☐

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant.

The aggregate market value of the voting stock held by non-affiliates of the registrant is ₱9,550,817,881.00 derived from multiplying the number of voting stocks held by non-affiliates by the stock's closing price per share as of 30 June 2020.

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Part I–BUSINESS AND GENERAL INFORMATION

Item 1. Business

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

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

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

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

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

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

In 2014, the Corporation obtained control over H.R. Owen Plc (“H.R. Owen”), after a series of cash offers from HR Owen’s existing stockholders. Incorporated in England, HR Owen operates a number of vehicle franchises in the prestige and specialist car market for both sales and after sales, predominantly in the London area. In 2015, HR Owen acquired 100% ownership over Bodytechnics in order to enhance its aftersales operations. In 2017, the Corporation acquired shares from Bentley Motor Limited to increase its stake in the profitable business of H.R. Owen. In August 2018, the

corporation acquired shares from minority shareholders which the Corporation's equity interest in HR Owen is equivalent to one hundred percent (100%).

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

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

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

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

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

As of 30 June 2020, the Corporation does not have employees. Its subsidiaries, PHPI, Floridablanca Enviro Corporation ("FEC") and H.R. Owen have sixty nine (69), sixty seven (67), and five hundred fifty three (553) employees, respectively. The Corporation does not anticipate any substantial increase in the number of its employees within the ensuing twelve (12) months. There are no supplemental benefits or incentive arrangements the subsidiaries have or will have with its employees.

Item 2. Properties

Except for cash and other current assets which also include shareholdings in other corporations, the Corporation does not own any properties. All the consolidated properties and equipment of the Group belong to its subsidiaries and other corporations where the Corporation owns shares of stock. The subsidiaries' and other corporations' properties consist of land, buildings, computers, transportation equipment, and office equipment. The subsidiaries have full ownership of all its properties.

Item 3. Legal Proceedings

There is no material pending legal proceedings to which the Corporation is a party that the undersigned are aware of except the judicial proceedings of PGMC with the Philippine Charity Sweepstakes Office (PCSO).

Item 4. Submission of Matters to a Vote of Security Holders

No significant matter was submitted during the fourth quarter of the fiscal year covered by this report to a vote of security holders, through the solicitation of proxies or otherwise.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters

a. Market Information

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 9 October 2020 are as follows:

<u>DATE</u>	<u>HIGH</u>	<u>LOW</u>	<u>CLOSE</u>
02 Jan 2019	P 12.82	P 1.36	P 4.50
01 Feb 2019	P 12.82	P 1.36	P 2.72
01 Mar 2019	P 12.82	P 1.36	P 2.91
01 Apr 2019	P 12.82	P 1.36	P 2.71
02 May 2019	P 12.82	P 1.36	P 2.61
03 June 2019	P 12.82	P 1.36	P 2.91
01 July 2019	P 12.82	P 1.36	P 2.78
01 Aug 2019	P 12.82	P 1.36	P 2.50
19 Aug 2019	P 6.68	P 1.36	P 2.27
23 Aug 2019	P 6.68	P 1.36	P 2.22
29 Aug 2019	P 4.55	P 1.36	P 2.32
13 Sept 2019	P 4.55	P 1.36	P 2.50
16 Jan 2020	P 3.54	P 3.27	P 3.30
17 Feb 2020	P 2.75	P 2.63	P 2.65
10 Mar 2020	P 2.21	P 2.00	P 2.19
27 Apr 2020	P 2.79	P 2.43	P 2.50
27 May 2020	P 2.07	P 2.00	P 2.07
10 Jun 2020	P 2.36	P 2.25	P 2.27
30 Jun 2020	P 2.25	P 2.08	P 2.20
27 Jul 2020	P 2.19	P 2.13	P 2.18
10 Aug 2020	P 2.95	P 2.60	P 2.95
14 Sept 2020	P 3.33	P 3.00	P 3.33
21 Sept 2020	P 3.26	P 2.98	P 3.12
06 Oct 2020	P 5.20	P 1.50	P 2.71
09 Oct 2020	P 2.79	P 2.53	P 2.69

The price as of the last trading date for this report is Two Pesos and Sixty Nine Centavos (P 2.69) on 9 October 2020.

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

b. Shareholders

There are one hundred forty three (143) stockholders of four billion four hundred twenty seven million nine thousand one hundred thirty two (4,427,009,132) common shares of stock of Berjaya Philippines Inc. as of 30 June 2020. There are no other outstanding or no such clearances of shares of stock of Berjaya Philippines Inc.

The list of top one hundred (100) stockholders of Berjaya Philippines Inc. as of 30 June 2020 from the Issuer's Stock and Transfer Agent, Stock Transfer Service Inc. ("STSI") is attached hereto as Annex "A".

The top twenty (20) stockholders of Berjaya Philippines Inc., including their shares and their percentage of total shares outstanding held by each as of 30 June 2020 can be found in the top one hundred (100) stockholders of Berjaya Philippines Inc., the list of which is attached hereto as Annex "A". These are the holders of common shares. As of 30 June 2020, eighty five million seven hundred twenty eight thousand two hundred seventy seven (85,728,277) shares were held by the Issuer as treasury shares, based on the records of the Corporation's stock and transfer agent, Stock Transfer Service Inc.

The names of the top twenty (20) shareholders of the common shares of stock of the Issuer as of 30 June 2020, based on the records of the Corporation's stock and transfer agent, Stock Transfer Service Inc., are as follows:

Name	Number of Shares Held	Percentage of Total Shares Held
BERJAYA LOTTERY MANAGEMENT(H.K.), LTD.	3,221,238,280	72.76 %
BERJAYA SPORTS TOTO (CAYMAN) LIMITED	610,205,150	13.78 %
PCD NOMINEE CORPORATION (FILIPINO)	252,311,185	5.70 %
ABACUS SECURITIES CORPORATION	150,000,000	3.39 %
ABACUS SECURITIES CORP.	92,000,000	2.08 %
ABACUS SECURITIES CORPORATION	8,000,000	0.18%
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 %
PCD NOMINEE CORP. (NON-FILIPINO)	172,830	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 %

c. Dividends

i. 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 for a total of Php 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 Php 3.47 billion from the Issuer's retained earnings for the distribution of stock dividends.

On 28 November 2018, the Issuer declared cash dividends amounting to Php220 million to all stockholders of record as of 31 October 2018.

ii. Dividends Declared by the Issuer's former wholly owned subsidiary – PGMC

From 2007 to 2014, the Corporation's subsidiary, PGMC, issued cash dividends amounting to six billion fortysixbillion 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).

iii. Dividends Declared by the Issuer's wholly owned subsidiary – PHPI

On 13 April 2012, the Corporation declared cash dividends amounting to ten million pesos (₱10,000,000.00 million).

On 27 August 2013, the Corporation declared cash dividends amounting to four million pesos (₱4,000,000.00).

d. Recent Sales of Unregistered Securities

There were no sales of unregistered securities in the last four (4) fiscal years.

Item 6. Management's Discussion and Analysis of Financial Conditions and Results of Operations

2020 Compared to 2019

Results of Operations

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 ₱ 175.20 million (858.1%) from ₱20.42 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 ₱187.05 million (30.6%) to ₱799.37 million in 2020 compared to ₱612.31 million in 2020, mainly due to increase in prepayments and 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 ₱949.26 million (57662.0%) to ₱950.90 million in 2020 compared to ₱1.65 million in 2019 mainly due to advance payment for acquisition of land for the development of multi-franchise site and head office in UK and advances to contractors for the landfill project.

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	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
Debt to Equity Ratio	$\frac{\text{Total Long Term Liabilities}}{\text{Stockholders' Equity}}$
PPE Turnover	$\frac{\text{Revenues}}{\text{Property, Plant \& Equipment (Net)}}$
Return on Equity	$\frac{\text{Net Income}}{\text{Equity}}$
Return on Assets	$\frac{\text{Net Income}}{\text{Total Assets}}$

2019 Compared to 2018

Results of Operations

The Corporation and its subsidiaries (the Group) generated total revenues from operating sources of about ₱31.64 billion for the year ended 30 June 2019, a decrease of ₱75.04 million (0.2%) over total revenues of ₱31.71 billion in the previous financial year. The decrease was primarily due to a lower revenue contribution from PGMC in the financial year under review.

PGMC recorded revenue of ₱1.19 billion, a decrease of ₱447.61 million (27.3%) 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 decreased in revenue of ₱126.37 million compared to ₱130.14 million in the previous financial year. The decrease of ₱3.8 million (2.9%) in revenue was mainly due to slight decrease in room occupancy level compared to the previous financial year.

HR Owen recorded revenue of ₱30.31 billion in the financial year under review compared to ₱29.94 billion in the previous financial year, the increase of ₱376.37 million (0.2%), was mainly due to decrease in the servicing and bodyshop.

The Group's total cost and operating expenses for the year ended 30 June 2019 increased by ₱765.18 billion (2.5%) to ₱31.27billion from ₱30.51billion for the same period in 2018. The increase is attributed to the following: (1) salaries and employee benefits increased by ₱114.61 million (6.1%), (2) body shop repairs and parts increased by ₱76.67 million (3.9%), (3) advertising and promotions increased by ₱233.81million (25.2%), (4) communication, light and water increased by ₱0.62 million (0.6%), (5) transportation and travel expenses increased by ₱13.99 million (17.2%), (6) rental expense increased by ₱15.83million (4.4%), (7) impairment losses on receivables and goodwill increased by ₱516.19 million (11668.9%), (8) representation and entertainment increased by ₱11.18 million (30.4%), and (9) maintenance of computer equipment increased by ₱45.43 million (35.6%). These increases were

offset by the following decreases of expenses: (1) cost of vehicles sold decreased by ₱2.95 million (0.0%), (2) depreciation expense decreased by ₱36.67million (13.4%), (3) taxes and licenses decreased by ₱1.45 million (0.8%), (4) professional fees decreased by ₱62.06million (20.7%), (5) food and beverage decreased by ₱1.81 million (13.6%), (6) telecommunication decreased by ₱21.58 million (16.3%), (7) charitable contribution decreased by ₱13.11 million (61.6%), and (8) other general and administrative expenses decreased by ₱123.52 million (22.5%).

Other income – net of charges amounted to ₱20.42 million for the financial year 30 June 2019, an increase of ₱77.0 million (136.1%) from other charges of ₱56.58 million in the same period in 2018. This increase in other income was mainly due to increase in other income and decrease in finance costs.

The Group's net income decreased by ₱713.15 million (86.3%) to ₱113.39 million in financial year 2019 from ₱826.55 million in financial year 2018 mainly due to impairment losses on receivables and goodwill under review.

Financial Position

Total assets of the Group decreased by ₱971.52 million (5.4%) to ₱16.92 billion as of 30 June 2019, from ₱17.89 billion as of 30 June 2018.

Trade and other receivables (net) decreased by ₱1.21 billion (45.8%) to ₱1.44 billion in 2019 compared to ₱2.65 billion in 2018, mainly due to decrease in deposits.

Financial assets at fair value through profit or loss of ₱75.69 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 ₱75.69 million prior to the adoption of PFRS 9.

Inventories (net) increased by ₱45.34 million (0.8%) to ₱5.53 billion in 2019 compared to ₱5.49 billion in 2018, mainly due to vehicle stocks for new model of H.R. Owen.

Advances to associates increased by ₱237.44 million (15.5%) to ₱1.76 billion in 2019 compared to ₱1.53 billion in 2018.

Prepayments and other current assets decreased by ₱47.26 million (7.2%) to ₱612.31 million in 2019 compared to ₱659.57 million in 2018, mainly due to decrease in prepaid expenses from H.R. Owen.

Financial assets at fair value through other comprehensive income of ₱1.60 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 ₱58.31 million (3.4%) to ₱1.64 billion in 2019 compared to ₱1.70 billion in 2018, mainly due to depreciation and amortization for the year.

Investment property decreased by ₱329.65 (73.2%) to ₱120.46 million in 2019 compared to ₱450.11 million in 2018, mainly due to disposal.

Investments in associates decreased by ₱147.88 million (15.2%) to ₱894.17million in 2019 compared to ₱972.05million in 2018 mainly due to equity loss on income from associates.

Intangible assets decreased by ₱501.54 million (25.5%) to ₱1.47 billion in 2019 compared to ₱1.97 billion in 2018, primarily due to the impairment loss of goodwill.

Deferred tax assets increased by ₱10.05 million (8.8%) to ₱103.49 million in 2019 compared to ₱113.54 million in 2018.

Meanwhile, other non-current assets increased by ₱2.45 million (59.8%) to ₱1.65 million in 2019 compared to ₱4.1 million in 2018.

Total liabilities of the Group decreased by ₱663.85 billion (7.2%) to ₱8.55 billion as of 30 June 2019, from ₱9.22 billion as of 30 June 2018 mainly due to decrease in trade payables, loans payable and borrowings.

Trade and other payables (current) decreased by ₱2.03 billion (45.4%) to ₱2.44 billion in 2019 compared to ₱4.48 billion in 2018, mainly due to a decrease in trade payables and advances from customers.

Loans payable and borrowings (current) decreased by ₱344.49 million (8.3%) to ₱3.78 billion in 2019 compared to ₱4.12 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 ₱1.91 billion.

Trade and other payables (non-current) decreased by ₱1.22 million (7.0%) to ₱16.28 million in 2019 compared to ₱17.50 million in 2018, due to translation adjustment.

Deferred tax liabilities decreased by ₱7.23 million (11.9%) to ₱53.67 million in 2019 compared to ₱60.90 million in 2018.

Post-employment benefit obligation decreased by ₱18.91 million (78.8%) to ₱5.10 in 2019 compared to ₱24.01 in 2018.

Loans payable and borrowings (non-current) decreased by ₱188.17 million (49.0%) to ₱195.74 million in 2019 compared to ₱383.91 million in 2018 due to settlement of bank loans.

The total stockholders' equity of the Group decreased by ₱298.62 million (3.4%) to ₱8.36 billion as of 30 June 2019, from ₱8.65 billion as of 30 June 2018 under review.

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	1.29 : 1.00	1.32 : 1.00

Leverage Ratio - Debt to Equity	1.02 : 1.00	1.06 : 1.00
Activity Ratio - Annualized PPE Turnover	19.24 times	18.62 times
Profitability Ratios		
Return on Equity	1.36%	9.53%
Return on Assets	0.67%	4.62%

The Corporation uses the following computations in obtaining key indicators:

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

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

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

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

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

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

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

Financial Position

Total assets of the Group increased by ₱2.74 million (18.6%) to ₱17.50 billion as of 30 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 ₱1.20 billion 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	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
Debt to Equity Ratio	$\frac{\text{Total Long Term Liabilities}}{\text{Stockholders' Equity}}$
PPE Turnover	$\frac{\text{Revenues}}{\text{Property, Plant \& Equipment (Net)}}$
Return on Equity	$\frac{\text{Net Income}}{\text{Equity}}$
Return on Assets	$\frac{\text{Net Income}}{\text{Total Assets}}$

Item 7. Financial Statements

The audited Financial Statements and Supplementary Schedules for the year ended 30 June 2020 listed in the accompanying index to Financial Statements and Supplementary Schedules are filed as part of this Form 17-A.

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Messrs. 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.

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

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Registrant

(1) Directors and Executive Officers

The Directors of the Corporation are elected at the regular annual meeting of stockholders to serve for one (1) year until their successors are elected and qualified. The Officers of the Corporation are elected by a majority vote of the Board of Directors and are enumerated below, with a description of their business experience over the past five years.

Directors / Officers	Designation	Citizenship	Term
1. Seow Swee Pin	Director / Chairman of the Board	Malaysian	1996 - Present
2. Wong Ee Coln	Director / President	Malaysian	3 June 2016 to Present
3. Dr. George T. Yang	Director (Independent)	Filipino	1996 - Present
4. Casey M. Barleta	Director (Independent)	Filipino	17 Aug 2020 - Present
5. Jimmy S. Soo	Director	Filipino	8 Dec 2014 - Present
6. Tan Eng Hwa	Director /Treasurer / CFO	Malaysian	4 Oct 2016 - Present 2005 – Present (as Treasurer) 4 Oct 2016-Present (as director)
7. vacant	Director		
8. Jose A. Bernas	Corporate Secretary	Filipino	1996 - Present
9. Marie Lourdes Bernas	Asst Corp Secretary	Filipino	2001 - Present

Seow Swee Pin, 63, was appointed by the Board of the Corporation on 12 November 1996 and has retained office since then. He was appointed Chairman of the Board of the Corporation on 30 June 2020. He was re-elected as director on 8 October 2019 and is the Chairman of Philippine Gaming Management Corporation and Cosway Philippines Inc. He is a director of Neptune Properties Inc., Perdana Land Philippines Inc., Perdana Hotel Philippines Inc., Sanpiro Realty and Development Corporation, and Berjaya Pizza (Philippines) Inc. Besides being a Director of the Corporation, he is also an Executive Director of Sports Toto Malaysia Sdn. Bhd. and Berjaya Sports Toto Berhad. He is a member of the Malaysian Institute of Accountants and Certified Practicing Accountants, Australia.

Wong Ee Coln, 41, was appointed by the Board as director of the Corporation on 3 June 2016 and re-elected on 8 October 2019. He is the President of the Corporation and holds a 1st Class Bachelor of Engineering (Mechanical Engineering) Degree from the University of Birmingham. He is also a Chartered Financial Analyst (CFA) and a member of the CFA Institute. He is an engineer by profession with extensive working experience in the field of property development and investment consultancy in Malaysia and other countries such as China, Vietnam, etc.. Mr. Wong is an Executive Director of the Berjaya Group Bhd. and General Manager of the Group Properties and Development Department of Berjaya Land Berhad.

Dr. George T. Yang, 81, was appointed to the Board of the Corporation on 12 November 1996 and has retained office since then. He was re-elected director on 8 October 2020 and is also a Director of Philippine Gaming Management Corporation. He is the Chairman of the Board and Founder of Golden Arches Development Corporation (McDonald's Philippines). He is the Chairman of the Board of Ronald McDonald House Charities, First Georgetown Ventures, Inc., MDS Call Solutions Inc., Advance Food Concepts Mfg. Inc.; Trojan Computer Forms, Inc., Klassikal Music Foundation Inc., Canyon Hills and Marina Inc., Canyon Hills Real Estate and Development Inc., GY Alliance Concepts Inc., Northview Builder and Development Corporation, and Laurel Lakeside Corp. He is the Chairman of the Board and President of Golden Arches Realty Corporation. He sits as Chairman of Paseo Premier Residences Inc., Paseo Dormitories Inc., Lead Logistics Innovations Inc., Fast Serve Solutions 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, Prime Arch Creative Restaurants Inc., and Retiro Golden Foods Inc. He is the Vice-Chairman of Oceanfront Properties Inc., and TransAire Development Holdings Corporation. He is a Member of the Board of Governors of Ayala Center Association and Consul General *ad honorem* for the State of Eritrea. Mr. Yang was awarded a Doctor of Humanities, *honoris causa* in De La Salle University and Jose Rizal University. Mr. Yang graduated Cum Laude from De La Salle College, Manila, with the degree of Bachelor of Science in Business Administration and holds a Masters Degree in Business Administration from the Wharton School, University of Pennsylvania, USA.

Jimmy S. Soo, 62, was appointed to the Board of the Corporation on 8 December 2014 and was elected on 8 October 2019. He previously served on the Board of the Corporation from October 2007 to 1 August 2012. He is the Chairman and President of Kailash PMN Management, Inc., Tortola Resources Inc., and Trimante Holdings Phils., Inc. He sits as Director of First Abacus Financial Holdings Corporation, which is listed at the Philippine Stock Exchange. He is a Director and Corporate Secretary of Abacus Capital & Investment Corporation, St. Giles Hotel (Manila) Inc., and Bagan Resources Pte. Inc. He is the Corporate Secretary of Limketkai Manufacturing Corporation, Limketkai Sons Inc., Paramount Life & General Holdings Corp., and Paramount Life & General Insurance Corporation. He is the Resident Agent of IDP Education Pty. Limited. He is a director in Berjaya Pizza (Philippines) Inc., and a member of the Board of Trustees for Berjaya Foundation Inc. Mr. Soo is a lawyer by profession and is the Managing Partner of Soo Gutierrez Leogardo & Lee Law Offices.

Tan Eng Hwa, 51, was appointed by the Board as director of the Corporation on 4 October 2016, and re-appointed on 8 October 2019. He was appointed as Treasurer of the Corporation on 30 June 2005 and has retained office since then. He is the Chairman in Floridablanca Enviro Corporation and Perdana Hotel Philippines Inc. He sits as Director and Vice Chairman in Philippine Gaming Management Corporation, a member of the Board and President in Perdana Land Philippines Inc., Sanpiro Realty and Development Corporation, Neptune Properties Inc., and Cosway Philippines Inc. He is a Director and Treasurer in Berjaya Pizza (Philippines) Inc., Bermaz Auto Philippines Inc., Berjaya Auto Asia Inc., Ssangyong Berjaya Motor Philippines Inc., Most Pretty Lady Holdings Inc., Landphil Management and Development Corporation, and Berjaya Vacation Club (Phils.) Inc., He is a director of Beautiful Creation Holdings Inc. and Chailease Berjaya Finance Corporation. He is a Member of the Board of Trustees and President of Berjaya Foundation Inc. and is a chartered accountant and member of the Malaysian Institute of Accountants. He holds a Masters Degree in

Business Administration from the University of Chicago, USA., and a Masters Degree in Science in Professional Accountancy from the University of London.

Casey M. Barleta, was appointed Independent Director on 17 August 2020. He is the Managing Partner and Tax Partner in CMBO Law (Casey M. Barleta & Partners), He sits as Director of Prime Rivers Inc., MF Development Corporation, SCF Properties Inc., First Foremost Resources Inc., and the Corporate Secretary and Treasurer of Synechron Technologies Philippines Inc.,

Jose A. Bernas, 59, was appointed Corporate Secretary on 28 March 1996, and has been such officer since then. He is the Chairman of the Board of Automation Specialists and Power Exponents Inc. (ASPEX) and Perdana Land Philippines Inc., He is the President of Discovery Centre Condominium Corporation and is a director of Cosway Philippines Inc. and VST-ECS Philippines Inc. (formerly MSI-ECS Philippines Inc.). He is both Director and Corporate Secretary in Par Motorrad Inc. and Philippine Gaming Management Corporation. He is the Corporate Secretary of Chailease Berjaya Finance Corporation, Neptune Properties, Inc., Perdana Hotel Philippines Inc., Berjaya Pizza (Philippines) Inc., MOL AccessPortal Inc., Cosway Philippines Inc., Uniwiz Trade Sales Inc., Beautiful Creation Holdings Inc., Most Pretty Lady Holdings Inc., Bermaz Auto Philippines Inc., Ssangyong Motor Philippines Inc., Floridablanca Enviro Corporation, Chailease Berjaya Philippines Inc., and Swift Foods Inc. He is a member of the Board of Trustees and Secretary of Berjaya Foundation Inc., and the resident agent of National Instruments Philippines, Branch. He is a professor at the Ateneo de Manila University School of Law. He is the Managing Partner of the Bernas Law Offices.

Marie Lourdes Sia-Bernas, 53, was appointed Assistant Corporate Secretary on 25 October 2001 and has retained office since then. She is the President of Duphilco Real Estate Inc., Save the Sea Philippines Inc., Roadster Car Imports Inc., Deux Mille Trading Corporation, and Silver Giggling Buddha Trading Inc. She is the Corporate Secretary of Automation Specialists and Power Exponents Inc. (ASPEX), Juillet Trading Corporation, Ultrasaurus Philippine Trading Inc., and Neptune Holdings Inc. She is the Assistant Corporate Secretary of Philippine Gaming Management Corporation, Perdana Land Philippines Inc., Perdana Hotel Philippines Inc., Berjaya Pizza (Philippines) Inc., Bermaz Auto Philippines Inc., Berjaya Auto Asia Inc., Sanpiro Realty and Development Corporation, Berjaya Foundation Inc., MOL AccessPortal Inc., Cosway Philippines Inc., Uniwiz Trade Sales Inc., Ssangyong Berjaya Motor Corporation, Beautiful Creation Holdings Inc., Most Pretty Lady Holdings Inc., Floridablanca Enviro Corporation, Chailease Berjaya Finance Corporation, and Swift Foods Inc., which is a listed corporation at the PSE. She is the Administrative Partner at Bernas Law Offices.

(2) Significant Employees

The Corporation does not have any employee at present.

(3) Family Relationships

There are no family relationships between and among the directors and officers of the Corporation, except for the Corporate Secretary and the Assistant Corporate Secretary who are married to each other.

(4) Involvement in Certain Legal Proceedings

None of the Directors and Officers were involved during the past five (5) years in any bankruptcy proceeding. Neither have they been convicted by final judgment in any criminal proceeding or have been subject to any order, judgment or decree of competent jurisdiction, permanently or temporarily enjoining, barring, suspending, or otherwise limiting their involvement in any type of business, securities, commodities or banking activities. Nor have they been found in action by any court or administrative bodies to have violated a securities or commodities law.

(5) Independent Directors

Mr. George T. Yang and Mr. 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 (SRC).

Mr. George T. Yang is also an independent minority stockholder of Philippine Gaming Management Corporation. The former treasurer of the Corporation Mr. Low Siaw Peng nominated Mr. Yang as independent director.

Mr. Tan Eng Hwa, a stockholder and Treasurer nominated Mr. Casey M. Barleta as independent director during the Meeting of the Board held on 14 August 2020. Mr. Casey M. Barleta replaced Tan Sri Dr. Seri Ibrahim Bin Saad who accepted a government post in Malaysia.

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

Item 10. Executive Compensation

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 (P3,400,000.00) 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.

Item 11. Security Ownership of Certain Beneficial Owners

According to the records of the corporation's stock and transfer agent, the following are the owners of more than five (5%) of the Corporation's securities as of 30 June 2020:

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. Seow Swee 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 KY1-9005 Cayman Islands	Berjaya Sports Toto (Cayman) Limited (same as record owner) person entitled to vote is Seow Swee 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	Domestic Corporation with more than 40% foreign equity	85,728,277	1.97%

Berjaya Lottery Management (HK) Limited was incorporated on 16 July 1992. Berjaya Sports Toto (Cayman) Limited owns 387,500,000 shares equivalent to 100% of Berjaya Lottery Management (HK) Limited shares. It's issued and paid-up capital is HK\$387,500,000.

The Directors of Berjaya Lottery Management (HK) Limited are as follows:

- (i) Seow Swee Pin
- (ii) Vivienne Cheng Chi Fan
- (iii) Tan ThiamChai
- (iv) Ching Chun Keat

The representative of Berjaya Lottery Management (HK) Limited who will vote or is authorized to dispose of the shares held by it when needed are Messrs. SeowSwee Pin or Tan EngHwa, in the said order of preference.

Berjaya Sports Toto (Cayman) Limited was incorporated on 22 April 1993 in Cayman Islands. It has an authorized capital of USD 20,000,000.00. Magna MahsuriSdnBhd owns 19,500,000 shares equivalent to 100% of Berjaya Sports Toto (Cayman) Limited shares. Its issued and paid up share capital is USD19,500,000.00 with a nominal (par) value of USD1.00 per share.

The Directors of Berjaya Sports Toto (Cayman) Limited are as follows:

- (i) Tan Thiam Chai
- (ii) Vivienne Cheng Chi Fan
- (iii) Yeo Cheng Hee
- (iv) Loh Paik Yoong

The representative of Berjaya Sports Toto (Cayman) Limited who will vote or is authorized to dispose of the shares held by it when needed is Mr. Seow Swee Pin.

Security Ownership of Management

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership*	Citizenship	Number of Shares Held	Percentage Held
Common	Seow Swee Pin	₪ 215.20	Malaysian	80	0.00%
Common	Wong Ee Coln	₪ 2.69	Malaysian	1	0.00%
Common	Dr. George T. Yang	₪ 215.20	Filipino	80	0.00%
Common	Casey M. Barleta	₪ 2.69	Filipino	1	0.00%
Common	Jimmy S. Soo	₪ 201.75	Filipino	75	0.00%
Common	Tan Eng Hwa	₪ 215.20	Malaysian	80	0.00%
Common	Jose A. Bernas	₪ 215.20	Filipino	80	0.00%
Common	Marie Lourdes Bernas	₪ 1,345.00	Filipino	500	0.00%

These figures are as of 9 October 2020.

There are no voting trust holders of five percent (5%) or more of the Corporation's securities.

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

Directors and Executive Officers as a Group

Title of Class	Name of Record / Beneficial Owner	Amount and Nature of Record / Beneficial Ownership	Percentage Held
Common shares	Directors and Executive Officers As a Group		
		897	0.001%
		897	0.001%

Item 12. Certain Relationships and Related Transactions

The related party transactions of the Group are described in the notes to the consolidated financial statements as filed with this report. There has been no material 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 two point seventy six percent (72.76%) 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.

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.

There is no deviation from the corporation's Manual of Corporate Governance.

PART IV – EXHIBITS AND SCHEDULES

Item 13. Exhibits and Reports on SEC Form 17-A

(a) Exhibits

- (1) List of Top One Hundred (100) Stockholders as of 30 June 2020, referred to in Item 5 (2) as Annex “A”
- (2) Balance Sheet as of 30 June 2020, referred to in Item 7 as Annex “B”
- (3) Supplementary Schedules as of 30 June 2020, referred to in Item 7 as Annex “C”

(b) Reports on SEC Forms 17-C

Reports on SEC Forms 17-C which were filed during the last ten-month period covered by this report are as follows:

Date of Report	Date Filed	Particulars
5 July 2019	5 July 2019	<p><u>Disposal of Shares</u></p> <p>On 1 July 2019, the Issuer sold a total of one million (1,000,000) common shares of its wholly owned subsidiary, PGMC to Mr. Jose A. Bernas who is the Corporate Secretary of both the Issuer and PGMC for a total cash consideration of One Hundred Seventeen Million One Hundred Fifty Thousand Pesos (Php 117,150,000.00) (“Disposal”). Taxes on the Disposal were paid on 1 July 2019 and the Certificate Authorizing Registration (CAR) is being processed.</p> <p>The cash consideration of Php117.15 million for the Disposal was arrived at on a “willing-buyer willing-seller” basis after taking into consideration the unaudited net assets of PGMC as at 30 April 2019 (“NA”) of PHP585.75 million or NA per share of Php117.15. The cash proceeds arising from the Disposal will be utilized by the Issuer Group for its working capital and/or other project investment. The one million (1,000,000) common shares were disposed of by the Issuer free from all encumbrances and with all rights and benefits attaching thereto.</p> <p>After the Disposal, the Issuer holds a total of three million nine hundred ninety nine thousand eight hundred fifty nine (3,999,859) PGMC shares representing seventy nine point ninety nine percent (79.99%) equity interest in PGMC.</p>

		<p><u>Other Matters</u></p> <p>On 3 July 2019, PGMC filed a <i>Notice of Exempt Transaction for the Issuance of Additional Shares</i> under SEC Form 10-1. The remaining five million (5,000,000) unsubscribed and unissued common shares of PGMC were issued, with the Issuer waiving its right to subscribe for the additional shares issued.</p> <p>The two subscribers are Mr. Paulino S. Soo, PGMC's President who subscribed for four million (4,000,000) new common shares in PGMC and Mr. Jose A. Bernas, the Issuer and PGMC's Corporate Secretary who subscribed for one million (1,000,000) new common shares in PGMC (collectively, the "Subscription"). The new PGMC shares were issued based on its par value of Php100 each. The new PGMC shares issued pursuant to the Subscription will rank <i>paripassu</i> with the existing PGMC shares.</p> <p>After the Disposal and the Subscription, the Issuer's shareholdings is reduced to three million nine hundred ninety nine thousand eight hundred fifty nine (3,999,859) PGMC common shares, representing thirty nine point ninety nine percent (39.99%) equity interest in PGMC.</p> <p>The subscription is deemed as a disposal by the Issuer in PGMC. In view of the foregoing, PGMC has ceased as a subsidiary of the Issuer on 3 July 2019.</p> <p>The Disposal and the Subscription resulted in a loss of about Php372.5 million at the Issuer Group level during the current financial year ending 30 April 2020 mainly due to the Disposal, deemed disposal and loss on re-measurement on the retained interest as an associated company.</p>
10 July 2019	10 July 2019	<p>A Special Stockholders' Meeting was held on 10 July 2019, whereby stockholders representing at least 2/3 of the capital of the Corporation were present in person or proxy. Written Notice of this meeting was sent to all stockholders at their reported addresses on 19 June 2019. The stockholders present in person and proxies ratified, approved and confirmed, the resolutions adopted by the Board on 15 May 2019 amending Section 1 Article VII of its By-Laws where the fiscal year of the Corporation shall commence with the opening of business on the first day of July of each calendar year and close on the last day of June of the next calendar year.</p>

10 July 2019	10 July 2019	<p>Philippine Gaming Management Corporation was one of only two bidders who joined the “SBAC Contract No. 2019-01 (Re: Five [5] Years Lease of the PCSO Lottery System [PLS]) by the Philippine Charity Sweepstakes Office”.</p> <p>During the opening of the submitted bids, only PGMC was declared eligible subject to evaluation.</p> <p>The bid covers the areas of Luzon, Visayas, and Mindanao.</p>
30 July 2019	30 July 2019	<p>The Issuer received on 26 July 2019, the “Certificate of Filing of Amended By-Laws” from the Securities and Exchange Commission dated 25 July 2019. As amended, Section 1 Article VII of the Amended By-Laws will reflect that the fiscal year of the Corporation shall commence with the opening of business on the first day of July of each calendar year and close on the last day of June of the next calendar year.</p> <p>As previously disclosed on 10 July 2019, the Board approved the amendment on 15 May 2019, and stockholders representing at least two-thirds of the capital of the Corporation ratified the board’s resolution to amend the By-Laws on 10 July 2019 in a Special Stockholders’ Meeting.</p>
31 July 2019	31 July 2019	<p>Disclosure on the Clarification of News Reports found in The Manila Times and Bilyonaryo.com.ph</p> <p><u>Re: The Manila Times</u></p> <p>The Issuer has no other information on the Order by President Duterte lifting the ban on the suspension of the lotto operations by the Philippine Charity Sweepstakes Office (PCSO) except what is available on the printed news, internet and television.</p> <p>It is to be noted also that the Issuer’s equity in Philippine Gaming Management Corporation (PGMC) is now only 39.99%.</p> <p><u>Re: Bilyonaryo.com.ph</u></p> <p>Philippine Gaming Management Corporation (PGMC) has taken the appropriate remedies as it has filed with the Philippine Charity Sweepstakes Office (PCSO) asserting its claim that it did not fail the bid for the SBAC Contract No. 2019-01 (Re: Five [5] Years Lease of the PCSO Lottery System [PLS]) by the Philippine Charity Sweepstakes Office.</p>
6 August 2019	6 August 2019	<p>The Issuer disposed of a total of two million seven hundred thousand (2,700,000) ordinary shares of BJFood, a corporation listed on Bursa Malaysia Securities Berhad for a total cash consideration of Malaysian Ringgit four million two hundred twelve thousand (RM</p>

		<p>4,212,000.00) equivalent to Philippine Pesos Fifty Two Million One Hundred Forty Four Thousand Five Hundred Sixty (Php 52,144,560.00) or at RM1.56 equivalent to Php 19.31 per share, to Convenience Shopping (Sabah) Sdn. Bhd. on 5 August 2019.</p> <p>Following the above disposal, the Issuer now holds a total of 2.70 million BJFood shares representing point seventy five percent (0.75%) in BJFood.</p>
14 August 2019	14 August 2019	The setting of 8 October 2019 as the date when this year's regular meeting of the stockholders will be held, and the setting of 9 September 2019 as the record date for determining stockholders entitled to notice and to vote at said meeting.
22 August 2019	22 August 2019	<p>The Issuer had on 21 August 2019 disposed a total of eight million one hundred thousand (8,100,000) SEM shares for a total cash consideration of Malaysian Ringgit eleven million nine hundred eighty eight thousand (RM11,988,000.00) or RM1.48 per SEM share converted to Philippine Pesos one hundred forty nine million eight hundred fifty thousand (Php149,850,000.00) or at Php18.50 per SEM share to Berjaya Corporation Berhad.</p> <p>Prior to the disposal, the Issuer had a total of 24,799,975 SEM shares out of 1,150,189,924 issued and outstanding voting shares, representing 2.16% equity interest in SEM. Following the disposal, the Issuer now holds a total of 16,699,975 SEM shares representing 1.45% equity interest in SEM.</p>
8 October 2019	8 October 2019	<p>(a) The directors elected at the annual stockholders meeting;</p> <p>(b) The officers elected at the organizational meeting of the Board of Directors held after the annual stockholders' meeting;</p> <p>(c) The members of the Audit and Nomination Committees;</p> <p>(d) The appointment of external auditors;</p>
16 March 2020	16 March 2020	A report on the effects of the COVID-19 on the business operations of the Issuer, and the measures undertaken by the Issuer to mitigate the risks of COVID-19.
30 June 2020	30 June 2020	The resignation of Tan Sri Dato Seri Dr. Ibrahim Bin Saad as Chairman and director of Berjaya Philippines Inc. through a letter received by the Board today, and the appointment of Mr. Seow Swee Pin as new Chairman, to serve the unexpired term of Tan Sri Dato Seri Saad.

10 August 2020	10 August 2020	<p>The appointment of Stock Transfer Service, Inc. as the Corporation's new stock transfer agent effective 1 September 2020.</p> <p>RCBC, the Corporation's stock transfer agent since 1995, has scaled down operations and requested Issuer to obtain the services of a new stock transfer agent.</p>
11 August 2020	11 August 2020	<p>The setting of 28 October 2020 as the date when this year's regular meeting of the stockholders will be held, and the setting of 1 September 2020 as the record date for determining stockholders entitled to notice and to vote at said meeting.</p> <p>The Agenda for the Annual Stockholders' Meeting was also provided.</p>
17 August 2020	17 August 2020	<p>On 14 August 2020, the Board elected Mr. Casey M. Barleta as new director of the Corporation, to serve the unexpired term of Tan Sri Dato Seri Dr. Ibrahim Bin Saad, effective upon his qualification, and to serve as such until his successor shall have been appointed and qualified at the expiration of his term.</p> <p>The effective date of Mr. Barleta's term commenced on 17 August 2020.</p>
24 August 2020	24 August 2020	<p>The demise of Mr. Jaime Y. Ladao, one of the Issuer's independent directors on 24 August 2020.</p>
2 September 2020	2 September 2020	<p>The sale of a total of nine million eight hundred forty three thousand (9,843,000) ordinary shares of 7-Eleven Malaysia Holdings Berhad ("SEM"), a company domiciled in Malaysia and listed on Bursa Malaysia Securities Berhad for a total cash consideration of Malaysian Ringgit thirteen million seven hundred eighty thousand and two hundred (RM13,780,200.00) to Berjaya Land Berhad through a direct business transaction on 2 September 2020.</p>
8 October 2020	8 October 2020	<p>The rescheduling of this year's regular meeting of the stockholders from 28 October 2020 to 9 November 2020 due to the non-availability of the consolidated audited financial statements. Everything else such as the Record Date of 1 September 2020, and the Agenda for the meeting remain unchanged.</p> <p>The Agenda for the meeting is as follows:</p> <ol style="list-style-type: none"> 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
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SIGNATURES

Pursuant to the requirements of Section 17 of the Securities Regulation Code and Section 141 of the Corporation Code, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Makati on 13 October 2020.

BERJAYA PHILIPPINES INC.

Issuer

By:

Board of Directors :

Officers :


SEOW SWEE PIN


SEOW SWEE PIN
Chairman of the Board


WONG EE COLN


WONG EE COLN
President


TAN ENG HWA



TAN ENG HWA
Treasurer


GEORGE T. YANG


JOSE A. BERNAS
Corporate Secretary


CASEY M. BARLETA


MARIE LOURDES T. SIA-BERNAS
Assistant Corporate Secretary


JIMMY S. SOO

* The Corporation does not have a Principal Operating Officer. As the Corporation is a holding corporation, it is not confronted with day to day operational demands. Neither does the Corporation have a Comptroller.

SUBSCRIBED AND SWORN TO before me in Makati City this 13th day of October 2020, by the following affiants who acknowledged to me that they are the same persons who affixed their signatures on the document, with their following identification cards, as follows:

<u>Name</u>	<u>Particulars of Identification Card</u>
Seow Swee Pin	Passport # A38549092 issued on 17 August 2016 in Kuala Lumpur, Malaysia
Wong Ee Coln	Passport # A40497460 issued on 14 August 2017 in Kuala Lumpur, Malaysia
George T. Yang	Passport # P5880290A issued on 2 February 2018 at the Department of Foreign Affairs, Manila
Tan Eng Hwa	Passport # A50216511 issued on 8 January 2018 in Pulau Pinang Malaysia
Casey M. Barleta	Passport # P0097098A issued on 31 August 2016 at DFA Manila
Jimmy S. Soo	Tax Identification Number 133-832-627
Jose A. Bernas	IBP Lifetime Membership No. 01738 25 January 2000 Roll of Attorneys No. 36090
Marie Lourdes Sia-Bernas	IBP Lifetime Membership No. 02165 30 January 2001 Roll of Attorneys No. 37914

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Book No. LXVII
Series of 2020.

marbaladma
SOLFA S. ARBOLADURA
Notary Public for Makati City until 12.31.2021
Roll of Attorneys No. M-192
IBP Lifetime No. 14932/05.15.03/ Manila
PTR No. 0167715/01.15.2020/ Manila
2nd Flr. Makati Village, Makati City
MCLC Compliance No. VI-0022183/ 04.02.2019



Berjaya Philippines Inc., Sustainability Report 2020





COMPANY PROFILE

There has been an increased focus on the way businesses are run, with greater attention given to how businesses impact the economy, environment and society. A holistic approach to business management, taking into consideration the economic, environmental and social (“EES”) risks and opportunities alongside financial implications, is being seen as a measure to generate long term benefits and business continuity.

This statement on sustainability represents reasonable view of BPI’s economic, environmental and social sustainability practices with key material aspects being taken into consideration.

Berjaya Philippines, Inc. (BPI) (formerly Prime Gaming Philippines Inc.) was incorporated in the Philippines on October 31, 1924. The company was organized as a holding company. The Company’s shares of stocks are also listed in the Philippine Stock Exchange.

The Company is 74.2% owned as of June 30, 2020 by Berjaya Lottery Management (HK) Limited (BLML). The Company’s ultimate parent is Berjaya Corporation Berhad of Malaysia, a publicly listed company in the Mail Market of Bursa Malaysia Securities Berhad.

BPI likewise fully owns **Perdana Hotel Philippines Inc., H.R Owen PLC and Floridablanca Enviro Corporation.**



Perdana Hotel Philippines Inc. (a.k.a Berjaya Makati Hotel)

It is incorporated in the Philippines on December 11, 2009. Now managing a 223 rooms 4-star hotel at Makati Avenue, Makati City

H.R. Owen PLC

It operates as a franchised motor dealer in the United Kingdom. The company sells new and used motor vehicles of various brands.

Floridablanca Enviro Corporation

The company’s primary activity is engage in business of protecting and cleaning the environment.



BPI also invested in the following companies:

• Berjaya Pizza Philippines Inc.	• Berjaya Auto Asia Inc.
• Philippines Gaming Management Corporation	• Bermaz Auto Philippines, Inc.
• Perdana Land Philippines Inc.	• Ssangyong Berjaya Motor Philippines Inc.
• Neptune Properties Inc.	• Chailease Berjaya Finance Corporation

BERJAYA PHILIPPINES INC

GAMING AND LOTTERY MANAGEMENT	AUTOMOBILES	FOOD AND BEVERAGE	HOTEL MANAGEMENT	PROPERTY AND DEVELOPMENT	ENVIRONMENTAL SERVICES	CONSUMER MARKETING	FINANCIAL SERVICES
40% Philippine Gaming Management Corporation	100% H.R Owen PLC	48.38% Berjaya Pizza Philippines Inc.	100% Perdana Hotel Philippines Inc.	40% Perdana Land Philippines Inc.	100% Floridablanca Enviro Corporation	40% Cosway Philippines Inc.	25% Chailease Berjaya Finance Corporation
	30% Berjaya Auto Asia Inc.			41.45% Neptune Properties Inc.			
	28.28% Bermaz Auto Philippines, Inc.						
	21.67% Ssangyong Berjaya Motor Philippines, Inc.						

APPROACH TO SUSTAINABILITY

BPI considers economic, environmental and social impacts of its business operations, as a vital aspect in order to reduce the potential negative impacts arising from its day-to-day operations.

There are three main aspects were identified to conduct its business operations according to pragmatic principles and sustainable practices: Economic Sustainability, Environmental Sustainability and Social Sustainability.

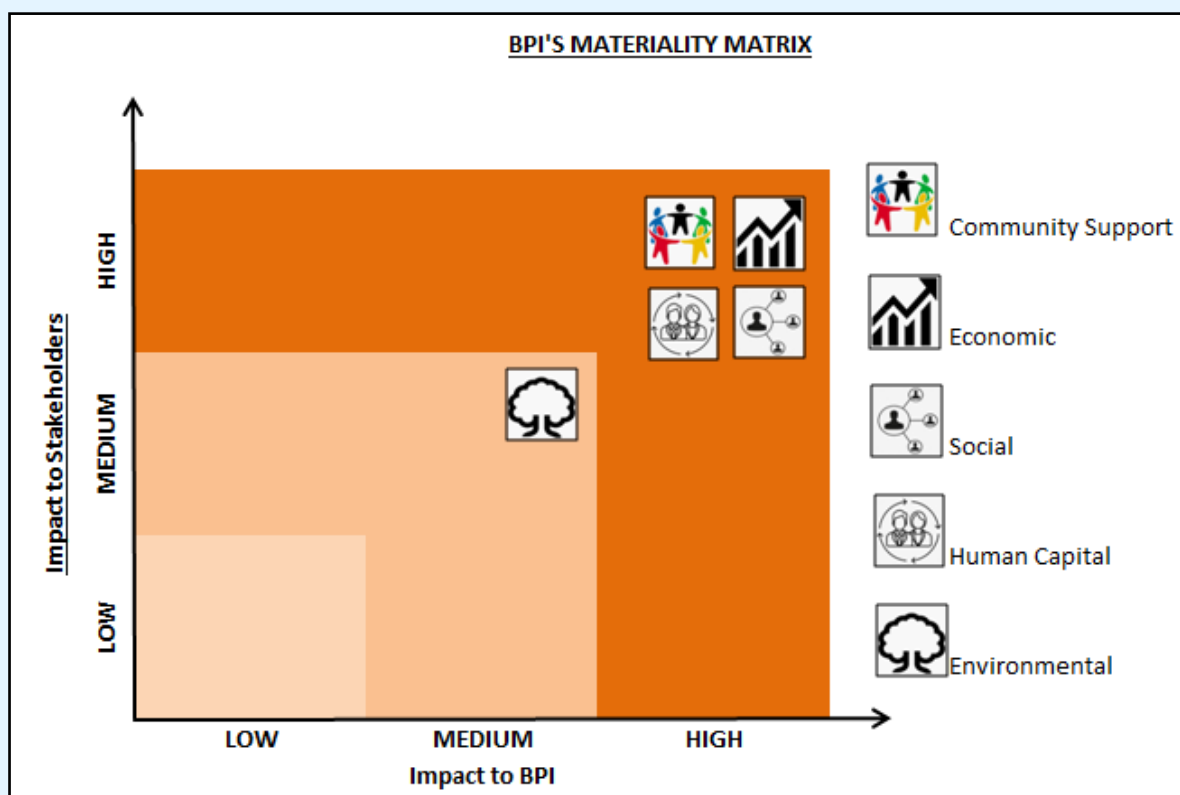


Economic Sustainability	Environmental Sustainability	Social Sustainability
An organization's impacts on the economic conditions of its stakeholders and on economic systems at local, national, and global levels. It does not focus on the financial condition of the organization.	An organization's impact on living and non-living natural systems, including land, air, water and ecosystems.	The impacts an organization has on the social systems within which it operates.

MATERIALITY

Materiality is the principle of identifying and assessing a wide range of sustainability matters, and refining them to what are most important to the organization and stakeholders.

In this statement, the Group identified the significant impact of economic, environmental, social, human capital and community factors towards the sustainability of the business as well as to the stakeholders.



ECONOMIC PERFORMANCE (2020)

Economic Value Gain and Allocated	
In PHP millions	
Economic Value Gain	130.98
Economic Value Allocated	
Operating Cost	121.47
Employee Wages and Benefits	33.48
Payment to the Government	12.66
Net Economic Value	(36.63)

STAKEHOLDER ENGAGEMENT

Stakeholders play an important role in the effectiveness, efficiency and sustainability of a business entity. BPI is pro-active when it comes to communicating, involving and understanding both internal and external stakeholders.

In line with this, the Group identified and gathered relevant stakeholders as well their input and perspective that is beneficial to the sustainability performance of the Group.

STAKEHOLDER ENGAGEMENT

Government and Regulators	Regular communication and compliance with regulatory bodies such as BIR, SEC etc.
Customers	Customer satisfaction survey and e-communication for marketing and aftersales.
Employees	Regular communication through intranet and electronic communication with new employee benefit schemes and business update.
Suppliers	Attend manufacturer seminars and encourage greener initiatives by suppliers.
Media	Seasonal update on financial performance and regular marketing initiatives.

STAKEHOLDER COMMITMENT

Government and Regulators	Timely submission of regulatory requirements and reporting.
Employees	Continual investment in staff retention and development.
Customers	Provide utmost quality of care and service.
Suppliers	Compliance on contracts and requirements

GOVERNANCE

BPI has in place a Corporate Governance Manual. The Board of Directors and Management, i.e. officers and staff, of Berjaya Philippines, Inc. Is hereby committed to the principles and best practices contained in the Manual, and acknowledge that the same may guide the attainment of Company's corporate goals.

Corporate Governance Manual institutionalizes the principles of good corporate governance in the entire organization. The Board of Directors and Management, employees and shareholders, believe that corporate governance is a necessary component of what constitutes sound strategic business management and will therefore undertake every effort necessary to create awareness within the organization as soon as possible.

ENVIRONMENT SUSTAINABILITY



Environmental sustainability involves making decisions and taking action that are in the interests of protecting the natural world, with particular emphasis on preserving the capability of the environment to support human life. It is an important topic in the present time, as people are realizing the full impact that businesses and individuals can have on the environment. Environmental sustainability is about making responsible decisions that will reduce your business' negative impact on the environment. It is not simply about reducing the amount of waste you produce or using less energy, but is concerned with developing processes that will lead to businesses becoming completely sustainable in the future.

Berjaya Philippines joined in Haribon Foundation's Forests for Life Program by joining the Buhay Punlaan Native Tree Nursery activities in Lumban, Laguna last January 31, 2019. The participants helped in soil bagging, root pruning and transplanting of wildlings like Pili, Bitao, Lanete, Poas, and Kamagong – all native trees in the country.

Native trees are more adaptive to the forest being restored and have a greater chance of survival. With Haribon's solid reputation and commitment to environmental conservation, Berjaya Philippines have chosen them to be a partner to carry out its Corporate Social Responsibility of caring for the environment.

The tree planting and nursery activities are just one of the many campaigns lined up by Berjaya Philippines to promote environmental consciousness in an effort to mitigate climate change.



OUR PEOPLE



BERJAYA PHILIPPINES INC. WORKPLACE STATISTICS

	PGMC	Berjaya Pizza Philippines Inc.	Floridablanca Enviro Corp.	Landphil Management and Development Corporation	Perdana Hotel Philippines Inc.	Perdana Land Philippines Inc.	Sanpiro Realty and Development Corporation	Ssangyong Berjaya Motors Philippines Inc.
Employees								
Total number of employees	102	335	8	5	63	4	6	38
Senior Managers	6	2	0	0	6	0	0	6
Supervisory/Managerial	47	58	5	0	23	3	2	2
Rank and File	14	34	2	4	22	1	4	30
Permanent Staff	67	94	7	4	62	4	6	38
Non-permanent staff	35	241	1	1	1	0	0	0
Female	35	110	2	1	22	4	5	15
Male	67	225	6	4	41	0	1	23
Age group								
<30	1	43	4	0	14	0	4	16
30-40	13	41	1	1	23	2	1	15
40-50	33	9	1	3	16	0	1	5
>50	20	1	1	0	10	2	0	2
Disabled employees	0	0	0	0	0	0	0	0
Employee Turnover Rates								
Employee Turnover Rates (%)	1.49%	4.18%	0.00%	0.00%	1.59%	0.00%	0.00%	2.63%
Employee turnover (number of people)	1	14	0	0	1	0	0	1
Training								
Training time as a Group	120	240	0	0	0	12	0	199
Average hours per employee	13.33	8.00	0	0	0	12	0	24.88
Average days per employee	1.67	6.00	0	0	0	4	0	3.11

i. Workplace

In BPI, we value the people who make up our team. We believe in their capabilities and commitment in achieving excellence for the satisfaction of our customers.

We are driven by a challenge to create an environment and recruitment process that will attract the best talent and retain them. Foremost to our recruitment strategy is be able to get good people which translates to good services and good relationships – keys to sustained success in our business.

BPI employees stay over a long period of time because of corporate reputation and culture. The employees are motivated by career development, work challenges, training, and benefits.



ii. **Employee Engagement**

BPI employees play an active part in community development through various corporate social responsibility endeavors.

BPI partnered with Haribon Foundation's Forest for Life Program wherein employees helped in soil bagging, root pruning and transplanting of wildings like Bitag, Lanete, Poas, and Kamagong – all native trees in the country. Native trees are more adaptive to the forest being restored and have a greater chance of survival. With Haribon's solid reputation and commitment to environmental conservation, Berjaya Philippines have chosen them to be a partner to carry out its Corporate Social Responsibility of caring for the environment.

Likewise, BPI employees participate in house-building of various villages across the country in partnership with Gawad Kalinga (GK), a non-profit organization with the objective of eradicating poverty and to provide decent houses for people affected by natural disasters and those living in danger zones.

iii. **Training and Development**

BPI believes that the only way to improve and apply innovation in its businesses is to invest in the continuous learning and skills advancement of its employees. We define specific trainings needed as part of Performance Appraisal and Counseling. There is an endless opportunities for high performers by giving them access to internal and external learning sessions and later on assess them on the new skills and learning achieved.

COMMUNITY SUPPORT

i. Community

BPI has been committed in supporting underprivileged communities as well as the environment. As of this date, BPI has built 1,342 houses in 33 villages all over the country. The total Peso contribution of BPI to GK for housing and non-housing projects is 208.2M.

BPI helps grow our future in its tree-planting endeavors in partnership with Haribon Foundation that also include donating funds for seedlings that will later on be used for reforestation.



ii. Education

BPI is and always will be an advocate of uplifting lives through good education. To keep abreast with the latest tools in teaching, BPI has donated projector units and SMART TV's to public high schools, namely, Makati High School in Makati City, Pinaglabanan Elementary School in San Juan City and Liberato Damian Elementary School in Pasig City

Heeding the call of the government to the private sector to share resources and help improve the state of public schools, Berjaya Philippines Inc. Director Tan Eng Hwa, recently visited the Pinaglabanan Elementary School in San Juan City and Liberato Damian Elementary School in Pasig City to donate a unit of Smart TV for the use of students in their laboratory classes.



BPI's donation of television sets in schools is not merely for entertainment but as an effective tool to stimulate the attentiveness of the students.



“Our company values the importance of good education and we believe that helping the public schools with advanced teaching equipment will result in a better learning experience for the young students,” Tan Eng Hwa mentioned during the hand-over.

BPI is committed to continue its efforts to uplift not only the wealth of its businesses but also the sustainability of its economic, environmental, and social aspects. The group understands that it is important to consider all these factors in order to achieve a brighter future for everyone.

Making sure economic sustainability is important for business to thrive more in the future. BPI will continue to grow and provide more to both global and local economies. BPI will ensure that every customer it touches will be satisfied by providing top quality of goods and services.

As BPI continue to expand its business, the company will make sure that it will positively affect its environment. With the continuous growth in technology, BPI is committed to access all means to have minimal effect on the environment. Aside from using technology to minimize the company’s effect to the environment, BPI will continue to promote environmental awareness through its CSR activities.

Stockholder Name	Shares	Percentage
BERJAYA LOTTERY MANAGEMENT(H.K.), LTD.	3,221,238,280.00	72.76 %
BERJAYA SPORTS TOTO (CAYMAN) LIMITED	610,205,150.00	13.78 %
PCD NOMINEE CORP - FILIPINO	252,311,185.00	5.70 %
ABACUS SECURITIES CORPORATION	150,000,000.00	3.39 %
ABACUS SECURITIES CORP.	92,000,000.00	2.08 %
ABACUS SECURITIES CORPORATION	8,000,000.00	0.18 %
FAR EAST MOLASSES CORPORATION	1,554,880.00	0.04 %
CONCEPCION TEUS VDA. DE M. VARA DE REY	650,000.00	0.01 %
DOLORES TEUS DE M. VARA DE REY	552,000.00	0.01 %
STEINER, NORMA O.	300,320.00	0.01 %
CORPORACION FRANCISCANA DE LA PROVINCIA DE SAN GREGORIO MAGNO	293,920.00	0.01 %
THE PHIL.-AMERICAN GEN. INSURANCE CO., INC.,	226,400.00	0.01 %
PHIL. REMNANTS CO., INC.	224,160.00	0.01 %
ELIZALDE, FRANCISCO J.	206,800.00	0.00 %
ZERNICHOW, CHRISTIAN D.	174,160.00	0.00 %
PCD NOMINEE CORP - NON-FILIPINO	172,830.00	0.00 %
ELIZALDE, JOAQUIN M., ESTATE OF C/O	168,800.00	0.00 %
MA. TERESA VARA DE REY Y TEUS	148,320.00	0.00 %
MA. DOLORES VARA DE REY Y TEUS	148,320.00	0.00 %
ECHEGOYEN, LUIS C.	147,280.00	0.00 %
LEDESMA, ANITA L. DE	136,320.00	0.00 %
HODSOLL, GWENDOLINE MARION	129,920.00	0.00 %
J.J. ORTIGAS & CO., INC.	125,920.00	0.00 %
MAGOON, JOHN H. JR. (DECEASED, CO-PERSONAL REPRE APOINTED)	112,400.00	0.00 %
CHUA, ANDREW YU	103,440.00	0.00 %
STEINER, NORMA O.	100,000.00	0.00 %
SPEVAK, ALICE O.	100,000.00	0.00 %
OLIVER, BEATRIZ O.	100,000.00	0.00 %
REYES, FIDEL &/OR ESPIRIDION RE	80,000.00	0.00 %
LIMOANCO, DAVID C.	79,680.00	0.00 %
ECHEGOYEN, RAFAEL C.	67,280.00	0.00 %
LEDESMA, EDUARDO L.	60,560.00	0.00 %
AVERY, MA. PAZ B.	41,360.00	0.00 %
JUNTERAL, MA. CONCEPCION B.	41,360.00	0.00 %
BELTRAN JR., RAFAEL	41,280.00	0.00 %
ONG, LUISA D.	37,600.00	0.00 %
STEINER, NORMA O.	35,840.00	0.00 %
PALENZUELA, MA. ROBERTA G.	33,360.00	0.00 %
PALENZUELA, CARLOS G.	33,360.00	0.00 %
LEDESMA, MA. CELINA L.	32,720.00	0.00 %
LAO, RAMON T.	32,000.00	0.00 %
LIM, SOFIA	31,600.00	0.00 %
LEDESMA, MAGDALENA L.	31,040.00	0.00 %
LEDESMA, LUIS L.	30,800.00	0.00 %

PARSONS, PETER	30,640.00	0.00 %
TONG, GO TUA	28,160.00	0.00 %
ONG, DELFIN D.	28,160.00	0.00 %
ONG, ALBERTO D.	28,160.00	0.00 %
PO, JOSEFA	28,160.00	0.00 %
MA. DE LA PAZ ALFONSO DE VERA ARGUELLES	26,320.00	0.00 %
MA. DE LOS ANGELES JOSEFA DE VERA ARGUELLES	26,320.00	0.00 %
JOSE MA. MODESTO DE LA SANTISIMA TRINIDAD DE VERA ARGUELLES	26,320.00	0.00 %
JESUS TIMOTEO DE LA SANTISIMA TRINIDAD DE VERA ARQUELLES	26,320.00	0.00 %
ARNAIZ, MA. TERESA C. DE	24,400.00	0.00 %
SOLA, PILAR J.	24,000.00	0.00 %
WORLDWIDE CHURCH OF GOD	22,560.00	0.00 %
SUY, TAN LEE	22,400.00	0.00 %
GURREA, LUIS	22,240.00	0.00 %
ZAMACONA, MA. PAZ U.	22,160.00	0.00 %
ZAMACONA, JULIAN U.	22,160.00	0.00 %
ZAMACONA, JUAN U.	22,160.00	0.00 %
ZAMACONA, HIGINIO U.	22,160.00	0.00 %
ZAMACONA, FELISA U.	22,160.00	0.00 %
ZAMACONA, ALIPIO U.	22,080.00	0.00 %
ZAMACONA, MA. BEGONIA U.	22,080.00	0.00 %
ZAMACONA, NEREA U.	22,080.00	0.00 %
GUERRERO, ROBERTO Q.	18,800.00	0.00 %
GO, JOHN	18,800.00	0.00 %
CARBO, ANTONIO	18,800.00	0.00 %
RIVERA, EPIFANIO	18,800.00	0.00 %
ARCINAS, BENEDICTO G.	18,320.00	0.00 %
GAY, MANUEL LORING Y	16,480.00	0.00 %
GAY, FEDERICO LORING Y.	16,480.00	0.00 %
E. SANTAMARIA & CO., INC.	16,160.00	0.00 %
MATEMARA, INC.	14,640.00	0.00 %
OTEYZA, ANA MA. C. DE	14,640.00	0.00 %
CACHO, MA. ROSA E.	14,640.00	0.00 %
CACHO, MARIANO M.	14,640.00	0.00 %
CACHO, JOSE MA. E.	14,640.00	0.00 %
LEDESMA, ANA LOCSIN	14,320.00	0.00 %
MYRA P. VILLANUEVA	11,000.00	0.00 %
MUERZA, MARTA U.	10,960.00	0.00 %
MUERZA, JAIME U.	10,960.00	0.00 %
TIOCO, CYNTHIA P. UY	10,480.00	0.00 %
ALVAREZ, SIMONA L.	9,360.00	0.00 %
SENG, TAN BAN	9,360.00	0.00 %
UNITED INSURANCE CO., INC.	9,040.00	0.00 %
MEDINA, ROSARIO	7,760.00	0.00 %
ABRAHAM ROSARIO G	7,200.00	0.00 %

MARTIN, MARIA ELENA U.	5,600.00	0.00 %
MARTIN, ANA MARIA U.	5,520.00	0.00 %
MARTIN, PEDRO PABLO U.	5,520.00	0.00 %
MARTIN, MIREN BEGONIA U.	5,520.00	0.00 %
MAIDEN LADIES OF OUR LADY MARY	5,360.00	0.00 %
CHUA, JERRY TEO CHUA OR JEFFREY TEO	5,000.00	0.00 %
VILLANUEVA, MYRA P.	5,000.00	0.00 %
M.J. SORIANO TRADING, INC.	4,000.00	0.00 %
PICORNELL, CARMEN E. DE	3,760.00	0.00 %
WINTERNITZ, CHARLES I.	3,760.00	0.00 %
TIOCO, PEDRO ANTONIO P. UY	2,640.00	0.00 %

OUTSTANDING BALANCES FOR A SPECIFIC COMPANY

Company Code - BCOR00000000

Business Date: June 30, 2020

BPNAME	HOLDINGS
ABACUS SECURITIES CORPORATION	234,940,195
COL Financial Group, Inc.	5,373,668
TOWER SECURITIES, INC.	1,986,000
FIRST METRO SECURITIES BROKERAGE CORP.	1,614,468
BDO NOMURA SECURITIES INC	1,058,875
ASIASEC EQUITIES, INC.	625,600
BPI SECURITIES CORPORATION	468,349
SUMMIT SECURITIES, INC.	404,000
WEALTH SECURITIES, INC.	389,909
G.D. TAN & COMPANY, INC.	360,000
TIMSON SECURITIES, INC.	341,300
HDI SECURITIES, INC.	300,000
A & A SECURITIES, INC.	286,800
QUALITY INVESTMENTS & SECURITIES CORPORATION	284,000
ALPHA SECURITIES CORP.	275,000
NEW WORLD SECURITIES CO., INC.	270,000
R. COYIUTO SECURITIES, INC.	261,300
E. CHUA CHIACO SECURITIES, INC.	239,000
ANSALDO, GODINEZ & CO., INC.	227,800
PHILSTOCKS FINANCIAL INC	220,345
AB CAPITAL SECURITIES, INC.	209,200
AP SECURITIES INCORPORATED	199,000
YAO & ZIALCITA, INC.	198,000
YU & COMPANY, INC.	155,000
REGINA CAPITAL DEVELOPMENT CORPORATION	154,100
AAA SOUTHEAST EQUITIES, INCORPORATED	127,000
UPCC SECURITIES CORP.	112,100
MAYBANK ATR KIM ENG SECURITIES, INC.	103,000
ASIA PACIFIC CAPITAL EQUITIES & SECURITIES CORP.	100,000
TANSENGCO & CO., INC.	100,000
DAVID GO SECURITIES CORP.	97,300
PAPA SECURITIES CORPORATION	80,000
STANDARD SECURITIES CORPORATION	75,000
R. S. LIM & CO., INC.	69,000
INVESTORS SECURITIES, INC.	68,500
BDO SECURITIES CORPORATION	61,126
SunSecurities, Inc.	60,000
UNICAPITAL SECURITIES INC.	56,700
TRITON SECURITIES CORP.	55,000
RTG & COMPANY, INC.	50,000
STAR ALLIANCE SECURITIES CORP.	50,000
EVERGREEN STOCK BROKERAGE & SEC., INC.	49,000
DA MARKET SECURITIES, INC.	40,000
UCPB SECURITIES, INC.	36,500
WESTLINK GLOBAL EQUITIES, INC.	31,500
IGC SECURITIES INC.	20,000
H. E. BENNETT SECURITIES, INC.	20,000
MERCANTILE SECURITIES CORP.	20,000
F. YAP SECURITIES, INC.	18,900
EAGLE EQUITIES, INC.	18,500
RCBC SECURITIES, INC.	17,500
LUCKY SECURITIES, INC.	15,000
VENTURE SECURITIES, INC.	15,000
PNB SECURITIES, INC.	13,400
SB EQUITIES, INC.	10,000
GLOBALINKS SECURITIES & STOCKS, INC.	10,000

BPNAME	HOLDINGS
GOLDSTAR SECURITIES, INC.	10,000
BERNAD SECURITIES, INC.	10,000
SOLAR SECURITIES, INC.	10,000
THE FIRST RESOURCES MANAGEMENT & SECURITIES CORP.	5,000
INTRA-INVEST SECURITIES, INC.	2,500
EASTERN SECURITIES DEVELOPMENT CORPORATION	1,000
I. B. GIMENEZ SECURITIES, INC.	1,000
MOUNT PEAK SECURITIES, INC.	1,000
SALISBURY BKT SECURITIES CORPORATION	1,000
S.J. ROXAS & CO., INC.	500
STRATEGIC EQUITIES CORP.	80

If no written notice of any error or correction is received by PDTC within five (5) calendar days from receipt hereof, you shall be deemed to have accepted the accuracy and completeness of the details indicated in this report.



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

OCT 07 2020

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

Book No. 782 :
Doc. No. 78 :
Page No. 61 :
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

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Atty. Jose A. Bernas

811-0668

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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.1.2.2.7 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.

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		

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		

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

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 SUBSIDIARIESCURRENT ADDRESS: 9F RUFINO PACIFIC TOWER, 6784 AYALA AVE., MAKATI CITYTEL. NO.: 811-0668FAX NO.: 811-0538COMPANY TYPE: INVESTMENT COMPANY OPERATIONPSIC: 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 the Measurement 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		

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.: 811-9668 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, specific		
Others, specific:		
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 property 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, specific:		
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 assets at fair value through profit or loss	-19,073	-21,967
Others, specific: 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, specific:		
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, specific: 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, specific (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 PFRs 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.

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

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

FAX NO.:

0

PSIC: 66910

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

Table 4. Statement of Changes in Equity

Table 4. Statement of Changes in Equity									
FINANCIAL DATA	Capital Stock	Treasury Shares	Revaluation Reserve	Other Reserves	Translation Adjustment	(Amount in P'000)		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						0
C.4.7 Translation adjustment					-257,968		-17,969	-278	-258,246
C.4.8 Effect of change in percentage ownership over a subsidiary				-5,899				-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.4.6 Realized fair value changes on disposal of financial asset at FVOCI			-8,374				8,374		0
J.4.7 Translation adjustment					-185,263			0	-185,263
J.4.8 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

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	



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



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.
Page No.
Book No.
Series of

385
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64
ww

RUBEN T. M. RAMIREZ
NOTARY PUBLIC
UNTIL DEC. 31, 2021
BP 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

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

P	R	E		W	A	R		4	7	6
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COMPANY NAME

B	E	R	J	A	Y	A		P	H	I	L	I	P	P	I	N	E	S		I	N	C	.						
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A	N	D		S	U	B	S	I	D	I	A	R	I	E	S														
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PRINCIPAL OFFICE (No./Street/Barangay/City/Town)Province)

9	T	H		F	L	O	O	R		R	U	F	I	N	O		P	A	C	I	F	I	C		T	O	W	E	R
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6	7	8	4		A	Y	A	L	A		A	V	E	N	U	E		M	A	K	A	T	I		C	I	T	Y	
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Form Type

1	7	-	A
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Department requiring the report

S	E	C
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Secondary License Type, If Applicable

N/A

COMPANY INFORMATION

Company's Email Address

blaw@attglobal.net

Company's Telephone Number/s

811-0668

Mobile Number

No. of Stockholders

142

Annual Meeting
Month/Day

Any day in October

Fiscal Year
Month/Day

JUNE 30

CONTACT PERSON INFORMATION

The designated contact person MUST be an Officer of the Corporation

Name of Contact Person

TAN ENG HWA

Email Address

tanenghwa@gmail.com

Telephone Number/s

Mobile Number

Contact Person's Address

9th Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City

Note 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2: All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

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.

Certified Public Accountants

Punongbayan & Araullo (P&A) is the Philippine member firm of Grant Thornton International Ltd (GTIL).

grantthornton.com.ph

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.

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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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- 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.

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

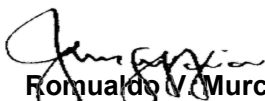
We communicate with those charged with governance regarding among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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
<u>A S S E T S</u>			
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		<u>10,209,501,770</u>	<u>10,466,567,083</u>
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		<u>10,240,897,383</u>	<u>5,796,377,258</u>
ASSETS HELD FOR SALE	15, 17	<u>-</u>	<u>653,844,636</u>
TOTAL ASSETS		<u>P 20,450,399,153</u>	<u>P 16,916,788,977</u>
<u>LIABILITIES AND EQUITY</u>			
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		<u>9,670,379,137</u>	<u>8,132,048,835</u>
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		<u>2,855,464,429</u>	<u>270,785,724</u>
LIABILITIES OF DISPOSAL GROUP	17	<u>-</u>	<u>149,335,036</u>
Total Liabilities		<u>12,525,843,566</u>	<u>8,552,169,595</u>
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
		<u>7,906,967,700</u>	<u>8,355,502,545</u>
Attributable to non-controlling interest		<u>17,587,887</u>	<u>9,116,837</u>
Total Equity		<u>7,924,555,587</u>	<u>8,364,619,382</u>
TOTAL LIABILITIES AND EQUITY		<u>P 20,450,399,153</u>	<u>P 16,916,788,977</u>

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
<i>Balance carried forward</i>		(P 317,526,548)	(P 140,662,242)	P 67,469,303

	Notes	2020	2019	2018
<i>Balance brought forward</i>		(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 attributable 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 attributable 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)

Notes	Attributable to Owners of the Parent Company										Total Attributable to Parent Company	Non-controlling Interests	Total Equity										
	Capital Stock	Treasury Stock - at Cost	Revaluation Reserves	Other Reserves	Translation Adjustment	Appropriated	Retained Earnings		Total														
							Unappropriated																
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	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	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)	-	8,471,090	(	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	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	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	Attributable to Owners of the Parent Company											Total Attributable to Parent Company	Non-controlling Interests	Total Equity
		Capital Stock	Treasury Stock - at Cost	Revaluation Reserves	Other Reserves	Translation Adjustment	Retained Earnings								
							Appropriated	Unappropriated	Total						
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)		-	-	-	-	-	-	817,433,906	817,433,906	817,433,906	9,113,253	826,547,159			
Net profit for the year		-	-	-	-	-	-	-	-	-	-	-			
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
<i>Balance brought forward</i>		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	(c)	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	(b)	41.46%	41.46%
Sanpiro Realty and Development Corporation	SRDC	(b)	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 Avenue, 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
<i>Assets:</i>					
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
<i>Liabilities:</i>					
Lease liabilities	2.2(a)(iv)(b), 2.2(a)(iv)(c)	-	-	2,361,265,569	2,361,265,569
Impact on net assets			<u>P -</u>	<u>P -</u>	

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)	(<u>396,911,893</u>)
Operating lease liabilities before discounting		3,394,573,335
Discount using incremental borrowing rate	2.2(a)(iv)(b)	(<u>1,033,307,766</u>)
Lease liabilities, July 1, 2019 (PFRS 16)		<u>P 2,361,265,569</u>

- (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 amendments 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 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 recognized 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 PGMCO, 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 deconsolidation 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 Receivables 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, Right-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 right-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:

	<u>2020</u>	<u>2019</u>
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	
		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
		<u>P 4,667,059,684</u>	<u>P 4,304,715,263</u>

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 PGMCO, 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	
		Within	1 to 5	More than
		One Year	Years	5 Years
	Notes			
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	
		Within	1 to 5	More than
		One Year	Years	5 Years
	Notes			
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	P 25,061,664,622
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	<u>P 136,013,925</u>	<u>P 182,868,782</u>	<u>P 25,313,923,258</u>	<u>P 25,632,805,965</u>
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	<u>P 174,442,105</u>	<u>P 127,478,359</u>	<u>P 25,184,212,262</u>	<u>P 25,486,132,726</u>
Profit (loss) before tax	<u>(P 38,428,180)</u>	<u>P 55,390,423</u>	<u>P 129,710,996</u>	<u>P 146,673,239</u>
Net profit (loss)	<u>(P 40,553,754)</u>	<u>(P 6,142,927)</u>	<u>P 104,342,466</u>	<u>P 57,645,785</u>
Segment assets	<u>P 1,479,387,611</u>	<u>P 9,147,216,338</u>	<u>P 13,233,935,712</u>	<u>P 23,860,539,661</u>
Segment liabilities	<u>P 1,527,114,216</u>	<u>P 1,375,586,198</u>	<u>P 11,098,227,565</u>	<u>P 14,000,927,979</u>
Other segment item – Capital expenditures	<u>P 479,494,864</u>	<u>P -</u>	<u>P 268,899,138</u>	<u>P 748,394,002</u>

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	<u>P 1,217,936,440</u>	<u>P 140,962,314</u>	<u>P 574,165,471</u>	<u>P 30,433,730,958</u>	<u>P 32,366,795,183</u>	
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	<u>P 1,144,430,928</u>	<u>P 188,587,826</u>	<u>P 240,291,485</u>	<u>P 29,996,825,190</u>	<u>P 31,570,135,429</u>	
Profit (loss) before tax	<u>P 73,505,512</u>	<u>(P 47,625,512)</u>	<u>P 333,873,986</u>	<u>P 436,905,768</u>	<u>P 796,659,754</u>	
Net profit (loss)	<u>(P 85,285,192)</u>	<u>(P 48,160,411)</u>	<u>P 306,097,783</u>	<u>P 352,313,241</u>	<u>P 524,965,421</u>	
Segment assets	<u>P 726,127,235</u>	<u>P 896,371,955</u>	<u>P 8,862,875,555</u>	<u>P 10,245,210,228</u>	<u>P 20,730,584,973</u>	
Segment liabilities	<u>P 149,335,036</u>	<u>P 1,056,455,914</u>	<u>P 878,963,098</u>	<u>P 8,027,887,931</u>	<u>P 10,112,641,979</u>	
Other segment item – Capital expenditures	<u>P 657,893</u>	<u>P 38,818,562</u>	<u>P -</u>	<u>P 357,052,939</u>	<u>P 396,529,394</u>	
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	<u>P 1,788,722,706</u>	<u>P 134,955,870</u>	<u>P 685,253,890</u>	<u>P 30,035,451,055</u>	<u>P 32,644,383,521</u>	
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	<u>P 908,778,786</u>	<u>P 137,717,367</u>	<u>P 385,470,113</u>	<u>P 29,533,205,565</u>	<u>P 30,965,171,831</u>	
Profit (loss) before tax	<u>P 879,943,920</u>	<u>(P 2,761,497)</u>	<u>P 299,783,777</u>	<u>P 502,245,490</u>	<u>P 1,679,211,690</u>	
Net profit (loss)	<u>P 645,023,376</u>	<u>(P 2,354,898)</u>	<u>P 346,218,741</u>	<u>P 368,563,633</u>	<u>P 1,357,450,852</u>	

	2018				
	Leasing	Services	Investments	Motor Vehicle Dealership	Total
Segment assets	P 854,545,483	P 708,379,670	P 8,224,553,372	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	

	<u>2020</u>	<u>2019</u>
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	<u>(1,475,084,412)</u>	<u>(1,560,472,383)</u>
Total liabilities from continuing operations as reported in the consolidated statements of financial position*	<u>P 12,525,843,567</u>	<u>P 8,402,834,560</u>

**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 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).

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.

	<u>2020</u>	<u>2019</u>
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	<u>-</u>	<u>(1,589,484)</u>
Balance at end of year	<u>P 44,739,078</u>	<u>P 42,989,414</u>

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.

	<u>2020</u>	<u>2019</u>
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	<u>-</u>	<u>6,736,131</u>
Hotel supplies	<u>3,033,383,920</u>	<u>3,991,792,422</u>
At net realizable value:		
Vehicles	1,786,345,509	1,487,211,001
Parts and components	<u>241,880,137</u>	<u>270,028,117</u>
	2,028,225,646	1,757,239,118
Allowance for inventory write down	<u>(252,220,874)</u>	<u>(218,276,621)</u>
	<u>1,776,004,772</u>	<u>1,538,962,497</u>
	<u>P4,809,388,692</u>	<u>P5,530,754,919</u>

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.

	<u>2020</u>	<u>2019</u>
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)	<u>33,750,119</u>
Balance at end of year	<u>P 252,220,874</u>	<u>P 218,276,621</u>

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:

	<u>Note</u>	<u>2020</u>	<u>2019</u>
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		<u>1,963,884</u>	<u>10,352,865</u>
		<u>799,374,640</u>	<u>612,309,642</u>
Non-current:			
Advance payment for land acquisition	30.5	765,698,629	-
Advances to contractors		160,139,579	-
Deferred input VAT		24,293,631	-
Refundable deposits		<u>771,455</u>	<u>1,646,244</u>
		<u>950,903,294</u>	<u>1,646,244</u>
		<u>P1,750,277,934</u>	<u>P 613,955,886</u>

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:

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

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:

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
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	<u>37,223,071</u>	<u>621,782,190</u>
Balance at end of year		<u>P1,259,093,353</u>	<u>P 1,601,597,095</u>

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 Equipment	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	<u>P -</u>	<u>P 576,372,853</u>	<u>P 5,338,310</u>	<u>P 194,198,921</u>	<u>P 1,825,110</u>	<u>P 1,755,573</u>	<u>P -</u>	<u>P 610,848,862</u>	<u>P 249,043,122</u>	<u>P 497,184,286</u>	<u>P 2,136,567,037</u>
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	<u>P -</u>	<u>P 590,824,119</u>	<u>P 3,166,798</u>	<u>P 204,624,782</u>	<u>P 1,580,855</u>	<u>P 1,675,150</u>	<u>P -</u>	<u>P 486,612,997</u>	<u>P 179,703,864</u>	<u>P 176,517,419</u>	<u>P 1,644,705,984</u>
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	<u>P 32,585,618</u>	<u>P 605,275,384</u>	<u>P 24,511,737</u>	<u>P 292,944,057</u>	<u>P 7,208,656</u>	<u>P 1,515,853</u>	<u>P 97,453</u>	<u>P 647,311,485</u>	<u>P 91,570,849</u>	<u>P -</u>	<u>P 1,703,021,092</u>

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	<u>P -</u>	<u>P 576,372,853</u>	<u>P 5,338,310</u>	<u>P 194,198,921</u>	<u>P 1,825,110</u>	<u>P 1,755,573</u>	<u>P -</u>	<u>P 610,848,862</u>	<u>P 249,043,122</u>	<u>P 497,184,286</u>	<u>P 2,136,567,037</u>
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	<u>P -</u>	<u>P 590,824,119</u>	<u>P 3,166,798</u>	<u>P 204,624,782</u>	<u>P 1,580,855</u>	<u>P 1,675,150</u>	<u>P -</u>	<u>P 486,612,997</u>	<u>P 179,703,864</u>	<u>P 176,517,419</u>	<u>P 1,644,705,984</u>
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	<u>P 32,585,618</u>	<u>P 605,275,384</u>	<u>P 24,511,737</u>	<u>P 292,944,057</u>	<u>P 7,208,656</u>	<u>P 1,515,853</u>	<u>P 97,453</u>	<u>P 647,311,485</u>	<u>P 91,570,849</u>	<u>P -</u>	<u>P 1,703,021,092</u>

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.

	Notes	PLPI	BPPI	BAPI	PGMC	CPI	SBMPI	NPI	BAAI	CBFC	VideoDoc	Total
<u>June 30, 2020</u>												
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)
		<u>40,000</u>	<u>180,400</u>	<u>203,896</u>	<u>454,880</u>	<u>400</u>	<u>43,335</u>	<u>82,283</u>	<u>30</u>	<u>112,500</u>	<u>120,373</u>	<u>1,238,097</u>
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)
		<u>140,206</u>	<u>(180,400)</u>	<u>468,262</u>	<u>2,113</u>	<u>(400)</u>	<u>(29,544)</u>	<u>37,648</u>	<u>(30)</u>	<u>(13,041)</u>	<u>(58,058)</u>	<u>366,756</u>
Total investment in associates		<u>180,206</u>	<u>-</u>	<u>451,470</u>	<u>456,993</u>	<u>-</u>	<u>13,791</u>	<u>119,931</u>	<u>-</u>	<u>99,459</u>	<u>62,315</u>	<u>1,384,165</u>
Allowance for impairment	21.2	-	-	-	-	-	-	-	-	-	(62,315)	(62,315)
Total investments in associates - net		<u>180,206</u>	<u>-</u>	<u>451,470</u>	<u>456,993</u>	<u>-</u>	<u>13,791</u>	<u>119,931</u>	<u>-</u>	<u>99,459</u>	<u>-</u>	<u>1,321,850</u>
Advances	24.1	<u>409,844</u>	<u>505,752</u>	<u>-</u>	<u>-</u>	<u>3,023</u>	<u>-</u>	<u>1,098,705</u>	<u>-</u>	<u>-</u>	<u>81,892</u>	<u>2,099,216</u>
Allowance for impairment	21.2	-	(10,092)	-	-	-	-	-	-	-	(81,892)	(91,984)
Advances - net		<u>409,844</u>	<u>495,660</u>	<u>-</u>	<u>-</u>	<u>3,023</u>	<u>-</u>	<u>1,098,705</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,007,232</u>
		<u>P 590,050</u>	<u>P 495,660</u>	<u>P 451,470</u>	<u>P 456,993</u>	<u>P 3,023</u>	<u>P 13,791</u>	<u>P 1,218,636</u>	<u>P -</u>	<u>P 99,459</u>	<u>P -</u>	<u>P 3,329,082</u>

	Notes	PLPI	BPPI	BAPI	PGMC	CPI	SBMPI	NPI	BAAI	CBFC	VideoDoc	Total
<u>June 30, 2019</u>												
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)
		<u>40,000</u>	<u>180,400</u>	<u>203,896</u>	<u>-</u>	<u>400</u>	<u>32,500</u>	<u>82,283</u>	<u>-</u>	<u>62,500</u>	<u>124,203</u>	<u>726,182</u>
Deduction of interest in associate in prior years		<u>-</u>	<u>-</u>	<u>(149,988)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(149,988)</u>
Dividend income		<u>-</u>	<u>-</u>	<u>(70,700)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(70,700)</u>
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		<u>-</u>	<u>-</u>	<u>40</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40</u>
		<u>145,603</u>	<u>(180,400)</u>	<u>450,741</u>	<u>-</u>	<u>(400)</u>	<u>(16,821)</u>	<u>55,176</u>	<u>-</u>	<u>(11,022)</u>	<u>(58,058)</u>	<u>384,819</u>
Total investments in associates		<u>185,603</u>	<u>-</u>	<u>433,949</u>	<u>-</u>	<u>-</u>	<u>15,679</u>	<u>137,459</u>	<u>-</u>	<u>51,478</u>	<u>66,145</u>	<u>890,313</u>
Allowance for impairment	21.2	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(66,145)</u>	<u>(66,146)</u>
Total investments in associates - net		<u>185,603</u>	<u>-</u>	<u>433,949</u>	<u>-</u>	<u>-</u>	<u>15,679</u>	<u>137,459</u>	<u>-</u>	<u>51,478</u>	<u>-</u>	<u>824,168</u>
Advances	24.1	<u>387,626</u>	<u>398,001</u>	<u>-</u>	<u>-</u>	<u>2,823</u>	<u>-</u>	<u>976,379</u>	<u>-</u>	<u>-</u>	<u>86,925</u>	<u>1,851,754</u>
Allowance for impairment	21.2	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(86,925)</u>	<u>(86,925)</u>
Advances - net		<u>387,626</u>	<u>398,001</u>	<u>-</u>	<u>-</u>	<u>2,823</u>	<u>-</u>	<u>976,379</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,764,829</u>
		<u>P 573,230</u>	<u>P 398,001</u>	<u>P 433,948</u>	<u>P -</u>	<u>P 2,823</u>	<u>P 15,679</u>	<u>P 1,113,838</u>	<u>P -</u>	<u>P 51,478</u>	<u>P -</u>	<u>P 2,588,997</u>

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)
		<u>P 5,674,776,235</u>	<u>P 3,147,733,961</u>	<u>P 4,800,953,087</u>	<u>P 953,122,018</u>	<u>P 3,068,435,091</u>	<u>(P 109,451,318)</u>
		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)
		<u>P 3,772,375,939</u>	<u>P 2,538,790,097</u>	<u>P 3,696,450,444</u>	<u>P 453,009,920</u>	<u>P 2,161,705,672</u>	<u>(P 255,033,531)</u>

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
	<u>P1,378,798,345</u>	<u>P 1,467,379,799</u>	<u>P1,968,918,913</u>

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

		<u>Goodwill</u>	<u>Dealership Rights</u>	<u>Customer Relationship</u>	<u>Total</u>
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		<u>P 724,466,247</u>	<u>P 634,729,438</u>	<u>P 19,602,660</u>	<u>P 1,378,798,345</u>
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		<u>P 768,991,248</u>	<u>P 673,739,279</u>	<u>P 24,649,272</u>	<u>P 1,467,379,799</u>
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		<u>51,500,164</u>	<u>72,101,551</u>	<u>1,712,836</u>	<u>125,314,551</u>
Balance at June 30, 2018		<u>P 1,186,914,293</u>	<u>P 751,371,535</u>	<u>P 30,633,085</u>	<u>P 1,968,918,913</u>

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.

	<u>Land</u>	<u>Building</u>	<u>Total</u>
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	<u>P 114,175,669</u>	<u>P 2,883,521,129</u>	<u>P 2,997,696,798</u>

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	<u>2,774,865,185</u>
	<u>P 3,063,770,041</u>

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

	<u>Within 1 year</u>	<u>1 to 2 years</u>	<u>2 to 3 years</u>	<u>3 to 4 years</u>	<u>4 to 5 years</u>	<u>More than 5 years</u>	<u>Total</u>
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	<u>P 288,904,855</u>	<u>P 302,729,058</u>	<u>P 306,204,605</u>	<u>P 268,074,033</u>	<u>P 191,765,806</u>	<u>P1,706,091,684</u>	<u>P3,063,770,041</u>

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	<u>P3,063,770,041</u>

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 its 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 PGM C 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 receivables		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		<u>13,827,333</u>

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		<u>29,681,705</u>

P 149,335,036

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

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

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

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

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:

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
Current:			
Trade payables	24.6	P 1,132,852,314	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		<u>321,987,870</u>	<u>287,455,746</u>
		1,894,289,202	2,443,609,294
Non-current –			
Advances from a director	24.12	<u>15,335,425</u>	<u>16,277,925</u>
		<u>P 1,909,624,627</u>	<u>P 2,459,887,219</u>

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:

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

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.

	<u>2020</u>	<u>2019</u>
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	<u>P 577,683,400</u>	<u>P 439,706,522</u>

20. REVENUE FROM CONTRACTS WITH CUSTOMERS

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

	<u>2020</u>	<u>2019</u>
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	<u>1,441,542,170</u>	<u>1,644,563,376</u>
	<u>24,930,682,388</u>	<u>30,315,898,104</u>
Hotel Operations		
Room accommodation	100,467,590	91,424,650
Food and beverages	27,024,264	31,751,962
Others	<u>3,490,380</u>	<u>3,163,037</u>
	<u>130,982,234</u>	<u>126,339,649</u>
Rental	<u>-</u>	<u>1,193,805,905</u>
	<u>P25,061,664,622</u>	<u>P31,636,043,658</u>

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

	<u>2020</u>	<u>2019</u>
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	<u>P2,059,508,257</u>	<u>P 1,907,651,767</u>

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:

	<u>Note</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
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		<u>8,036,140</u>	<u>18,068,649</u>	<u>15,421,288</u>
		<u>P 280,618,843</u>	<u>P 141,612,022</u>	<u>P 55,120,749</u>

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:

	<u>Notes</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
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	-
Accommodation		-	-	3,197,858
Miscellaneous expenses		<u>51,412,105</u>	<u>37,803,523</u>	<u>90,796,492</u>
		<u>P 310,639,037</u>	<u>P 425,316,275</u>	<u>P 548,835,761</u>

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.

	<u>2020</u>	<u>2019</u>	<u>2018</u>
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	<u>5,636,306</u>	<u>8,497,341</u>	<u>9,749,213</u>
	<u>1,640,592,209</u>	<u>1,922,483,961</u>	<u>1,850,838,428</u>
Post-employment benefits:			
Defined contribution plan	33,723,195	37,823,361	13,275,146
Defined benefit plan	<u>5,868,838</u>	<u>25,847,235</u>	<u>7,434,094</u>
	<u>39,592,033</u>	<u>63,670,596</u>	<u>20,709,240</u>
	<u>P 1,680,184,242</u>	<u>P 1,986,154,557</u>	<u>P1,871,547,668</u>

22.2 Post-employment Defined Benefit Obligation

(a) Characteristics of Defined Benefit Plan

Prior to deconsolidation, PGMCM 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:

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

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 PGMCM 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:

	<u>2020</u>	<u>2019</u>
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	<u>P 872,150,413</u>	<u>P 947,705,221</u>

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

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

	<u>2020</u>	<u>2019</u>
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	<u>13,711,257</u>	<u>16,712,414</u>
Balance at end of year	<u>P 845,848,676</u>	<u>P 945,855,996</u>

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:

	<u>2020</u>	<u>2019</u>
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	<u>-</u>	<u>430,422</u>
	<u>P 845,848,676</u>	<u>P 945,855,996</u>

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 assets, 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:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<i>Reported in consolidated profit or loss:</i>			
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	<u>-</u>	<u>16,283,012</u>	<u>(493,040)</u>
	<u>P 5,299,453</u>	<u>P 26,091,887</u>	<u>P 8,682,269</u>
<i>Reported in consolidated other comprehensive income:</i>			
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	<u>-</u>	<u>-</u>	<u>173,563</u>
	<u>(P 49,197,670)</u>	<u>(P 10,432,327)</u>	<u>P 35,899,877</u>

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 PGMCO, 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

	<u>Notes</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
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		<u>-</u>	<u>-</u>	<u>43,989,528</u>
		<u>P113,437,172</u>	<u>P153,814,435</u>	<u>P183,720,711</u>

23.2 Finance Costs and Other Charges

	<u>Notes</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
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	<u>-</u>	<u>-</u>	<u>210,238,322</u>
		<u>P300,568,573</u>	<u>P247,894,998</u>	<u>P403,734,518</u>

24. RELATED PARTY TRANSACTIONS

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

Related Party Category	Notes	Amount of Transactions			Outstanding Balance Receivable (Payable)	
		2020	2019	2018	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.

	<u>2020</u>	<u>2019</u>
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	<u>3,023,496</u>	<u>2,823,496</u>
	2,099,216,151	1,851,754,508
Allowance for impairment	(<u>91,984,184</u>)	(<u>86,925,292</u>)
	<u>P2,007,231,967</u>	<u>P1,764,829,216</u>

The Group recognized an impairment loss of P10,091,910 on its 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:

	<u>Note</u>	<u>2020</u>	<u>2019</u>
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		-	<u>7,078,652</u>
		2,064,323,877	1,860,754,508
Collections during the year		(47,000,000)	(9,000,000)
Impairment loss	13	(10,091,910)	<u>(86,925,292)</u>
Balance at end of year	13	<u>P2,007,231,967</u>	<u>P 1,764,829,216</u>

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	<u>56,993,562</u>
Balance at end of period	<u>P 674,301,470</u>

The Parent Company obtained non-interest bearing advances from PGMG 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 PGMG 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	<u>1,993,562</u>
Balance at end of year	<u>P 674,301,470</u>

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.

	<u>2020</u>	<u>2019</u>
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	<u>-</u>	(<u>5,967,827</u>)
Balance at end of year	<u>P 3,241,664</u>	<u>P 130,223</u>

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:

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

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 outstanding 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.

	<u>2020</u>	<u>2019</u>
Total liabilities	P12,525,843,566	P8,552,169,595
Total equity	<u>7,924,555,587</u>	<u>8,364,619,382</u>
Debt-to-equity ratio	<u>1.58 : 1.00</u>	<u>1.02 : 1.00</u>

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
<i>Fair value changes on financial assets at FVOCI</i>				
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
<i>Measurement of post-employment benefits</i>				
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	1.2	(49,197,670)	(10,472,607)	35,899,877
Disposal of a subsidiary		(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
<i>Revaluation surplus</i>				
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:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<i>Reported in profit or loss:</i>			
Current tax expense:			
Regular corporate income tax (RCIT) at 30% and 20%	P 46,941,190	P 272,914,128	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%	<u>-</u>	<u>891,609</u>	<u>3,027,499</u>
	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	<u>26,117,557</u>	<u>(2,544,866)</u>	<u>(48,173,394)</u>
	<u>P 89,027,454</u>	<u>P 271,694,332</u>	<u>P 321,760,838</u>
<i>Reported in other comprehensive income –</i>			
Deferred tax income (loss) relating to origination and reversal of temporary differences	<u>(P 16,395,657)</u>	<u>(P 3,101,688)</u>	<u>P 16,290,968</u>

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
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	<u>-</u>	<u>-</u>	<u>1,363,981</u>
 Tax expense reported in the consolidated profit or loss	 <u>P 89,027,454</u>	 <u>P271,694,332</u>	 <u>P321,760,838</u>

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

	<u>2020</u>	<u>2019</u>
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	-
	<u>P 82,506,046</u>	<u>P103,489,456</u>
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	<u>-</u>	<u>(808,659)</u>
	<u>P 38,962,082</u>	<u>P 53,666,133</u>

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)
	<u>P 26,117,557</u>	<u>(P 2,544,866)</u>	<u>(P 48,153,394)</u>

	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
	<u>(P 16,395,657)</u>	<u>(P 3,101,668)</u>	<u>P 16,290,968</u>

The details of the Group's NOLCO and MCIT, which can be applied against taxable income and RCIT, respectively, follow:

Year Incurred	Amount	Applied		Expired	Balance	Expiry Date
		Prior Year	Current Year			
NOLCO						
2020	P 18,002,792	P -	P -	P -	P 18,002,792	2023
2019	12,498,670	-	-	-	12,498,670	2022
2018	<u>1,249,661</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,249,661</u>	2021
	<u>P 31,751,123</u>	<u>P -</u>	<u>P -</u>	<u>P -</u>	<u>P 31,751,123</u>	
MCIT						
2019	P 798,536	P -	(P 798,536)	P -	P -	2022
2018	2,151,045	-	(787,064)	-	1,363,981	2021
2017	<u>711,912</u>	<u>-</u>	<u>-</u>	<u>(711,912)</u>	<u>-</u>	
	<u>P 3,661,493</u>	<u>P -</u>	<u>(P 1,585,600)</u>	<u>(P 711,912)</u>	<u>P 1,363,981</u>	

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.

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Earning per share from continuing operations :			
Net profit attributable to owners of the Parent Company	P 54,033,165	P 160,547,686	P 278,033,132
Divided by weighted average number of outstanding shares	<u>4,341,280,855</u>	<u>4,341,280,855</u>	<u>4,341,280,855</u>
Earnings per share	<u>P 0.012</u>	<u>P 0.037</u>	<u>P 0.064</u>
Earning per share from discontinued operations :			
Net profit (loss) attributable to owners of the Parent Company	P -	(P 51,792,864)	P 539,400,774
Divided by weighted average number of outstanding shares	<u>-</u>	<u>4,341,280,855</u>	<u>4,341,280,855</u>
Earnings per share	<u>P -</u>	<u>(P 0.012)</u>	<u>P 0.124</u>

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.

		2020		2019	
	Notes	Carrying Amounts	Fair Values	Carrying Amounts	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 deposits	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
		<u>P 4,666,480,664</u>	<u>P 4,666,480,664</u>	<u>P 4,279,023,116</u>	<u>P 4,279,023,116</u>
Financial assets at FVTPL	11.1	<u>P 3,609,020</u>	<u>P 3,609,020</u>	<u>P 75,692,147</u>	<u>P 75,692,147</u>
Financial Assets at FVOCI	11.2	<u>P 1,259,093,353</u>	<u>P 1,259,093,353</u>	<u>P 1,609,780,633</u>	<u>P 1,609,780,633</u>
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	-	-
		<u>P10,324,012,037</u>	<u>P10,324,012,037</u>	<u>P 6,359,958,123</u>	<u>P 6,372,862,404</u>

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	<u>1,938,916,885</u>
	<u>P3,803,659,979</u>

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 PGMCM'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**

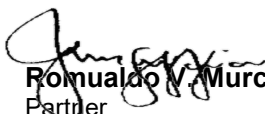
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**The Board of Directors and the Stockholders
Berjaya Philippines Inc. and Subsidiaries
[A Subsidiary of Berjaya Lottery Management (HK) Limited]
9th Floor, Rufino Pacific Tower
6784 Ayala Avenue, Makati City**

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

Certified Public Accountants

Punongbayan & Araullo (P&A) is the Philippine member firm of Grant Thornton International Ltd (GTIL).

grantthornton.com.ph

Offices in Cavite, Cebu, Davao
BOA/PRC Cert. of Reg. No. 0002
SEC Accreditation No. 0002-FR-5

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

Schedule	Content	Page No.
A.	Statement of Management's Responsibility for the Consolidated Financial Statements	
B.	Independent Auditors' Report on the SEC Supplementary Schedules Filed Separately from the Basic Consolidated Financial Statements	
C	List of Supplementary Information	
	Schedules Required under Annex 68-J of the Revised Securities Regulation Code Rule 68	
A	Financial Assets	1
B	Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)	2
C	Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements	3
D	Long-term Debt	4
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F	Guarantees of Securities of Other Issuers	6
G	Capital Stock	7
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	Map Showing the Relationship Between the Company and its Related Entities	8
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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	<u>16,000,000</u>	<u>3,609,020</u>	<u>1,308,941</u>
Total	<u><u>141,421,401</u></u>	<u><u>P 1,262,702,373</u></u>	<u><u>P 23,921,652</u></u>

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

			Deductions				
Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Reclassified	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			Ending Balance		Balance at End of Period
			Amounts Collected	Amounts Written off	Other Charges	Current	Non-current	
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	<u>186,703,240</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,810,209)</u>	<u>175,893,031</u>	<u>-</u>	<u>175,893,031</u>
Total	<u>P 830,723,617</u>	<u>P -</u>	<u>(P 35,000,000)</u>	<u>P -</u>	<u>(P 10,810,209)</u>	<u>P 784,913,408</u>	<u>P -</u>	<u>P 784,913,408</u>

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	<u>P 125,000,000</u>	<u>P 125,000,000</u>	<u>P -</u>

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
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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 <u><u>49,000,000</u></u>	P <u><u>49,000,000</u></u>	Corporate guarantee

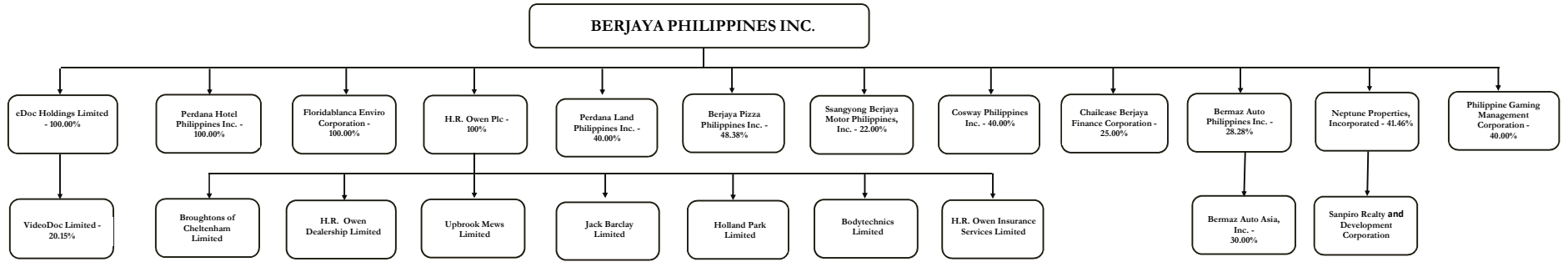
** The loans of BPPI from a certain local financial institution are secured by Berjaya Philippines Inc.*

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	Directors, Officers and Employees	Others
Common shares - P1 par value	<u>6,000,000,000</u>	<u>4,341,280,855</u>	<u>-</u>	<u>3,831,443,430</u>	<u>981</u>	<u>509,836,444</u>

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

Reconciliation of Retained Earnings Available for Dividend Declaration
For the Year Ended 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	<u>6,590,040</u>	(<u>13,871,766</u>)
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	<u>27,037,334</u>	<u>69,748,817</u>
Other Transactions During the Year		
Reversal of appropriation during the year	2,273,150,025	
Appropriations during the year	(<u>2,000,000,000</u>)	<u>273,150,025</u>
Unappropriated Retained Earnings Available for Dividend Declaration at End of Year		<u>P 2,850,582,589</u>

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

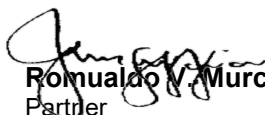
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**The Board of Directors and the Stockholders
Berjaya Philippines Inc. and Subsidiaries
[A Subsidiary of Berjaya Lottery Management (HK) Limited]**
9th Floor, Rufino Pacific Tower
6784 Ayala Avenue, Makati City

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 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

Certified Public Accountants

Punongbayan & Araullo (P&A) is the Philippine member firm of Grant Thornton International Ltd (GTIL).

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Offices in Cavite, Cebu, Davao
BOA/PRC Cert. of Reg. No. 0002
SEC Accreditation No. 0002-FR-5

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



SEC FORM – I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended **31 December 2019**.
2. SEC Identification Number **PREWAR 476** 3 BIR Tax Identification No. **001-289-374**
4. Exact name of issuer as specified in its charter **BERJAYA PHILIPPINES INC.**
5. **Metro Manila, Philippines**
Province, Country or other jurisdiction of
incorporation or organization
6. (SEC Use Only)
Industry Classification Code:
7. **9th Floor Rufino Pacific Tower, 6784 Ayala Avenue cor. V.A. Rufino Street,**
Makati City **1226**
Address of principal office Postal Code
8. **(632) 8811-0668**
Issuer's telephone number, including area code
9.
Former name, former address, and former fiscal year, if changed since last report.

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT			
	COMPLIANT/NO N-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
The Board's Governance Responsibilities			
Principle 1: The company should be headed by a competent, working board to foster the long-term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long-term best interests of its shareholders and other stakeholders.			
Recommendation 1.1			
1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	Compliant	Provide information or link/reference to a document containing information on the following:	https://berjaya.com.ph/pdf/Definitive%20Info%202018.pdf
2. Board has an appropriate mix of competence and expertise.	Compliant	1. Academic qualifications, industry knowledge, professional experience, expertise and relevant trainings of directors	SEC Form 17-A Definitive Information Statement
3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.	Compliant	2. Qualification standards for directors to facilitate the selection of potential nominees and to serve as benchmark for the evaluation of its performance	SEC Form 17-A Definitive Information Statement
Recommendation 1.2			
1. Board is composed of a majority of non-executive directors.	Compliant	Identify or provide link/reference to a document identifying the directors and the type of their directorships	SEC Form 17-A https://berjaya.com.ph/disclosures/ Definitive Information Statement https://berjaya.com.ph/pdf/Definitive%20Info%202018.pdf
Recommendation 1.3			
1. Company provides in its Board Charter and Manual on Corporate Governance a policy on	Compliant	Provide link or reference to the company's Board Charter and Manual	Manual on Corporate Governance

training of directors.		on Corporate Governance relating to its policy on training of directors.	
2. Company has an orientation program for first time directors.	Compliant	Provide information or link/reference to a document containing information on the orientation program and trainings of directors for the previous year, including the number of hours attended and topics covered.	berjaya.com.ph Internal Manual
3. Company has relevant annual continuing training for all directors	Compliant		berjaya.com.ph Internal Manual
Recommendation 1.4			
1. Board has a policy on board diversity.	Compliant	Provide information on or link/reference to a document containing information on the company's board diversity policy. Indicate gender composition of the board.	berjaya.com.ph
Optional: Recommendation 1.4			
1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives.	Compliant	Provide information on or link/reference to a document containing the company's policy and measurable objectives for implementing board diversity. Provide link or reference to a progress report in achieving its objectives.	berjaya.com.ph
Recommendation 1.5			
1. Board is assisted by a Corporate Secretary.	Compliant	Provide information on or link/reference to a document containing information on the Corporate Secretary, including	GIS for 2019, SEC Form 17-A https://edge.pse.com.ph/openDiscView

		his/her name, qualifications, duties and functions.	www.berjaya.com.ph/edge_no=6a58d5a5bbae24feefdfc15ec263a54d
2. Corporate Secretary is a separate individual from the Compliance Officer.	Compliant		GIS for 2019, SEC Form 17-A
3. Corporate Secretary is not a member of the Board of Directors.	Compliant		GIS for 2019, SEC Form 17-A
4. Compliance Officer attends training/s on corporate governance.	Compliant	Provide information on or link/reference to a document containing information on the corporate governance training attended, including number of hours and topics covered.	Certificates of Attendance in Corporate Governance Seminars accredited by the SEC
Principle 2: The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders.			
Recommendation 2.1			
1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.	Compliant	Provide information or reference to document containing information on how the directors performed their duties (can include board resolutions, minutes of meeting)	Various Minutes of the Meetings (confidential)
Recommendation 2.2.			
1. Board has a clearly defined and updated vision, mission and core values.	Compliant	Indicate or provide link/reference to a document containing the company's vision, mission, and core values. Indicate frequency of review of the vision, mission and core values.	berjaya.com.ph

2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture.	Compliant	Provide information on or link/reference to a document containing information on the strategy execution process.	Minutes of Meetings (confidential)
Recommendation 2.3			
1. Board is headed by a competent and qualified Chairperson.	Compliant	Provide information or reference to a document containing information on the Chairperson, including his/her name and qualifications	SEC 17-A, https://edge.pse.com.ph/openDiscViewer.do?edge_no=6a58d5a5bbae24fefdfc15ec263a54d Definitive Information Statement https://edge.pse.com.ph/openDiscViewer.do?edge_no=1280c255a38b33c0efdfc15ec263a54d
Recommendation 2.4			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	Compliant	Disclose and provide information or link/reference to a document containing information on the company's succession planning policies and programs and its implementation.	Manual on Corporate Governance
2. Board adopts a policy on the retirement for directors and key officers.	Compliant		
Recommendation 2.5			
1. Board aligns the remuneration of key officers and board members with long-term interests of the company.	Compliant	Provide information on or link/reference to a document containing information on the company's remuneration policy and its implementation, including the relationship between remuneration and performance.	Audit Committee Meetings Nomination Committee Meetings (confidential in nature)
2. Board adopts a policy specifying the relationship between remuneration and performance.	Compliant		Audit Committee Meetings Nomination Committee Meetings (confidential in nature)
3. Directors do not participate in discussions or	Compliant		Audit Committee Meetings

deliberations involving his/her own	nt		Nomination Committee Meetings (confidential in nature)
Optional: Recommendation 2.5			
1. Board approves the remuneration of senior executives.	Compliant	Provide proof of board approval	Minutes of the Board (confidential)
2. Company has measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interest, such as claw back provision and deferred bonuses.	Compliant	Provide information on or link/reference to a document containing measurable standards to align performance-based remuneration with the long-term interest of the company.	Minutes of the Board (confidential)
Recommendation 2.6			
1. Board has a formal and transparent board nomination and election policy.	Compliant	Provide information or reference to a document containing information on the company's nomination and election policy and process and its implementation, including the criteria used in selecting new directors, how the shortlisted candidates and how it encourages nominations from shareholders. Provide proof if minority shareholders have a right to nominate candidates to the board. Provide information if there was an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.	Minutes of the Board (confidential) Annual Stockholders' Meeting
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	Compliant		Minutes of the Board (confidential) Annual Stockholders' Meeting
3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.	Compliant		Minutes of the Board (confidential) Annual Stockholders' Meeting
4. Board nomination and election policy includes how the board shortlists candidates.	Compliant		Minutes of the Board (confidential) Annual Stockholders' Meeting
5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.	Compliant		Minutes of the Board (confidential) Annual Stockholders' Meeting

6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	Compliant		Minutes of the Board (confidential) Annual Stockholders' Meeting
Optional: Recommendation to 2.6			
1. Company uses professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors.		Identify the professional search firm used or other external sources of candidates	
Recommendation 2.7			
1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.	Compliant	Provide information on or reference to a document containing the company's policy on related party transaction, including policy on review and approval of significant RPTs	Manual on Corporate Governance
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	Compliant	Identify transactions that were approved pursuant to the policy.	Manual on Corporate Governance
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	Compliant		Manual on Corporate Governance
Supplement to Recommendations 2.7			
1. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions according to those that are considered <i>de minimis</i> or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount		Provide information on a materiality threshold for RPT disclosure and approval, if any. Provide information on RPT categories.	

of RPTs within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.			
2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings.		Provide information on voting system, if any.	
Recommendation 2.8			
1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	Compliance	Provide information on or reference to a document containing the Board's policy and responsibility for approving the selection of management. Identify the Management team appointed.	Board Minutes (confidential)
2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	Compliance	Provide information on or reference to a document containing the Board's policy and responsibility for assessing the performance of management. Provide information on the assessment process and indicate frequency of assessment of performance.	Board minutes (confidential)
Recommendation 2.9			
1. Board establishes an effective performance management framework that ensures that Management's performance is at par with the standards set by the Board and Senior Management.	Compliance	Provide information on or link/reference to a document containing the Board's performance management framework for management and personnel.	Board Minutes (confidential)

2. Board establishes an effective performance management framework that ensure that personnel's performance is at par with the standards set by the Board and Senior Management.	Compliant		Board Minutes (confidential)
Recommendation 2.10			
1. Board oversees that an appropriate internal control system is in place.	Compliant	Provide information on or link/reference to a document showing the Board's responsibility for overseeing that an appropriate internal control system is in place and what is included in the internal control system	Confidential Board minutes appointing audit committee to do this
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	Compliant		Confidential Board minutes appointing audit committee to do this
3. Board approves the Internal Audit Charter.	Compliant		Confidential Board minutes
Recommendation 2.11			
1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.	Compliant	Provide information on or link/reference to a document showing the Board's oversight responsibility on the establishment of a sound enterprise risk management framework and how the board was guided by the framework.	Responsibility of Audit Committee Covered by confidential minutes
2. The risk management framework guides the board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.	Compliant	Provide proof of effectiveness of risk management strategies, if any.	Responsibility of Audit Committee Covered by confidential minutes
Recommendation 2.12			
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.	Compliant	Provide link to the company's website where the Board Charter is disclosed.	berjaya.com.ph

2. Board Charter serves as a guide to the directors in the performance of their functions.	Compliant		berjaya.com.ph
3. Board Charter is publicly available and posted on the company's website.	Compliant		berjaya.com.ph
Additional Recommendation to Principle 2			
1. Board has a clear insider trading policy.	Compliant	Provide information on or link/reference to a document showing company's insider trading policy.	Manual on Corporate Governance
Optional: Principle 2			
1. Company has a policy on granting loans to directors, either forbidding the practice or ensuring that the transaction is conducted at arm's length basis and at market rates.	Compliant	Provide information on or link/reference to a document showing company's policy on granting loans to directors, if any.	berjaya.com.ph
2. Company discloses the types of decision requiring board of director's approval.	compliant	Indicate the types of decision requiring board of directors' approval and where there are disclosed.	berjaya.com.ph
Principle 3: Board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.			
Recommendation 3.1			
1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	Compliant	Provide information or link/reference to a document containing information on all the board committees established by the company.	Manual on Corporate Governance
Recommendation 3.2			

1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.	Compliant	Provide information or link/reference to a document containing information on the Audit Committee, including its functions. Indicate if it is the Audit Committee's responsibility to recommend the appointment and removal of the company's external auditor.	Manual on Corporate Governance
2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.	Compliant	Provide information or link/reference to a document containing information on the members of the Audit Committee, including their qualifications and type of directorship.	Manual on Corporate Governance
3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	Compliant	Provide information or link/reference to a document containing information on the background, knowledge, skills, and/or experience of the members of the Audit Committee.	Manual on Corporate Governance
4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	Compliant	Provide information or link/reference to a document containing information on the Chairman of the Audit Committee	Manual on Corporate Governance
Supplement to Recommendation 3.2			
1. Audit Committee approves all non-audit services conducted by the external auditor.	Compliant	Provide proof that the Audit Committee approved all non-audit services conducted by the external auditor.	Minutes of the Audit Committee meetings (confidential)
2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.	Compliant	Provide proof that the Audit Committee conducted regular meetings and dialogues with the external audit team	Minutes of the Audit Committee meetings (confidential)

		without anyone from management present.	
Optional: Recommendation 3.2			
1. Audit Committee meet at least four times during the year.	Compliant	Indicate the number of Audit Committee meetings during the year and provide proof	Minutes of the Audit Committee meetings (confidential)
2. Audit Committee approves the appointment and removal of the internal auditor.	Compliant	Provide proof that the Audit Committee approved the appointment and removal of the internal auditor.	Minutes of the Audit Committee meetings (confidential)
Recommendation 3.3			
1. Board establishes a Corporate Governance Committee tasked to assist the Board in performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.	Compliant	Provide information or reference to a document containing information on the Corporate Governance Committee, including its functions. Indicate if the Committee undertook the process of identifying the quality of directors aligned with the company's strategic direction, if applicable.	Manual on Corporate Governance
2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.	Compliant	Provide information or link/reference to a document containing information on the members of the Corporate Governance Committee, including their qualifications and type of directorship.	Manual on Corporate Governance
3. Chairman of the Corporate Governance Committee is an independent director.			
Optional: Recommendation 3.3			

1. Corporate Governance Committee meet at least twice during the year.	Compliant	Indicate the number of Corporate Governance Committee meetings held during the year and provide proof thereof.	3 meetings held
Recommendation 3.4			
1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.		Provide information or link/reference to a document containing information on the Board Risk Oversight Committee (BROC), including its functions.	
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.		Provide information or link/reference to a document containing information on the members of the BROC, including their qualifications and type of directorship	
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.		Provide information or link/reference to a document containing information on the Chairman of the BROC.	
4. At least one member of the BROC has relevant through knowledge and experience on risk and risk management.		Provide information or link/reference to a document containing information on the background, skills, and/or experience of the members of the BROC.	
Recommendation 3.5			
1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.	Compliant	Provide information or link/reference to a document containing information on the Related Party Transactions (RPT) Committee, including its functions.	Revised Corporate Governance Manual https://berjaya.com.ph/manual-on-corporate-governance/

			RPT Policy https://berjaya.com.ph/company-policies/
2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.	Compliant	Provide information or link/reference to a document containing information on the members of the RPT Committee, including their qualifications and type of directorship.	RPT Committee Charter https://berjaya.com.ph/board-committees/
Recommendation 3.6			
1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.	Compliant	Provide information on or link/reference to the company's committee charters, containing all the required information, particularly the functions of the Committee that is necessary for performance evaluation purposes.	Revised Corporate Governance Manual https://berjaya.com.ph/manual-on-corporate-governance/
2. Committee Charters provide standards for evaluating the performance of the Committees.	Compliant		Board Charters https://berjaya.com.ph/board-committees/
3. Committee Charters were fully disclosed on the company's website.	Compliant	Provide link to company's website where the Committee Charters are disclosed.	Board Charters https://berjaya.com.ph/board-committees/
Principle 4: To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.			
Recommendation 4.1			
1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the	Compliant	Provide information or link/reference to a document containing information on the process and procedure for tele/videoconferencing board and/or committee meetings.	Minutes of the Meetings (confidential)

Commission.		Provide information or link/reference to a document containing information on the attendance and participation of directors to Board, Committee and shareholders' meetings.	
2. The directors review meeting materials for all Board and Committee meetings.	Compliant		Minutes of Meetings of the Board of Directors (Confidential)
3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	Compliant	Provide information or link/reference to a document containing information on any questions raised or clarification/explanation sought by the directors.	Minutes of Meetings of the Board of Directors (Confidential)
Recommendation 4.2			
1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company.	Compliant	<p>Disclose if the company has a policy setting the limit of board seats that a non-executive director can hold simultaneously.</p> <p>Provide information or reference to a document containing information on the directorships of the company's directors in both listed and non-listed companies.</p>	No written policy but company adheres to the limits set by the SEC
Recommendation 4.3			
1. The directors notify the company's board before accepting a directorship in another company.	Compliant	Provide copy of written notification to the board or minutes of board meeting wherein the matter was discussed.	
Optional: Principle 4			

1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.			
2. Company schedules board of directors' meetings before the start of the financial year.	Compliant		Yes for regular meetings, and sometimes, there are more than one in a given month
3. Board of directors meet at least six times during the year.	Compliant	Indicate the number of board meetings during the year and provide proof	The Board meets at least once a month
4. Company requires as minimum quorum of at least 2/3 for board decisions.	Compliant	Indicate the required minimum quorum for board decisions	Majority for quorum and board approvals
Principle 5: The board should endeavor the exercise an objective and independent judgment on all corporate affairs.			
Recommendation 5.1			
1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher.	Compliant	Provide information or link/reference to a document containing information on the number of independent directors in the board.	SEC Form 17-A https://edge.pse.com.ph/openDiscViewer.do?edge_no=6a58d5a5bbae24fefdfc15ec263a54d Definitive Information Statement https://edge.pse.com.ph/openDiscViewer.do?edge_no=1280c255a38b33c0efdfc15ec263a54d SEC Form 17-C filed on the same day the Annual Stockholders' Meeting and Organizational Meeting of the Board is held
Recommendation 5.2			
1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.	Compliant	Provide information or link/reference to a document containing information on the qualifications of the independent	SEC Form 17-A https://edge.pse.com.ph/openDiscViewer.do?edge_no=6a58d5a5bbae24fefdfc15ec263a54d

		directors.	efdfc15ec263a54d Definitive Information Statement https://edge.pse.com.ph/openDiscViewer.do?edge_no=1280c255a38b33c0efdfc15ec263a54d
Supplement to Recommendation 5.2			
1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.	Compliant	Provide link/reference to a document containing information that directors are not constrained to vote independently.	SEC Form 17-A https://edge.pse.com.ph/openDiscViewer.do?edge_no=6a58d5a5bbae24feefdfc15ec263a54d
Recommendation 5.3			
1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).	Compliant	Provide information or link/reference to a document showing the years IDs have served as such.	Minutes of the Board (confidential)
2. The company bars an independent director from serving in such capacity after the term limit of nine years.	Compliant	Provide information or link/reference to a document containing information on the company's policy on term limits for its independent director.	Minutes of the Board (confidential)
3. In the instance that the company retains on independent director in the same capacity after nine years, the board provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting.	Compliant	Provide reference to the meritorious justification and proof of shareholders' approval during the annual shareholders' meeting.	Minutes of the Annual Stockholders' Meeting
Recommendation 5.4			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	Compliant	Identify the company's Chairman of the Board and Chief Executive Officer	Current Report

2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	Compliance	Provide information or link/reference to a document containing information on the roles and responsibilities of the Chairman of the Board and Chief Executive Officer. Identify the relationship of Chairman and CEO.	Current Report
Recommendation 5.5			
1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.		Provide information or link/reference to a document containing information on a lead independent director and his roles and responsibilities, if any. Indicate if Chairman is independent.	n.a.
Recommendation 5.6			
1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.		Provide proof of abstention, if this was the case	n.a.
Recommendation 5.7			
1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present.		Provide proof and details of said meeting, if any. Provide information on the frequency and attendees of meetings.	n.a.
2. The meetings are chaired by the lead independent director.			
Optional: Principle 5			

1. None of the directors is a former CEO of the company in the past 2 years.	Compliant	Provide name/s of company CEO for the past 2 years	SEC Form 17-C
Principle 6: The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.			
Recommendation 6.1			
1. Board conducts an annual self-assessment of its performance as a whole.	Compliant	Provide proof of self-assessment conducted for the whole board, the individual members, the Chairman and the Committees	
2. The Chairman conducts a self-assessment of his performance.	Compliant		
3. The individual members conduct a self-assessment of their performance.	Compliant		
4. Each committee conducts a self-assessment of its performance.	Compliant		
5. Every three years, the assessments are supported by an external facilitator.		Identify the external facilitator and provide proof of use of an external facilitator.	
Recommendation 6.2			
1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees.	Confidential	Provide information or link/reference to a document containing information on the system of the company to evaluate the performance of the board, individual directors and committees, including a feedback mechanism form shareholders.	Minutes of the Board (confidential)
2. The system allows for a feedback mechanism from the shareholders.	Confidential		Minutes of the Board (confidential)

Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.			
Recommendation 7.1			
1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.	Compliant	Provide information on or link/reference to the company's Code of Business Conduct and Ethics.	
2. The Code is properly disseminated to the Board, senior management and employees.		Provide information on or discuss how the company disseminated the Code to its Board, senior management and employees.	The company does not have employees. Code was disseminated at a board meeting
3. The Code is disclosed and made available to the public through the company website.	Compliant	Provide a link to the company's website where the Code of Business Conduct and Ethics is posted/disclosed.	berjaya.com.ph
Supplement to Recommendation 7.1			
1. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.	Compliant	Provide information on or link/reference to a document containing information on the company's policy and procedure on curbing and penalizing bribery	Berjaya.com.ph Manual on Corporate Governance
Recommendation 7.2			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.		Provide proof of implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies.	Company does not have employees
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.		Indicate who are required to comply with the Code of Business Conduct and Ethics and any findings on non-	

		compliance.	
Disclosure and Transparency			
Principle 8: The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.			
Recommendation 8.1			
1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.	Compliance	Provide information on or link/reference to the company's disclosure policies and procedures including reports distributed/made available to shareholders and other stockholders	
Supplement to Recommendations 8.1			
1. Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period.	Compliance	Indicate the number of days within which the consolidated and interim reports were published, distributed or made available from the end of the fiscal year and end of the reporting period, respectively.	The Consolidated and Interim Reports are necessary attachments to the Annual Report which is available to stockholders. The Definitive Information Statement likewise contains the Consolidated financial statements and is mailed to all stockholders of record 15 business days prior to the annual stockholders' meeting
2. Company discloses in its annual report the principal risks associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.	Compliance	Provide link or reference to the company's annual report where the following are disclosed: 1. principal risks to minority shareholders associated with the identity of the company's controlling shareholders; 2. cross-holdings among	Annual Report SEC Form 17-A https://edge.pse.com.ph/openDiscViewer.do?edge_no=6a58d5a5bbae24feefdfc15ec263a54d

		3. company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.	
Recommendation 8.2			
1. Company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within three business days.	Compliant	Provide information on or link/reference to the company's policy requiring directors and officers to disclose their dealings in the company's share.	Revised Corporate Governance Manual
2. Company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within three business days.	Compliant	Indicate actual dealings of directors involving the corporation's shares including their nature, number/percentage and date of transaction.	
Supplement to Recommendation 8.2			
1. Company discloses the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This includes the disclosure of the company's purchase of its shares from the market (e.g. share buy-back program).	Compliant	Provide information on or link/reference to the shareholdings of directors, management and top 100 shareholders. Provide link or reference to the company's Conglomerate Map.	Annual Report SECForm17-A https://edge.pse.com.ph/openDiscViewer.do?edge_no=6a58d5a5bbae24fefdfc15ec263a54d
Recommendation 8.3			
1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interests that might affect their judgment.	Compliant	Provide link or reference to the directors' academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional	SEC Form 17-A https://edge.pse.com.ph/openDiscViewer.do?edge_no=6a58d5a5bbae24fefdfc15ec263a54d

		experiences, expertise and relevant trainings attended.	Definitive Information Statement
2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	Compliant	Provide link or reference to the key officers' academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended.	
Recommendation 8.4			
1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.	Compliant	Disclose or provide link/reference to the company policy and practice for setting board remuneration.	SEC Form 17-A https://edge.pse.com.ph/openDiscViewer.do?edge_no=6a58d5a5bbae24feefdfc15ec263a54d Definitive Information Statement
2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.	Compliant	Disclose or provide link/reference to the company policy and practice for determining executive remuneration	
3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	Compliant	Provide breakdown of director remuneration and executive compensation, particularly the remuneration of the CEO.	
Recommendation 8.5			
1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.	Compliant	Disclose or provide reference/link to company's RPT policies. Indicate if the director with conflict of interest abstained from the board	Revised Corporate Governance Manual https://berjaya.com.ph/manual-on-corporate-governance

		discussion on that particular transaction.	
2. Company discloses material or significant RPTs reviewed and approved during the year.	Compliant	<p>Provide information on all RPTs for the previous year or reference to a document containing the following information on all RPTs:</p> <ol style="list-style-type: none"> 1. name of the related counterparty; 2. relationship with the party; 3. transaction date; 4. type/nature of transaction; 5. amount or contract price; 6. terms of the transaction; 7. rationale for entering into the transaction; 8. the required approval (i.e., names of the board of directors approving, names and percentage of shareholders who approved) based on the company's policy; and 9. other terms and conditions 	<p>All material RPTs are disclosed in the: Annual Report SEC Form 17-A</p> <p>https://edge.pse.com.ph/openDiscViewer.do?edge_no=6a58d5a5bbae24feefdfc15ec263a54d</p>
Supplement to Recommendation 8.5			
1. Company requires directors to disclose their interests in transactions or any other conflict of interests.	Compliant	Indicate where and when directors disclose their interests in transactions or any other conflict of interests.	<p>SEC Form 17-A</p> <p>https://edge.pse.com.ph/openDiscViewer.do?edge_no=6a58d5a5bbae24feefdfc15ec263a54d</p>
Optional: Recommendation 8.5			
1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length.		Provide link or reference where this is disclosed, if any.	

Recommendation 8.6			
1. Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occur, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders.	Compliant	Provide link or reference where this is disclosed.	
2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.	Compliant	Identify independent party appointed to evaluate the fairness of the transaction price. Disclose the rules and procedures for evaluating the fairness of the transaction price, if any.	
Supplemental to Recommendation 8.6			
1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.	Compliant	Provide link or reference where these are disclosed.	
Recommendation 8.7			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	Compliant	Provide link to the company's website where the Manual on Corporate Governance is posted.	Revised Corporate Governance Manual https://berjaya.com.ph/manual-on-corporate-governance/
2. Company's MCG is submitted to the SEC and PSE.	Compliant		
3. Company's MCG is posted on its company website.	Compliant		

Supplement to Recommendation 8.7			
1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.	Compliant	Provide proof of submission.	Revised Corporate Governance Manual https://berjaya.com.ph/manual-on-corporate-governance/
Optional: Principle 8			
1. Does the company's Annual Report disclose the following information:	Compliant	Provide link or reference to the company's Annual Report containing the said information.	SEC Form 17-A https://edge.pse.com.ph/openDiscViewer.do?edge_no=6a58d5a5bbae24feefdc15ec263a54d
a. Corporate Objectives	Compliant		
b. Financial performance indicators	Compliant		
c. Non-financial performance indicators	Compliant		
d. Dividend Policy	Compliant		
e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors	Compliant		
f. Attendance details of each director in all directors meetings held during the year	Compliant		
g. Total remuneration of each member of the board of directors	Compliant		
2. The Annual Report contains a statement confirming the company's full compliance with the Code of Corporate Governance and where	Compliant	Provide link or reference to where this is contained in the Annual Report.	Annual Report SEC Form17-A https://edge.pse.com.ph/openDiscViewer.do?edge_no=6a58d5a5bbae24fe

there is non-compliance, identifies and explains reason for each such issue.			efdfc15ec263a54d
3. The Annual Report/Annual CG Report discloses that the board of directors conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems.	Compliant	Provide link or reference to where this is contained in the Annual Report	Annual Report SEC Form 17-A https://edge.pse.com.ph/openDiscViewer.do?edge_no=6a58d5a5bbae24feefdfc15ec263a54d
4. The Annual Report/Annual CG Report contains a statement from the board of directors or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems.	Compliant	Provide link or reference to where this is contained in the Annual Report.	Annual Report SEC Form 17-A https://edge.pse.com.ph/openDiscViewer.do?edge_no=6a58d5a5bbae24feefdfc15ec263a54d
5. The company discloses in the Annual Report the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic).	Compliant	Provide link or reference to where these are contained in the Annual Report	Annual Report SEC Form 17-A https://edge.pse.com.ph/openDiscViewer.do?edge_no=6a58d5a5bbae24feefdfc15ec263a54d
Principle 9: The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.			
Recommendation 9.1			
1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	Compliant	Provide information or link/reference to a document containing information on the process for approving and recommending the appointment, reappointment, removal and fees of the company's external auditor.	Revised Corporate Governance Manual https://berjaya.com.ph/manual-on-corporate-governance/
2. The appointment, reappointment, removal, and fees of the external auditor is	Compliant	Indicate the percentage of shareholders that ratified the	Annual Stockholders Meeting

recommended by the Audit Committee, approved by the Board and ratified by the shareholders.		appointment, reappointment, removal and fees of the external auditor.	
3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.	Compliant	Provide information on or link/reference to a document containing the company's reason for removal or change of external auditor.	
Supplement to Recommendation 9.1			
1. Company has a policy of rotating the lead audit partner every five years.	Compliant	Provide information on or link/reference to a document containing the policy of rotating the lead audit partner every five years.	Revised Corporate Governance Manual https://berjaya.com.ph/manual-on-corporate-governance/
Recommendation 9.2			
1. Audit Committee Charter includes the Audit Committee's responsibility on: <ul style="list-style-type: none"> i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements. 	Compliant	Provide link/reference to the company's Audit Committee Charter	Revised Corporate Governance Manual https://berjaya.com.ph/manual-on-corporate-governance/ Company Website Audit Committee Charter https://berjaya.com.ph/board-committees/
2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.	Compliant	Provide link/reference to the company's Audit Committee Charter	Company Website Audit Committee Charter https://berjaya.com.ph/board-committees/

Supplement to Recommendations 9.2			
1. Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.	Compliant	Provide link/reference to the company's Audit Committee Charter	Company Website Audit Committee Charter https://berjaya.com.ph/board-committees/
2. Audit Committee ensures that the external auditor has adequate quality control procedures.	Compliant	Provide link/reference to the company's Audit Committee Charter	Company Website Audit Committee Charter https://berjaya.com.ph/board-committees/
Recommendation 9.3			
1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.	Compliant	Disclose the nature of non-audit services performed by the external auditor, if any.	
2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.	Compliant	Provide link or reference to guidelines or policies on non-audit services.	
Supplement to Recommendation 9.3			
1. Fees paid for non-audit services do not outweigh the fees paid for audit services.	Compliant	Provide information on audit and non-audit fees paid.	SEC Form 17-A
Additional Recommendation to Principle 9			
1. Company's external auditor is duly accredited by the SEC under Group A category	Compliant	Provide information on company's external auditor, such as: 1. Name of the audit	berjaya.com.ph SEC Form 17-A

		engagement partner; 2. Accreditation number; 3. Date Accredited; 4. Expiry date of accreditation; and 5. Name, address, contact number of the audit firm.	
2. Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA).	Compliant	Provide information on the following: 1. Date it was subjected to SOAR inspection, if subjected; 2. Name of the Audit firm; and 3. Members of the engagement team inspected by the SEC.	
Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.			
Recommendation 10.1			
1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.	Compliant	Disclose or provide link on the company's policies and practices on the disclosure of non-financial information, including EESG issues.	Revised Corporate Governance Manual https://berjaya.com.ph/manual-on-corporate-governance/
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	Compliant	Provide link to Sustainability Report, if any. Disclose the standards used.	Revised Corporate Governance Manual https://berjaya.com.ph/manual-on-corporate-governance/
Principle 11: The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.			
Recommendation 11.1			

1. Company has media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.	Compliant	Disclose and identify the communication channels used by the company (i.e., website, Analyst's briefing, Media briefings/press conferences, Quarterly reporting, Current reporting, etc.). Provide links, if any.	berjaya.com.ph
Supplemental to Principle 11			
1. Company has a website disclosing up-to-date information on the following:	Compliant	Provide link to company website	berjaya.com.ph
a. Financial statements/reports (latest quarterly)	Compliant		berjaya.com.ph
b. Materials provided in briefings to analysts and media	Compliant		berjaya.com.ph
c. Downloadable annual report	Compliant		berjaya.com.ph
d. Notice of ASM and/or SSM	Compliant		berjaya.com.ph
e. Minutes of ASM and/or SSM	Compliant		berjaya.com.ph
f. Company's Articles of Incorporation and By-Laws	Compliant		berjaya.com.ph
Additional Recommendation to Principle 11			
1. Company complies with SEC-prescribed website template.	Compliant		
Internal Control System and Risk Management Framework			
Principle 12: To ensure the integrity, transparency and proper governance in the conduct of tis affairs, the company should have a strong and			

effective internal control system and enterprise risk management framework.			
Recommendation 12.1			
1. Company has an adequate and effective internal control system in the conduct of its business.	Compliant	<p>List quality service programs for the internal audit functions.</p> <p>Indicate frequency of review of the internal control system.</p>	<p>Annual Report SEC Form 17-A https://edge.pse.com.ph/openDiscViewer.do?edge_no=6a58d5a5bbae24feefdfc15ec263a54d</p>
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	Compliant	<p>Identify international framework used for Enterprise Risk Management</p> <p>Provide information or reference to a document containing information on:</p> <ol style="list-style-type: none"> 1. Company's risk management procedures and processes 2. Key risks the company is currently facing 3. How the company manages the key risks <p>Indicate frequency of review of the enterprise risk management framework.</p>	<p>Annual Report SEC Form 17-A https://edge.pse.com.ph/openDiscViewer.do?edge_no=6a58d5a5bbae24feefdfc15ec263a54d</p>
Supplement to Recommendations 12.1			
1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program includes appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.	Compliant	<p>Provide information on or link/reference to a document containing the company's compliance program covering compliance with a laws and relevant regulations.</p>	

		Indicate frequency of review.	
Optional: Recommendation 12.1			
1. Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and reported to the board.		Provide information on IT governance process	
Recommendation 12.2			
1. Company has in place an independent internal audit function that provides on independent and objective assurance, and consulting services designed to add value and improve the company's operations.	Compliant	Disclose if the internal audit is in-house or outsourced. If outsourced, identify external firm.	
Recommendation 12.3			
1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	Compliant	Identify the company's Chief Audit Executive (CAE) and provide information on or reference to a document containing his/her responsibilities.	Revised Corporate Governance Manual https://berjaya.com.ph/manual-on-corporate-governance/
2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider.	Compliant		There is no outsourced internal audit activity
3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.	Compliant	Identify qualified independent executive or senior management personnel, if applicable.	The internal audit is in-house
Recommendation 12.4			

1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	Compliant	Provide information on company's risk management function.	Revised Corporate Governance Manual https://berjaya.com.ph/manual-on-corporate-governance/
Supplement to Recommendation 12.4			
1. Company seeks external technical support in risk management when such competence is not available internally.	Non Compliant	Identify source of external technical support, if any.	The Company has not seen the need to seek external technical support in risk management. The Company has in place a Board and Management team composed of individuals with relevant knowledge, experience and expertise on risk assessment and risk management.
Recommendation 12.5			
1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).	Compliant	Identify the company's Chief Risk Officer (CRO) and provide information on or reference to a document containing his/her responsibilities and qualifications/background.	Revised Corporate Governance Manual https://berjaya.com.ph/manual-on-corporate-governance/
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	Compliant		
Additional Recommendation to Principle 12			
1. Company's Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively.	Compliant	Provide link to CEO and CAE's attestation	Annual Report SEC Form 17-A https://edge.pse.com.ph/openDiscViewer.do?edge_no=6a58d5a5bbae24feefdfc15ec263a54d
Cultivating a Synergic Relationship with Shareholders			
Principle 13: The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.			

Recommendation 13.1			
1. Company's common share has one vote for one share.	Compliant		
2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	Compliant	Provide information on all classes of shares, including their voting rights if any.	Company only has common shares and treasury shares. SEC Form 17-A SEC Form 17-Q Definitive Information Statement
3. Board has an effective, secure, and efficient voting system.	Compliant	Provide link to voting procedure. Indicate if voting is by poll or show of hands.	https://berjaya.com.ph/manual-on-corporate-governance/
4. Board has an effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to protect minority shareholders against actions of controlling shareholders.	Compliant	Provide information on shareholder voting mechanisms such as supermajority or "majority of minority", if any.	Revised Corporate Governance Manual https://berjaya.com.ph/manual-on-corporate-governance/
5. Board allows shareholders to call a special shareholders' meeting and submit a proposal for consideration or agenda item at the AGM or special meeting.	Compliant	Provide information on how this was allowed by board (i.e., minutes of meeting, board resolution)	Revised Corporate Governance Manual https://berjaya.com.ph/manual-on-corporate-governance/
6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.	Compliant	Provide information or link/reference to the policies on treatment of minority shareholders	Revised Corporate Governance Manual https://berjaya.com.ph/manual-on-corporate-governance/
7. Company has a transparent and specific dividend policy.	Compliant	Provide information on or link/reference to the company's dividend Policy. Indicate if company declared dividends. If yes, indicate the	Revised Corporate Governance Manual https://berjaya.com.ph/manual-on-corporate-governance/

		number of days within which the dividends were paid after declaration. In case the company has offered scrip-dividends, indicate if the company paid the dividends within 60 days from declaration	
Optional: Recommendation 13.1			
1. Company appoints an independent party to court and/or validate the votes at the Annual Shareholders' Meeting.		Identify the independent party that counted/validated the votes at the ASM, if any.	
Recommendation 13.2			
1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.	Compliant	<p>Indicate the number of days before the annual stockholders' meeting or special stockholders' meeting when the notice and agenda were sent out.</p> <p>Indicate whether shareholders' approval of remuneration or any changes therein were included in the agenda of the meeting.</p> <p>Provide link to the Agenda included in the company's Information Statement (SEC Form 20-IS)</p>	Notice, and the Definitive Information Statement are sent to all stockholders at least 15 business days prior to the meeting
Supplemental to Recommendation 13.2			
1. Company's Notice of Annual Stockholders' Meeting contains the following information:	Compliant	Provide link or reference to the company's notice of Annual Shareholders' Meeting	SEC Form 17-C
a. The profiles of directors (i.e., age, academic qualifications, date of first	Compliant		SEC Form 17-C Definitive Information Statement

appointment, experience, and directorships in other listed companies)			
b. Auditors seeking appointment/re-appointment	Compliant		SEC Form 17-C Definitive Information Statement
c. Proxy documents	Compliant		SEC Form 17-C Definitive Information Statement
Optional: Recommendation 13.2			
1. Company provides rationale for the agenda items for the annual stockholders meeting	Compliant	Provide link or reference to the rationale for the agenda items	Notice to stockholders Definitive Information Statement https://edge.pse.com.ph/openDiscViewer.do?edge_no=1280c255a38b33c0efdfc15ec263a54d
Recommendation 13.3			
1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.	Compliant	Provide information or reference to a document containing information on all relevant questions raised and answers during the ASM and special meeting and the results of the vote taken during the most recent ASM/SSM.	SEC 17-C
2. Minutes of the Annual and Special Shareholders' Meetings were available on the company website within five business days from the end of the meeting.	Compliant	Provide link to minutes of meeting in the company website. Indicate voting results for all agenda items, including the approving, dissenting and abstaining votes. Indicate also if the voting on resolutions was by poll. Include whether there was	SEC 17-C

		opportunity to ask question and the answers given, if any	
Supplement to Recommendation 13.3			
1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM.	Compliant	Indicate if the external auditor and other relevant individuals were present during the ASM and/or special meeting	External auditor and other relevant individuals were present during the ASM and/or special meeting: Annual Stockholders Meeting https://berjaya.com.ph/wp-content/uploads/2019/02/ASM-held-4-Oct-2019.pdf
Recommendation 13.4			
1. Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	Compliant	Provide details of the alternative dispute resolution made available to resolve intra-corporate disputes	Annual Stockholders Meeting https://berjaya.com.ph/wp-content/uploads/2019/02/ASM-held-4-Oct-2019.pdf
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	Compliant	Provide link/reference to where it is found in the Manual on Corporate Governance	Revised Corporate Governance Manual https://berjaya.com.ph/manual-on-corporate-governance/
Recommendation 13.5			
1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.	Compliant	Disclose the contact details of the officer/office responsible for investor relations, such as: 1. Name of the person 2. Telephone number 3. Fax number 4. E-mail address	1. Marie Lourdes T. Sia-Bernas 2. 8810-1814 3. 8892-1770 4. msb@bernslaw.com
2. IRO is present at every shareholder's meeting	Compliant	Indicate if the IRO was present during the ASM.	

Supplemental Recommendations to Principle 13			
1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group	Compliant	Provide information on how anti-takeover measures or similar devices were avoided by the board, if any.	Corporation has a strong board, and 3 strong majority shareholders represented properly in the Board
2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	Not compliant	Indicate the company's public float.	10%
Optional: Principle 13			
1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting	Compliant	Disclose or provide link/reference to policies and practices to encourage shareholders' participation beyond ASM	Will hold the meeting for the first time through Zoom or other similar manner
2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.	Compliant	Disclose the process and procedure for secure electronic voting in absentia, if any.	Will hold the meeting for the first time through Zoom or other similar manner
Duties to Stakeholders			
Principle 14: The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholder's rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.			
Recommendation 14.1			
1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	Compliant	Identify the company's shareholder and provide information or reference to a document containing information on the company's policies and programs for its stakeholders.	SEC Form 17-A https://edge.pse.com.ph/openDiscViewer.do?edge_no=6a58d5a5bbae24feefdfc15ec263a54d
Recommendation 14.2			
1. Board establishes clear policies and programs	Compliant	Identify policies and programs for	SEC Form 17-A

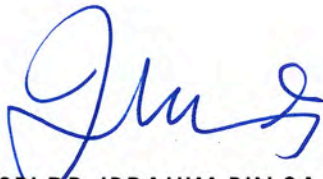
to provide a mechanism on the fair treatment and protection of stakeholders.		the protection and fair treatment of company's stakeholders.	https://edge.pse.com.ph/openDiscViewer.do?edge_no=6a58d5a5bbae24feefdfc15ec263a54d
Recommendation 14.3			
1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.	Compliant	Provide the contact details (i.e., name of contact person, dedicated phone number or e-mail address, etc.) which stakeholders can use to voice their concerns and/or complaints for possible violation of their rights. Provide information on whistleblowing policy, practices and procedures for stakeholders.	SEC Form 17-A https://edge.pse.com.ph/openDiscViewer.do?edge_no=6a58d5a5bbae24feefdfc15ec263a54d
Supplement to Recommendation 14.3			
1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.	Compliant	Provide information on the alternative dispute resolution system established by the company.	Revised Corporate Governance Manual https://berjaya.com.ph/manual-on-corporate-governance/
Additional Recommendations to Principle 14			
1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation.	N.A.	Disclose any requests for exemption by the company and the reason for the request.	N.A.
2. Company respects intellectual property rights.		Provide specific instances, if any.	Company has no employees

Optional: Principle 14			
1. Company discloses its policies and practices that address customers' welfare	N.A.	Identify policies, programs and practices that address customers' welfare or provide link/reference to a document containing the same.	Company has no employees
2. Company discloses its policies and practices that address supplier/contractor selection procedures	N.A.	Identify policies, programs and practices that address supplier/contractor selection procedures or provide link/reference to a document containing the same.	Company has no employees
Principle 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.			
Recommendation 15.1			
1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.	N.A.	Provide information on or link/reference to company policies, programs and procedures that encourage employee participation.	Company has no employees
Supplement to Recommendation 15.1			
1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.	N.A.	Disclose if any has in place a merit-based performance incentive mechanism such as an employee stock option plan (ESOP) or any such scheme that awards and incentivizes employees, at the same time aligns their interests with those of the shareholders.	Company has no employees

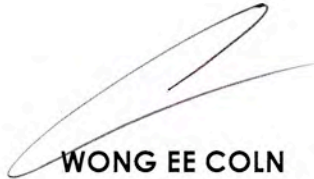
2. Company has policies and practices on health, safety and welfare of its employees.	N.A.	Disclose and provide information on policies and practices on health, safety and welfare of employees. Includes statistics and data, if any.	Company has no employees
3. Company has policies and practices on training and development of its employees.	N.A.	Disclose and provide information on policies and practices on training and development of employees. Include information on any training conducted or attended.	Company has no employees
Recommendation 15.2			
1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.	N.A.	Identify or provide link/reference to the company's policies, programs and practices on anti-corruption.	Company has no employees
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	N.A.	Identify how the board disseminated the policy and program to employees across the organization.	Company has no employees
Supplement to Recommendation 15.2			
1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.	N.A.	Identify or provide link/reference to the company policy and procedures on penalizing employees involved in corrupt practices. Include any finding of violations of the company policy.	The company has no employees

Recommendation 15.3			
1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation.	N.A.	<p>Disclose or provide link/reference to the company whistle-blowing policy and procedure for employees.</p> <p>Indicate if the framework includes procedures to protect the employees from retaliation.</p> <p>Provide contact details to report any illegal or unethical behavior.</p>	Company has no employees
2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.	N.A.		Company has no employees
3. Board supervises and ensures the enforcement of the whistleblowing framework.	Not applicable	Provide information on how the board supervised and ensured enforcement of the whistleblowing framework, including any incident of whistleblowing.	Has never occurred as the company has no employees
Principle 16: The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.			
Recommendation 16.1			
1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.	Compliant	Provide information or reference to a document containing information on the company's community involvement and environment-related programs.	

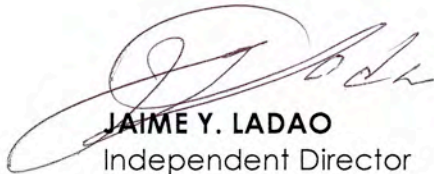
Optional: Principle 16			
1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development	Compliant	Identify or provide link/reference to policies, programs and practices to ensure that its value chain is environmentally friendly or is consistent with promoting sustainable development.	An associate company, Floridablanca Enviro Corporation has cleanup drives for the environment
2. Company exerts effort to interact positively with the communities in which it operates.	Compliant	Identify or provide link/reference to policies, programs and practices to interact positively with the communities in which it operates.	Issuer interacts with Gawad Kalinga through an associate company, Berjaya Foundation Philippines Inc. for housing projects



TAN SRI DR. IBRAHIM BIN SAAD
Chairman / Director



WONG EE COLN
President/Director



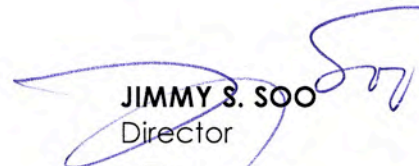
JAIME Y. LADAO
Independent Director



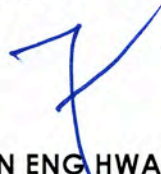
DR. GEORGE T. YANG
Independent Director



SEOW SWEE PIN
Director



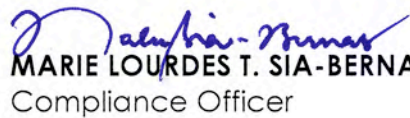
JIMMY S. SOO
Director



TAN ENG HWA
Treasurer / Director



JOSE A. BERNAS
Corporate Secretary



MARIE LOURDES T. SIA-BERNAS
Compliance Officer

SUBSCRIBED AND SWORN to before me this 30th day of June 2020, affiants exhibiting to me their respective identification cards below, as follows:

<u>Name</u>	<u>Particulars of Identification Card</u>
Tan Sri Dr. Ibrahim Bin Saad	Malaysian Passport No. A34128177 issued on 15 December 2014
Wong Ee Coln	Malaysian Passport No. A40497460 issued on 14 August 2017
Jaime Y. Ladao	Philippine Passport No. EC3891219 issued on 9 April 2015
Dr. George T. Yang	Philippine Passport No. P5880290A issued on 02 February 2018
Seow Swee Pin	Malaysian Passport No. A38549092 issued on 17 August 2016
Jimmy S. Soo	Tax Identification Number 133-832-627
Tan Eng Hwa	Malaysian Passport No. A50216511 issued on 08 January 2018
Jose A. Bernas	IBP Lifetime Membership No. 01738 issued on 25 January 2000 Roll of Attorneys No. 36090
Marie Lourdes T. Sia-Bernas	IBP Lifetime Membership No. 02165 issued on 30 January 2001 Roll of Attorneys No. 37914

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Book No. 10 ;
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 / 3-22-19
IR. NO. MKT. 8117044 / 1-2-20 APPT NO. M-158