

# COVER SHEET

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S.E.C. Registration Number

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(Company's Full Name)

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Business Address: No. Street City/Town/Province

Atty. Malu Sia-Bernas Contact Person																					
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811-0668/810-1814 Company/Telephone Number																					
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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

Total Amount of Borrowings

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Domestic

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Foreign

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To be accomplished by SEC Personnel concerned

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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 2022**
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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<b>Common Stock, ₱1.00 par value</b>	<b>4,427,009,132</b>
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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 ₱ **27,226,106,161.80** derived from multiplying the number of voting stocks held by non-affiliates by the stock's closing price per share as of 30 June 2022 which is ₱ **6.15** per share

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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%).

In July 2019, BPI acquired 30% ownership interest in Berjaya Auto Asia, Inc. (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. In February 2022, BPI decreased its ownership in BAAI to 19.98%.

As of 30 June 2022, the Corporation does not have employees. Its subsidiaries, PHPI, Floridablanca Enviro Corporation ("FEC") and H.R. Owen have fifty six (56), seven (7), and four hundred thirty (430) 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.

In September 2021, PGMC acquired 49% of Pinoylotto Technologies Corp, a corporation which was awarded by the Philippine Charity Sweepstakes Office's (PCSO) Procurement of Five (5) Years Lease of the Customized PCSO Lottery System, also known as the '2021 PLS Project' under SBAC Contract No. 2021-1.

## 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 to that the undersigned is aware of.

## 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 16 January 2021 to 21 October 2022 are as follows:

<u>Date</u>	<u>High</u>	<u>Low</u>	<u>Close</u>
27 Jan 2021	P 6.15	P 1.50	P 4.52
19 Feb 2021	P 6.15	P 1.50	P 4.50
31 Mar 2021	P 6.15	P 2.00	P 4.60
23 Apr 2021	P 6.15	P 2.00	P 4.75
25 May 2021	P 4.80	P 4.65	P 4.80
25 Jun 2021	P 5.70	P 5.21	P 5.60
30 Jul 2021	P 5.50	P 5.50	P 5.50
31 Aug 2021	P 5.50	P 5.30	P 5.49
20 Sep 2021	P 5.72	P 5.35	P 5.69
12 Oct 2021	P 5.74	P 5.53	P 5.70
21 Oct 2021	P 5.56	P 5.40	P 5.56
27 Oct 2021	P 5.47	P 5.35	P 5.35
29 Oct 2021	P 5.75	P 5.35	P 5.59
03 Jan 2022	P 6.50	P 5.71	P 6.10
24 Jan 2022	P 5.52	P 5.52	P 5.52
21 Feb 2022	P 5.86	P 5.66	P 5.66
22 Mar 2022	P 5.59	P 5.59	P 5.59
07 Apr 2022	P 5.69	P 5.53	P 5.53

31 May 2022	P 6.21	P 6.21	P 6.21
30 Jun 2022	P 6.15	P 6.04	P 6.15
13 Jul 2022	P 6.10	P 5.62	P 6.10
26 Aug 2022	P 6.30	P 6.25	P 6.30
30 Aug 2022	P 7.20	P 6.30	P 7.08
02 Sep 2022	P 9.30	P 7.47	P 8.00
05 Sep 2022	P 7.98	P 7.21	P 7.48
09 Sep 2022	P 7.30	P 7.20	P 7.30
26 Sep 2022	P 7.16	P 6.22	P 7.16
27 Sep 2022	P 7.16	P 6.22	P 7.16
29 Sep 2022	P 7.16	P 6.50	P 7.16
30 Sep 2022	P 7.95	P 7.16	P 7.95
3 Oct 2022	P 7.95	P 7.30	P 7.90
4 Oct 2022	P 8.50	P 7.50	P 8.20
6 Oct 2022	P 8.00	P 7.20	P 7.90
7 Oct 2022	P 7.90	P 7.89	P 7.90
10 Oct 2022	P 8.00	P 7.50	P 7.99
11 Oct 2022	P 8.10	P 7.50	P 7.97
12 Oct 2022	P 7.78	P 7.33	P 7.78
13 Oct 2022	P 7.71	P 7.30	P 7.71
14 Oct 2022	P 7.48	P 7.00	P 7.48
18 Oct 2022	P 8.00	P 7.03	P 7.78
21 Oct 2022	P 7.70	P 7.07	P 7.70

The price as of the last trading date for this report is Seven Pesos and Seventy Centavos (₱ 7.70) on 21 October 2022.

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 four (144) 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 2022, and as of the record date of 26 September 2022. 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 2022 as verified with 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 2022 can be found in the top one hundred (100) stockholders of Berjaya Philippines Inc., the list of which is attached hereto as Annex "A". As of 30 June 2022, eighty five million seven hundred twenty eight thousand four hundred thirty nine (85,728,439) 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 2022, 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	74.20 %
BERJAYA SPORTS TOTO (CAYMAN) LIMITED	610,205,150	14.06 %
PCD NOMINEE CORPORATION (FILIPINO)	252,450,085	05.82 %
ABACUS SECURITIES CORPORATION	150,000,000	03.46 %
ABACUS SECURITIES CORP.	92,000,000	02.12 %
BERJAYA PHILIPPINES INC.	85,728,439	01.94 %
FAR EAST MOLASSES CORPORATION	1,554,880	00.04 %
CONCEPCION TEUS VDA. DE M. VARA DE REY	650,000	00.01 %
DOLORES TEUS DE M. VARA DE REY	552,000	00.01 %
STEINER, NORMA O.	436,160	00.01 %
CORPORACION FRANCISCANA	293,920	00.01 %
THE PHIL.-AMERICAN GEN. INSURANCE CO. INC	226,400	00.01 %
PHIL. REMNANTS CO., INC.	224,160	00.01 %
ELIZALDE, FRANCISCO J.	206,800	00.00 %
ZERNICHOW, CHRISTIAN D.	174,160	00.00 %
ELIZALDE, JOAQUIN M., ESTATE OF	168,800	00.00 %
MA. TERESA VARA DE REY Y TEUS	148,320	00.00 %
MA. DOLORES VARA DE	148,320	00.00 %
ECHEGOYEN, LUIS C.	147,280	00.00 %
LEDESMA, ANITA L. DE	136,320	00.00 %

## **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 forty six million pesos (P6.46 billion).

On 16 July 2015, the Corporation declared cash dividends amounting to one hundred million pesos (P100.0 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).

On 22 June 2021, the Corporation declared cash dividends amounting to ₱50,000,000.00 to all stockholders as of even date.

On 17 August 2021, the Corporation declared cash dividends amounting to ₱60,000,000.00 to all stockholders as of even date.

On 21 March 2022, the Corporation declared cash dividends amounting to ₱60,000,000.00 to all stockholders as of even date.

On 21 September 2022, the Corporation declared cash dividends amounting to ₱90,000,000.00 to all stockholders as of even date.

***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).

### ***c. 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**

### **June 2022 Compared to June 2021**

#### **Results of Operations**

The Corporation and its subsidiaries (the Group) generated total revenues from operating sources of about ₱36.58 billion for the year ended 30 June 2022, an increase of ₱ 7.11 billion (24.1%) over total revenues of ₱29.47 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.

PHPI which operates Berjaya Makati Hotel in Makati City recorded decreased in revenue of ₱93.56 million compared to ₱111.56 million in the previous financial year. The decrease of ₱18.00 million (16.1%) in revenue was mainly due to decrease in room occupancy level compared to the previous financial year.

HROwen recorded a revenue of ₱36.49 billion in the financial year under review compared to ₱29.36 billion in the previous financial year, the increase of ₱7.13 billion (24.3%), was mainly due to increase in units sold for new and pre-owned vehicles across various franchises.

The Group's total cost and operating expenses for the year ended 30 June 2022 increased by P6.82 billion (23.8%), from P28.71 billion to P35.53 billion for the same period in 2021. The increase is attributed to the following: (1) cost of vehicles sold increased by P5.59 billion (25.0%), (2) body shop repairs and parts increased by P390.4 million (13.3%), (3) advertising and promotions increased by P251.54 million (39.8%), (4) salaries and employee benefits increased by P234.49 million (14.8%), (5) other expense increased by P195.01 million (62.54%), (6) depreciation expense increased by P110.78 million (20.0%), (7) communication, light and water increased by P28.31 million (42.1%), (8) transportation and travel expenses increased by P27.59 million (90.4%), (9) taxes and licenses increased by P18.24 million (40.6%), (10) professional fees increased by P5.66 million (6.8%), (11) cost of food and beverages increased by P.84 million (11.0%). These increases were offset by the following decrease of expenses: (1) impairment losses decreased by P17.62 million (43.6%), (2) rental expense decreased by P10.69 million (62.6%), and (3) representation and entertainment decreased by P2.88 million (66.4%).

Other Income (Loss) – net of other charges amounted to P152.65 million for the financial year 30 June 2022, an increase of P173.41 million (835.2%) from net loss of P20.76 million in the same period in 2021. This increase in income was mainly due to equity share in net income of associates.

The Group's net income increased by P401.72 million (74.5%) to P940.88 million in financial year 2022 from P539.16 million in financial year 2021 under review.

## Financial Position

Total assets of the Group increased by P4.41 billion (22.4%) to P24.15 billion as of 30 June 2022, from P19.74 billion as of 30 June 2021.

Trade and other receivables (net) increased by P469.91 million (23.9%) to P2.44 billion in 2022 compared to P1.97 billion in 2021, mainly due to increase in deposit placement with accrued interest.

Financial assets at fair value through profit or loss decreased by P5.49 million (74.5%) to P1.88 million in 2022 compared to P7.37 million in 2021 due to disposals and fair value loss during the year.

Inventories (net) increased by P1.12 billion (32.1%) to P4.60 billion in 2022 compared to P3.48 billion in 2021.

Advances to associates increased by P19.38 million (0.9%) to P2.09 billion in 2022 compared to P2.07 billion in 2021 due to additional advances made and accrued interest during the year.

Prepayments and other current assets increased by P446.20 million (52.1%) to P1.30 billion in 2022 compared to P855.93 million in 2021, mainly due to increase in prepayments and VAT recoverable from H.R. Owen.

Financial assets at fair value through other comprehensive income decreased by P183.86 million (17.2%) to P888.42 million in 2022 compared to P1.07 billion in 2021 due to disposals and fair value losses during the year.

Right of use assets (net) decreased by P141.26 million (4.9%) to P2.76 billion in 2022 compared to P2.90 billion in 2021. This is due to amortizations during the year.

Property and equipment (net) increased by P1.38 billion (37.8%) to P5.04 billion in 2022 compared to P3.66 billion in 2021, mainly due to additions made during the year.

Investment property decreased by P.94 million (0.8%) to P123.40 million in 2022 compared to P124.34 million in 2021, mainly due to translation adjustment of H.R. Owen property.

Investments in associates increased by P92.14 million (7.9%) to P1.26 billion in 2022 compared to P1.17 billion in 2021 mainly due to equity share in net income recognized this year.

Intangible assets decreased by P15.31 million (1.0%) to P1.49 billion in 2022 compared to P1.51 billion in 2021, primarily due to the translation adjustment of H.R. Owen's intangible assets.

Deferred tax assets decreased by P9.75 million (11.8%) to P72.62 million in 2022 compared to P82.37 million in 2021.

Meanwhile, other non-current assets decreased by P2.79 billion (37.5%) to P4.66 million in 2022 compared to P7.45 million in 2021 due to reclassification.



Assets held for sale decreased by P0.66 million (0.75%) to P87.24 million in 2022 compared to P87.91 million in 2021 due to translation adjustment.

Total liabilities of the Group increased by P3.36 billion (30.9%) to P14.23 billion as of 30 June 2022, from P10.87 billion as of 30 June 2021 mainly due to decrease in loans payable and borrowings.

Trade and other payables (current) decreased by ₱38.85 million (1.92%) to ₱1.98 billion in 2022 compared to ₱2.02 billion in 2021, mainly due to an increase in trade and other payables.

Loans payable and borrowings (current) increased by ₱833.46 million (32.5%) to ₱3.40 billion in 2022 compared to ₱2.56 billion in 2021, mainly due to increase in vehicle stocking loans and as well as bank loans.

Lease Liabilities (current) increased by P100.96 million (35.1%) to P388.32 million in 2022 compared to P287.35 million in 2021 mainly due to translation adjustment.

Contract Liabilities increased ₱1.51 billion (76.3%) to ₱3.49 billion in 2022 compared to ₱1.98 billion in 2021 due to an increase of advance payments received from customers.

Advances from related parties increased by P18.46 million (7.1%) to P277.85 million in 2022 compared to P259.39 million in 2021 due to additional advances made.

Lease Liabilities (non-current) decreased by P143.76 million (5.4%) to P2.53 billion in 2022 compared to P2.68 billion in 2021 mainly due to translation adjustment.

Loans payable and borrowings (non-current) increased by P1.02 billion (290.8%) to P1.37 billion in 2022 compared to P349.49 million in 2021.

Deferred tax liabilities increased by P51.32 million (41.4%) to P175.24 million in 2022 compared to P123.92 million in 2021.

Post-employment benefit obligation decreased by P1.41 million (19.9%) to P5.69 million in 2022 compared to P7.10 million in 2021.

Provisions (non-current) amounting to ₱166.92 million pertains to the provisions of dilapidation cost for aftersales sites during this year.

The total stockholders' equity of the Group increased by ₱1.05 billion (11.8%) to ₱9.92 billion as of 30 June 2022, from ₱8.87 billion as of 30 June 2021 under review. The net increase in total equity resulted from high 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 2022	30 Jun 2021
Liquidity Ratio - Current ratio	1.27 : 1.00	1.27 : 1.00
Leverage Ratio - Debt to Equity	1:43 : 1.00	1:23 : 1.00
Activity Ratio - Annualized PPE Turnover	15.98 times	8.05 times
Profitability Ratios		
Return on Equity	20.89%	6.08%
Return on Assets	8.58%	2.73%

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	$\frac{\text{Net Income}}{\text{Total Assets}}$

### **June 2021 Compared to June 2020**

#### **Results of Operations**

The Corporation and its subsidiaries (the Group) generated total revenues from operating sources of about ₱29.47 billion for the year ended 30 June 2021, an increase of ₱4.41 billion (17.6%) over total revenues of ₱25.06 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.

PHPI which operates Berjaya Makati Hotel in Makati City recorded decreased in revenue of ₱111.56 million compared to ₱130.98 million in the previous financial year. The decrease of ₱19.43 million (14.8%) in revenue was mainly due to decrease in room occupancy level compared to the previous financial year.

HR Owen recorded revenue of ₱29.36 billion in the financial year under review compared to ₱24.93 billion in the previous financial year, the increase of ₱4.43 billion (17.8%), was mainly due to increase in units sold for new and pre-owned vehicles across various franchises.

The Group's total cost and operating expenses for the year ended 30 June 2021 increased by ₱3.60 billion (14.4%) to ₱28.71 billion from ₱25.10 billion for the same period in 2020. The increase is attributed to the following: (1) cost of vehicles sold increased by ₱2.84 billion (14.5%), (2) body shop repairs and parts increased by ₱1.27 billion (76.3%), (3) depreciation expense increased by ₱26.36 million (5.0%), (4) impairment losses increased by ₱25.86 million (178.02%), (5) professional fees increased by ₱13.97 million (20.1%). These increases were offset by the following decrease of expenses: (1) salaries and employee benefits decreased by P90.97 million (5.4%), (2) advertising and promotions decreased by P301.15 million (32.3%), (3) communication, light and water decreased by P14.45 million (17.7%), (4) taxes and licenses decreased by ₱96.52 million (68.2%), (5) transportation and travel expenses decreased by ₱37.76 million (55.3%), (6) rental expense decreased by ₱17.48 million (50.6%), and (7) representation and entertainment decreased by ₱5.94 million (57.8%).

Other Income (Loss) – net of other charges amounted to P20.76 million for the financial year 30 June 2021, a decrease of P216.39 million (110.6%) from P195.62 million in the same period in 2020. This decrease in income was mainly due to equity share in net loss of associates.

The Group's net income increased by P476.43 million (759.6%) to P539.16 million in financial year 2021 from P62.72 million in financial year 2020 under review.

## **Financial Position**

Total assets of the Group decreased by P713.18 million (3.5%) to P19.74 billion as of 30 June 2021, from P20.45 billion as of 30 June 2020.

Trade and other receivables (net) increased by P833.54 million (73.4%) to P1.97 billion in 2021 compared to P1.14 billion in 2020, mainly due to increase in deposit placement with accrued interest.

Financial assets at fair value through profit or loss increases by P3.76 million (104.2%) to P7.37 million in 2021 compared to P3.61 million in 2020 due to conversions made during the year.

Inventories (net) decreased by P1.32 billion (27.5%) to P3.48 billion in 2021 compared to P4.81 billion in 2020.

Advances to associates increased by P64.84 million (3.2%) to P2.07 billion in 2021 compared to P2.01 billion in 2020 due to additional advances made and accrued interest during the year.

Prepayments and other current assets increased by P56.56 million (7.1%) to P855.94 million in 2021 compared to P799.37 million in 2020, mainly due to increase in VAT recoverable from H.R. Owen.

Financial assets at fair value through other comprehensive income decreased by P186.81 million (14.8%) to P1.07 billion in 2021 compared to P1.26 billion in 2020 due to disposals and fair value losses during the year.

Right of use assets (net) decreased by P97.31 million (3.2%) to P2.90 billion in 2021 compared to P3.00 billion in 2020. This is due to amortizations during the year.

Property and equipment (net) increased by P1.52 billion (71.3%) to P3.66 billion in 2021 compared to P2.14 billion in 2020, mainly due to additions made during the year

Investment property increased by P10.85 million (9.6%) to P124.34 million in 2021 compared to P113.48 million in 2020, mainly due to translation adjustment of H.R. Owen property.

Investments in associates decreased by P152.17 million (11.5%) to P1.17 billion in 2021 compared to P1.32 billion in 2020 mainly due to impairment recognition and equity share in net losses.

Intangible assets increased by P127.92 million (9.3%) to P1.51 billion in 2021 compared to P1.38 billion in 2020, primarily due to the translation adjustment of H.R. Owen's intangible assets.

Deferred tax assets decreased by P.14 million (.2%) to P82.37 million in 2021 compared to P82.51 million in 2020.

Meanwhile, other non-current assets decreased by P943.46 million (99.2%) to P7.45 million in 2021 compared to P950.90 million in 2020 due to reclassification to capitalized asset.

Assets held for sale of P87.91 million pertain to the disposal of freehold land of H.R. Owen which has been agreed with potential buyer.

Total liabilities of the Group decreased by P1.66 billion (13.2%) to P10.87 billion as of 30 June 2021, from P12.53 billion as of 30 June 2020 mainly due to decrease in loans payable and borrowings.

Trade and other payables (current) increased by ₱126.30 million (6.7%) to ₱2.02 billion in 2021 compared to ₱1.89 billion in 2020, mainly due to an increase in trade and other payables.

Loans payable and borrowings (current) decreased by ₱2.19 billion (46.1%) to ₱2.56 billion in 2021 compared to ₱4.75 billion in 2020, mainly due to an decrease in vehicle stocking loans and as well as bank loans.

Lease Liabilities (current) decreased by P1.55 million (0.5%) to P.29 million in 2021 compared to P.29 million in 2020 mainly due to translation adjustment.

Contract Liabilities decreased ₱82.09 million (4%) to ₱1.98 billion in 2021 compared to ₱2.06 billion in 2020 due to an decrease of advance payments received from customers.

Advances from related parties decreased by P414.91 million (61.53%) to P259.39 million in 2021 compared to P674.30 million in 2020 due to reclassification to non-current portion.

Lease Liabilities (non-current) decreased by P96.97 million (3.5%) to P2.68 billion in 2021 compared to P2.78 billion in 2020 mainly due to translation adjustment.

Loans payable and borrowings (non-current) increased by P349.49 million (100.0%) to P349.49 million in 2021 compared to P0 in 2020.

Deferred tax liabilities increased by P84.96 million (218.0%) to P123.92 million in 2021 compared to P38.96 million in 2020.

Post-employment benefit obligation decreased by P19.20 million (73.0%) to P7.10 million in 2021 compared to P26.30 million in 2020.

Trade and other payables (non-current) decreased by ₱15.34 million (100%) to ₱0 million in 2021 compared to ₱15.34 million in 2020.

The total stockholders' equity of the Group increased by ₱945.77 million (11.9%) to ₱8.87 billion as of 30 June 2021, from ₱7.92 billion as of 30 June 2020 under review. The net increase in total equity resulted from high 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 2021	30 Jun 2020
Liquidity Ratio - Current ratio	1.27 : 1.00	1.07 : 1.00
Leverage Ratio - Debt to Equity	1:23 : 1.00	1.58 : 1.00
Activity Ratio - Annualized PPE Turnover	8.05 times	11.73 times
Profitability Ratios		
Return on Equity	6.08%	0.79%
Return on Assets	2.73%	0.31%

The Corporation uses the following computations in obtaining key indicators:

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

Return on Equity

Net Income  
Equity

Return on Assets

Net Income  
Total Assets

### **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, PGMCO, 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 ₦31.27 billion from ₦30.51 billion 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 ₦233.81 million (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 ₦15.83 million (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 ₦36.67 million (13.4%), (3) taxes and licenses decreased by ₦1.45 million (0.8%), (4) professional fees decreased by ₦62.06 million (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 P1.91billion.

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	$\frac{\text{Net Income}}{\text{Total Assets}}$

### **Item 7. Financial Statements**

The audited Financial Statements and Supplementary Schedules for the year ended 30 June 2022 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 or more years.

Directors / Officers	Designation	Citizenship	Term
1. Nerine Tan Sheik Ping	Director / Chairman of the Board	Malaysian	23 Nov 2021 - present
2. Tan Eng Hwa	Director / President	Malaysian	4 Oct 2016-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. Derek Chin Chee Seng	Director	Malaysian	23 Nov 2021 - present
7. Dean Poncevic M. Ceballos	Director / (will replace Mr. Yang as Independent Director)	Filipino	15 Oct 2020- present
8. Jose A. Bernas	Corporate Secretary	Filipino	1996 - Present
9. Marie Lourdes Bernas	Asst Corp Secretary	Filipino	2001 - Present

**Nerine Tan Sheik Ping**, 46, was appointed by the Board of the Corporation on 23 November 2021 as Chairperson. She is the Chief Executive of Sports Toto Berhad, Malaysia, since 2018. She started work as a Business Development Manager at Cosway (M) Sdn Bhd from January 1999 to September 2002, and was mainly responsible for overseeing the sales and marketing of Cosway products. From September 2000 to March 2003, she was appointed as an Executive Director of eCosway Sdn Bhd to oversee the development of eCosway website with a software developer. In addition, she was also appointed as Vice President in the Marketing division of Berjaya Hotels & Resorts (M) Sdn Bhd ("BHRM") in January 1999 and was appointed as an Executive Director of Berjaya Hotels & Resorts (Singapore) Pte Ltd from January 2005 until her resignation in April 2009. In February 2007, she was

appointed as the General Manager (Sales & Marketing) of STM Lottery Sdn. Bhd. (formerly known as Sports Toto Malaysia Sdn. Bhd.) and was subsequently promoted as an Executive Director of Sports Toto in April 2010. She has more than 25 years of experience in sales, marketing and business development in several operations. Currently, she is an Executive Director of Berjaya Corporation Berhad, and Berjaya Group Berhad. She also holds directorships in several other private limited companies in the Berjaya Corporation group of companies. Her brother, Dato' Sri Robin Tan Yeong Ching is also a member of the Board while her father, Tan Sri Dato' Seri Vincent Tan Chee Yioun, is a major shareholder of the Company. She graduated with a Bachelor of Science Degree in Management (second class honors) from the London School of Economics in 1998.

**Tan Eng Hwa**, 53, was appointed by the Board as director of the Corporation on 4 October 2016, and re-appointed on 23 November 2021. He was elected President of the Corporation on 23 November 2021. He was appointed as Treasurer of the Corporation on 30 June 2005 and retained office until 22 November 2021. He is a Director, Chairman and President in Floridablanca Enviro Corporation, Sanpiro Realty & Development Corporation, Neptune Properties Inc., Landphil Management and Development Corp., and Cosway Philippines Inc. He is the Director and Chairman in Perdana Hotel Philippines Inc., Perdana Land Philippines Inc., Berjaya Pizza (Philippines) Inc., and Philippine Gaming Management Corporation, a member of the Board and President in B Infinite Asia Philippines Inc., Bermaz Auto Philippines Inc., and Beautiful Creation Holdings Inc. He is a Director and Treasurer Berjaya Auto Asia Inc., Ssangyong Berjaya Motor Philippines Inc., Most Pretty Lady Holdings Inc., Berjaya Vacation Club (Phils.) Inc., and Save the Sea Philippines Inc. He is a director of Pinoylotto Technologies Corp. 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.

**Derek Chin Chee Seng**, 65, was appointed by the Board as director of the Corporation on 23 November 2021. He is a lawyer by training and holds a BA (Hons) Business Law degree from the City of London Polytechnic (now known as London Guildhall University) in 1981 and went on to study at The Council of Legal Education to sit the Examination for Call to the English Bar in 1982. He was admitted into the Honourable Society of Lincoln's Inn and received his professional qualification as a Barrister in July 1982. Upon his return to Malaysia he chambered at the law firm of Allen & Gledhill, Kuala Lumpur and thereafter, he was admitted and enrolled as an Advocate & Solicitor of the High Court in Malaya on 15 October 1983. He practiced as an advocate and solicitor for six years at Allen & Gledhill until his departure in August 1989 to join the Berjaya Group as the Head of its Group Legal Department. He has more than 39 years of practice and working experience in the legal field, specializing in the area of corporate and commercial law. During his tenure with the Berjaya Corporation group of companies, he has been extensively engaged in many corporate exercises and transactions, both in Malaysia and overseas. He was an Executive Director of Berjaya Corporation Berhad until his resignation in June 2021. Currently, he is an Executive Director of Sports Toto Berhad (formerly known as Berjaya Sports Toto Bhd.) and Berjaya Group Berhad and a Director of Berjaya Hartanah Berhad (formerly known as Berjaya Golf Resort Berhad), Prime Credit Leasing Berhad, Singer (Malaysia) Sdn. Bhd., and he also holds directorships in several other private limited companies in the Berjaya Corporation group of companies in Malaysia and overseas.

**Dr. George T. Yang**, 83, was appointed to the Board of the Corporation on 12 November 1996 and has retained office since then. He was re-elected director on 23 November 2021 and is also a Director of Philippine Gaming Management Corporation. He is the 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., and Northview Builder and Development Corporation. 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., Clark Mac Enterprises Inc., Creative Gateway Inc., Davao City Food Industries Inc., Golden City Food Industries Inc., First Golden Laoag Ventures Inc., First Creative Arch Restaurant Corporation, First Premiere Arches Restaurants Inc., Golden Laoag Foods Corporation, Molino First Golden Food Inc., Onzal Development Corporation, Prime Arch Creative Restaurants Inc., 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 Estate Association and Consul General *ad honorem* for the State of Eritrea. 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. Mr. Yang was a former member of the Asian Executive Board of the Wharton School, University of Pennsylvania.

**Jimmy S. Soo**, 63, was appointed to the Board of the Corporation on 8 December 2014 and was elected on 9 November 2020. 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, and Philippine Gaming Management Corporation. 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.

**Casey M. Barleta**, 63, was appointed Independent Director on 17 August 2020 and was re-appointed on 23 November 2021. He is the Chair of the Audit Committee and a member of the Nominations Committee of the Corporation. He is an independent director in Chailease Berjaya Finance Corporation. He sits as Director of Prime Rivers Inc., MF Development Corporation, SCF Properties Inc., 6Estella Corporation, First Foremost Resources Inc., and the Director and Treasurer of Synechron Technologies Philippines Inc. Mr. Barleta is the Managing Partner and Tax Partner in CMBP Law (Casey M. Barleta & Partners), and is a member of the Integrated Bar of the Philippines.

**Dean Poncevic M. Ceballos**, was appointed to the Board of the Corporation on 15 October 2020 and was appointed independent director on 23 November 2021. He served as Dean of Liceo Law, Cagayan de Oro from 2010-2011, and was Associate Dean at the Philippine Christian University from 2014-2016. He is the President of Ceballos Bar, Publisher of Trends (Quick Reviewers, Ceballos Mock Bar Exams

[CMBE]), an MCLE Lecturer at the Ateneo School of Law, Office of the Government Corporate Counsel, MORE Center for Legal Excellence, Inc., and Alternative Group. Dean Ceballos is a Professor at the Ateneo de Manila School of Law since 1990, Wesleyan University Philippine Law School, Liceo Law, Cagayan de Oro from 2010-2011, and Philippine Christian University since 2011. He is a Guest Lecturer at the University of Hongkong and a recipient of three Professorial Chairs at the Ateneo School of Law. He is legal counsel and corporate secretary in various corporations, a member of the Integrated Bar of the Philippines, an entrepreneur, and a bonsai master. Dean Ceballos replaced Dr. George T. Yang as one of the Corporation's independent directors in 23 November 2021 in the Corporation's compliance with S.E.C. Memorandum Circular No. 4, Series of 2017.

**Jose A. Bernas**, 62, was appointed Corporate Secretary on 28 March 1996, and has retained office since then. He was re-elected Corporate Secretary on 23 November 2021. He is the Chairman of the Board of Automation Specialists and Power Exponents Inc. (ASPEX). He is the President of Discovery Centre Condominium Corporation, Perdana Hotel Philippines Inc., Perdana Land Philippines Inc., and is both a Director and Corporate Secretary of Floridablanca Enviro Corporation, Cosway Philippines Inc., VSTECS Philippines Inc. (formerly MSI-ECS Philippines Inc.), Par Motorrad Inc., Philippine Gaming Management Corporation, Neptune Properties Inc. Berjaya Auto Asia Inc., Ssangyong Berjaya Motor Philippines Inc., Beautiful Creation Holdings Inc., Most Pretty Lady Holdings Inc., Sanpiro Realty and Development Corporation, Landphil Management and Development Corporation. He is a member of the Board of Trustees and Secretary of Berjaya Foundation Inc. He is the Corporate Secretary of Chailease Berjaya Finance Corporation, Berjaya Pizza (Philippines) Inc., MOL AccessPortal Inc., RMS Reloads Philippines Inc., Bermaz Auto Philippines Inc., Berjaya Philippines Inc., and Swift Foods Inc. He is the resident agent of Adex Medical Staffing LLC. He is a member of the Integrated Bar of the Philippines, and is the Managing Partner of the Bernas Law Offices.

**Marie Lourdes Sia-Bernas**, 56, was appointed Assistant Corporate Secretary on 25 October 2001 and has retained office since then, having been re-elected on 23 November 2021. She is the President of Deux Mille Trading Corporation, and Silver Giggling Buddha Trading Inc. She is the Chairman and President of Roadster Car Imports Inc., an Save the Sea Philippines Inc. She is the Corporate Secretary of Automation Specialists and Power Exponents Inc. (ASPEX), Perdana Hotel Philippines Inc., Juillet Trading Corporation, Ultrasaurus Philippine Trading Inc., Neptune Holdings Inc., Perdana Land Philippines Inc., B Infinite Asia Philippines Inc., Duphilco Real Estate Inc., Olsen's Food Corporation, and Discovery Centre Condominium Corporation. She is a member of the Board and Assistant Corporate Secretary in Floridablanca Enviro Corporation and Neptune Properties Inc. She is the Assistant Corporate Secretary of Philippine Gaming Management Corporation, Berjaya Pizza (Philippines) Inc., Berjaya Foundation Inc., Bermaz Auto Philippines Inc., Berjaya Auto Asia Inc., Beautiful Creation Holdings Inc., Berjaya Vacation Club Inc., Cosway Philippines Inc., GoLife International Holdings Inc., GK International Holdings Inc., Landphil Management & Development Corp., MOL AccessPortal Inc., Most Pretty Lady Holdings Inc., Sanpiro Realty and Development Corporation, Ssangyong Berjaya Motor Corporation, RMS Reloads Philippines Inc., Chailease Berjaya Finance Corporation, Pinoylotto Technologies Corp., VSTECS Philippines Inc., and Swift Foods Inc., which is a listed corporation at the PSE. She is a member of the American Academy of Project Management since October 2012. She is a Certified Compliance Officer since 27 July 2021, a member of the Integrated Bar of the Philippines since 1992, and 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. Casey M. Barleta and Dean Poncevic M. Ceballos 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. 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.

Mr. Jose A. Bernas nominated Dean Poncevic M. Ceballos as independent director during the Meeting of the Board on 23 November 2021. He replaced Dr. George T. Yang who reached the term limit for independent directors. Dr. Yang remains a director of the Corporation.

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

The Corporation will observe the term limits for independent directors imposed by SEC Memorandum Circular No. 4, Series of 2017 which became effective on 31 March 2017, or 15 days after its publication in two newspapers of general circulation on 16 March 2017. The Corporation's current independent director Mr. Barleta may serve as independent director until the year 2029 while Dean Ceballos may serve as independent director until the year 2030 in compliance with the cumulative nine-year term reckoned from the year 2012.

## **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 Two Hundred Thousand Pesos (P3,200,000.00) in financial year ended 30 June 2021. 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:

<b>Name and Address of Record Owner</b>	<b>Name of Beneficial Owner / Relationship with Record Owner</b>	<b>Citizenship</b>	<b>Number of Shares Held</b>	<b>Percentage Held</b>
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 Eng Hwa, in the said order of preference	Chinese	3,221,238,280 (common shares)	74.20%
Berjaya Sports Toto (Cayman) Limited 190 Elgin Avenue, George Town, Grand Cayman KYI-9005 Cayman Islands	Berjaya Sports Toto (Cayman) Limited (same as record owner) person entitled to vote is 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 Thiam Chai
- (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**

<b>Title of Class</b>	<b>Name of Beneficial Owner</b>	<b>Amount and Nature of Beneficial Ownership*</b>	<b>Citizenship</b>	<b>Number of Shares Held</b>	<b>Percentage Held</b>
Common	Nerine Tan Sheik Ping	₪ 7.70	Malaysian	1	0.00%
Common	Derek Chin Chee Seng	₪ 7.70	Malaysian	1	0.00%
Common	Dr. George T. Yang	₪ 616.00	Filipino	80	0.00%
Common	Casey M. Barleta	₪ 7.70	Filipino	1	0.00%
Common	Jimmy S. Soo	₪ 577.50	Filipino	75	0.00%
Common	Tan Eng Hwa	₪ 616.00	Malaysian	80	0.00%
Common	Jose A. Bernas	₪ 616.00	Filipino	80	0.00%
Common	Marie Lourdes Bernas	₪ 3,850.00	Filipino	500	0.00%

*These figures are as of 21 October 2022.*

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		
		818	0.001%
		818	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 President 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 2022, referred to in Item 5 (2) as Annex “A”
- (2) Balance Sheet as of 30 June 2022, referred to in Item 7 as Annex “B”
- (3) Supplementary Schedules as of 30 June 2022, 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
29 October 2021	29 October 2021	<p>On 29 October 2021 the Issuer disposed a total of fifteen million (15,000,000) REDtone shares for a total cash consideration of Malaysian Ringgit nine million six hundred thousand and five (RM9,600,005.00) converted to Philippine Pesos at one hundred seventeen million three hundred eighty six thousand nine hundred forty one and fourteen centavos (Php117,386,941.14) through the Bursa Malaysia Securities Berhad open market.</p> <p>Prior to the disposals, the Issuer had forty million four hundred thirty two thousand (40,432,000) common shares of REDtone representing 5.23% equity interest in REDtone.</p> <p>Following the disposals, the Issuer has ceased to be a substantial shareholder and now holds a total of twenty five million four hundred thirty two thousand (25,432,000) REDtone shares representing 3.29% equity interest in REDtone.</p>
9 December 2021	9 December 2021	<p>The treasury shares of the issuer increased by 79 shares when a previous director of the Issuer assigned a portion of his shares to the Issuer. The number of treasury shares increased from 85,728,360 to 85,728,439. As a result, the number of outstanding shares decreased from 4,341,280,772 to 4,341,280,693.</p>
18 January 2022	18 January 2022	<p>The Issuer disposed or sold three million two hundred thousand (3,200,000) BFood shares for a total cash consideration of Malaysian Ringgit six million five hundred sixty thousand (RM6,560,000.00) converted to Philippine pesos at eighty million three hundred sixty thousand five hundred sixty (Php80,366,560.00) through the Malaysian Stock Exchange.</p>

		<p>Prior to the disposal, the Issuer had a total of three million two hundred thousand BFood shares representing 0.88% equity interest in BFood.</p>
9 September 2022	9 September 2022	<p>The regular meeting of the stockholders of the Issuer will be held on 27 October 2022 at 9:00 a.m. by videoconference.</p> <p>The Issuer has set 26 September 2022 as its record date for determining stockholders entitled to notice and to vote.</p>
22 September 2022	22 September 2022	<p>On 9 September 2022, the Issuer disclosed that it will hold the regular meeting of the stockholders on 27 October 2022 at 9:00 a.m. However, due to the unavailability of the consolidated financial statements of the issuer, this disclosure is being filed to inform the PSE and SEC, and the public that the regular meeting of the stockholders is rescheduled to 15 November 22 at 9:00 a.m.</p> <p>The previously set record date of 26 September 2022 for determining stockholders entitled to notice and to vote remain unchanged.</p>
24 October 2022	24 October 2022	<p>The Issuer is constrained to postpone the regular meeting of the stockholders from 15 November 2022 to 25 November 2022 due to the unavailability of it's consolidated financial statements.</p> <p>The Issuer previously disclosed on 22 September 2022 the postponement of the regular meeting of the stockholders from 27 October 2022 to 15 November 2022 due to the unavailability of it's consolidated financial statements thinking the same would be available.</p> <p>The previously set record date of 26 September 2022 for determining stockholders entitled to notice and to vote remain unchanged.</p>

## 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 27 October 2022.

### BERJAYA PHILIPPINES INC.

Issuer

By:

#### Board of Directors :



**NERINE TAN SHEIK PING**



**TAN ENG HWA**



**DR. GEORGE T. YANG**



**DEREK CHIN CHEE SENG**



**CASEY M. BARLETA**



**DEAN PONCEVIC M. CEBALLOS**

#### Officers :



**NERINE TAN SHEIK PING**  
Chairman of the Board




**TAN ENG HWA**  
President



**JOSE A. BERNAS**  
Corporate Secretary



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



**WINNIE R. MANANSALA**  
Treasurer

\* 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 27<sup>th</sup> day of October 2022, 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>
Nerine Tan Sheik Ping	Passport # A51445816 issued on 03 August 2018 in Kuala Lumpur, Malaysia
Derek Chin Chee Seng	Tax Identification Number 602-059-007
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
Dean Poncevic M. Ceballos	Passport # P8761426B issued on 25 January 2022 at DFA Manila
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

Doc. No. 01  
Page No. 02  
Book No. XXIX  
Series of 2022.

OCT 28 2022 ATTY. HENRY D. ADASA  
NOTARY PUBLIC, CITY OF MANILA  
NOTARIAL COMMISSION 2020-097 / 12/31/2022  
IBP NO. 178598 01/03/2022, PASIG  
PTR NO. 0060197 01/03/2022, MLA  
ROLL NO. 29679, TIN: 172 528-620  
MCLE COMPL. NO. VII-0000165 6/26/2019 Valid April 14, 2025  
URBAN DECA HOMES MANILA, B-2, UNIT 355, TONDOK, MANILA





# **BERJAYA PHILIPPINES INC., SUSTAINABILITY REPORT 2022**



## 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 along side financial implications, is being seen as a measure to generate long term benefits and business continuity.

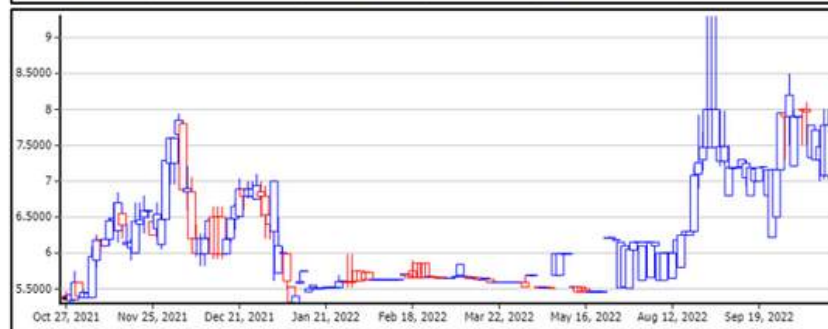
This statement on sustainability represents reasonable view of BPI’s economic, environmental and social sustainability practices with key material aspects being taken into consideration.

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

The Company is 74.20% owned by Berjaya Lottery Management (HK) Limited and 14.06% owned by Berjaya Sports Toto (Cayman) Ltd. The registered office of the Company is located at 9th Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City. The Corporation’s listed shares have a bid price of 5.50(MYR 0.45) per share as of October 27, 2022.

### BERJAYA PHILIPPINES, INC., - As of October 27, 2022

Status	Open	Market Capitalization	33,427,661,336.10
Issue Type	Common	Outstanding Shares	4,341,280,693
ISIN	PHV0660R1024	Listed Shares	4,427,009,132
Listing Date	Nov 29, 1948	Issued Shares	4,427,009,132
Board Lot	100	Free Float Level(%)	11.74%
Par Value	1.00	Foreign Ownership Limit(%)	100%
Last Traded Price	Open	Previous Close and Date	7.70 (Oct 21, 2022)
Change(% Change)	down (%)	High	P/E Ratio
Value	Low	Average Price	Sector P/E Ratio
Volume	9.30	52-Week Low	0.0000
52-Week High	9.30	52-Week Low	0.0000
			P/BV Ratio



**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.
- Philippine Gaming Management Corporation
- Perdana Land Philippines Inc.
- Neptune Properties Inc.
- Berjaya Auto Asia Inc.
- Bermaz Auto Philippines, Inc.
- Ssangyong Berjaya Motor Philippines Inc.
- Chailease Berjaya Finance Corporation



A hand holding a lightbulb with a small green plant growing inside it, symbolizing sustainability. The background is a blurred green field with a network of white lines and dots, suggesting a global or digital theme. A diagonal blue line runs across the image from the top left to the bottom right.

# **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**

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.



## **ENVIRONMENTAL SUSTAINABILITY**

An organization's impact on living and non-living natural systems, including land, air, water and ecosystems.

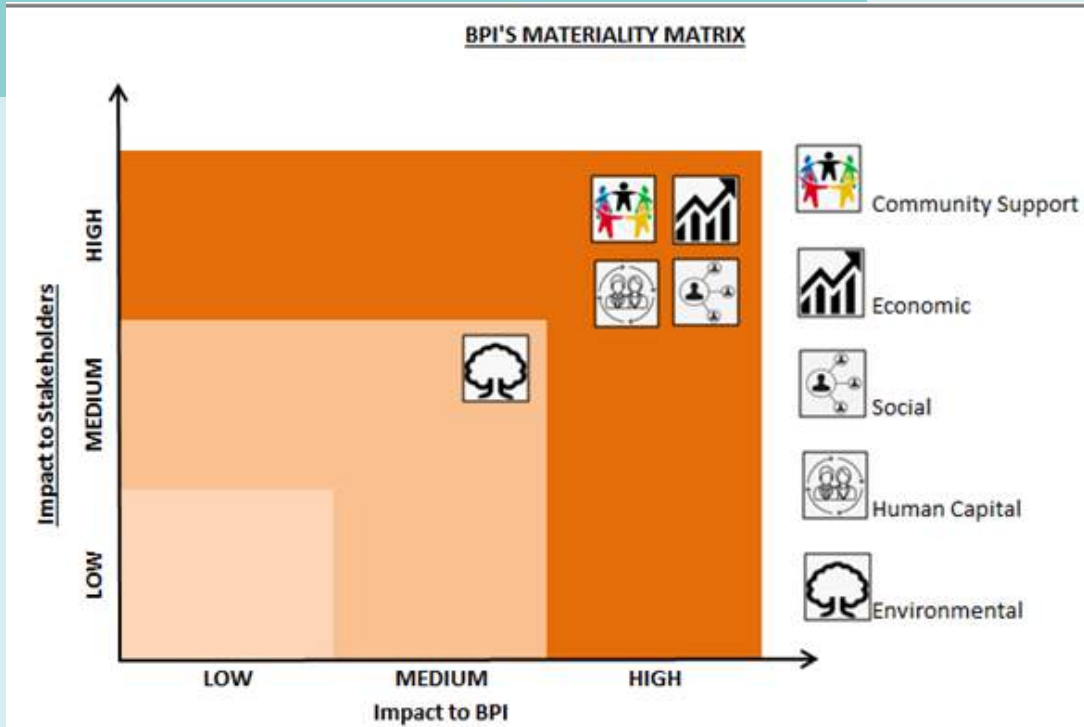


## **SOCIAL SUSTAINABILITY**

The impacts an organization has on the social systems within which it operates.

**Approach to Sustainability**

# 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 (2022)

In PHP millions	
Economic Value Gain	177.35
Economic Value Allocated	
Operating Cost	173.16
Employee Wages and Benefits	32.89
Payment to the Government	8.86
Net Economic Value	-37.56



# 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.

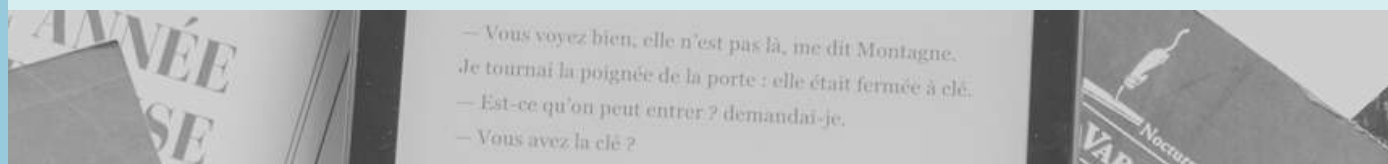
In line with this, the Group identified and gathered relevant stakeholders as well their input and perspective that is beneficial to the sustainability performance of the Group.

## 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.



# 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.
<b>Employees</b>								
Total number of employees	110	226	8	9	68	4	7	35
Senior Managers	6	8	0	0	6	0	0	6
Supervisory/Managerial	47	51	6	1	23	3	2	1
Rank and File	57	167	2	8	39	1	5	28
Permanent Staff	65	85	7	9	60	4	7	35
Non-permanent staff	45	141	1	0	8	0	0	0
Female	36	68	3	5	23	4	5	12
Male	74	158	5	4	45	0	2	23
<b>Age group</b>								
<30	32	112	4	4	17	0	4	16
30-40	21	88	2	1	28	1	2	12
40-50	33	24	1	4	16	1	1	5
>50	24	2	1	0	7	2	0	2
Disabled employees	0	0	0	0	0	0	0	0
Employee Turnover Rates (%)	1.54%	7.96%	0.00%	0.00%	4.41%	0.00%	0.00%	5.26%
Employee turnover (number of people)	1	18	0	0	3	0	0	2
Training time as a Group	76	240	0	0	0	0	0	0
Average hours per employee	15	8	0	0	0	0	0	0
Average days per employee	2	6	0	0	0	0	0	0

## 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.

## 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 are 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.

## 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.



**COMMUNITY SUPPORT**



## BERJAYA Philippines Rising To The Challenge

As COVID-19 pandemic sweeps across the world, the role of the private sector is encouraging even if their businesses have to step back during the crisis. Even in the midst of challenging times, through philanthropy, donations are being made directly to recipients without much fanfare but the sheer desire to help especially for the welfare of the medical front liners.

Rising to the challenge is BERJAYA PHILIPPINES who as of 31 May 2020 have donated a total value of One Million Pesos (MYR 85,000) by donating Personal Protective Equipments (PPE) to various hospitals namely The Medical City in Pasig City, St. Dominic Hospital in Bacoar Cavite, St. Martin de Porres Charity Hospital in San Juan City, East Avenue Medical Center in Quexon City, St. Camillus Medical Center in Pasig City, Lucena United Doctors Hospital in Quezon Province. The donations were coursed through Gawad Kalinga Chairman Luis Oquiñena who personally distributed the PPE's to the aforementioned hospitals.



# BERJAYA Philippines Brings Light to School Children



The **SOLAR-POWERED CLASSROOM PROJECT** was funded by BERJAYA PHILIPPINES to be able to generate electricity for the benefit of the 780 pupils of its eight classrooms. From left to right are Mr. Diodado Medina, OIC-Asst. Schools Division Superintendent, Ms. Winnie Manansala, Berjaya Philippines Financial Controller, Mr. Tan Eng Hwa, Berjaya Philippines Chief Executive Officer, Ms. Jennifer Placente, School Principal, and Ms. Flordelisa Pereyra, Assistant Schools Division.

Education changes a child's life. It is the foundation on which every individual grows their knowledge transforming it into meaningful ways of adapting to the world.

PANGARAP ELEMENTARY SCHOOL in Caloocan City is a public elementary school of about 3,000 pupils that is located 24 kilometers north of Manila. Due to a land ownership dispute, the power distribution company is barred from installing them with electricity, thus, the school classrooms can only rely on available sunlight that penetrates the jalousie windows of each classroom. "Our school needs electric power and water supply. We are thankful that Berjaya sponsored in installing the solar panels to light up some of our classrooms," a very appreciative statement the school Principal, Ms. Jennifer Placente, said to Mr. Tan Eng Hwa when he visited the school to hand over the donation amounting to P 127,500 (RM10,562)

The map shows the province of Zambales, Philippines, with its 11 municipalities. A red dot is located in the western part of the province, near the border with Tarlac and Nueva Ecija. The municipalities are: Magalang, Zambales, San Fernando, Mexico, Santa Ana, Candaba, San Luis, San Simon, San Mateo, Minalin, and Masao. The surrounding provinces are Tarlac, Nueva Ecija, Zambales, Bataan, and Bulacan.

**FLORIDABLANCA ENVIRO CORPORATION (FEC)**, a duly registered company in Securities and Exchange Commission (SEC) on 06th December 2017, is a subsidiary of BERJAYA PHILIPPINES, INC. The Company's ultimate parent Berjaya Corporation Berhad of Malaysia, is mindful that its business sustainability is linked to the sustainability of the environment, thus since 2005, it has successfully developed world class and State-of-the-Art sanitary landfill projects in Malaysia and China. Malaysia's Bukit Tagar Enviro Park – one of the most known sanitary landfills in Asia is being operated by FEC's affiliate Berjaya EnviroParks Sdn Bhd. It has gained a number of local and foreign recognitions and awards for its many achievements in its outstanding standards of operations and innovations for more than a decade.

# BERJAYA Philippines Rising To The Challenge



Business continuity relies on continued relationship with identified commercial clients which include local government unit of Makati. Berjaya Makati Hotel also supports government programs with hotel services and meeting facilities that the hotel has to provide for succeeding months of 2022. Resident Manager Gladiolyn Biala together with Sales Executive Darlene Acuna visited Ms Hazel Collao of the “People’s Law Enforcement Board” Ms Hazel for the contract signing agreement last July 14, 2022. This will contribute significant MICE business for hotel’s August to September 2022.

Partnership with other established hotels boosts more potential for Berjaya Makati’s Halal Catering. Last July 7-15, 2022, Berjaya Makati Hotel catered Halal Party Trays for the ASEAN Football Federation delegation being housed in Bellevue Hotel Alabang. Towards the last day of catering, Resident Manager Gladiolyn Biala, Food and Beverage Manager Rodel Castillo and Sales Manager Jafet Paciente made the gratuity call for the team of Bellevue Alabang for the initial business realized last July 15, 2022.

Stock Transfer Service Inc.  
BERJAYA PHILIPPINES INC.  
List of Top 100 Stockholders  
As of 09/30/2022

Page No. 1

Rank	Name	Holdings	Rank
1	BERJAYA LOTTERY MANAGEMENT(H.K.), LTD.	3,221,238,280	72.76%
2	BERJAYA SPORTS TOTO (CAYMAN) LIMITED	610,205,150	13.78%
3	PCD NOMINEE CORPORATION (FILIPINO)	252,450,085	05.70%
4	ABACUS SECURITIES CORPORATION	158,000,000	03.57%
5	ABACUS SECURITIES CORP.	92,000,000	02.08%
6	BERJAYA PHILIPPINES, INC.	85,728,439	01.94%
7	FAR EAST MOLASSES CORPORATION	1,554,880	00.04%
8	CONCEPCION TEUS VDA. DE M. VARA DE REY	650,000	00.01%
9	DOLORES TEUS DE M. VARA DE REY	552,000	00.01%
10	STEINER, NORMA O.	436,160	00.01%
11	CORPORACION FRANCISCANA DE LA PROVINCIA DE SAN GREGORIO MAGNO	293,920	00.01%
12	THE PHIL.-AMERICAN GEN. INSURANCE CO., INC.,	226,400	00.01%
13	PHIL. REMNANTS CO., INC.	224,160	00.01%
14	ELIZALDE, FRANCISCO J.	206,800	00.00%
15	ZERNICHOW, CHRISTIAN D.	174,160	00.00%
16	ELIZALDE, JOAQUIN M., ESTATE OF C/O	168,800	00.00%
17	MA. DOLORES VARA DE REY Y TEUS	148,320	00.00%
18	MA. TERESA VARA DE REY Y TEUS	148,320	00.00%
19	ECHEGOYEN, LUIS C.	147,280	00.00%
20	LEDESMA, ANITA L. DE	136,320	00.00%
21	HODSOLL, GWENDOLINE MARION	129,920	00.00%
22	J.J. ORTIGAS & CO., INC.	125,920	00.00%
23	MAGOON, JOHN H. JR. (DECEASED, CO-PERSONAL REPRESENTATIVE)	112,400	00.00%
24	CHUA, ANDREW YU	103,440	00.00%
25	SPEVAK, ALICE O.	100,000	00.00%
26	OLIVER, BEATRIZ O.	100,000	00.00%



27	REYES, FIDEL &/OR ESPIRIDION RE	80,000	00.00%
28	LIMOANCO, DAVID C.	79,680	00.00%
29	ECHEGOYEN, RAFAEL C.	67,280	00.00%
30	LEDESMA, EDUARDO L.	60,560	00.00%
31	JUNTERAL, MA. CONCEPCION B.	41,360	00.00%
32	AVERY, MA. PAZ B.	41,360	00.00%
33	BELTRAN JR.,RAFAEL	41,280	00.00%
34	ONG, LUISA D.	37,600	00.00%
35	PCD NOMINEE CORPORATION (NON-FILIPINO)	33,930	00.00%
36	PALENZUELA, CARLOS G.	33,360	00.00%
37	PALENZUELA, MA. ROBERTA G.	33,360	00.00%
38	LEDESMA, MA. CELINA L.	32,720	00.00%
39	LAO, RAMON T.	32,000	00.00%
40	LIM, SOFIA	31,600	00.00%
41	LEDESMA, MAGDALENA L.	31,040	00.00%
42	LEDESMA, LUIS L.	30,800	00.00%
43	PARSONS, PETER	30,640	00.00%
44	ONG, ALBERTO D.	28,160	00.00%
45	ONG, DELFIN D.	28,160	00.00%
46	PO, JOSEFA	28,160	00.00%
47	TONG, GO TUA	28,160	00.00%
48	JESUS TIMOTEO DE LA SANTISIMA TRINIDAD DE VERA ARQUELLES	26,320	00.00%
49	JOSE MA. MODESTO DE LA SANTISIMA TRINIDAD DE VERA ARGUELLES	26,320	00.00%
50	MA. DE LA PAZ ALFONSO DE VERA ARGUELLES	26,320	00.00%
51	MA. DE LOS ANGELES JOSEFA DE VERA ARGUELLES	26,320	00.00%
52	ARNAIZ, MA. TERESA C. DE	24,400	00.00%
53	SOLA, PILAR J.	24,000	00.00%
54	WORLDWIDE CHURCH OF GOD	22,560	00.00%
55	SUY, TAN LEE	22,400	00.00%

56	GURREA, LUIS	22,240	00.00%
57	ZAMACONA, MA. PAZ U.	22,160	00.00%
58	ZAMACONA, FELISA U.	22,160	00.00%
59	ZAMACONA, HIGINIO U.	22,160	00.00%
60	ZAMACONA, JUAN U.	22,160	00.00%
61	ZAMACONA, JULIAN U.	22,160	00.00%
62	ZAMACONA, MA. BEGONIA U.	22,080	00.00%
63	ZAMACONA, NEREA U.	22,080	00.00%
64	ZAMACONA, ALIPIO U.	22,080	00.00%
65	RIVERA, EPIFANIO	18,800	00.00%
66	GO, JOHN	18,800	00.00%
67	GUERRERO, ROBERTO Q.	18,800	00.00%
68	CARBO, ANTONIO	18,800	00.00%
69	ARCINAS, BENEDICTO G.	18,320	00.00%
70	GAY, FEDERICO LORING Y.	16,480	00.00%
71	GAY, MANUEL LORING Y	16,480	00.00%
72	E. SANTAMARIA & CO., INC.	16,160	00.00%
73	CACHO, JOSE MA. E.	14,640	00.00%
74	CACHO, MA. ROSA E.	14,640	00.00%
75	CACHO, MARIANO M.	14,640	00.00%
76	OTEYZA, ANA MA. C. DE	14,640	00.00%
77	MATEMARA, INC.	14,640	00.00%
78	LEDESMA, ANA LOCSIN	14,320	00.00%
79	MYRA P. VILLANUEVA	11,000	00.00%
80	MUERZA, JAIME U.	10,960	00.00%
81	MUERZA, MARTA U.	10,960	00.00%
82	TIOCO, CYNTHIA P. UY	10,480	00.00%
83	SENG, TAN BAN	9,360	00.00%
84	ALVAREZ, SIMONA L.	9,360	00.00%
85	UNITED INSURANCE CO., INC.	9,040	00.00%

86	MEDINA, ROSARIO	7,760	00.00%
87	ABRAHAM, ROSARIO G.	7,200	00.00%
88	MARTIN, MARIA ELENA U.	5,600	00.00%
89	MARTIN, MIREN BEGONIA U.	5,520	00.00%
90	MARTIN, PEDRO PABLO U.	5,520	00.00%
91	MARTIN, ANA MARIA U.	5,520	00.00%
92	MAIDEN LADIES OF OUR LADY MARY	5,360	00.00%
93	CHUA, JERRY TEO CHUA OR JEFFREY TEO	5,000	00.00%
94	VILLANUEVA, MYRA P.	5,000	00.00%
95	M.J. SORIANO TRADING, INC.	4,000	00.00%
96	WINTERNITZ, CHARLES I.	3,760	00.00%
97	PICORNELL, CARMEN E. DE	3,760	00.00%
98	TIOCO, JOSEPHINE P. UY	2,640	00.00%
99	TIOCO, PEDRO ANTONIO P. UY	2,640	00.00%
100	VILLANUEVA, MILAGROS P.	2,500	00.00%

Total Top 100 Shareholders :	-----	-----
	4,426,983,384	100.00%
	=====	=====

Total Issued Shares	-----
	4,427,009,132
	=====

# **OUTSTANDING BALANCES FOR A SPECIFIC COMPANY**

Company Code - BCOR00000000

Business Date: September 30, 2022

BPNAME	HOLDINGS
UPCC SECURITIES CORP.	100
A & A SECURITIES, INC.	50,800
ABACUS SECURITIES CORPORATION	248,464,495
PHILSTOCKS FINANCIAL INC	53,991
ALPHA SECURITIES CORP.	165,000
AP SECURITIES INCORPORATED	110,000
ANSALDO, GODINEZ & CO., INC.	5,500
AB CAPITAL SECURITIES, INC.	63,700
SB EQUITIES, INC.	10,000
ASIA PACIFIC CAPITAL EQUITIES & SECURITIES CORP.	100,000
ASIA SEC EQUITIES, INC.	625,600
BPI SECURITIES CORPORATION	129,548
TRITON SECURITIES CORP.	80,000
IGC SECURITIES INC.	23,000
DAVID GO SECURITIES CORP.	1,000
E. CHUA CHIACO SECURITIES, INC.	1,000
EVERGREEN STOCK BROKERAGE & SEC., INC.	49,000
INTRA-INVEST SECURITIES, INC.	2,500
STRATEGIC EQUITIES CORP.	80
LUCKY SECURITIES, INC.	15,000
COL Financial Group, Inc.	680,908
MOUNT PEAK SECURITIES, INC.	2,600
RCBC SECURITIES, INC.	9,000
MAYBANK SECURITIES, INC.	15,400
PNB SECURITIES, INC.	11,500
R. COYUTO SECURITIES, INC.	132,600
REGINA CAPITAL DEVELOPMENT CORPORATION	7,700
AAA SOUTHEAST EQUITIES, INCORPORATED	2,000
RTG & COMPANY, INC.	10,000
S.J. ROXAS & CO., INC.	500
THE FIRST RESOURCES MANAGEMENT & SECURITIES CORP.	5,000
TOWER SECURITIES, INC.	911,000
UCPB SECURITIES, INC.	4,100
VENTURE SECURITIES, INC.	15,000
FIRST METRO SECURITIES BROKERAGE CORP.	78,573
WEALTH SECURITIES, INC.	300,009
WESTLINK GLOBAL EQUITIES, INC.	10,000
BDO SECURITIES CORPORATION	50,211
EAGLE EQUITIES, INC.	8,200
G.D. TAN & COMPANY, INC.	149,900
UNICAPITAL SECURITIES INC.	16,400
TIMSON SECURITIES, INC.	113,100

**Total**

**252,484,015**

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

**OUTSTANDING BALANCES FOR A SPECIFIC COMPANY**

Company Code - BCOR00000000

Business Date: September 30, 2022

BPNAME	HOLDINGS
indicated in this report.	

**COVER SHEET**  
for  
**AUDITED FINANCIAL 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	.						
A	N	D		S	U	B	S	I	D	I	A	R	I	E	S														

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

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

Form Type

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
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**COMPANY INFORMATION**

Company's Email Address

blaw@attglobal.net
--------------------

Company's Telephone Number/s

811-0668
----------

Mobile Number

--

No. of Stockholders

144
-----

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.



## 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, 2022** 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.

  
\_\_\_\_\_  
**"Nerine" Tan Sheik Ping**  
Chairman  
\_\_\_\_\_  
**Tan Eng Hwa**  
President  
\_\_\_\_\_  
**Winnie R. Manansala**  
Treasurer

### BERJAYA PHILIPPINES INC.

9/F Rufino Pacific Tower 6784 Ayala Ave., Cor. V.A. Rufino St., Makati City  
Tel. No.: (632) 8811-0668 \* Fax No.: (632) 8811-0538


JUL 25 2022

**SUBSCRIBED AND SWORN TOBEFORE ME** this \_\_\_\_\_ day of \_\_\_\_\_ 2022, by the following who exhibited to me their government issued identification cards during business hours.

Name	Tax Identification No.
"Nerine" Tan Sheik Ping	602-059-714
Tan Eng Hwa	204-172-228
Winnie R. Manansala	221-154-637

Doc No.  
Page No.  
Book No.  
Series of

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**ATTY. ROMEO M. MONFORT**  
NOTARY PUBLIC City of Makati  
Until Dec. 31, 2023  
Per D.M. No. 5795  
PTR No. 8852509 Jan. 3, 2022 Makati City  
Appointment No. M-172 / 2022-2023  
IBP No. 178005 / 2014/20 Pasig  
MCLE NO. VI-002541 / Hon'ble. 27932  
101 Urban Ave. Campos Rueda Bldg.  
Brgy. Pio Del Pilar, Makati City



Consolidated Financial Statements and  
Independent Auditors' Report

**Berjaya Philippines Inc. and Subsidiaries**

June 30, 2022, 2021 and 2020

## Report of Independent Auditors

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**Punongbayan & Araullo**

20<sup>th</sup> Floor, Tower 1

The Enterprise Center

6766 Ayala Avenue

1200 Makati City

Philippines

T +63 2 8988 2288

**The Board of Directors and Stockholders**

**Berjaya Philippines Inc. and Subsidiaries**

***[A Subsidiary of Berjaya Lottery Management (HK) Limited]***

9<sup>th</sup> 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, 2022 and 2021, 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, 2022, 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, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended June 30, 2022 in accordance with Philippine Financial Reporting Standards (PFRS).

### ***Basis for Opinion***

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

**Key Audit Matters**

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

**(a) Revenue Recognition on Sale of Vehicles***Description of the Matter*

Revenue recognition relating to the sale of vehicles amounting to P32.6 billion was significant to our audit as it accounts for 89% of total revenues of the Group. The sale of vehicles 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 the vehicles.

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

The Group's accounting policy on revenue recognition and details of sale of vehicles are 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:

- Evaluating the appropriateness of the Group's revenue recognition policy in accordance with the requirements of PFRS 15, *Revenue from Contracts with Customers*;
- Testing the recognition and measurement of revenue on a sample basis by examining supporting vehicle dealership agreements and deal files of recorded sale transactions;
- Testing the appropriateness of revenue cut-off; and,
- Performing substantive analytical review procedures over revenues such as, but not limited to, yearly and monthly analyses of sales per brand and location based on our expectations and following up variances from our expectations; and, verifying that the underlying data used in the analyses are valid.

**(b) Existence and Valuation of Vehicle Inventories***Description of the Matter*

The Group holds vehicle inventories amounting to P4.6 billion, net of allowance for inventory writedown, which represents 19% of the consolidated total assets. Under Philippine Accounting Standard (PAS) 2, *Inventories*, the Group is required to measure its inventories at the lower of cost or net realizable value. The net realizable value of vehicle inventories depends on certain factors such as brand, model and parts, among others. Due to the materiality of the amount of vehicle inventories and the complexity of the process of determining its net realizable value, we considered the existence and valuation of vehicle inventories as significant to our audit.

The Group's accounting policy and details of inventories are presented in Notes 2 and 9, 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 the existence and valuation of vehicle inventories included, among others, the following:

On existence of vehicle inventories:

- Observing physical inventory count procedures, obtaining relevant cut-off information and copy of count control documents, and verifying inventory movements during the intervening periods between the actual count date and reporting date to further test the quantities of inventory items as of the end of the reporting period;
- Performing substantive analytical review procedures over inventory-related ratios such as, but not limited to, inventory turnover and current period's components of inventories; and, verifying that the underlying data used in the analyses are valid; and,
- Reconciling the quantity recorded to the final inventory listing on a sample basis and identifying the necessary adjustments for any significant variances noted to test the quantities of inventory items as of the reporting date.

On valuation of vehicle inventories:

- Determining the method of inventory costing and evaluating appropriateness and consistency of application on the valuation of inventories at lower of cost and net realizable value;
- Testing the recorded unit cost of a sample of inventories by examining supporting documentation to ascertain the recorded price;
- Testing the key assumptions and estimates used on the expected net realizable values of inventories and verifying the provision made for slow moving, obsolete and damaged inventories;
- 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.

**(c) Impairment Assessment of Goodwill and Dealership Rights***Description of the Matter*

Under PAS 36, *Impairment of Assets*, the Group is required to annually test the amount of goodwill and intangible assets with indefinite useful life for impairment. As at June 30, 2022, goodwill and dealership rights with indefinite useful life amounted to P1.6 billion or 7% of the total consolidated assets of the Group. This annual impairment testing of goodwill and dealership rights was significant to our audit because the amounts are material to the consolidated financial statements. In addition, management's impairment assessment process includes significant judgment and high estimation uncertainty, specifically in determining the value-in-use (which uses certain discount rate and cash flows projections) of the identified cash-generating units over which the carrying value of goodwill and dealership rights were allocated. The assumptions used by management are generally affected by expected future market and economic conditions.

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

*How the Matter was Addressed in the Audit*

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

- Evaluating the appropriateness and reasonableness of assumptions and methodology used in determining the value-in-use of cash-generating units attributable to goodwill and dealership rights, which include the discount rate, growth rate and cash flow projections, by comparing them to external and historical data, through engagement of the valuation specialists;
- Testing the calculations produced by the valuation model for mathematical accuracy and for appropriateness and reliability of inputs and amounts used; and,
- Performing sensitivity analysis on the calculation to determine whether a reasonably possible change in assumptions could cause the carrying amount of the cash-generating units to exceed the recoverable amount.

**(d) Conduct of Audit Remotely***Description of the Matter*

As disclosed in Note 1 of the consolidated financial statements, the Group has been significantly exposed to the risks brought about by COVID-19, which has rapidly spread worldwide and caused governments across the world to implement community quarantine and social distancing measures and restrictions. This prompted management and the audit team to conduct a significant portion of the audit remotely.

The current working arrangements are relevant and significant to our audit since it created an increased risk of material misstatement due to less in-person communication with the Group's management and personnel, and lack of access to the physical records and original documents. Given the changes in how the audit was performed, the audit necessitated exercising enhanced professional skepticism.

*How the Matter was Addressed in the Audit*

Our audit procedures to address the risk of performing a significant portion of 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;
- Intensifying the application of PSA requirements, especially in respect of providing proper supervision and review;
- 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 using enhanced professional skepticism and techniques designed to reinforce the skills of assistants in evaluating audit evidence obtained electronically;
- Performing inquiries through video conference calls in order to more effectively assess the facial expressions and body language of people being interviewed as well as to make the interaction more effective;
- Reviewing of workpapers of component auditors remotely through share screening and constant and regular communication to clarify certain matters;
- Examining critical hard copy documents (e.g., contracts, billing invoices, purchase invoices, and official receipts) physically in response to the risk in revenues and costs, which is considered to be significant; and,
- Adhering to and applying strictly the Firm's reinforced and enhanced quality control process.

***Other Information***

Management is responsible for the other information. The other information comprises the information included in the Group's Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended June 30, 2022, 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, 2022 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 when it becomes available 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.

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

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

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

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

***Auditors' Responsibilities for the Audit of the Consolidated Financial Statements***

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control.
- Obtain and understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness 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.

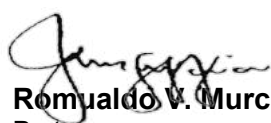
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.



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. 8852339, January 3, 2022, Makati City  
SEC Group A Accreditation  
Partner - No. 95626-SEC (until Dec. 31, 2026)  
Firm - No. 0002 (until Dec. 31, 2024)  
BIR AN 08-002511-022-2022 (until Aug. 10, 2025)  
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

October 12, 2022

**BERJAYA PHILIPPINES INC. AND SUBSIDIARIES**  
**[A Subsidiary of Berjaya Lottery Management (HK) Limited]**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2022 AND 2021**  
*(Amounts in Philippine Pesos)*

	Notes	2022	2021
<b><u>A S S E T S</u></b>			
<b>CURRENT ASSETS</b>			
Cash	7	P 1,665,883,672	P 621,756,192
Trade and other receivables - net	8	2,439,472,423	1,969,558,715
Financial assets at fair value through profit or loss	11	1,876,575	7,369,362
Inventories - net	9	4,601,385,766	3,484,589,230
Advances to associates - net	13, 24	2,091,457,052	2,072,075,320
Prepayments and other current assets	10	1,302,134,496	855,934,869
Total Current Assets		12,102,209,984	9,011,283,688
<b>NON-CURRENT ASSETS</b>			
Financial asset at fair value through other comprehensive income	11	888,420,609	1,072,280,214
Right of use assets - net	16	2,759,123,676	2,900,387,786
Property and equipment - net	12	5,041,233,749	3,658,887,417
Investment property	15	123,398,700	124,337,020
Investments in associates - net	13	1,261,819,595	1,169,679,449
Intangible assets - net	14	1,491,412,762	1,506,718,561
Deferred tax assets - net	26	72,620,022	82,368,873
Post-employment benefit asset	22	315,907,342	115,920,210
Other non-current assets	10	4,658,651	7,448,245
Total Non-current Assets		11,958,595,106	10,638,027,775
<b>ASSETS HELD FOR SALE</b>	17	87,248,084	87,911,179
<b>TOTAL ASSETS</b>		P 24,148,053,174	P 19,737,222,642
<b><u>LIABILITIES AND EQUITY</u></b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	18	P 1,981,740,103	P 2,020,592,820
Loans payable and borrowings	19	3,396,894,612	2,563,436,632
Lease liabilities	16	388,317,792	287,353,080
Contract liabilities	20	3,486,397,412	1,977,419,471
Advances from related parties	24	277,852,330	259,391,677
Income tax payable		-	301,343
Total Current Liabilities		9,531,202,249	7,108,495,023
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	16	2,534,138,592	2,677,893,645
Loans payable and borrowings	19	1,365,735,482	349,487,840
Advances from related parties	24	450,000,000	600,000,000
Deferred tax liabilities - net	26	175,235,025	123,918,678
Provisions	18	166,919,354	-
Post-employment benefit obligation - net	22	5,688,207	7,101,757
Total Non-current Liabilities		4,697,716,660	3,758,401,920
Total Liabilities		14,228,918,909	10,866,896,943
<b>EQUITY</b>			
Attributable to Parent Company's shareholders	25		
Capital stock		4,427,009,132	4,427,009,132
Treasury shares - at cost		( 988,150,025 )	( 988,150,025 )
Revaluation reserves		( 139,925,614 )	( 423,529,497 )
Translation adjustment		( 76,797,493 )	( 29,549,557 )
Other reserves		( 748,815,536 )	( 684,443,103 )
Retained earnings		7,440,543,532	6,540,978,283
		9,913,863,996	8,842,315,233
Attributable to non-controlling interest		5,270,269	28,010,466
Total Equity		9,919,134,265	8,870,325,699
<b>TOTAL LIABILITIES AND EQUITY</b>		P 24,148,053,174	P 19,737,222,642

*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, 2022, 2021 AND 2020**  
*(Amounts in Philippine Pesos)*

	Notes	2022	2021	2020
<b>REVENUES</b>				
Sale of vehicles	2, 20	P 32,624,980,350	P 25,737,039,667	P 21,686,865,086
Servicing and bodyshop	2, 20	3,864,906,000	3,620,863,702	3,243,817,302
Hotel operations	2, 20	93,557,953	111,556,284	130,982,234
		<u>36,583,444,303</u>	<u>29,469,459,653</u>	<u>25,061,664,622</u>
<b>COSTS AND OPERATING EXPENSES</b>				
Cost of vehicles sold	2, 9	27,990,830,243	22,401,636,462	19,563,635,501
Bodyshop repairs and parts	2	3,315,923,152	2,925,554,025	1,659,125,424
Salaries and employee benefits	22, 24	1,823,696,085	1,589,210,161	1,680,184,242
Advertising and promotions		883,476,810	631,938,418	933,086,173
Depreciation and amortization	12, 14, 16, 24	665,735,344	554,955,872	528,599,924
Communication, light and water		95,592,134	67,279,607	81,733,859
Professional fees	24	89,253,602	83,596,588	69,630,258
Taxes and licenses		63,184,936	44,941,428	141,462,866
Transportation and travel		58,092,493	30,507,515	68,269,119
Impairment losses on financial assets	8, 24	22,756,457	34,795,975	14,524,497
Food and beverages		8,549,875	7,704,982	9,803,636
Rental	16	6,386,328	17,076,864	34,553,952
Representation and entertainment		1,458,780	4,342,680	10,284,907
Impairment losses on non-financial assets	13, 14	-	5,584,402	-
Others	21	506,816,571	311,809,584	310,639,037
		<u>35,531,752,810</u>	<u>28,710,934,563</u>	<u>25,105,533,395</u>
<b>OPERATING PROFIT (LOSS)</b>		<u>1,051,691,493</u>	<u>758,525,090</u>	<u>( 43,868,773 )</u>
<b>OTHER INCOME (CHARGES)</b>				
Finance costs and other charges	23	( 294,657,470 )	( 260,561,502 )	( 300,568,573 )
Finance income	23	187,783,571	158,788,365	113,437,172
Equity share in net income (loss) of associates	13	124,816,706	( 169,245,023 )	( 17,841,270 )
Fair value gain (loss) on financial assets at fair value through profit or loss	11	( 3,387,255 )	3,760,342	19,072,704
Loss on sale of financial assets at fair value through profit or loss	11	( 1,392,607 )	-	-
Gain on sale of investment property	15, 17	-	-	105,982,624
Loss on disposal of share in Philippine Gaming Management Corporation	1	-	-	( 5,079,744 )
Others	21	139,487,469	246,493,407	280,618,843
		<u>152,650,414</u>	<u>( 20,764,411 )</u>	<u>195,621,756</u>
<b>PROFIT BEFORE TAX</b>		<u>1,204,341,907</u>	<u>737,760,679</u>	<u>151,752,983</u>
<b>TAX EXPENSE</b>	26	<u>263,462,336</u>	<u>198,602,935</u>	<u>89,027,454</u>
<b>NET PROFIT</b>		<u>940,879,571</u>	<u>539,157,744</u>	<u>62,725,529</u>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				
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, 25, 26	139,082,746	104,303,156	( 48,976,356 )
Share in other comprehensive income (loss) of associates - net of tax	13, 25, 26	2,535,259	( 10,371,494 )	( 221,314 )
Net unrealized fair value gains (losses) on financial assets at fair value through other comprehensive income - net of tax	11, 25	103,545,591	7,509,510	( 268,328,878 )
		<u>245,163,596</u>	<u>101,441,172</u>	<u>( 317,526,548 )</u>
<i>Balance carried forward</i>		<u>P 245,163,596</u>	<u>P 101,441,172</u>	<u>( P 317,526,548 )</u>

	Notes	2022	2021	2020
<i>Balance brought forward</i>		<b>P 245,163,596</b>	P 101,441,172	( P 317,526,548 )
<b>Item that will be reclassified subsequently to profit or loss</b>				
Translation adjustment	2	( 47,247,936 )	305,171,196	( 185,262,776 )
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>		<b>P 1,138,795,231</b>	P 945,770,112	( P 440,063,795 )
<b>Net profit attributable to:</b>				
Parent Company's shareholders		<b>P 938,005,536</b>	P 528,956,479	P 54,033,165
Non-controlling interest		<b>2,874,035</b>	10,201,265	8,692,364
		<b>P 940,879,571</b>	P 539,157,744	P 62,725,529
<b>Total comprehensive income (loss) attributable to:</b>				
Parent Company's shareholders		<b>P 1,135,921,196</b>	P 935,568,847	( P 448,756,159 )
Non-controlling interest		<b>2,874,035</b>	10,201,265	8,692,364
		<b>P 1,138,795,231</b>	P 945,770,112	( P 440,063,795 )
<b>Earnings Per Share - Basic and Diluted</b>	27	<b>P 0.216</b>	P 0.122	P 0.012

*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, 2022, 2021 AND 2020**  
*(Amounts in Philippine Pesos)*

	Notes	Attributable to Parent Company's shareholders										Non-controlling Interests	Total Equity
		Capital Stock	Treasury Stock - at Cost	Revaluation Reserves	Other Reserves	Translation Adjustment	Appropriated	Retained Earnings Unappropriated	Total	Total Attributable to Parent Company			
Balance at July 1, 2021		P 4,427,009,132	( P 988,150,025)	( P 423,529,497)	( P 684,443,103)	( P 29,549,557)	P 2,000,000,000	P 4,540,978,283	P 6,540,978,283	P 8,842,315,233	P 28,010,466	P 8,870,325,699	
Total comprehensive income (loss)													
Net profit for the year		-	-	-	-	-	-	938,005,536	938,005,536	938,005,536	2,874,035	940,879,571	
Actuarial gain on remeasurement of post-employment benefit obligation - net of tax	22, 25	-	-	139,082,746	-	-	-	-	-	139,082,746	-	139,082,746	
Share in other comprehensive loss of associates - net of tax	13, 25	-	-	2,535,259	-	-	-	-	-	2,535,259	-	2,535,259	
Net unrealized fair value losses on financial assets at fair value through other comprehensive income (FVOCI)	11, 25	-	-	103,545,591	-	-	-	-	-	103,545,591	-	103,545,591	
Translation adjustment		-	-	-	-	( 47,247,936)	-	-	-	( 47,247,936)	-	( 47,247,936)	
		-	-	245,163,596	-	( 47,247,936)	-	938,005,536	938,005,536	1,135,921,196	2,874,035	1,138,795,231	
Realized fair value changes on disposals of equity securities classified as financial assets at FVOCI	11, 25	-	-	38,440,287	-	-	-	( 38,440,287)	( 38,440,287)	-	-	-	
Change in percentage ownership	1	-	-	-	( 64,372,433)	-	-	-	-	( 64,372,433)	( 25,614,232)	( 89,986,665)	
Balance at June 30, 2022	25	P 4,427,009,132	( P 988,150,025)	( P 139,925,614)	( P 748,815,536)	( P 76,797,493)	P 2,000,000,000	P 5,440,543,532	P 7,440,543,532	P 9,913,863,996	P 5,270,269	P 9,919,134,265	
Balance at July 1, 2020		P 4,427,009,132	( P 988,150,025)	( P 556,831,361)	( P 684,443,103)	( P 334,720,753)	P 2,000,000,000	P 4,043,882,496	P 6,043,882,496	P 7,906,746,386	P 17,809,201	P 7,924,555,587	
Total comprehensive income (loss)													
Net profit for the year		-	-	-	-	-	-	528,956,479	528,956,479	528,956,479	10,201,265	539,157,744	
Actuarial gain on remeasurement of post-employment benefit obligation - net of tax	22, 25	-	-	104,303,156	-	-	-	-	-	104,303,156	-	104,303,156	
Share in other comprehensive loss of associates - net of tax	13, 25	-	-	( 10,371,494)	-	-	-	-	-	( 10,371,494)	-	( 10,371,494)	
Net unrealized fair value losses on financial assets at FVOCI	11, 25	-	-	7,509,510	-	-	-	-	-	7,509,510	-	7,509,510	
Translation adjustment		-	-	-	-	305,171,196	-	-	-	305,171,196	-	305,171,196	
		-	-	101,441,172	-	305,171,196	-	528,956,479	528,956,479	935,568,847	10,201,265	945,770,112	
Realized fair value changes on disposals of equity securities classified as financial assets at FVOCI	11, 25	-	-	31,860,692	-	-	-	( 31,860,692)	( 31,860,692)	-	-	-	
Balance at June 30, 2021	25	P 4,427,009,132	( P 988,150,025)	( P 423,529,497)	( P 684,443,103)	( P 29,549,557)	P 2,000,000,000	P 4,540,978,283	P 6,540,978,283	P 8,842,315,233	P 28,010,466	P 8,870,325,699	
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, 25	-	-	( 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													
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	22, 25	-	-	( 48,976,356)	-	-	-	-	-	( 48,976,356)	-	( 48,976,356)	
Share in other comprehensive loss of associates - net of tax	13, 25	-	-	( 221,314)	-	-	-	-	-	( 221,314)	-	( 221,314)	
Net unrealized fair value losses on financial assets at FVOCI	11, 25	-	-	268,328,878	-	-	-	-	-	268,328,878	-	268,328,878	
Translation adjustment		-	-	-	-	( 185,262,776)	-	-	-	( 185,262,776)	-	( 185,262,776)	
		-	-	( 317,526,548)	-	( 185,262,776)	-	54,033,165	54,033,165	( 448,756,159)	8,692,364	( 440,063,795)	
Realized revaluation surplus	15, 25	-	-	( 32,049,054)	-	-	-	32,049,054	32,049,054	-	-	-	
Realized fair value changes on disposals of equity securities classified as financial assets at FVOCI	11, 25	-	-	( 8,373,996)	-	-	-	8,373,996	8,373,996	-	-	-	
Balance at June 30, 2020	25	P 4,427,009,132	( P 988,150,025)	( P 556,831,361)	( P 684,443,103)	( P 334,720,753)	P 2,000,000,000	P 4,043,882,496	P 6,043,882,496	P 7,906,746,386	P 17,809,201	P 7,924,555,587	

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, 2022, 2021 AND 2020**  
*(Amounts in Philippine Pesos)*

	Notes	2022	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before tax		P 1,204,341,907	P 737,760,679	P 151,752,983
Adjustments for:				
Depreciation and amortization	12, 14, 16	665,735,344	554,955,872	528,599,924
Interest expense	23	254,523,854	213,395,135	263,683,078
Interest income	23	( 170,094,501 )	( 142,432,344 )	( 90,824,461 )
Equity share in net loss (income) of associates	13	( 124,816,706 )	169,245,023	17,841,270
Impairment losses on financial assets	8, 24	22,756,457	34,795,975	14,524,497
Dividend income	23	( 11,793,182 )	( 16,356,021 )	( 22,612,711 )
Unrealized foreign currency losses (gains) - net	23	( 5,895,888 )	7,731,291	2,203,365
Net loss (gain) on disposal of property and equipment	12, 21	( 4,698,905 )	4,436,202	4,274,031
Loss on sale of financial assets at fair value through profit or loss	11	1,392,607	-	-
Impairment losses on non-financial assets	13, 14	-	5,584,402	-
Gain on sale of an investment property	15, 17	-	-	( 105,982,624 )
Loss on disposal of share in Philippine Gaming Management Corporation (PGMC)	1	-	-	5,079,744
Operating income before working capital changes		1,831,450,987	1,569,116,214	768,539,096
Decrease (increase) in trade and other receivables		( 464,017,820 )	( 882,470,131 )	363,969,626
Decrease (increase) in inventories		( 1,477,459,471 )	1,486,807,313	736,134,503
Decrease (increase) in financial assets at fair value through profit or loss		3,387,255	( 3,760,342 )	( 19,072,704 )
Decrease (increase) in prepayments and other current assets		( 446,199,627 )	( 56,560,229 )	( 195,464,998 )
Decrease (increase) in post-employment benefit asset		( 199,987,132 )	( 115,920,210 )	31,282,696
Decrease (increase) in other non-current assets		2,789,594	943,455,049	( 949,257,050 )
Increase (decrease) in trade and other payables		1,104,901,429	( 1,835,287,127 )	84,624,257
Increase (decrease) in contract liabilities		1,508,977,941	( 82,088,786 )	151,856,490
Increase (decrease) in post-employment benefit obligation		137,669,196	84,489,633	( 30,680,908 )
Cash generated from operations		2,001,512,352	1,107,781,384	941,931,008
Cash paid for income taxes		( 202,698,481 )	( 113,207,823 )	( 89,027,454 )
Net Cash From Operating Activities		1,798,813,871	994,573,561	852,903,554
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Acquisitions of property and equipment	12	( 1,619,787,288 )	( 1,719,675,003 )	( 748,394,002 )
Proceeds from sale of investments through other comprehensive income	11	290,831,946	220,326,405	202,553,766
Interest received		88,356,312	46,793,016	7,181,188
Cash dividends received	11, 13	83,793,182	36,356,021	22,612,711
Collections of advances to associates	24	39,600,000	10,000,000	47,000,000
Acquisition of additional investments in associates	13	( 124,816,654 )	( 53,030,000 )	( 60,864,998 )
Proceeds from disposal of property and equipment	12	9,911,298	681,582	473,849
Acquisition of financial assets	11	( 3,426,750 )	( 26,003,756 )	( 37,223,071 )
Additional advances granted to associates	24	-	( 14,000,000 )	( 214,200,000 )
Proceeds from disposal of investment property	15	-	-	374,568,387
Net Cash Used in Investing Activities		( 1,235,537,954 )	( 1,498,551,735 )	( 406,292,170 )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from bank loans	19	1,306,358,670	349,487,840	516,586,000
Payment of lease liabilities	16	( 458,652,642 )	( 367,916,872 )	( 247,456,313 )
Advances paid to related parties	24	( 271,093,360 )	( 144,406,553 )	( 217,219,243 )
Interest paid	16, 19, 24	( 252,049,841 )	( 212,383,337 )	( 261,404,517 )
Advances received from related parties	24	137,080,000	329,098,500	548,658,789
Repayment of bank loans	19	( 84,000,000 )	( 274,194,400 )	( 371,187,962 )
Net Cash From (Used in) Financing Activities		377,642,827	( 320,314,822 )	( 32,023,246 )
<b>EFFECT OF EXCHANGE RATE CHANGES TO CASH</b>		103,208,736	( 7,831,902 )	( 7,940,038 )
<b>NET INCREASE (DECREASE) IN CASH</b>		1,044,127,480	( 832,124,898 )	406,648,100
Balance carried forward		P 1,044,127,480	( P 832,124,898 )	P 406,648,100

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<i>Balance brought forward</i>	<b>P 1,044,127,480</b>	(P 832,124,898)	P 406,648,100
<b>CASH AT BEGINNING OF YEAR</b>	<b><u>621,756,192</u></b>	<u>1,453,881,090</u>	<u>1,047,232,990</u>
<b>CASH AT END OF YEAR</b>	<b><u>P 1,665,883,672</u></b>	<u>P 621,756,192</u>	<u>P 1,453,881,090</u>

**Supplemental Information on Non-cash Financing and Investing Activities:**

1 In 2022, the Group recognized provisions for dilapidation, which are capitalized as part of right-of-use assets (see Notes 16 and 18). Additions in right-of-use assets and lease liabilities amounted to P325,011,298 (nil in lease liabilities), in 2022 and P26,653,600 and P7,930,686, respectively, in 2021 and P939,182,253 and P939,182,253, respectively, in 2020 (see Note 16).

2 In 2021, the Group and its lessor have agreed for a certain lease modification that is not accounted for as a separate lease, which resulted in the remeasurement of both lease liability and corresponding right-of-use asset (see Note 16).

3 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 and 13).

*See Notes to Consolidated Financial Statements.*

**BERJAYA PHILIPPINES INC. AND SUBSIDIARIES**  
***[A Subsidiary of Berjaya Lottery Management (HK) Limited]***  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022, 2021 AND 2020**  
***(Amounts in Philippine Pesos)***

**1. GENERAL INFORMATION**

***1.1. Incorporation and Operations***

Berjaya Philippines Inc. (BPI or the Parent Company) was incorporated in the Philippines on November 12, 1924. The Parent Company is organized as a holding company. The Parent Company's shares of stock were listed in the Philippine Stock Exchange (PSE) 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, 2022 and 2021. 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 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 SEC and Bureau of Internal Revenue (BIR) on July 25, 2019 and February 12, 2020, respectively.

The registered office of BPI is located at 9<sup>th</sup> 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 interests in the following entities as at June 30:

Subsidiaries/Associates	Short Name	Explanatory Notes	Effective % of Ownership	
			2022	2021
<b>Subsidiaries:</b>				
<b>Services:</b>				
Perdana Hotel Philippines Inc.	PHPI	(a)	100.00%	100.00%
Floridablanca Enviro Corporation	FEC	(b)	100.00%	100.00%
<b>Holding Company –</b>				
eDoc Holdings Limited	eDoc Holdings	(e)	100.00%	100.00%
<b>Motor Vehicle Dealership:</b>				
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)	95.00%	60.00%
Pangbourne 6939 Limited	Pangbourne	(d)	100.00%	100.00%
Hatfied 6939 Limited	Hatfied	(d)	100.00%	100.00%
Shepperton 6939 Limited	Shepperton	(d)	100.00%	100.00%
<b>Associates:</b>				
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%	40.00%
Perdana Land Philippines Inc.	PLPI	(i)	40.00%	40.00%
Cosway Philippines Inc.	CPI	(j)	40.00%	40.00%
Berjaya Auto Asia, Inc.	BAAI	(k)	19.98%	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 9<sup>th</sup> 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. In 2020, the Parent Company made equity advances amounting to P125,000,000 for the future subscription in the shares of FEC. Further, in 2021, the Parent Company made subscription to the shares of FEC and applied the equity advances. As of both June 30, 2022 and 2021, total investment in FEC amounted to P284,999,993. As at June 30, 2022, FEC has not yet started commercial operations. The registered office address and principal place of business of FEC is located at 9th Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City.
- (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. As of both June 30, 2022 and 2021, total investment in H.R. Owen amounted to P3,007,325,437. 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 that are engaged in luxury motor vehicle retail are Broughtons of Cheltenham Limited, H.R. Owen Dealership Limited and Jack Barclay Limited. Holland Park and Bodytechnics provide aftersales services. Upbrook Mews is engaged in operating leased properties. H.R.O. Insurance operates as an insurance broker. Pangbourne, Hatfield and Shepperton are primarily engaged in property holding.

On July 30, 2021, the Group acquired additional share capital of H.R.O. Insurance from another stockholder for a total consideration of P95,369,349, which resulted in an increase in ownership interest to 95%.

- (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 9<sup>th</sup> 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. 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. Consequently, the sale was executed on July 1, 2019, and the consideration which remained outstanding as of June 30, 2022 and 2021 is presented as Receivables from sale of investment in a subsidiary under Receivables account in the consolidated statements of financial position (see Note 8).

The foregoing transactions reduced BPI's interest ownership over PGMC to 40% as of June 30, 2022 and 2021. Hence, the fair value of the remaining ownership shares in PGMC is presented as part of Investments in Associates – Net account in the consolidated statements of financial position (see Note 13).

The Group recognized a total loss of P5,079,744 in 2020 from the foregoing transactions which is presented as Loss on Disposal of Share in PGMC under Other Income (Charges) section of the 2020 consolidated statement of comprehensive income. There was no similar transaction in 2022 and 2021.

- (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 office of NPI, which is also its principal place of business, is at 9<sup>th</sup> 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 9<sup>th</sup> 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 June 30, 2022. The registered office and principal place of business of CPI is located at 9<sup>th</sup> 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 in May 2019. In 2021, the Group made additional investment in BAAI amounting to P3,030,000. In 2022, the Group made additional investment amounting to P34,829,989 (see Note 13). Total ownership decreased from 30.00% to 19.98% due to dilution of shares. The registered office and principal place of business of BAAI is at 9<sup>th</sup> 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 and principal place of business is at the 9<sup>th</sup> 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 and 2021, CBFC increased its authorized capital stock from P250,000,000 to P450,000,000, and from P450,000,000 to P650,000,000, respectively. Consequently, BPI subscribed to 50,000,000 shares at P1 per share to retain its 25% ownership interest over CBFC as at June 30, 2022 and 2021 (see Note 13). CBFC's registered office 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, 2022 and 2021. SBMPI's registered office and principal place of business is located at 9<sup>th</sup> 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. VideoDoc was dissolved on October 16, 2020.

### ***1.3. Continuing Impact of COVID-19 Pandemic on the Group's Business***

The Group and other businesses in the world have been significantly exposed to the challenges brought about by the COVID-19 pandemic and its impact has been continuing until the date of the approval of these financial statements. The measures taken by the governments across the world, including the Philippines and United Kingdom (UK) where the Group has significant operations to contain the virus, have affected economic conditions and business operations of the Group.

The Group strictly adheres to the guidelines set by the governments where they operate. Government restrictions have loosened and the economy is slowly adapting and recovering from the pandemic.

The following are the impact of the COVID-19 pandemic to the Group's business:

- H.R. Owen, situated in UK, increased revenue from continuing operations by 20% as a result of increased sales units of new and pre-owned vehicles;
- there was a decline in hotel revenues in 2022 by 16% compared to 2021;
- rent income declined further due to rent concession provided to lessees and closure of one tenant;
- while COVID-19 restrictions from government are easing, leisure travelers still not moving in cities while corporate and meetings, incentives, conferences, and exhibitions markets of hotel are slowly moving;
- a hotel guest failed to follow quarantine protocols resulted in the suspension of the Group's hotel operations for two months;
- there was a slowdown in the progress of the construction of sanitary landfill of FEC;
- BPP's restaurants, being in the essential food business, continue operations of take-out and delivery services for 24 hours and at full dining capacity;
- gaming-related activities, including PGMC's lotto operations, have recovered as a result of loosening government restrictions; and,
- additional administrative expenses were incurred to ensure health and safety of its employees and customers such as the frequent disinfection of facilities and COVID-19 testing for its employees.

In response to this matter, the Group has taken the following actions:

- complied with the Philippine Government standards to be accredited as a multi-use hotel by the Department of Tourism;
- maximized the regular employees due to decrease in contractual staff;
- furloughed staff and implemented cost-saving measures such as reduction of expenses incurred for utilities, transportation and travel, rental and business meeting expenses to manage the Group's cash flows;
- increasingly invested in e-commerce and digitalization with the aim of enhancing the customer experience, whilst improving operational efficiency;
- strengthened promotion of the brand in the market, focusing on take-out and tie-ups in delivery services;
- shifted temporarily to a remote environment and skeletal work arrangement afterwards, implementing safety protocols, such as providing accommodation to some employees to lessen the exposure to virus, and focusing on a business continuity plan and scenario planning to manage potential threats from another wave of COVID-19; and,

- managed to get the employees vaccinated for the COVID-19 virus.

Based on the above actions and measures taken by management to mitigate the adverse effect of the pandemic, it projects that the Group would continue to report positive results of operations and would remain liquid to meet current obligations as they fall due. Accordingly, management has determined that there is no material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern related to the effects of the pandemic.

#### ***1.4. Approval of Consolidated Financial Statements***

The consolidated financial statements of the Group as at and for the year ended June 30, 2022 (including the comparative consolidated financial statements as at June 30, 2022 and for the years ended June 30, 2021 and 2020) were authorized for issue by the BOD on October 12, 2022.

## **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 or loss 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 2.17). Functional currency is the currency of the primary economic environment in which the Group operates.

## **2.2 Adoption of Amended PFRS**

(a) *Effective in Fiscal Year 2022 that are Relevant to the Group*

The Group adopted the following pronouncements, which are mandatorily effective for annual periods beginning on or after January 1, 2021 and June 30, 2021, for its annual reporting period beginning July 1, 2021:

PFRS 9, PFRS 7 and	
PFRS 16 (Amendments)	: Financial Instruments, Financial Instruments: Disclosures and Leases – Interest Rate Benchmark Reform Phase 2
PFRS 16 (Amendments)	: Leases – COVID-19-Related Rent Concessions Beyond June 30, 2021

Discussed below are the relevant information about these pronouncements.

- (i) PFRS 9 (Amendments), *Financial Instruments*, PFRS 7 (Amendments), *Financial Instruments: Disclosures*, and PFRS 16 (Amendments), *Leases – Interest Rate Benchmark Reform Phase 2*. The amendments address issues that may affect financial reporting during the interest rate benchmark reform, including the effect of changes to contractual cash flows or hedging relationships resulting from the replacement of the London Interbank Offered Rate with alternative benchmark rates. The application of these amendments had no impact to the Group's consolidated financial statements.
- (ii) PFRS 16 (Amendments), *Leases – COVID-19-Related Rent Concessions beyond June 30, 2021*. The amendments extend for one year the use of practical expedient of not assessing whether rent concessions reducing payments up until June 30, 2022 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 application of these amendments had no impact to the Group's consolidated financial statements.

(b) *Effective Subsequent to Fiscal Year 2022 but not Adopted Early*

There are pronouncements effective for annual periods subsequent to fiscal year 2022, which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have impact on the Group's consolidated financial statements:

- (i) PFRS 3 (Amendments), *Business Combinations – Reference to the Conceptual Framework* (effective from January 1, 2022)
- (ii) PAS 16 (Amendments), *Property, Plant and Equipment – Proceeds Before Intended Use* (effective from January 1, 2022)
- (iii) PAS 37 (Amendments), *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract* (effective from January 1, 2022)
- (iv) Annual Improvements to PFRS 2018-2020 Cycle. Among the improvements, the following amendments, which are effective from January 1, 2022, are relevant to the Group:
  - PFRS 9 (Amendments), *Financial Instruments – Fees in the '10 per cent' Test for Derecognition of Liabilities*
  - Illustrative Examples Accompanying PFRS 16, *Leases – Lease Incentives*
- (v) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective from January 1, 2023)
- (vi) PAS 1 (Amendments), *Presentation of Financial Statements – Disclosure of Accounting Policies* (effective from January 1, 2023)
- (vii) PAS 8 (Amendments), *Accounting Estimates – Definition of Accounting Estimates* (effective from January 1, 2023)
- (viii) PAS 12 (Amendments), *Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction* (effective from January 1, 2023)
- (ix) 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)

### **2.3 Basis of Consolidation**

The Group's consolidated financial statements comprise the accounts of the Parent Company and its subsidiaries (see Note 1.2), 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 page.

(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 2.10). 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 2.10).

(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 Investments 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 (Loss) 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 2.16).

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 Instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the financial instrument.

### (a) Financial Assets

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.

Regular purchases and sales of financial assets are recognized on their trade date (i.e., the date that the Company commits to purchase or sell the asset).

### (i) 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 as follows:

#### a. 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 solely payments of principal and interest (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, *Revenue from Contracts with Customers*, 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 allowance for expected credit loss (ECL).

The Group's financial assets at amortized cost are presented in the consolidated statement of financial position as Cash, 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 those with 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 generally includes 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.

*b. Financial Assets at Fair Value Through Other Comprehensive Income*

The Group accounts for financial assets at fair value through other comprehensive income (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 fair value through profit or loss (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.

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.

c. *Financial Assets at Fair Value Through Profit or Loss*

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.

Financial assets at FVTPL are initially measured at fair value. Subsequently, they are measured at fair value with gains or losses recognized in profit or loss as Fair Value Gains (Losses) on Financial Assets at FVTPL in the consolidated statement of comprehensive income.

Interest income on financial assets measured at amortized cost is recognized using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The Group calculates interest income 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 and/or are purchased or originated credit-impaired assets.

For financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the net carrying amount of the financial assets (after deduction of the loss allowance). If the asset is no longer credit-impaired, the calculation of interest income reverts to gross basis. For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying a credit-adjusted effective interest rate to the amortized cost of the asset. The calculation of interest income does not revert to a gross basis even if the credit risk of the asset subsequently improves.

Interest income earned is recognized in the consolidated statement of comprehensive income as part of Finance 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.

(ii) *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. 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 in the event of default which pertains to its amortized cost.

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.

(iii) *Derecognition of Financial Assets*

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

(b) *Financial Liabilities*

Financial liabilities, which pertain to Trade and Other Payables (except for tax-related liabilities), Loans Payable and Borrowings and Advances from Related Parties, 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.

(c) *Offsetting 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.

**2.5 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 includes 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.

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 2.16).



## ***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 2.20) 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 2.16).

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 Notes 2.10 and 2.16). 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 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 2.16).

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 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.

### ***2.11 Segment Reporting***

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision-maker, which 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.

## ***2.12 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.

## ***2.13 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, revaluation surplus arising from transfers of owner-occupied properties to investment property measured at fair value, and share in other comprehensive income or loss of associates, net of tax.

Other reserves represent the gain or loss on change in the percentage of ownership interest of the Parent Company over its subsidiaries without losing control over the said subsidiaries.

Translation adjustments represent the adjustments resulting from the translation of foreign-currency denominated financial statements of foreign subsidiaries 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.

### ***2.14 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.

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 below must also be met before revenues are recognized.

- (a) *Revenue from motor distribution and dealership operations* – Revenue from distributions and dealership operations is recognized as follows:
  - (i) *Sale of vehicles, parts and accessories* – The Group's performance obligation is to transfer ownership over the vehicles, parts and accessories. Revenue is recognized at a point in time upon transfer of control of the goods sold to customers.
  - (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.

Income from government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate.

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 2.20).

## **2.15 Leases**

The Group accounts for its leases as follows:

- (a) *Group as a Lessee*

For any new contracts entered into, 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 2.16).

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 and equipment and other liabilities, respectively.

*(b) Group as a Lessor*

Lease which do not transfer to the lessee substantially all the risks and benefits of ownership of the asset are classified as operating lease. Lease income from operating lease is recognized in profit or loss on a straight-line basis over the lease term.

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 or identified asset or assets and the arrangement conveys a right to use the asset for a period of time in exchange for consideration.

### ***2.16 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 when there is indication of impairment. 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.

### ***2.17 Foreign Currency Transactions and Translation***

#### ***(a) Transactions and Balances***

Except for H.R. Owen and eDoc Holdings which use 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.

***2.18 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.

### ***2.19 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. PGM'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 [such as using the reference rates published by Bloomberg using its valuation technology, Bloomberg Valuation (BVAL), in the Philippines], 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 Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group 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.

## ***2.20 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.

## ***2.21 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 assets and deferred tax liabilities 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.

## ***2.22 Non-current Assets Held for Sale***

Non-current assets classified as held for sale include land that the Group intends to sell within one year from the date of reclassification as held for sale (see Note 17).

The Group classifies a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. In the event that the sale of the asset is extended beyond one year, the extension of the period required to complete the sale does not preclude an asset from being classified as held for sale if the delay is caused by events or circumstances beyond the Group's control and there is sufficient evidence that the Group remains committed to its plan to sell the asset.

Non-current asset held for sale is measured at the lower of its carrying amount, immediately prior to their classification as held for sale, and its fair value less costs to sell. The Group shall recognize an impairment loss for any initial or subsequent write-down of the asset at fair value less cost to sell. Gain from any subsequent increase in fair value less cost to sell of an asset is recognized to the extent of the cumulative impairment loss previously recognized. Assets classified as held for sale are not subject to depreciation.

If the Group has classified an asset as held for sale, but the criteria for it to be recognized as held for sale are no longer satisfied, the Group shall cease to classify the asset as held for sale.

The gain or loss arising from the sale or remeasurement of an asset held for sale is recognized in profit or loss in the consolidated statement of comprehensive income.

### ***2.23 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).

### ***2.24 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 judgments presented in the succeeding pages, apart from those involving estimation, which have the most significant effect on the amounts recognized in the consolidated financial statements.

#### ***(a) Determination of Transaction Price and Amounts Allocated to Performance Obligations***

The transaction price for a contract is allocated amongst the material right and other performance obligations identified in the contract based on their stand-alone selling prices, which are all observable. The transaction price for a contract excludes any amounts collected on behalf of third parties [e.g., VAT].

In the normal course of business, the Group receives advanced payments from customers for purchase of motor vehicles. The timing difference between when the Group receives payment and when the performance obligation is satisfied may extend beyond twelve months. The Group evaluates if this indicates a significant financing component when determining the transaction price. In making its evaluation, the Group considers the intention of customers when making the advanced payment.

Based on the evaluation of the Group, customers pay in advance as a form of a security to ensure an allocation of limited motor vehicle models to be released in the future; hence, the transaction price does not contain a financing component.

The determination of the transaction price on other revenue sources is straightforward as contracts do not contain any variable consideration or significant financing components.

*(b) Determination of the Timing of Satisfaction of Performance Obligation*

The Group applies judgment in determining the timing of satisfaction of performance obligations in its contracts with customers. In making its evaluation, the Group considers the rights and obligations of the parties to the contracts.

The Group determined that it satisfies its performance obligations in relation to room accommodation over time as customers receive the benefits simultaneous as the Group performs. Further, servicing and bodyshop obligations are also satisfied over time as the services are performed on assets controlled by customers.

On the other hand, the Group determined that it satisfies its performance obligations in relation to sale of vehicles, parts, accessories, food and beverages at a point in time when the customers receive the goods.

*(c) Determination of ECL on Trade and Other 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.

*(d) 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.

(e) *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.

(f) *Determination of Lease Term of Contracts with Renewal and Termination Options*

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., one to 20 years).

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.

*(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 BOD 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. Owner-occupied property generates cash flows that are attributable not only to the property but also to other assets used in the production or supply process. 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 2.12 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.

*(l) Classification of Non-current Assets as Held for Sale*

The Group classifies an asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such assets (or disposal group) and its sale must be highly probable.

For the sale to be highly probable, the appropriate level of management must be committed to a plan to sell the asset (or disposal group), and an active program to locate a buyer and complete the plan must have been initiated. Further, the asset (or disposal group) must be actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification, except when delay is caused by events or circumstances beyond the Group's control and there is sufficient evidence that the Group remains committed to its plan to sell the asset (or disposal group). The actions required to complete the plan should also indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Based on management's assessment, the disposal of freehold land is expected to be completed before the end of the next fiscal year; hence, the property is classified as Assets Held for Sale in the consolidated statements of financial position (see Note 17).

### **3.2 Key Sources of Estimation Uncertainty**

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

*(a) Estimation of Allowance for ECL 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.

*(b) 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.

(c) *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, right-of-use assets 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, 2022 and 2021, 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.

(d) *Determination of Appropriate Discount Rate in Measuring Lease Liabilities*

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.

(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 2.16).

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.

Impairment losses recognized on investments in associates are disclosed in Note 13. For other non-financial assets, there were no impairment losses required to be recognized in 2022, 2021 and 2020 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, 2022 and 2021 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 22.2.

(k) *Determination of Provision for Restoration of Leased Property*

Determining provision for leased property restoration requires estimation of the cost of dismantling and restoring the leased properties to their original condition. The estimated cost was initially determined based on a recent cost to restore the properties and is being adjusted to consider the estimated incremental annual costs up to the end of the lease term.

A significant change in the credit-adjusted risk-free rate used in discounting the estimated cost would result in a significant change in the amount of provision recognized with a corresponding effect in profit or loss.

An analysis of the Group's provisions for leased property restoration cost is presented in Note 18.

#### 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 long-term financing. As at June 30, 2022 and 2021, the Group is exposed to changes in market interest rates through short-term placements included as part of Cash 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 cash and receivables, which are primarily denominated in United States Dollars (USD), GBP, Malaysian Ringgit (MYR) and European Union Euro (EUR). There were no foreign currency denominated financial liabilities as at June 30, 2022 and 2021.

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>2022</u>	<u>2021</u>
Php – GBP	<b>P 1,459,848,176</b>	P 545,979,170
Php – USD	<b>184,941,100</b>	44,891,193
Php – MYR	<b>207,785</b>	2,128,380
Php – EUR	<b>-</b>	299,038

The table presented in the succeeding page 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.

	2022		2021	
	Reasonably possible change in rate	Effect in profit before tax	Reasonably possible change in rate	Effect in profit before tax
PhP – GBP	18.70%	P 272,991,609	16.19%	P 88,396,677
PhP – USD	8.83%	16,330,299	4.75%	2,131,302
PhP – MYR	9.91%	20,591	7.26%	154,558
PhP – EUR	-	-	12.85%	38,418
		<u>P 289,342,499</u>		<u>P 90,720,955</u>

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) and equity as at June 30, 2022 and 2021 are summarized below.

	Observed Volatility Rates		Impact of Increase on Equity		Impact of Decrease on Equity	
	Increase	Decrease	Before tax	After tax	Before tax	After tax
<u>June 30, 2022</u>						
Equity securities – Listed in Malaysia	+54.52%	-54.52%	<u>P 263,048,353</u>	<u>P197,286,265</u>	<u>(P 263,048,353)</u>	<u>(P 197,286,265)</u>
<u>June 30, 2021</u>						
Equity securities:						
Listed in Malaysia	+40.26%	-40.26%	P 264,985,372	P198,739,029	(P 264,985,372)	(P 198,739,029)
Listed in England	+36.37%	-36.37%	<u>148,575,792</u>	<u>111,431,844</u>	<u>( 148,575,792)</u>	<u>( 111,431,844)</u>
			<u>P 413,561,164</u>	<u>P310,170,873</u>	<u>(P 413,561,164)</u>	<u>(P 310,170,873)</u>

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 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 below.

	<u>Notes</u>	<u>2022</u>	<u>2021</u>
Cash	7	<b>P 1,665,883,672</b>	P 621,756,192
Trade and other receivables – net	8	<b>2,239,748,621</b>	1,894,269,594
Advances to associates – net	13	<b>2,091,457,052</b>	2,072,075,320
Refundable deposits	10	<b><u>4,130,582</u></b>	<u>72,349,253</u>
		<b><u>P 6,001,219,927</u></b>	<u>P 4,660,450,359</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 as described below.

*(a) Cash*

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

*(b) Trade and Other Receivables*

The Group's trade receivables as at June 30, 2022 and 2021 are due mainly from customers of H.R. Owen. 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.

To measure the ECL, 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, 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 mainly 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.

The loss allowance provided by the Group is summarized below as at June 30, 2022 and 2021 based on age is as follows:

		Current		Not more 30 days		More than 30 days but not more than 90 days		Total
<b>June 30, 2022</b>								
Expected loss rate		-		17%		73%		
Gross carrying amount	P	2,167,376,951	P	50,960,328	P	21,411,342	P	2,239,748,621
Loss allowance		-		8,538,321		15,713,193		24,251,513
<b>June 30, 2021</b>								
Expected loss rate		-		22%		69%		
Gross carrying amount	P	1,827,732,486	P	35,956,922	P	30,580,186	P	1,894,269,594
Loss allowance		-		7,858,640		21,225,671		29,084,311

(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 as of June 30, 2022 and 2021 (see Notes 13 and 24.1), since their respective stockholders have committed to financially support these related parties as part of their long-term corporate strategy.

(d) *Refundable Deposits*

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 are reputable power and water distribution companies with sound financial condition; hence, management has assessed the credit risk in these deposits to be considered negligible.

### 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, 2022 and 2021, the Group has undrawn floating rate borrowing facilities of P4,781,266,062 and P4,980,201,720, respectively, represented by revolving credit facility and used and demonstrator vehicle stocking loans, all of which would be repayable on demand. Further, the Parent Company has undrawn loan facility of P116,000,000 from local commercial banks as at June 30, 2022 and 2021.

The table below summarizes (except for lease liabilities – see Note 16) 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.

		<b>2022</b>		
		<b>Current</b>	<b>Non-current</b>	
		<b>Within</b>	<b>More than 1</b>	<b>More than</b>
		<b>One Year</b>	<b>to 5 Years</b>	<b>5 Years</b>
	<u>Notes</u>			
Trade and other payables	18	P 1,140,686,723	P -	P -
Loans payable and borrowings	19	3,497,858,280	487,066,406	1,011,199,216
Advances from related parties	24.3	294,523,469	450,000,000	-
		<b><u>P 4,933,068,472</u></b>	<b><u>P 937,066,406</u></b>	<b><u>P 1,011,199,216</u></b>
		<b>2021</b>		
		<b>Current</b>	<b>Non-current</b>	
		<b>Within</b>	<b>More than 1</b>	<b>More than</b>
		<b>One Year</b>	<b>to 5 Years</b>	<b>5 Years</b>
	<u>Notes</u>			
Trade and other payables	18	P 1,226,184,236	P -	P -
Loans payable and borrowings	19	2,666,299,742	107,277,376	336,778,916
Advances from related parties	24.3	273,581,096	600,000,000	-
		<b><u>P 4,166,065,074</u></b>	<b><u>P 707,277,376</u></b>	<b><u>P 336,778,916</u></b>

## 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 three service lines. The Group is engaged in the business of Services, Investments and Motor Vehicle Dealership. Presented below and in the succeeding page is the basis of the Group in reporting its strategic decision-making activities.

- (a) The Services segment mainly pertains to the hotel operations of PHPI.
- (b) The Investments segment relates to investing activities particularly holding financial assets at FVTPL and FVOCI, and investments in subsidiaries and associates.
- (c) The Motor Vehicle Dealership segment mainly pertains to the luxury motor vehicle retailers and provision of aftersales services of H.R. Owen.

The segment results also include the equity share in net income and losses of associates operating in the same industry.

## 5.2 Segment Assets and Liabilities

Segment assets are allocated based on their physical location and use or direct association with a specific segment. Segment assets include all operating assets used by a segment and consist principally of operating cash, receivables, advances, inventories, 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 June 30, 2022, 2021 and 2020, and certain assets and liabilities information regarding industry segments as at the end of each reporting period.

	2022			
	Services	Investments	Motor Vehicle Dealership	Total
Revenues and income:				
Revenue from externals				
customers	P 93,557,954	P -	P 36,489,886,349	P 36,583,444,303
Interest income	43,435	85,735,033	84,316,033	170,094,501
Other income	7,803,223	19,458,189	129,915,127	157,176,539
Equity share in net income				
of associates	108,030,921	-	16,785,785	124,816,706
Inter-segment	-	70,041,809	-	70,041,809
Total revenues and income	<b>P 209,435,533</b>	<b>P 175,235,031</b>	<b>P 36,720,903,294</b>	<b>P 37,105,573,858</b>
Expenses:				
Costs and operating expenses				
before depreciation	P 95,970,921	P 12,935,264	P 34,774,488,440	P 34,883,394,625
Depreciation and amortization	23,411,129	14,000	642,310,215	665,735,344
Interest expense	8,490,041	21,521,867	224,511,946	254,523,854
Other expenses	-	27,536,319	-	27,536,319
Total expenses	<b>P 127,872,091</b>	<b>P 62,007,450</b>	<b>P 35,641,310,601</b>	<b>P 35,831,190,142</b>

	2022			
	Services	Investments	Motor Vehicle Dealership	Total
Profit before tax	<u>P 81,563,442</u>	<u>P 113,227,581</u>	<u>P 1,079,592,693</u>	<u>P 1,274,383,716</u>
Net profit	<u>P 86,710,898</u>	<u>P 89,624,491</u>	<u>P 834,585,991</u>	<u>P 1,010,921,380</u>
Segment assets	<u>P 1,402,943,312</u>	<u>P 9,018,366,478</u>	<u>P 17,059,074,453</u>	<u>P 27,480,384,243</u>
Segment liabilities	<u>P 1,181,832,928</u>	<u>P 1,252,330,887</u>	<u>P 13,054,521,365</u>	<u>P 15,488,685,180</u>
Other segment item – Capital expenditures	<u>P 7,135,363</u>	<u>P -</u>	<u>P 1,613,845,815</u>	<u>P 1,620,981,178</u>
	2021			
	Services	Investments	Motor Vehicle Dealership	Total
Revenues and income:				
Revenue from externals				
customers	P 111,556,284	P -	P 29,357,903,369	P 29,469,459,653
Interest income	79,624	98,714,130	43,638,590	142,432,344
Other income	2,326,829	20,116,363	244,166,578	266,609,770
Inter-segment	-	20,000,000	-	20,000,000
Total revenues and income	<u>P 113,962,737</u>	<u>P 138,830,493</u>	<u>P 29,645,708,537</u>	<u>P 29,898,501,767</u>
Expenses:				
Costs and operating expenses				
before depreciation	P 91,412,190	P 21,852,393	P 27,997,897,508	P 28,111,162,091
Depreciation and amortization	25,899,445	-	529,056,427	554,955,872
Interest expense	8,359,873	35,779,738	216,421,891	260,561,502
Equity share in net loss				
of associates	120,840,037	-	48,404,986	169,245,023
Other expenses (income)	( 417,648 )	40,380,377	4,853,871	44,816,600
Inter-segment	-	43,734,996	1,570,783	45,305,779
Total expenses	<u>P 246,093,897</u>	<u>P 141,747,504</u>	<u>P 28,798,205,466</u>	<u>P 29,186,046,867</u>
Profit (loss) before tax	( <u>P 132,131,160</u> )	( <u>P 2,917,011</u> )	<u>P 847,503,071</u>	<u>P 712,454,900</u>
Net profit (loss)	( <u>P 133,176,712</u> )	( <u>P 20,457,469</u> )	<u>P 667,486,146</u>	<u>P 513,851,965</u>
Segment assets	<u>P 1,458,485,160</u>	<u>P 9,099,566,190</u>	<u>P 12,645,411,112</u>	<u>P 23,203,462,462</u>
Segment liabilities	<u>P 1,216,781,460</u>	<u>P 1,528,152,379</u>	<u>P 9,466,851,134</u>	<u>P 12,211,784,973</u>
Other segment item – Capital expenditures	<u>P 140,154,211</u>	<u>P -</u>	<u>P 1,579,520,792</u>	<u>P 1,719,675,003</u>

	2020			
	Services	Investments	Motor Vehicle Dealership	Total
Revenues and income:				
Revenue from external 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 revenues and 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	1,381,005	5,749,624	39,119,293	46,249,922
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	( P 38,428,280 )	P 55,390,423	P 129,710,996	P 146,673,239
Net profit (loss)	( P 40,553,754 )	( P 6,142,927 )	P 104,342,466	P 57,645,785
Segment assets	<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>

Currently, the Group's operation has two geographical segments: London, England for the motor vehicle dealership segment, except equity share in net income or loss of associates, 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.

	2022	2021	2020
<b>Revenues and income</b>			
Total segment income	<b>P 37,105,573,858</b>	P 29,898,501,767	P 25,632,805,965
Elimination of intersegment income	( <b>70,041,809</b> )	( 20,000,000 )	( 52,030,000 )
Revenue and income from continuing operations as reported in profit or loss	<u><b>P 37,035,532,049</b></u>	<u>P 29,878,501,767</u>	<u>P 25,580,775,965</u>

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>Profit or loss</b>			
Segment profit before tax	<b>P 1,274,383,716</b>	P 712,454,900	P 146,673,239
Elimination of intersegment income	<b>( 70,041,809)</b>	( 20,000,000)	( 52,030,000)
Elimination of intersegment expenses	<u>-</u>	<u>45,305,779</u>	<u>57,109,744</u>
Profit from continuing operation before tax as reported in profit or loss	<b><u>P 1,204,341,907</u></b>	<u>P 737,760,679</u>	<u>P 151,752,983</u>
	<u>2022</u>	<u>2021</u>	
<b>Assets</b>			
Segment assets		<b>P 27,480,384,243</b>	P 23,203,462,462
Elimination of intercompany accounts		<b>( 3,332,331,069)</b>	( 3,466,239,820)
Total assets from continuing operations as reported in the consolidated statements of financial position		<b><u>P 24,148,053,174</u></b>	<u>P 19,737,222,642</u>
<b>Liabilities</b>			
Segment liabilities		<b>P 15,488,685,180</b>	P 12,211,784,973
Elimination of intercompany accounts		<b>( 1,259,766,271)</b>	( 1,344,888,030)
Total liabilities from continuing operations as reported in the consolidated statements of financial position		<b><u>P 14,228,918,909</u></b>	<u>P 10,866,896,943</u>

## 6. CONTRACTS WITH PCSO

PGMC is a party to the Equipment Lease Agreement (ELA) with PCSO covering the lease of PGMC's on-line lottery equipment [see Notes 1.2(f)] 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.

In August 2019, the PCSO granted the extension of the ELA on a month-to-month basis until August 22, 2020, which was then extended until August 22, 2021. In July 2021, this contract was further extended for another year ending August 22, 2022 or until procurement, delivery and installation of the PCSO Lottery System (PLS) has been put in place.

On September 2, 2021, PCSO has given Notice of Award to Pinoylotto Technologies Corp. (PTC), a newly incorporated joint venture of PGMC and other third parties, for the procurement of the 2021 PLS Project for the total amount of P5.80 billion (contract price). The said project pertains to a five-year lease of the customized lottery system that will operate across the entire Philippines. PTC is expected to start its commercial operations in October 2023.

In 2022, 2021 and 2020, the Group's equity share in net profit of PGMC amounted to P110,819,290, P23,902,040 and P2,112,548, respectively, and is presented as part of Equity Share in Net Income (Loss) of Associates under Other Income (Charges) section in the consolidated statements of comprehensive income (see Note 13).

## 7. CASH

The Group's cash, which includes cash on hand and cash in banks, amounted to P1,665,883,672 and P621,756,192 as of June 30, 2022 and 2021, respectively. Cash in banks generally earn interest based on daily bank deposit rates. Interest income earned is presented as part of Finance Income under Other Income (Charges) section in the consolidated statements of comprehensive income (see Note 23.1).

## 8. TRADE AND OTHER RECEIVABLES

This account is composed of the following:

	Notes	2022	2021
Deposits	24.12	<b>P1,472,378,280</b>	P1,105,559,684
Trade receivables		<b>748,179,084</b>	585,794,634
Receivables from sale of investment in a subsidiary	1.2(f), 13	<b>32,550,000</b>	90,150,000
Manufacturer's bonuses		<b>10,225,817</b>	140,841,516
Due from a related party	24.7	<b>666,953</b>	1,008,071
Payments for future acquisition of investments	24.4	<b>207,785</b>	2,128,380
Advances to officers and employees	24.10	<b>46,628</b>	62,845
Deposit for future stock subscriptions	24.2	-	8,000,000
Other receivables		<b>199,469,389</b>	65,097,896
		<b>2,463,723,936</b>	1,998,643,026
Allowance for impairment		<b>( 24,251,513 )</b>	( 29,084,311 )
		<b><u>P2,439,472,423</u></b>	<b><u>P1,969,558,715</u></b>

Trade receivables are usually due within 30 to 60 days and do not bear any interest.

Manufacturer's bonuses mainly pertain to incentives received by H.R. Owen from its car manufacturer for the sale of vehicles and related parts including meeting certain volume requirements.

Deposits represent amounts provided to a foreign asset management firm engaged in the business of general trading and financing services, inclusive of accrued interest.



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

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 2022 and 2021 is shown below.

	<u>2022</u>	<u>2021</u>
Balance at beginning of year	<b>P 29,084,311</b>	P 44,739,078
Write-off during the year	<b>( 4,706,485)</b>	( 18,193,887)
Translation adjustment	<b>( 126,313)</b>	2,539,120
Balance at end of year	<b><u>P 24,251,513</u></b>	<b><u>P 29,084,311</u></b>

The impairment loss amounting to P4,432,587 in 2020 (nil in 2022 and 2021), is presented as part of Impairment Losses on Financial Assets under Costs and Operating Expenses section in the 2020 consolidated statement of comprehensive income.

## 9. INVENTORIES

The composition of this account is as follows:

	<u>2022</u>	<u>2021</u>
At cost:		
Vehicles	<b>P3,294,977,480</b>	P2,554,568,866
Parts and components	<b>87,744,813</b>	25,551,459
Hotel supplies	<b><u>4,523,119</u></b>	<u>4,864,892</u>
<i>Balance brought forward</i>	<b><u>P3,387,245,412</u></b>	<b><u>P2,584,985,217</u></b>

	<u>2022</u>	<u>2021</u>
<i>Balance carried forward</i>	<b><u>P3,387,245,412</u></b>	<u>P2,584,985,217</u>
At net realizable value:		
Vehicles	<b>1,147,929,280</b>	802,183,136
Parts and components	<b><u>245,804,275</u></b>	<u>252,199,162</u>
	<b>1,393,733,555</b>	1,054,382,298
Allowance for inventory writedown	<b>( <u>179,593,201</u> )</b>	<b>( <u>154,778,285</u> )</b>
	<b><u>1,214,140,354</u></b>	<u>899,604,013</u>
	<b><u>P4,601,385,766</u></b>	<u>P3,484,589,230</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 below.

	<u>2022</u>	<u>2021</u>
Balance at beginning of year	<b>P 154,778,285</b>	P 252,220,874
Additional allowance during the year	<b>286,912,971</b>	317,364,524
Write-off during the year	<b>( 255,250,278 )</b>	<b>( 447,408,754 )</b>
Translation adjustment – net	<b>( <u>6,847,777</u> )</b>	<u>32,601,641</u>
Balance at end of year	<b><u>P 179,593,201</u></b>	<u>P 154,778,285</u>

The additional allowance in 2022, 2021 and 2020 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>2022</u>	<u>2021</u>
Current:			
Prepaid expenses	24.12	<b>P 522,008,107</b>	P 348,552,834
VAT recoverable		<b>469,638,043</b>	262,660,476
Prepaid taxes		<b>188,768,523</b>	41,796,998
Input VAT		<b>81,549,368</b>	90,894,783
Advances to suppliers		<b>26,142,096</b>	34,083,674
Creditable withholding tax		<b>6,936,423</b>	6,368,306
Deferred input VAT		<b>3,732,809</b>	-
Refundable deposits		<b><u>3,359,127</u></b>	<u>71,577,798</u>
<i>Balance brought forward</i>		<b><u>1,302,134,496</u></b>	<u>855,934,869</u>

	<u>2022</u>	<u>2021</u>
<i>Balance carried forward</i>	<b><u>P1,302,134,496</u></b>	<u>P 855,934,869</u>
Non-current:		
Deferred input VAT	<b>3,887,196</b>	6,676,790
Refundable deposits	<u>771,455</u>	<u>771,455</u>
	<u><b>4,658,651</b></u>	<u>7,448,245</u>
	<b><u>P1,306,793,147</u></b>	<u>P 863,383,114</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 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.

## 11. INVESTMENT SECURITIES

### *11.1 Financial Assets at Fair Value through Profit or Loss*

As of June 30, 2022 and 2021, the remaining balance of financial assets at FVTPL pertains to warrants held by the Group.

The debt securities are non-redeemable, convertible and unsecured loan stocks which entitle the holder to convert it into common stocks of the issuer within a fixed conversion period or at maturity date. Unless previously converted, all outstanding debt securities are mandatorily converted into common stock on the day falling immediately after the maturity date.

Upon maturity in March 2020, the Group fully converted its debt securities amounting to P91,155,831 into common stock at the rate of 10 loan stock into four ordinary shares. Consequently, the investment on common shares was accounted for as financial assets at FVOCI as these are not held for trading (see Note 11.2). The Group realized a gain on said conversion amounting to P27,583,652 and is presented as part of Fair Value Gain on Financial Assets at FVTPL under Other Income (Charges) section in the 2020 consolidated statement of comprehensive income. There was no similar transaction in 2022 and 2021.

In 2022, the Group disposed investment securities at FVTPL at a selling price of P712,925. Accordingly, the Group incurred a loss amounting to P1,392,607 and is presented as Loss on Sale of Financial Assets at FVTPL under Other Income (Charges) section in the 2022 consolidated statement of comprehensive income. There was no similar transaction in 2021 and 2020.

In 2022, the Group recognized unrealized fair value loss amounting to P3,387,255 and fair value gain amounting to P3,760,342 and P19,072,704 in 2021 and 2020, respectively, and is presented as part of Fair Value Gain (Loss) on Financial Assets at FVTPL under Other Income (Charges) section 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 in 2020 (nil in 2022 and 2021) and is presented as part of Finance Income under Other Income (Charges) section in the 2020 consolidated statement 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>2022</u>	<u>2021</u>
Equity securities:		
Quoted	<b>P 475,237,656</b>	P1,066,701,837
Unquoted	<u><b>413,182,953</b></u>	<u>5,578,377</u>
	<u><b>P 888,420,609</b></u>	<u><b>P1,072,280,214</b></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 2022, 2021 and 2020, the Group disposed of certain equity securities classified as FVOCI at a selling price of P290,831,946, P220,326,405 and P202,553,766, respectively. Accordingly, cumulative fair value losses amounting to P38,440,287 and P31,860,692 in 2022 and 2021, respectively, and cumulative fair value gains amounting to P8,373,996 in 2020 were transferred directly to retained earnings.

The movements of financial assets at FVOCI are as follows:

	<u>Notes</u>	<u>2022</u>	<u>2021</u>
Balance at beginning of year		<b>P1,072,280,214</b>	P1,259,093,353
Disposals during the year		<b>( 290,831,946)</b>	( 220,326,405)
Fair value gains – net	25.4	<b>103,545,591</b>	7,509,510
Additions during the year	11.1	<u><b>3,426,750</b></u>	<u>26,003,756</u>
Balance at end of year		<u><b>P 888,420,609</b></u>	<u><b>P1,072,280,214</b></u>

Dividend income from these equity securities amounted to P11,793,182, P16,356,021 and P22,612,711 in 2022, 2021 and 2020, 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).

## 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 2022, 2021 and 2020 are shown below.

		Buildings	Transportation Equipment	Workshop Equipment	Office Furniture, Fixtures and Equipment	Hotel and Kitchen Equipment and Utensils	Leasehold improvements	Land	Construction in Progress	Total
June 30, 2022										
Cost	P	1,477,961,615	P 32,727,451	P 685,274,042	P 12,232,427	P 14,238,443	P 1,095,602,358	P 665,294,553	P 2,359,886,111	P 6,343,217,000
Accumulated depreciation and amortization	(	179,386,224)	( 28,187,142)	( 433,754,882)	( 11,034,217)	( 12,497,814)	( 637,122,972)	-	-	( 1,301,983,251)
Net carrying amount	<b>P</b>	<b>1,298,575,391</b>	<b>P 4,540,309</b>	<b>P 251,519,160</b>	<b>P 1,198,210</b>	<b>P 1,740,629</b>	<b>P 458,479,386</b>	<b>P 665,294,553</b>	<b>P 2,359,886,111</b>	<b>P 5,041,233,749</b>
June 30, 2021										
Cost	P	918,005,975	P 37,606,404	P 717,521,907	P 11,937,901	P 13,811,977	P 1,362,291,202	P 670,353,688	P 1,347,533,829	P 5,079,062,883
Accumulated depreciation and amortization	(	160,895,999)	( 31,224,017)	( 451,760,154)	( 10,534,790)	( 12,150,520)	( 753,609,986)	-	-	( 1,420,175,466)
Net carrying amount	<b>P</b>	<b>757,109,976</b>	<b>P 6,382,387</b>	<b>P 265,761,753</b>	<b>P 1,403,111</b>	<b>P 1,661,457</b>	<b>P 608,681,216</b>	<b>P 670,353,688</b>	<b>P 1,347,533,829</b>	<b>P 3,658,887,417</b>
June 30, 2020										
Cost	P	720,291,386	P 31,290,852	P 573,450,195	P 11,767,608	P 13,528,690	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	<b>P</b>	<b>576,372,853</b>	<b>P 5,338,310</b>	<b>P 194,198,921</b>	<b>P 1,825,110</b>	<b>P 1,755,573</b>	<b>P 610,848,862</b>	<b>P 249,043,122</b>	<b>P 497,184,286</b>	<b>P 2,136,567,037</b>

The movement of the carrying amounts of property and equipment at the beginning and end of fiscal years 2022, 2021 and 2020 are shown below.

		Buildings	Transportation Equipment	Workshop Equipment	Office Furniture, Fixtures and Equipment	Hotel and Kitchen Equipment and Utensils	Leasehold improvements	Land	Construction in Progress	Total
Balance at July 1, 2021										
net of accumulated										
depreciation and amortization	P	757,109,976	P 6,382,387	P 265,761,753	P 1,403,111	P 1,661,457	P 608,681,216	P 670,353,688	P 1,347,533,829	P 3,658,887,417
Additions		459,323,845	5,313,766	80,211,167	294,528	426,465	48,170,455	-	1,026,047,062	1,619,787,288
Disposals	-	( 5,212,392 )	-	-	-	-	-	-	-	( 5,212,392 )
Write-off	-	-	( 289,809 )	-	-	( 1,200,034 )	-	-	( 1,489,843 )	-
Depreciation and amortization										
charges for the year	(	17,192,727 )	( 1,955,248 )	( 78,369,370 )	( 499,429 )	( 347,293 )	( 109,336,609 )	-	-	( 207,700,676 )
Reclassification		101,499,361	-	( 15,340,326 )	-	-	( 86,159,035 )	-	( 8,290,586 )	( 8,290,586 )
Translation adjustment	(	2,165,064 )	11,796	( 454,255 )	-	-	( 1,676,607 )	( 5,059,135 )	( 5,404,194 )	( 14,747,459 )
Balance at June 30, 2022										
net of accumulated										
depreciation and amortization	P	<u>1,298,575,391</u>	P <u>4,540,309</u>	P <u>251,519,160</u>	P <u>1,198,210</u>	P <u>1,740,629</u>	P <u>458,479,386</u>	P <u>665,294,553</u>	P <u>2,359,886,111</u>	P <u>5,041,233,749</u>
Balance at July 1, 2020										
net of accumulated										
depreciation and amortization	P	576,372,853	P 5,338,310	P 194,198,921	P 1,825,110	P 1,755,573	P 610,848,862	P 249,043,122	P 497,184,286	P 2,136,567,037
Additions		171,923,820	5,321,730	114,921,525	170,293	283,287	75,157,935	501,546,870	850,349,543	1,719,675,003
Disposals	-	( 2,000 )	( 3,116,204 )	-	-	-	( 1,999,580 )	-	-	( 5,117,784 )
Write-off	-	-	-	-	-	-	-	-	-	-
Depreciation and amortization										
charges for the year	(	16,977,466 )	( 4,370,819 )	( 72,658,906 )	( 592,292 )	( 377,403 )	( 104,306,076 )	-	-	( 199,282,962 )
Transfer	-	-	-	15,781,449	-	-	( 15,781,449 )	( 87,911,179 )	-	( 87,911,179 )
Reclassification	-	-	-	-	-	-	-	-	-	-
Translation adjustment		25,790,769	95,166	16,634,968	-	-	44,761,524	7,674,875	-	94,957,302
Balance at June 30, 2021										
net of accumulated										
depreciation and amortization	P	<u>757,109,976</u>	P <u>6,382,387</u>	P <u>265,761,753</u>	P <u>1,403,111</u>	P <u>1,661,457</u>	P <u>608,681,216</u>	P <u>670,353,688</u>	P <u>1,347,533,829</u>	P <u>3,658,887,417</u>
Balance at July 1, 2019										
net of accumulated										
depreciation and amortization	P	590,824,119	P 3,166,798	P 204,624,782	P 1,580,855	P 1,675,150	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	1,644,705,984
Disposals	-	( 381,929 )	( 4,339,165 )	-	-	( 26,786 )	-	-	-	( 4,747,880 )
Reclassifications	-	-	-	-	-	-	136,844,622	-	( 136,844,622 )	-
Depreciation and amortization										
charges for the year	(	14,451,266 )	( 6,623,606 )	( 72,633,114 )	( 580,475 )	( 435,207 )	( 104,844,813 )	-	-	( 199,568,481 )
Translation adjustment	-	( 260,144 )	( 5,154,055 )	-	-	-	( 27,987,111 )	( 10,404,943 )	( 8,410,335 )	( 52,216,588 )
Balance at June 30, 2020										
net of accumulated										
depreciation and amortization	P	<u>576,372,853</u>	P <u>5,338,310</u>	P <u>194,198,921</u>	P <u>1,825,110</u>	P <u>1,755,573</u>	P <u>610,848,862</u>	P <u>249,043,122</u>	P <u>497,184,286</u>	P <u>2,136,567,037</u>

Workshop equipment includes fixtures and fittings utilized for bodyshop works.

In 2021, due to consummation of purchase transaction, the advance payment for land acquisition was applied for the development of multi-franchise site and head office in the UK (see Note 30.4).

In 2020, the construction in progress pertains to construction costs of sanitary landfill project of FEC. In 2022 and 2021, additional construction in progress for the sanitary landfill project of FEC and franchised retail motor dealer operating sites of H.R. Owen were incurred (see Note 30.4). No borrowing cost was capitalized in 2022, 2021 and 2020.

The Group recognized P4,698,905 gain in 2022, and P4,436,202 and P4,274,031 loss in 2021 and 2020, respectively, on the disposal of certain property and equipment, and are presented as part of Other Operating Expenses under Costs and Operating Expenses 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, 2022 and 2021, amounted to P769,106,723 and P675,441,118, respectively.

The Group obtained loans from local banks which are partly secured by the Group's hotel building, including all the improvements thereof (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
<b>June 30, 2022</b>												
Investment:												
Acquisition costs:												
Beginning balance		P 40,000	P 180,400	P 203,896	P 454,880	P 400	P 43,335	P 82,283	P 3,060	P 162,500	P 120,373	P 1,291,127
Additional investment	1.2	-	-	-	-	-	-	-	34,830	-	-	34,830
		<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>37,890</u>	<u>162,500</u>	<u>120,373</u>	<u>1,325,957</u>
Deduction of interest in associate in prior years		-	-	( 149,988 )	-	-	-	-	-	-	-	( 149,988 )
Dividends:												
Dividends received in current year		-	-	-	( 72,000 )	-	-	-	-	-	-	( 72,000 )
Dividends received in prior years		-	-	( 70,700 )	( 20,000 )	-	-	-	-	-	-	( 90,700 )
		-	-	( 70,700 )	( 92,000 )	-	-	-	-	-	-	( 162,700 )
Accumulated equity share in comprehensive income (loss):												
Share in comprehensive income (losses) in prior years		132,422	( 180,400 )	418,472	24,717	( 400 )	( 37,751 )	( 42,897 )	547	( 69,513 )	( 58,058 )	187,139
Share in net profit (losses) during the year		( 2,965 )	-	22,969	110,818	-	-	( 19,027 )	( 6,183 )	19,205	-	124,817
Share in other comprehensive losses during the year		-	-	238	1,974	-	-	323	-	-	-	2,535
Dilution gain on disposal of BAAI		-	-	-	-	-	-	-	1,959	-	-	1,959
		<u>129,457</u>	<u>( 180,400 )</u>	<u>441,679</u>	<u>137,509</u>	<u>( 400 )</u>	<u>( 37,751 )</u>	<u>( 61,601 )</u>	<u>( 3,677 )</u>	<u>( 50,308 )</u>	<u>( 58,058 )</u>	<u>316,450</u>
Total investments in associates		<u>169,457</u>	<u>-</u>	<u>424,887</u>	<u>500,389</u>	<u>-</u>	<u>5,584</u>	<u>20,682</u>	<u>34,213</u>	<u>112,192</u>	<u>62,315</u>	<u>1,329,719</u>
Allowance for impairment		-	-	-	-	-	( 5,584 )	-	-	-	( 62,315 )	( 67,899 )
Total investments in associates - net		<u>169,457</u>	<u>-</u>	<u>424,887</u>	<u>500,389</u>	<u>-</u>	<u>-</u>	<u>20,682</u>	<u>34,213</u>	<u>112,192</u>	<u>-</u>	<u>1,261,820</u>
Advances	24.1	<u>438,286</u>	<u>531,213</u>	<u>-</u>	<u>-</u>	<u>3,023</u>	<u>-</u>	<u>1,186,579</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,159,101</u>
Allowance for impairment	24.1	-	( 64,621 )	-	-	( 3,023 )	-	-	-	-	-	( 67,644 )
Advances - net	24.1	<u>438,286</u>	<u>466,592</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,186,579</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,091,457</u>
		<b><u>P 607,743</u></b>	<b><u>P 466,592</u></b>	<b><u>P 424,887</u></b>	<b><u>P 500,389</u></b>	<b><u>P -</u></b>	<b><u>P -</u></b>	<b><u>P 1,207,261</u></b>	<b><u>P 34,213</u></b>	<b><u>P 112,192</u></b>	<b><u>P -</u></b>	<b><u>P 3,353,277</u></b>



	Notes	PLPI	BPPI	BAPI	PGMC	CPI	SBMPI	NPI	BAAI	CBFC	VideoDoc	Total
June 30, 2021												
Investment:												
Acquisition costs:												
Beginning balance		P 40,000	P 180,400	P 203,896	P 454,880	P 400	P 43,335	P 82,283	P 30	P 112,500	P 120,373	P 1,238,097
Additional investment	1.2	-	-	-	-	-	-	-	3,030	50,000	-	53,030
		<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>3,060</u>	<u>162,500</u>	<u>120,373</u>	<u>1,291,127</u>
Deduction of interest in associate in prior years		-	-	( 149,988 )	-	-	-	-	-	-	-	( 149,988 )
Dividends:												
Dividends received in current year		-	-	-	( 20,000 )	-	-	-	-	-	-	( 20,000 )
Dividends received in prior years		-	-	( 70,700 )	-	-	-	-	-	-	-	( 70,700 )
		<u>-</u>	<u>-</u>	<u>( 70,700 )</u>	<u>( 20,000 )</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 90,700 )</u>
Accumulated equity share in comprehensive income (loss):												
Share in comprehensive income (losses) in prior years		140,206	( 180,400 )	468,262	2,113	( 400 )	( 29,544 )	37,648	( 30 )	( 13,041 )	( 58,058 )	366,756
Share in net profit (losses) during the year		( 7,784 )	-	( 40,776 )	23,902	-	( 8,207 )	( 80,485 )	577	( 56,472 )	-	( 169,245 )
Share in other comprehensive losses during the year		-	-	( 9,014 )	( 1,298 )	-	-	( 60 )	-	-	-	( 10,372 )
		<u>132,422</u>	<u>( 180,400 )</u>	<u>418,472</u>	<u>24,717</u>	<u>( 400 )</u>	<u>( 37,751 )</u>	<u>( 42,897 )</u>	<u>547</u>	<u>( 69,513 )</u>	<u>( 58,058 )</u>	<u>187,139</u>
Total investments in associates		<u>172,422</u>	<u>-</u>	<u>401,680</u>	<u>459,597</u>	<u>-</u>	<u>5,584</u>	<u>39,386</u>	<u>3,607</u>	<u>92,987</u>	<u>62,315</u>	<u>1,237,578</u>
Allowance for impairment		-	-	-	-	-	( 5,584 )	-	-	-	( 62,315 )	( 67,899 )
Total investments in associates - net		<u>172,422</u>	<u>-</u>	<u>401,680</u>	<u>459,597</u>	<u>-</u>	<u>-</u>	<u>39,386</u>	<u>3,607</u>	<u>92,987</u>	<u>-</u>	<u>1,169,679</u>
Advances	24.1	<u>438,593</u>	<u>532,859</u>	<u>-</u>	<u>-</u>	<u>3,023</u>	<u>-</u>	<u>1,142,488</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,116,963</u>
Allowance for impairment	24.1	-	( 44,888 )	-	-	-	-	-	-	-	-	( 44,888 )
Advances - net	24.1	<u>438,593</u>	<u>487,971</u>	<u>-</u>	<u>-</u>	<u>3,023</u>	<u>-</u>	<u>1,142,488</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,072,075</u>
		<u>P 611,015</u>	<u>P 487,971</u>	<u>P 401,680</u>	<u>P 459,597</u>	<u>P 3,023</u>	<u>P -</u>	<u>P 1,181,874</u>	<u>P 3,607</u>	<u>P 92,987</u>	<u>P -</u>	<u>P 3,241,754</u>

In 2021, the Group recognized an impairment loss on its investment to SBMPI amounting to P5,584,402, which is presented as Impairment Losses on Non-financial Assets under Costs and Operating Expenses section in the 2021 consolidated statement of comprehensive income. There was no similar transaction in 2022 and 2020.

In 2022, 2021 and 2020, the Group recognized impairment losses on its advances to BPPI and CPI with total amount of P22,756,457, P34,795,975 and P10,091,910, respectively. These are presented as part of Impairment Losses on Financial Assets under Costs and Operating Expenses section in the consolidated statements of comprehensive income.

In 2014, the Group ceased to recognize further equity share in net 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 P357,370 and P49,508, respectively, in 2022 and P10,108,277 and nil, respectively, in 2021. The share in net profit over CPI amounting to P91,742 in 2021 was not recognized as it was offset against the cumulative unrecognized share in net losses over CPI in prior years. There was no additional investment in 2022, 2021 and 2020. The cumulative unrecognized share in net losses over BPPI and CPI amounted to P125,580,962 and P1,092,910, respectively, as of June 30, 2022 and P124,109,496 and P1,043,403, respectively, as of June 30, 2021.

In 2020, the Group discontinued to recognize further losses of BAAI and carried the related investment at nil since its share of losses of BAAI exceeds the original cost of the investment [see Note 2.3(b)]. In 2021, the Group recognized additional investment in BAAI amounting to P3,030,000. Accordingly, the unrecognized share in net losses of P465,519 from prior year was applied to the carrying amount of investment. In 2022, the Group made additional investment amounting to P34,829,989 [see Note 1.2(k)].

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.

		2022					
		PLPI	BPPI	BAAI	PGMC	NPI	CBFC
Total Equity (Capital Deficiency)	P	423,295,337	( P 525,246,721 )	P 1,451,522,078	P 815,635,205	( P 63,660,443 )	P 411,211,860
Percentage of ownership		40.00%	48.38%	28.28%	40.00%	41.46%	25.00%
Equity Share		169,318,135	( 254,114,364 )	410,487,974	326,254,082	( 26,393,620 )	102,802,965
Deemed goodwill		-	-	67,883,993	27,438,898	65,430,532	-
Unrecognized share in losses		-	125,286,211	-	-	-	-
Other reconciling items		138,865	128,828,153	( 53,485,015 )	146,695,689	( 18,354,646 )	9,389,305
Carrying amount at June 30, 2022	<b>P</b>	<b>169,457,000</b>	<b>P -</b>	<b>P 424,886,952</b>	<b>P 500,388,669</b>	<b>P 20,682,266</b>	<b>P 112,192,270</b>
		2021					
		PLPI	BPPI	BAAI	PGMC	NPI	CBFC
Total Equity (Capital Deficiency)	P	394,706,865	( P 525,237,416 )	P 1,373,457,902	P 713,852,591	P 9,027,298	P 332,168,341
Percentage of ownership		40.00%	48.38%	28.28%	40.00%	41.46%	25.00%
Equity Share		157,882,746	( 254,109,862 )	388,411,558	285,541,036	3,742,718	83,042,085
Deemed goodwill		-	-	67,883,993	27,438,898	65,430,532	-
Unrecognized share in losses		-	124,109,496	-	-	-	-
Other reconciling items		14,538,667	130,000,366	( 54,615,124 )	146,616,222	( 29,785,320 )	9,944,677
Carrying amount at June 30, 2021	<b>P</b>	<b>172,421,413</b>	<b>P -</b>	<b>P 401,680,427</b>	<b>P 459,596,156</b>	<b>P 39,387,930</b>	<b>P 92,986,762</b>

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:

2022										
	Current Assets	Non-current Assets	Current Liabilities	Non-current Liabilities	Equity (Capital Deficiency)	Revenues	Net Profit (Loss)	Other Comprehensive Loss	Total Comprehensive Income (Losses)	
BAPI	P 1,691,478,319	P 809,091,083	P 486,150,566	P 562,896,758	P 1,451,522,078	P 2,356,245,621	P 75,464,837	P 842,721	76,307,558	
PGMC	509,464,152	488,110,392	137,208,384	44,730,955	815,635,205	992,310,535	277,117,505	4,935,109	282,052,614	
NPI	80,886,504	1,192,006,542	1,196,200,248	140,353,241	( 63,660,443 )	19,375,764	( 45,897,891 )	780,000	( 45,117,891 )	
CBFC	1,196,389,918	29,996,576	520,174,634	295,000,000	411,211,860	256,391,663	76,822,033	-	76,822,033	
PLPI	25,299,547	1,000,776,000	482,262,682	120,517,528	423,295,337	8,442,735	( 7,411,528 )	-	( 7,411,528 )	
BPPI	49,908,914	55,990,242	626,928,902	4,216,975	( 525,246,721 )	303,616,091	( 738,674 )	729,369	( 9,305 )	
SBMPI	21,556,598	106,114,673	136,631,475	42,146,904	( 51,107,108 )	89,892,783	( 65,853,291 )	-	( 65,853,291 )	
BAAI	189,197,339	31,544,230	49,453,849	60,139	171,227,581	140,427,652	( 11,879,744 )	-	( 11,879,744 )	
CPI	296,290	-	3,028,496	-	( 2,732,266 )	171	( 123,770 )	-	( 123,770 )	
	<u>P 3,764,477,521</u>	<u>P 3,713,629,738</u>	<u>P 3,638,039,236</u>	<u>P 1,209,922,500</u>	<u>P 2,630,145,523</u>	<u>P 4,166,703,015</u>	<u>P 297,499,477</u>	<u>P 7,287,199</u>	<u>P 304,786,676</u>	
2021										
	Current Assets	Non-current Assets	Current Liabilities	Non-current Liabilities	Equity (Capital Deficiency)	Revenues	Net Profit (Loss)	Other Comprehensive Loss	Total Comprehensive Income (Losses)	
BAPI	P 1,560,632,036	P 801,754,896	P 467,111,670	P 521,817,360	P 1,373,457,902	P 2,198,118,679	( P 123,979,668 )	( P 31,872,374 )	( P 155,852,042 )	
PGMC	232,110,786	626,614,010	105,348,670	39,793,535	713,582,591	641,154,187	59,755,101	( 3,246,080 )	56,509,021	
NPI	189,663,286	1,081,893,848	1,151,151,428	138,948,258	( 18,542,552 )	11,696,374	( 194,126,028 )	( 143,636 )	( 194,269,664 )	
CBFC	985,836,005	44,351,912	605,019,576	93,000,000	332,168,341	216,447,287	( 225,892,072 )	-	( 225,892,072 )	
PLPI	27,404,653	985,152,000	503,088,675	114,761,113	394,706,865	8,308,027	( 19,461,021 )	-	( 19,461,021 )	
BPPI	67,188,784	57,567,983	645,764,897	4,229,286	( 525,237,416 )	237,648,768	( 20,893,503 )	-	( 20,893,503 )	
SBMPI	159,321,061	141,088,056	241,389,085	44,274,287	14,745,745	96,816,046	( 37,865,297 )	-	( 37,865,297 )	
BAAI	130,929,614	5,109,204	63,649,087	-	72,389,731	87,041,023	3,474,202	-	3,474,202	
CPI	420,000	-	3,028,496	-	( 2,608,496 )	300,385	229,356	-	229,356	
	<u>P 3,353,506,225</u>	<u>P 3,743,531,909</u>	<u>P 3,785,551,584</u>	<u>P 956,823,839</u>	<u>P 2,354,662,711</u>	<u>P 3,497,530,776</u>	<u>( P 558,758,930 )</u>	<u>( P 35,262,090 )</u>	<u>( P 594,021,020 )</u>	

## 14. INTANGIBLE ASSETS

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

	2022	2021
Goodwill - net	<b>P 787,773,698</b>	P 793,763,435
Dealership rights	<b>690,194,809</b>	695,443,030
Customer relationship - net	<b>13,444,255</b>	17,512,096
	<u><b>P 1,491,412,762</b></u>	<u>P 1,506,718,561</u>

The reconciliation of the carrying amounts of intangible assets at the beginning and end of fiscal years 2022, 2021 and 2020 is shown below.

		<u>Goodwill</u>	<u>Dealership Rights</u>	<u>Customer Relationship</u>	<u>Total</u>
Balance at July 1, 2021	P	793,763,435	P 695,443,030	P 17,512,096	P 1,506,718,561
Amortization		-	-	( 4,015,169 )	( 4,015,169 )
Translation adjustment		( 5,989,737 )	( 5,248,221 )	( 52,672 )	( 11,290,630 )
Balance at June 30, 2022		<b><u>P 787,773,698</u></b>	<b><u>P 690,194,809</u></b>	<b><u>P 13,444,255</u></b>	<b><u>P 1,491,412,762</u></b>
Balance at July 1, 2020	P	724,466,247	P 634,729,438	P 19,602,660	P 1,378,798,345
Amortization		-	-	( 3,862,443 )	( 3,862,443 )
Translation adjustment		<u>69,297,188</u>	<u>60,713,592</u>	<u>1,771,879</u>	<u>131,782,659</u>
Balance at June 30, 2021		<u>P 793,763,435</u>	<u>P 695,443,030</u>	<u>P 17,512,096</u>	<u>P 1,506,718,561</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>

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.

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 below (amounts in millions of pesos).

	<u>2022</u>				<u>2021</u>			
	<u>Allocated Intangible Assets</u>	<u>Value in Use</u>	<u>Terminal Growth Rate</u>	<u>Discount Rate</u>	<u>Allocated Intangible Assets</u>	<u>Value in Use</u>	<u>Terminal Growth Rate</u>	<u>Discount Rate</u>
<b>Goodwill:</b>								
Bentley	P 565.5	P 1,684.8	1.00%	9.33%	P 569.8	P 1,620.7	1.00%	9.33%
Bodytechnics	118.4	132.5	1.00%	9.33%	119.3	127.5	1.00%	9.33%
Aston Martin	51.8	207.7	1.00%	9.33%	52.2	199.8	1.00%	9.33%
Ferrari	34.8	1,262.2	1.00%	9.33%	35.1	1,214.2	1.00%	9.33%
Lamborghini	17.3	3,373.4	1.00%	9.33%	17.4	3,245.1	1.00%	9.33%
<b>Dealership rights:</b>								
Bentley	302.5	1,684.8	1.00%	9.33%	304.8	1,620.7	1.00%	9.33%
Ferrari	252.4	1,262.2	1.00%	9.33%	254.3	1,214.2	1.00%	9.33%
Lamborghini	135.3	3,373.4	1.00%	9.33%	136.3	3,245.1	1.00%	9.33%

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 P132,720,106 (2,218,235GBP), which is classified by the Group as investment property. The fair value of investment property as of June 30, 2022 and 2021 is P123,398,700 and P124,337,020, respectively, which is both equivalent to 1,850,000GBP. The fair value of investment property was based on the latest valuation conducted by an independent appraiser in 2022 (see Note 29.4).

In 2018, the Group ceased to occupy and leased out a property with a carrying amount of P256,346,568 (equivalent to 3,581,690GBP) that have been previously classified as Buildings under Property and Equipment account. The property was revalued to fair value of P295,232,025 (equivalent to 4,125,000GBP) at the date of transfer. In 2019, the Group reclassified the property at carrying amount as part of Assets Held for Sale (see Note 17).

In 2020, the Group sold the said reclassified property at a sales price of P374,568,387 (5,800,000 GBP). The Group recognized a gain of P105,982,624 (1,675,000 GBP), which is presented as Gain on Sale of Investment Property in the 2020 consolidated statement of comprehensive income.

## 16. LEASES

The Group has a lease for a certain land and building. The lease is reflected separately on the consolidated statements of financial position as Right-of-use Asset and Lease Liability. The amortization expense relating to right-of-use assets is presented as part of Depreciation and amortization under Costs and Operating Expenses section in the consolidated statements of comprehensive income.

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

	<u>Number of right-of-use assets leased</u>	<u>Range of remaining term</u>	<u>Average remaining lease term</u>	<u>Number of leases with extension options</u>	<u>Number of leases with termination options</u>
<b>June 30, 2022</b>					
Land	1	40 years	40 years	1	-
Building	21	1 to 20 years	7 years	-	6

	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
June 30, 2021					
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, 2022 and 2021 and the movements during those periods are shown below.

	<u>Land</u>	<u>Building</u>	<u>Total</u>
Balance at July 1, 2021	P 91,596,358	P 2,808,791,428	P 2,900,387,786
Translation adjustment	-	( 12,255,909 )	( 12,255,909 )
Additions	-	325,011,298	325,011,298
Amortization	( 2,358,704 )	( 451,660,795 )	( 454,019,499 )
Balance at June 30, 2022	<u><b>P 89,237,654</b></u>	<u><b>P 2,669,886,022</b></u>	<u><b>P 2,759,123,676</b></u>
Balance at July 1, 2020	P 114,175,669	P 2,883,521,129	P 2,997,696,798
Translation adjustment	-	266,487,947	266,487,947
Additions	-	26,653,600	26,653,600
Remeasurement	( 20,016,443 )	-	( 20,016,443 )
Amortization	( 2,562,868 )	( 349,247,599 )	( 351,810,467 )
Disposals	-	( 18,623,649 )	( 18,623,649 )
Balance at June 30, 2021	<u><b>P 91,596,358</b></u>	<u><b>P 2,808,791,428</b></u>	<u><b>P 2,900,387,786</b></u>

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

	<u>2022</u>	<u>2021</u>
Current	<b>P 388,317,792</b>	P 287,353,080
Non-current	<u><b>2,534,138,592</b></u>	<u>2,677,893,645</u>
	<u><b>P 2,922,456,384</b></u>	<u>P 2,965,246,725</u>

In 2021, the Group and its lessor have agreed for a certain lease modification that is not accounted for as a separate lease, which resulted in the remeasurement of both lease liability (see Note 24.8) and corresponding right-of-use asset. No gain or loss was recognized arising from this lease modification.

The lease liabilities are secured by the related underlying assets. The undiscounted maturity analysis of lease liabilities at June 30, 2022 and 2021 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>
June 30, 2022							
Lease payments	P 478,281,567	P 388,657,114	P 388,990,449	P 279,997,833	P 316,743,415	P 1,785,354,506	P 3,638,024,884
Finance charges	( 89,963,775 )	( 76,070,612 )	( 68,314,091 )	( 51,035,680 )	( 56,815,102 )	( 373,369,240 )	( 715,568,500 )
Net present value	<u><b>P 388,317,792</b></u>	<u><b>P 312,586,502</b></u>	<u><b>P 320,676,358</b></u>	<u><b>P 228,962,153</b></u>	<u><b>P 259,928,313</b></u>	<u><b>P 1,411,985,266</b></u>	<u><b>P 2,922,456,384</b></u>
June 30, 2021							
Lease payments	P 377,405,319	P 403,104,687	P 367,223,410	P 264,464,460	P 299,108,434	P 2,040,521,177	P 3,751,827,487
Finance charges	( 90,052,232 )	( 80,125,838 )	( 67,823,743 )	( 54,385,654 )	( 70,388,523 )	( 423,804,765 )	( 786,580,762 )
Net present value	<u><b>P 287,353,080</b></u>	<u><b>P 322,978,849</b></u>	<u><b>P 299,399,667</b></u>	<u><b>P 210,078,806</b></u>	<u><b>P 228,719,911</b></u>	<u><b>P 1,616,716,412</b></u>	<u><b>P 2,965,246,725</b></u>

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

	<u>2022</u>	<u>2021</u>
Balance at beginning of year	<b>P2,965,246,725</b>	P3,063,770,041
Translation adjustment	<b>415,862,301</b>	281,479,313
Interest expense	<b>105,274,257</b>	97,382,705
Additions during the year	-	7,930,686
Repayment of lease liabilities	<b>( 458,652,642)</b>	( 367,916,872)
Interest paid	<b>( 105,274,257)</b>	( 97,382,705)
Remeasurement	<u>-</u>	<u>( 20,016,443)</u>
Balance at end of year	<b><u>P2,922,456,384</u></b>	<b><u>P2,965,246,725</u></b>

Interest expense incurred on the lease liabilities is presented as part of Interest expense under Finance Costs and Other Charges account under Other Income (Charges) section in the consolidated statements of comprehensive income (see Note 23.2).

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 P6,386,328, P17,076,845 and P34,553,952 in 2022, 2021 and 2020, respectively, are presented as Rental under Costs and Operating Expenses section in the consolidated statements of comprehensive income.

The future minimum rental payable of the Group arising from these leases amounted to P4,469,034 and P4,517,077 as of June 30, 2022 and 2021, respectively.

## 17. ASSETS HELD FOR SALE

In 2021, the Group's management authorized the sale of freehold land classified as part of Land under Property and Equipment (see Note 12). The carrying value of the asset as of June 30, 2022 and 2021 amounted to P87,248,084 and P87,911,179, respectively, which is both equivalent to 1,308,028GBP. The directors have considered the fair value of the land and conclude that the valuation is appropriate; hence, no gain or loss on revaluation was recognized. Since the assets will be recovered principally through a sale rather than continuing use, these are classified as Assets Held for Sale as of June 30, 2022 and 2021 in the consolidated statements of financial position [see Note 3.1(l)].

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. 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 (see Note 15).

## 18. TRADE AND OTHER PAYABLES, AND PROVISIONS

This account consists of the following:

	Notes	2022	2021
Current:			
Trade payables	24.10	P 824,795,114	P 925,763,665
Accrued expenses		682,886,738	727,875,278
Deferred output VAT		61,547,697	52,538,094
Withholding taxes payable		51,873,443	40,055,755
Due to a related party	24.6	7,079,028	4,597,904
Advances from a director	24.10	-	16,802,300
Other payables		<u>353,558,083</u>	<u>252,599,824</u>
		<b><u>P 1,981,740,103</u></b>	<b><u>P 2,020,592,820</u></b>
Non-current –			
Provisions		<b><u>P 166,919,354</u></b>	<b><u>P -</u></b>

Accrued expenses include unpaid salaries and wages, commissions, utilities, supplies, and other operating expenses of the Group.

Provisions pertain to the present value of dilapidation costs to be incurred by H.R. Owen for the restoration of the leased properties. The lease agreements require the Group to restore the leased properties to a specified condition at the end of lease term.

Other payables include dividend payable, service charge distributable, VAT payable, retention payables, and other non-trade payables.

## 19. LOANS PAYABLE AND BORROWINGS

This account consists of the following:

	Note	2022	2021
Current:			
Vehicle stocking loans	19.2	P3,206,271,424	P 2,229,436,632
Bank loans	19.1	<u>190,623,188</u>	<u>334,000,000</u>
		<b>3,396,894,612</b>	<b>2,563,436,632</b>
Non-current –			
Bank loans	19.1	<u>1,365,735,482</u>	<u>349,487,840</u>
		<b><u>P4,762,630,094</u></b>	<b><u>P 2,912,924,472</u></b>

### 19.1 Bank Loans

In 2018, the Parent Company obtained a secured loan amounting to P450,000,000 from a local bank with a term of three years and an annual interest rate of 4.00% for the repayment of the loan obtained in 2017. The principal and interest are payable in equal monthly amortization, subject to repricing. Starting in February 2019, the interest rate was increased to 6.50%. The loan is secured by a real estate mortgage over parcels of land owned by PLPI and a building owned by PHPI (see Note 12) amounting to P978,944,000 and P561,921,588, respectively. The outstanding balance of such loan amounting to P125,000,000 in 2020 was fully paid in 2021.



Interest expense on this loan amounted P3,807,731 and P11,551,079 in 2021 and 2020, 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 2021 and 2020, the Parent Company obtained various secured loans totalling to P20,000,000 and P130,000,000 (nil in 2022), respectively, from local banks for its working capital requirements. The loans are interest-bearing and with maturity of less than one year. The loan is secured by a real estate mortgage over parcels of land owned by PLPI and a building owned by PHPI (see Note 12) amounting to P978,944,000 and P561,921,588, respectively. The outstanding balance of these loans amounted to P100,000,000 and P142,000,000 as at June 30, 2022 and 2021, respectively.

In 2020, the Parent Company obtained various unsecured short-term loans totalling to P200,000,000 (nil in 2022 and 2021) from local banks for its working capital requirements. In October 2021, the outstanding loans were converted into a three-year term loan. The loan is interest-bearing and with maturity of three years from June 30, 2022 and is secured by real estate mortgages over condominium units owned by SRDC. The outstanding balance of these loans amounted to P150,000,000 and P192,000,000 as at June 30, 2022 and 2021, respectively.

The interest rates on these local borrowings range from 5.76% to 6.00%. Interest expense on these loans amounted to P18,223,182, P21,002,128 and P12,293,284 in 2022, 2021 and 2020, 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 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%. In 2020, the remaining balance of the loan was fully settled. Interest expense on this loan amounted to P284,756 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).

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 amounting to P122,683,400 in 2020 was fully settled in 2021. Interest expense on these loans amounted to P3,184,810 and P4,718,500 in 2021 and 2020, 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 2022 and 2021, H.R. Owen obtained secured long-term loans from a financial institution amounting to P973,242,812 and P349,487,840, respectively, payable in quarterly installments beginning January 1, 2023 for 20 years with an annual interest rate of 3%. The loan is secured against the property under development that it has been advanced to fund, which is presented as part of Construction in Progress under Property and Equipment in the consolidated statements of financial position (see Note 12). These loans do not have covenants.

Interest expense on these loans amounted to P26,851,562 in 2022 and is presented as part of Finance Costs and Other Charges under Other Income (Charges) section in the 2022 consolidated statement of comprehensive income (see Note 23.2). No accrued interest was recognized in 2021 as the loan was acquired at period-end.

### ***19.2 Vehicle Stocking Loans***

Manufacturers' vehicle stocking loans and other loans amounting to P2,624,063,351 and P1,523,902,697 as at June 30, 2022 and 2021, 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 amounting to P865,530,688 (12,976,083GBP) and P780,520,791 (11,613,303GBP) as of June 30, 2022 and 2021, respectively. Other third party vehicle stocking loans amounting to P582,208,073 and P705,533,935 as of June 30, 2022 and 2021, respectively, are secured by fixed and floating charges on stocks of used cars. The assets held as securities for the vehicle stocking loans are presented as part of Inventories in the consolidated statements of financial position (see Note 9).

Interest expense incurred related to H.R. Owen's vehicle stocking loans amounted to P98,262,900, P83,924,212 and P141,536,529 in 2022, 2021 and 2020, 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>2022</u>	<u>2021</u>
Balance at beginning of year	<b>P 683,487,840</b>	P 577,683,400
Cash flows from financing activities:		
Additional borrowings	<b>1,306,358,670</b>	349,487,840
Repayment of borrowings	<b>( 84,000,000)</b>	( 274,194,400)
Non-cash financing activity –		
Translation adjustments	<b>( 349,487,840)</b>	<u>30,511,000</u>
Balance at end of year	<b><u>P1,556,358,670</u></b>	<u>P 683,487,840</u>

## **20. REVENUE FROM CONTRACTS WITH CUSTOMERS**

Revenue recognized from contracts with customers in 2022, 2021 and 2020 from each business segment is as follows:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Motor vehicle dealership			
Sale of vehicle	<b>P 32,624,980,350</b>	P25,737,039,667	P 21,686,865,086
Sale of spare parts and accessories	<b>2,094,075,956</b>	1,961,849,431	1,802,275,132
Services and bodyshop	<b><u>1,770,830,044</u></b>	<u>1,659,014,271</u>	<u>1,441,542,170</u>
Balance carried forward	<b><u>P 36,489,886,350</u></b>	<u>P 29,357,903,369</u>	<u>P 24,930,682,388</u>

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<i>Balance brought forward</i>	<b><u>P 36,489,886,350</u></b>	<u>P 29,357,903,369</u>	<u>P 24,930,682,388</u>
Hotel operations			
Room accommodation	<b>69,053,586</b>	85,465,104	100,467,590
Food and beverages	<b>22,284,795</b>	22,834,322	27,024,264
Others	<b><u>2,219,572</u></b>	<u>3,256,858</u>	<u>3,490,380</u>
	<b><u>93,557,953</u></b>	<u>111,556,284</u>	<u>130,982,234</u>
	<b><u>P 36,583,444,303</u></b>	<u>P 29,469,459,653</u>	<u>P 25,061,664,622</u>

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

	<u>2022</u>	<u>2021</u>
Balance at beginning of year	<b>P 1,977,419,471</b>	P 2,059,508,257
Additions during the year	<b>3,541,786,553</b>	1,845,913,645
Amount recognized as revenue	<b>( 2,058,638,658)</b>	( 2,117,739,333)
Translation adjustments	<b><u>25,830,046</u></b>	<u>189,736,902</u>
Balance at end of year	<b><u>P 3,486,397,412</u></b>	<u>P 1,977,419,471</u>

The transaction price allocated to unsatisfied performance obligations recognized as contract liabilities as at June 30, 2022 and 2021, 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>Notes</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Manufacturer's support		<b>P 85,061,375</b>	P 72,006,770	P 24,054,938
Rent income	15	<b>39,734,822</b>	35,592,423	30,491,846
Gain on disposal of property and equipment	12	<b>4,698,905</b>	-	-
Government grant		<b>2,231,874</b>	61,887,266	132,578,884
Service fee		-	52,560,425	67,110,623
Management fees		-	18,722,284	18,346,412
Miscellaneous		<b><u>7,760,493</u></b>	<u>5,724,239</u>	<u>8,036,140</u>
		<b><u>P 139,487,469</u></b>	<u>P 246,493,407</u>	<u>P 280,618,843</u>

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.

As part of the UK government's response to the COVID-19 pandemic, the Group received financial aid in a form of a grant to support the salaries of its employees amounting to P2,231,874, P61,887,266 and P132,578,884 in 2022, 2021 and 2020, respectively. There were no unfulfilled conditions and other contingencies attaching to the government assistance that have been recognized.

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. There was no similar transaction in 2022.

In 2022, 2021 and 2020, the Group entered into short-term operating lease agreements with no future commitments for certain vehicles which generated a rental income amounting to P39,734,822, P35,592,423 and P30,491,846, respectively.

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

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:

	Note	2022	2021	2020
Repairs		P 227,021,183	P 57,522,239	P 57,253,687
Insurance		106,241,970	93,922,293	55,065,247
Stationery and office supplies		88,810,038	81,054,583	104,962,584
Cleaning and maintenance		46,033,735	43,715,484	41,860,180
Outside services		6,451,326	4,509,711	13,679,402
Security services		6,312,038	6,312,038	13,421,416
Hotel supplies		4,705,068	4,705,068	5,371,693
Commissions		1,237,372	2,314,392	1,999,194
Laundry		916,100	916,100	2,680,959
Membership fees, dues and subscription		288,200	288,200	218,719
Loss on disposal of property and equipment	12	-	4,436,202	4,274,031
Sponsorships		-	-	300,000
Miscellaneous expenses		18,799,541	12,113,274	9,551,925
		<u>P 506,816,571</u>	<u>P 311,809,584</u>	<u>P 310,639,037</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 as follows:

	2022	2021	2020
Short-term employee benefits:			
Salaries	P 1,596,268,294	P 1,399,752,055	P 1,451,271,032
Social security cost	179,549,567	135,953,939	179,526,799
Bonuses	2,401,032	2,827,649	2,992,078
Health benefits	330,202	351,695	1,165,994
Others	5,832,535	4,962,155	5,636,306
Balance carried forward	<u>P 1,784,381,630</u>	<u>P 1,543,847,493</u>	<u>P 1,064,592,209</u>

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<i>Balance carried forward</i>	<b><u>P 1,784,381,630</u></b>	<u>P 1,543,847,493</u>	<u>P 1,064,592,209</u>
Post-employment benefits:			
Defined contribution plan	<b>38,471,831</b>	31,346,511	33,723,195
Defined benefit plan	<b><u>842,624</u></b>	<u>14,016,157</u>	<u>5,868,838</u>
	<b><u>39,314,455</u></b>	<u>45,362,668</u>	<u>39,592,033</u>
	<b><u>P 1,823,696,085</u></b>	<u>P 1,589,210,161</u>	<u>P 1,680,184,242</u>

## **22.2 Post-employment Defined Benefit Obligation**

### *(a) Characteristics of Defined Benefit Plan*

PHPI has an unfunded, non-contributory post-employment defined benefit plan covering all regular full-time employees. On the other hand, H.R. Owen's retirement benefit plan administered by a trustee 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 2022 and 2021.

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

	<u>2022</u>	<u>2021</u>	
Present value of the obligation	<b>P 680,863,594</b>	P 945,321,690	
Fair value of plan assets	<b>( 991,082,729)</b>	( 1,054,140,143)	
	<b><u>(P 310,219,135)</u></b>	<u>(P 108,818,453)</u>	
	<u><b>H.R. Owen</b></u>	<u><b>PHPI</b></u>	<u><b>Total</b></u>
<b><u>June 30, 2022</u></b>			
Present value of the obligation	P675,175,387	P 5,688,207	P 680,863,594
Fair value of plan assets	( 991,082,729)	-	( 991,082,729)
Post-employment benefit obligation (asset)	<b><u>(P315,907,342)</u></b>	<b><u>P 5,688,207</u></b>	<b><u>(P 310,219,135)</u></b>
<b><u>June 30, 2021</u></b>			
Present value of the obligation	P938,219,933	P 7,101,757	P 945,321,690
Fair value of plan assets	(1,054,140,143)	-	(1,054,140,143)
Post-employment benefit obligation	<b><u>(P115,920,210)</u></b>	<b><u>P 7,101,757</u></b>	<b><u>(P 108,818,453)</u></b>

These are presented in the consolidated statements of financial position at the net amounts for each defined benefit plan.

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

	<u>2022</u>	<u>2021</u>
Balance at beginning of year	<b>P 945,321,690</b>	P 872,150,413
Actuarial loss	<b>( 255,910,230)</b>	( 11,488,994)
Current and interest costs	<b>20,007,176</b>	30,739,120
Benefits paid	<b>( 18,312,086)</b>	( 29,604,243)
Translation adjustment	<b>( 10,242,956)</b>	83,525,394
Balance at end of year	<b><u>P 680,863,594</u></b>	<u>P 945,321,690</u>

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

	<u>2022</u>	<u>2021</u>
Balance at beginning of year	<b>P 1,054,140,143</b>	P 845,848,676
Actuarial gain (loss)	<b>( 70,478,534)</b>	127,581,880
Interest income	<b>20,235,829</b>	14,326,336
Benefits paid by the plan	<b>( 19,284,735)</b>	( 29,604,243)
Employer's contribution	<b>14,825,773</b>	14,697,108
Translation adjustment	<b>( 8,355,747)</b>	81,290,386
Balance at end of year	<b><u>P 991,082,729</u></b>	<u>P 1,054,140,143</u>

The plan assets consist of the following:

	<u>2022</u>	<u>2021</u>
Cash in banks	<b>P 2,760,662</b>	P 2,972,663
Equity securities:		
UK equities	<b>430,773,856</b>	428,834,214
Other foreign equities	<b>298,624,854</b>	312,336,678
Debt securities:		
Corporate bonds	<b>173,878,307</b>	203,567,392
Index-linked bonds	<b><u>85,045,050</u></b>	<u>106,429,196</u>
	<b><u>P 991,082,729</u></b>	<u>P 1,054,140,143</u>

Cash in banks includes deposit to a trustees' bank. The fair values of the above plan assets are determined based on quoted market prices in active markets with the exception of the trustees' bank account balance, 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 other comprehensive income or loss in respect of defined benefit post-employment plan are as follows:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<i>Reported in consolidated profit or loss:</i>			
Expenses	<b>P 992,292</b>	P 5,075,561	P 5,073,540
Current service costs	<b>842,624</b>	904,575	795,298
Net interest costs (income)	<b>( 2,063,569)</b>	613,543	( 569,385)
Past service cost and settlement loss	<u>-</u>	<u>9,819,105</u>	<u>-</u>
	<b><u>(P 228,653)</u></b>	<b><u>P 16,412,784</u></b>	<b><u>P 5,299,453</u></b>
<i>Reported in consolidated other comprehensive income or loss:</i>			
Remeasurement gains (losses) arising from changes in:			
Financial assumptions	<b>P 268,890,304</b>	P 9,022,959	(P 101,459,686)
Experience adjustments	<b>( 14,333,124)</b>	674,843	38,161,653
Demographic assumptions	<b>1,353,050</b>	1,791,192	39,221,576
Return on plan assets	<b>( 70,478,534)</b>	127,581,880	( 36,531,191)
Tax effect	<b><u>( 46,348,950)</u></b>	<b><u>( 34,767,718)</u></b>	<b><u>11,631,292</u></b>
	<b><u>P 139,082,746</u></b>	<b><u>P 104,303,156</u></b>	<b><u>(P 48,976,356)</u></b>

Current service cost including past service cost and 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 as part of 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 or loss 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 3.80% to 6.71% in 2022, 1.90% to 4.5% in 2021, and 1.60% to 4.10% in 2020.

(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			
	<u>Post-employment Defined Benefit Obligation</u>			
	<u>Change in</u>		<u>Increase in</u>	<u>Decrease in</u>
	<u>Assumption</u>		<u>Assumption</u>	<u>Assumption</u>
<u>2022</u>				
Salary rate	+/- 1.00%	P	712,825 (P	631,975)
Discount rate	+/- 1.00%	(	610,748)	706,562
Turn-over rate	+/-10.00%	(	110,732)	110,732
<u>2021</u>				
Salary rate	+/- 1.00%	P	851,825 (P	743,879)
Discount rate	+/- 1.00%	(	730,702)	857,316
Turn-over rate	+/-10.00%	(	152,347)	152,347

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*

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 mainly expected to be paid more than five years from the reporting date for PHPI amounting to P38,720,505 and P33,078,150 in 2022 and 2021, respectively, and more than 16 years from the reporting date for H.R. Owen. The weighted average duration of the defined benefit obligation at the end of the reporting period is 16 years.

The best estimate of contribution to be paid by H.R. Owen to the plan for the fiscal year 2023 is P13,473,722.

**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 2022, 2021 and 2020, post-employment benefit expense for the defined contribution plans amounted to P38,471,831, P31,346,511 and P33,723,195, 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>2022</u>	<u>2021</u>	<u>2020</u>
Interest income	7, 11.1, 24.1	<b>P170,094,501</b>	P142,432,344	P 90,824,461
Dividend income	11.2	<b>11,793,182</b>	16,356,021	22,612,711
Foreign currency Gains – net		<b>5,895,888</b>	-	-
		<b><u>P187,783,571</u></b>	<b><u>P158,788,365</u></b>	<b><u>P113,437,172</u></b>

### 23.2 Finance Costs and Other Charges

	Notes	2022	2021	2020
Interest expense	16, 19, 22, 24.3, 24.10	<b>P254,523,854</b>	P213,395,135	P263,683,078
Bank charges		<b>40,133,616</b>	39,435,076	34,682,130
Foreign currency losses – net		<u>-</u>	<u>7,731,291</u>	<u>2,203,365</u>
		<b><u>P294,657,470</u></b>	<b><u>P260,561,502</u></b>	<b><u>P300,568,573</u></b>

## 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)	
		2022	2021	2020	2022	2021
<b>Parent Company –</b>						
Cash advances paid (obtained)	24.3	<b>P 4,189,384</b>	P 179,496,760	P 56,993,562	<b>(P 232,300,938)</b>	(P 236,490,322)
<b>Associates:</b>						
Cash advances granted	13.1, 24.1	<b>19,381,732</b>	64,843,353	242,402,751	<b>2,091,457,052</b>	2,072,075,320
Cash advances paid (obtained)	24.3	<b>127,349,963</b>	5,593,447	276,439,546	<b>( 495,551,392)</b>	( 622,901,355)
Advances for stock subscription	8, 24.2	-	8,000,000	46,970,000	-	-
<b>Related party under common ownership:</b>						
Advances	24.7	<b>( 341,185)</b>	1,008,138	-	<b>666,953</b>	1,008,138
Payments for future acquisition of investment securities	8, 24.4	<b>( 1,920,595)</b>	( 597,194)	462,460	<b>207,785</b>	2,128,380
Purchase of spare parts and accessories	18, 24.5	-	-	( 91,787)	-	-
Amortization of right-of-use asset	24.8	<b>2,358,704</b>	2,562,868	2,878,377	-	-
Share in allocated expenses	18, 24.6	<b>2,121,124</b>	1,716,240	3,111,441	<b>( 7,079,028)</b>	( 4,957,904)
Advance rental	10, 24.8	-	-	( 12,000,000)	-	-
Right-of-use asset	16, 24.8	<b>( 2,358,704)</b>	26,179,312	114,630,550	<b>89,237,654</b>	91,596,358
Lease liabilities	16, 24.8	<b>233,899</b>	( 23,902,584)	107,994,340	<b>( 83,857,857)</b>	( 84,091,756)
<b>Directors, officers and employees:</b>						
Key management compensation	24.9	<b>205,547,520</b>	98,900,980	87,610,195	-	-
Advances	8, 24.10	<b>16,217</b>	334,977	( 3,303,408)	<b>46,628</b>	62,845
Sale of vehicles	24.10	<b>25,712,829</b>	87,523,368	125,674,668	-	-
Loan paid	24.10	<b>( 16,802,300)</b>	1,466,875	( 942,500)	-	( 16,802,300)
Deposits for future purchase	24.10	<b>16,234,084</b>	11,262,514	( 3,228,214)	<b>( 58,834,232)</b>	( 42,600,148)
Payment to purchase a vehicle	24.10	<b>1,014,400</b>	33,604,600	92,012,550	<b>133,404,000</b>	134,418,400
<b>Others –</b>						
Deposits	24.12	<b>( 366,818,596)</b>	( 1,105,559,684)	( 155,425,274)	<b>1,472,378,280</b>	1,105,559,684

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 P22,756,457, P34,795,975 and P10,091,910 is required to be recognized in 2022, 2021 and 2020, respectively, which is presented as part of Impairment Losses on Financial Assets under Costs and Operating Expenses section in the consolidated statements of comprehensive income.

#### ***24.1 Advances to Related Parties***

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>2022</u>	<u>2021</u>
NPI	<b>P 1,186,578,917</b>	P 1,142,488,420
BPPI	<b>531,213,421</b>	532,858,529
PLPI	<b>438,285,560</b>	438,592,760
CPI	<u><b>3,023,496</b></u>	<u>3,023,496</u>
	<b>2,159,101,394</b>	2,116,963,205
Allowance for impairment	<u><b>( 67,644,342 )</b></u>	<u>( 44,887,885 )</u>
	<u><b>P2,091,457,052</b></u>	<u>P2,072,075,320</u>

The Group recognized an impairment loss on its advances to BPPI and CPI with a total amount of P22,756,457, P34,795,975 and P10,091,910 in 2022, 2021 and 2020, respectively, which are recorded as part of Impairment Losses on Financial Assets under Costs and Operating Expenses section in the consolidated statements of comprehensive income (see Note 13). In 2021, the advances to VideoDoc and corresponding allowance for impairment were written off. Movement in the allowance for impairment includes translation adjustment amounting to P5,033,018 in 2020 (nil in 2022 and 2021).

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 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 Company made collections of P4,000,000 and P45,000,000 in 2021 and 2020, respectively. Interest income amounting to P45,454,121, P49,260,885 and P43,635,886 in 2022, 2021 and 2020, respectively, is recognized 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 P334,314,155 and P290,223,658 as of June 30, 2022 and 2021, respectively, is recorded as part of Advances to Associates in the consolidated statements of financial position (see Note 13.1).

In 2018, 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 2021 and 2020, additional advances amounting to P14,000,000 and P4,000,000, respectively, were granted by the Parent Company to PLPI. Collections of P18,000,000, P5,000,000 and P1,000,000 were made from PLPI in 2022, 2021 and 2020, respectively.

Interest income on advances to PLPI amounting to P18,240,000, P20,360,000 and P19,560,000 in 2022, 2021 and 2020, 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 P110,285,560 and P94,592,760 as of June 30, 2022 and 2021, respectively, is recorded as part of Advances to Associates in the consolidated statements of financial position (see Note 13.1).

The Parent Company made additional advances to CPI amounting to P200,000 in 2020 (nil in 2022 and 2021) 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 consolidated 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, 2022 and 2021. Interest income amounting to P5,666,667 in 2022 and P7,000,000 both in 2021 and 2020, is recognized 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 P78,212,440 and P73,946,667 as of June 30, 2022 and 2021, 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 was granted in 2020 (nil in 2022 and 2021). 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 P21,600,000 in 2022 and P1,000,000 each in 2021 and 2020. Outstanding balance of such advances amounted to P356,335,088 and P313,948,000 as at June 30, 2022 and 2021, respectively. Interest income amounting to P14,905,386, P21,976,360 and P17,484,693 in 2022, 2021 and 2020, respectively, is recognized 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 P52,857,048 and P45,963,862 as of June 30, 2022 and 2021, respectively, is recognized as part of 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). The total outstanding balance was written off in 2021.

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

	Notes	2022	2021
Balance at beginning of year		<b>P2,072,075,320</b>	P 2,007,231,967
Interest earned			
during the year	23.1	<b>81,738,189</b>	95,639,328
Additions during the year – PLPI		-	14,000,000
		<b>2,153,813,509</b>	2,116,871,295
Collections during the year		( <b>39,600,000</b> )	( 10,000,000)
Impairment loss	13	( <b>22,756,457</b> )	( 34,795,975)
Balance at end of year	13	<b><u>P2,091,457,052</u></b>	<b><u>P 2,072,075,320</u></b>

#### ***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 reclassified as part of Investments in Associates account in 2020 upon issuance of shares of CBFC (see Note 13).

On April 13, 2021, March 9, 2021 and June 23, 2020, the Parent Company made advance payment for stock subscription to BAAI amounting to P4,000,000, P4,000,000 and P3,030,000, respectively, which is presented as part of Trade and Other Receivables account in the consolidated statements of financial position (see Note 8). Further, in 2022 and 2021, the Company made additional investment to BAAI and applied the advance payment made amounting to P34,829,989 and P3,030,000, respectively.

#### ***24.3 Advances from Related Parties***

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

	2022	2021
PGMC	<b>P 495,551,392</b>	P 622,901,355
BLML	<b><u>232,300,938</u></b>	<u>236,490,322</u>
	<b><u>P 727,852,330</u></b>	<b><u>P 859,391,677</u></b>

Advances from related parties are presented in the consolidated statements of financial position as follows:

	2022	2021
Current	<b>P 277,852,330</b>	P 259,391,677
Non-current	<b><u>450,000,000</u></b>	<u>600,000,000</u>
	<b><u>P 727,852,330</u></b>	<b><u>P 859,391,677</u></b>

The Parent Company obtained noninterest-bearing advances from PGMC amounting to P137,080,000, P150,000,000 and P493,658,789 in 2022, 2021 and 2020, respectively, for working capital requirements. In 2022, 2021 and 2020, total payments made amounted to P264,429,963, P144,406,553 and P217,219,243, respectively. Prior to the deconsolidation of PGMC, the outstanding balance of the advances obtained amounted to P340,868,362 (see Note 24.3).

The Parent Company obtained advances from BLML, intermediate parent company, amounting to P179,098,500 and P55,000,000 in 2021 and 2020 (nil in 2022), respectively, for working capital requirements and other purposes. The advances bear an annual interest of 6.00% and payable upon demand. Interest expense amounting to P3,298,685, P3,300,000 and P2,847,945 in 2022, 2021 and 2020, respectively, 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). Total unpaid interest expense net of withholding tax amounting to P2,474,013 and P398,260 as of June 30, 2022 and 2021, respectively, is recognized as part of Advances from Related Parties in the consolidated statements 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 under Current and Non-current Liabilities sections in the consolidated statements of financial position.

The movements of advances from BLML and PGMC recognized in the statements of financial position are as follows:

	<u>2022</u>	<u>2021</u>
<b><u>BLML</u></b>		
Balance at beginning of year	P 236,490,322	P 56,993,562
Repayment of borrowings	( 6,663,397)	-
Unpaid interest	2,474,013	398,260
Additional borrowings	<u>-</u>	<u>179,098,500</u>
Balance at end of year	<u>P 232,300,938</u>	<u>P 236,490,322</u>
<b><u>PGMC</u></b>		
Balance at beginning of year	P 622,901,355	P 617,307,908
Additional borrowings	137,080,000	150,000,000
Repayment of borrowings	<u>( 264,429,963)</u>	<u>( 144,406,553)</u>
Balance at end of year	<u>P 495,551,392</u>	<u>P 622,901,355</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, 2022 and 2021 amounted to P207,785 and P2,128,380, 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 Purchase of Spare Parts and Accessories***

Prior to the deconsolidation of PGMG, the Group made purchases of imported spare parts and accessories of on-line lottery equipment from International Lottery Totalizator System (ILTS).

#### ***24.6 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 a related party 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>2022</u>	<u>2021</u>
Balance at beginning of year	<b>P 4,957,904</b>	P 3,241,664
Expenses incurred during the year	<b>3,444,849</b>	3,401,486
Payments made during the year	<b>(1,323,725)</b>	(1,685,246)
Balance at end of year	<b><u>P 7,079,028</u></b>	<u>P 4,957,904</u>

#### ***24.7 Due from Other Related Parties***

In 2021, H.R. Owen granted cash advances to Sports Toto Malaysia Sdn. Bhd. (STMSB) amounting to 60,000GBP, of which 5,000GBP and 45,000GBP were paid in 2022 and 2021, respectively. The outstanding balance amounting to P666,953 and P1,008,138 is presented as Due from a related party under Trade and Other Receivables account in the 2021 consolidated statement of financial position (see Note 8).

#### ***24.8 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 outstanding advance rental to PLPI amounting to P12,000,000 was reclassified as part of Right-of-use Assets account in the consolidated statements of financial position upon adoption of PFRS 16 (see Note 16).

The lease requires an annual rental of P7,640,328, renewable annually. In 2021, the Company and PLPI have agreed to increase the annual rental to P8,404,358. Such lease modification caused the remeasurement of the outstanding lease liability and right-of-use asset (see Note 16).

Amortization of the right-of-use asset amounting to P2,358,704, P2,562,868 and P2,878,377 in 2022, 2021 and 2020, respectively, is presented as part of Depreciation and Amortization under Costs and Operating Expenses section in the consolidated statements of comprehensive income.

## 24.9 Key Management Personnel Compensation

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Short-term benefits	<b>P 193,570,878</b>	P 94,056,888	P 82,650,076
Post-employment benefits	<u>11,976,642</u>	<u>4,844,092</u>	<u>4,960,119</u>
	<b><u>P 205,547,520</u></b>	<b><u>P 98,900,980</u></b>	<b><u>P 87,610,195</u></b>

Director emoluments in 2022, 2021 and 2020 amounted to P3,700,000, P3,200,000 and P3,400,000, respectively, and are presented as part of Professional Fees under Costs and Operating Expenses section in the consolidated statements of comprehensive income. There were no outstanding payable relating to this compensation as at June 30, 2022 and 2021.

## 24.10 Transactions with Officers and Employees

In the normal course of business, the Group grants interest-bearing advances to its officers and employees. The outstanding advances to officers and employees amounted to P46,628 and P62,845 as at June 30, 2022 and 2021, 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 2017, 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 amounted to P16,802,300 as of June 30, 2021 and is presented as Advances from a director under Trade and Other Payables account in the 2021 consolidated statement of financial position (see Note 18). This loan was fully paid in 2022. Interest expense incurred related to the said loan amounted to P151,614, P180,006 and P240,549 in 2022, 2021 and 2020, 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).

In the normal course of business, the Group sold vehicles on cash basis amounting to P25,712,829, P87,523,368 and P125,674,668 to directors in 2022, 2021 and 2020, respectively. There was no outstanding balance arising from this transaction as at June 30, 2022 and 2021. Furthermore, total deposits of P58,834,232 and P42,600,148 as of June 30, 2022 and 2021, respectively, are held by the Group from the directors for future vehicle purchases and is included as part of Trade and Other Payables in the consolidated statements of financial position (see Note 18).

In 2020, the Group committed to purchase a vehicle from a director for a total of P256,586,000 (4,000,000GBP) and paid partial payments of P30,670,850 (500,000GBP) and P100,813,800 (1,500,000GBP) in 2021 and 2020, respectively (nil in 2022). The total amount paid is presented as part of Prepaid expenses under the Prepayments and Other Assets account in the consolidated statements of financial position (see Note 10).



#### ***24.11 Loan Guarantee***

The loans of BPPI from a certain financial institution amounting to P10,000,000 and P37,000,000 as at June 30, 2022 and 2021, respectively, are secured by the Parent Company (see Note 30.2).

#### ***24.12 Deposits***

In 2022, 2021 and 2018, H.R. Owen has placements amounting to P325,496,240, P1,061,905,360 and P776,434,674, respectively, with a foreign asset management firm of which its director has an interest. The deposit placements bear an interest of 6% per annum. The outstanding placements amounting to P1,472,378,280 and P1,105,559,684, inclusive of accrued interest, as of June 30, 2022 and 2021, respectively, is presented as Deposits under Trade and Other Receivables account in the consolidated statements of financial position (see Note 8). In 2020, the deposits placed in 2018 were fully redeemed by the Group.

#### ***24.13 Retirement Plan***

The details of the contributions of the Group and benefits paid out by the plan are 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.

#### ***24.14 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, 2022 and 2021 amounted to P574,020,377 and P594,020,377, respectively.

In 2019, the Parent Company granted cash advances to FEC amounting to P200,000,000 to fund FEC's projects. In 2020, noninterest-bearing loans amounting to P159,979,095 were granted to FEC. Further, additional advances amounting to P3,700,000 and P110,000,000 were granted in 2022 and 2021, respectively. No collections were made in 2022 and 2021.

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 P191,263,321 and P192,717,682 in 2022 and 2021, respectively.

##### ***(b) Advances from a Subsidiary***

In 2020, H.R. Owen granted advances to the Parent Company amounting to P29,147,513. In 2022 and 2021, payments made amounted to P69,957,500 and P135,340,000, respectively. There was no repayment made in 2020.

## 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>2022</u>	<u>2021</u>
Total liabilities	<b>P14,228,918,909</b>	P10,866,896,943
Total equity	<b><u>9,919,134,265</u></b>	<u>8,870,325,699</u>
Debt-to-equity ratio	<b><u>1.43 : 1.00</u></b>	<u>1.23 : 1.00</u>

### *25.2 Capital Stock*

As at June 30, 2022 and 2021, the Parent Company has 6,000,000,000 authorized shares with P1 par value, of which 4,427,009,132 shares are issued and outstanding.

In November 1948, the Parent Company listed 953,984,448 shares in the PSE with an offer price of P1.00 per share. Additional 3,473,024,684 shares were listed in July 2016 with an offer price of P1.00 per share. The Parent Company's listed shares have a closing price of P6.15 per share and P5.50 per share as at June 30, 2022 and 2021, respectively. There are 143 and 144 holders of the Parent Company's total outstanding shares as at June 30, 2022 and 2021, respectively.

The Parent Company has 126 and 127 stockholders owning 100 or more shares each of the Parent Company's capital stock as at June 30, 2022 and 2021, respectively.

### *25.3 Treasury Shares*

In October 2001, the Parent Company bought back 1,892,000 shares. Further, an additional 34,514,844 shares were bought back by the Parent Company prior to 2008. In 2008, the Parent Company bought back and reissued 43,500,010 shares and 39,906,844 shares, respectively. An additional 45,728,267 shares were bought back by the Parent Company prior to 2014.

In 2022 and 2021, the Parent Company's treasury shares represent the cost of 85,728,439 shares and 85,728,360 shares, respectively. 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:

	Notes	2022	2021	2020
<b><i>Fair value changes on financial assets at FVOCI</i></b>				
Balance at beginning of year		(P 496,200,065 )	(P 526,355,062 )	(P 249,652,188 )
Net unrealized fair value gains (losses) on financial assets at FVOCI	11.2	103,545,591	7,509,510	( 268,328,878 )
Share in OCI of associate	13	323,388	( 9,215,205 )	-
Transfer to retained earnings – Recycling of accumulated fair value loss on disposed equity securities at FVOCI	11.2	38,440,287	31,860,692	( 8,373,996 )
Balance at end of year		( 353,890,799 )	( 496,200,065 )	( 526,355,062 )
<b><i>Measurement of post-employment benefits</i></b>				
Balance at beginning of year		72,670,568	( 30,476,299 )	20,235,014
Net actuarial gain (loss) on remeasurement of post-employment benefit obligation – net of tax	22.2	139,082,746	104,303,156	( 48,976,356 )
Share in OCI of associate	13	2,211,871	( 1,156,289 )	( 221,314 )
Disposal of a subsidiary	1.2(f)	-	-	( 1,513,643 )
Balance at end of year		213,965,185	72,670,568	( 30,476,299 )
<b><i>Revaluation surplus</i></b>				
Balance at beginning of year		-	-	32,049,054
Transfer to retained earnings – Recycling of accumulated fair value gain on disposed investment property	15	-	-	( 32,049,054 )
Balance at end of year		-	-	-
		(P 139,925,614 )	(P 423,529,497 )	(P 556,831,361 )

## 25.5 Retained Earnings

In 2020, the BOD of the Parent Company approved the appropriation of retained earnings amounting to P2,000,000,000 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.

Also, in 2020, the appropriation previously made totalling P1,773,262,552 was fully utilized and the related appropriation was reversed accordingly. As of June 30, 2022 and 2021, the outstanding balance of appropriated retained earnings amounted to P2,000,000,000.

There was no cash dividend declaration in 2022, 2021 and 2020.

## 26. CURRENT AND DEFERRED TAXES

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<i>Reported in profit or loss:</i>			
Current tax expense:			
Regular corporate income tax (RCIT) at 25% and 19% in 2022 and 2021, and 30% and 19% in 2020	<b>P 247,409,121</b>	P 156,920,914	P 46,941,190
MCIT at 1% in 2022 and 2021, and 2% in 2020	<b>286,376</b>	-	-
Final tax on passive income at 20%, 15% and 7.5%	<b>19,436</b>	24,987	17,647,380
Tax benefit from application of unrecognized minimum corporate income tax (MCIT)	<u>-</u>	( <u>241,961</u> )	( <u>1,678,673</u> )
	<u><b>247,714,933</b></u>	<u>156,703,940</u>	<u>62,909,897</u>
Deferred tax expense relating to the origination, reversal of temporary differences, and unused tax losses	<b>14,726,666</b>	30,768,449	26,117,557
Deferred tax expense due to change in tax rate	<u><b>1,020,737</b></u>	<u>11,130,546</u>	<u>-</u>
	<u><b>15,747,403</b></u>	<u>41,898,995</u>	<u>26,117,557</u>
	<u><b>P 263,462,336</b></u>	<u>P 198,602,935</u>	<u>P 89,027,454</u>
<i>Reported in other comprehensive income or loss:</i>			
Deferred tax expense relating to origination and reversal of temporary differences	<b>P 46,348,950</b>	P 34,817,762	P 16,395,657
Deferred tax income due to change in tax rate	<u>-</u>	( <u>50,043</u> )	<u>-</u>
	<u><b>P 46,348,950</b></u>	<u>P 34,767,719</u>	<u>P 16,395,657</u>

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Tax on pretax income at 25% in 2022 and 2021 and 30% in 2020	<b>P 301,085,477</b>	P184,440,170	P 45,525,895
Adjustments for:			
Income subjected to lower income tax rates	( 63,779,083)	( 53,762,756)	( 130,161 )
Application of optional standard deduction (OSD)	-	16,877,484	24,305,069
Tax effects of:			
Remeasurement of deferred tax asset	( 30,797,583)	11,551,383	6,222,211
Non-deductible expenses	40,044,312	48,425,540	24,878,318
Non-taxable income	( 18,000,000)	( 6,119,696)	( 10,128,494)
Adjustments to current tax for prior years	23,136,694	( 19,310,907)	( 17,380,109)
Fixed-asset differences	10,479,561	12,609,236	9,621,975
Unrecognized net operating loss carry over (NOLCO)	1,229,406	3,892,481	5,400,838
Unrecognized MCIT	63,552	-	-
Expiration of MCIT	<u>-</u>	<u>-</u>	<u>711,912</u>
Tax expense reported in the consolidated profit or loss	<b><u>P 263,462,336</u></b>	<b><u>P198,602,935</u></b>	<b><u>P 89,027,454</u></b>

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

	<u>2022</u>	<u>2021</u>
Deferred tax assets – net:		
Impairment loss	<b>P 87,932,641</b>	P 96,952,434
Unrealized fair value gains on financial assets at FVTPL	( 13,700,854)	( 13,251,939)
NOLCO	4,369,701	-
Leases	( 1,344,949)	( 1,876,151)
Post-employment benefit obligation	( 4,859,341)	544,529
MCIT	<u>222,824</u>	<u>-</u>
	<b><u>P 72,620,022</u></b>	<b><u>P 82,368,873</u></b>
Deferred tax liabilities – net:		
Rolled-over and held over capital gains	<b>P110,267,277</b>	P110,105,539
Post-employment benefit obligation	72,652,473	28,026,492
Unrealized foreign currency gains	5,317,332	1,355,500
Other short-term timing differences	( 14,007,420)	( 10,887,891)
Capitalized direct cost	1,005,363	1,031,820
Depreciation in excess of capital allowance	<u>-</u>	<u>( 5,712,782)</u>
	<b><u>P175,235,025</u></b>	<b><u>P123,918,678</u></b>

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

	<b>Consolidated Profit or Loss</b>		
	<b>2022</b>	<b>2021</b>	<b>2020</b>
Deferred tax expense (income):			
Impairment losses	<b>P 9,019,793</b>	(P 8,698,994)	(P 3,027,573)
Other short-term timing differences	<b>6,532,714</b>	( 2,094,742)	-
Rolled-over and held-over capital gains	<b>7,077,107</b>	49,175,517	-
Depreciation in excess of capital allowance	<b>( 5,852,223)</b>	( 1,701,978)	-
NOLCO	<b>( 4,369,701)</b>	-	808,659
Unrealized foreign currency gain – net	<b>3,961,832</b>	5,041,370	8,201,318
Leases	<b>( 531,202)</b>	( 742,325)	( 676,599)
Unrealized fair value gains on financial assets at FVTPL	<b>448,915</b>	940,086	5,721,813
Post-employment benefit obligation	<b>( 290,551)</b>	( 29,079)	( 238,589)
MCIT	<b>( 222,824)</b>	241,961	2,390,585
Capitalized direct cost	<b>( 26,457)</b>	( 232,821)	( 31,748)
Advance rental	<b>-</b>	-	12,969,691
	<b><u>P 15,747,403</u></b>	<b><u>P 41,898,995</u></b>	<b><u>P 26,117,557</u></b>
	<b><u>Consolidated Other Comprehensive Income</u></b>		
	<b>2022</b>	<b>2021</b>	<b>2020</b>
Deferred tax expense –			
Post-employment benefit obligation	<b><u>P 46,348,950</u></b>	<b><u>P 34,767,719</u></b>	<b><u>P 16,395,657</u></b>

The details of the Group's NOLCO, which can be applied against future taxable income within three years or five years from the year the tax loss was incurred, is shown below. Specifically, the NOLCO incurred in 2022 and 2021 can be claimed as a deduction from future taxable income within five years immediately following the year of such loss, pursuant to Republic Act (R.A.) No. 11494, *Bayaniban to Recover as One Act*.

Year Incurred	Amount	Applied		Expired	Balance	Expiry Date
		Prior Year	Current Year			
2022	P 22,396,430	P -	P -	P -	P 22,396,430	2027
2021	15,569,923	-	-	-	15,569,923	2026
2020	18,002,792	-	-	-	18,002,792	2023
2019	<u>12,498,670</u>	<u>-</u>	<u>( 1,621,864)</u>	<u>( 10,876,806)</u>	<u>-</u>	
	<b><u>P 68,467,815</u></b>	<b><u>P -</u></b>	<b><u>( P 1,621,864)</u></b>	<b><u>( P 10,876,806)</u></b>	<b><u>P 55,969,145</u></b>	

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

Year Incurred	Amount	Applied		Expired	Balance	Expiry Date
		Prior Year	Current Year			
2022	P 286,376	P -	P -	P -	P 286,376	2025
2019	<u>798,536</u>	<u>( 798,536)</u>	<u>-</u>	<u>-</u>	<u>-</u>	
	<b><u>P 1,084,912</u></b>	<b><u>( P 798,536)</u></b>	<b><u>P -</u></b>	<b><u>P -</u></b>	<b><u>P 286,376</u></b>	

The Group's NOLCO and MCIT pertain to PHPI and FEC. In 2022 and 2021, the management has taken a conservative position for FEC of not recognizing additional deferred tax assets arising from NOLCO and MCIT since their recoverability and utilization are unlikely at this time based on the assessment of management.

In 2022, 2021 and 2020, PHPI and FEC opted to claim itemized deductions. In 2022, the Parent Company claimed itemized deductions in computing its income tax due while in 2021 and 2020, the Parent Company opted to claim OSD.

On March 26, 2021, R.A. No. 11534, *Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act*, as amended, was signed into law and became effective beginning July 1, 2020. The following are the major changes brought about by the CREATE Act that are relevant to and considered by the Group:

- RCIT rate was decreased from 30% to 25% starting July 1, 2020;
- MCIT rate was decreased from 2% to 1% starting July 1, 2020 until June 30, 2023;
- the imposition of 10% tax on improperly accumulated retained earnings was repealed; and,
- The allowable deduction for interest expense was reduced to 20% (from 33%) of the interest income subjected to final tax.

As a result, the Group used the lower tax rates in determining its current taxes and remeasuring its deferred taxes in the 2022 and 2021 consolidated financial statements. Taxation of H.R. Owen is in accordance with the tax laws of UK. The UK corporation tax rate was 19% for the years ended June 30, 2022 and 2021, and this rate has been used for the purposes of preparing the tax disclosures. Increases in the UK corporation tax rate from 19% to 25% (effective from April 1, 2023) have been substantively enacted. Consequently, deferred tax assets and liabilities arising from transactions of H.R. Owen have been calculated using the applicable rate when the liabilities are expected to be realized.

## 27. EARNINGS PER SHARE

The earnings per share of the Group is presented below.

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Net profit attributable to owners of the Parent Company	<b>P 938,005,536</b>	P 528,956,479	P 54,033,165
Divided by weighted average number of outstanding shares	<u><b>4,341,280,693</b></u>	<u>4,341,280,772</u>	<u>4,341,280,855</u>
Earnings per share	<u><b>P 0.216</b></u>	<u>P 0.122</u>	<u>P 0.012</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.

		2022		2021	
	Notes	Carrying Amounts	Fair Values	Carrying Amounts	Fair Values
<b>Financial Assets</b>					
At amortized cost:					
Cash	7	P 1,665,883,672	P 1,665,883,672	P 621,756,192	P 621,756,192
Trade and other receivables - net	8	2,460,016,492	2,460,016,492	1,894,269,594	1,894,269,594
Advances to associates – net	24.1	2,091,457,052	2,091,457,052	2,072,075,320	2,072,075,320
Refundable deposits	10	4,106,555	4,106,555	72,349,253	72,349,253
		<u>P 6,221,463,771</u>	<u>P 6,221,463,771</u>	<u>P 4,660,450,359</u>	<u>P 4,660,450,359</u>
Financial assets at FVTPL	11.1	<u>P 1,876,575</u>	<u>P 1,876,575</u>	<u>P 7,369,362</u>	<u>P 7,369,362</u>
Financial Assets at FVOCI	11.2	<u>P 888,420,609</u>	<u>P 888,420,609</u>	<u>P 1,072,280,214</u>	<u>P 1,072,280,214</u>
<b>Financial Liabilities</b>					
At amortized cost:					
Trade and other payables	18	P 1,861,236,634	P 1,861,236,634	P 1,226,184,236	P 1,226,184,236
Loans payable and borrowings	19	4,762,630,094	4,698,929,617	2,912,924,472	2,888,468,671
Advances from related parties	24.3	727,852,330	727,852,330	859,391,677	859,391,677
		<u>P 7,351,719,058</u>	<u>P 7,288,018,581</u>	<u>P 4,998,500,385</u>	<u>P 4,974,044,584</u>

See Note 2.4 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 classified as financial assets at FVOCI and warrants 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.

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 8% and 2%, respectively (see Note 11.2).

The Group has no financial liabilities measured at fair value as at June 30, 2022 and 2021. 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 in the succeeding page 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, 2022 and 2021.

		2022			
		Level 1	Level 2	Level 3	Total
<b>Financial assets:</b>					
Cash	P	1,665,883,672	P -	P -	P 1,665,883,672
Trade and other receivables		-	-	2,460,016,492	2,460,016,492
Advances to associates – net		-	-	2,091,457,052	2,091,457,052
Refundable deposits		-	-	4,106,555	4,106,555
		<b>P 1,665,883,672</b>	<b>P -</b>	<b>P 4,555,580,099</b>	<b>P 6,221,463,771</b>
<b>Financial liabilities:</b>					
Trade and other payables	P	-	P -	P 1,861,236,634	P 1,861,236,634
Loans payable and borrowings		-	-	4,698,929,617	4,698,929,617
Advances from related parties		-	-	727,852,330	727,852,330
		<b>P -</b>	<b>P -</b>	<b>P 7,288,018,581</b>	<b>P 7,288,018,581</b>
		2021			
		Level 1	Level 2	Level 3	Total
<b>Financial assets:</b>					
Cash	P	621,756,192	P -	P -	P 621,756,192
Trade and other receivables		-	-	1,894,269,594	1,894,269,594
Advances to associates – net		-	-	2,072,075,320	2,072,075,320
Refundable deposits		-	-	72,349,253	72,349,253
		<b>P 621,756,192</b>	<b>P -</b>	<b>P 4,038,694,167</b>	<b>P 4,660,450,359</b>
<b>Financial liabilities:</b>					
Trade and other payables	P	-	P -	P 1,226,184,236	P 1,226,184,236
Loans payable and borrowings		-	-	2,888,468,671	2,888,468,671
Advances from related parties		-	-	859,391,677	859,391,677
		<b>P -</b>	<b>P -</b>	<b>P 4,974,044,584</b>	<b>P 4,974,044,584</b>

## 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 2022 and 2021, there was 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 only movement in investment property pertains to translation adjustment in 2022 and 2021; hence, no separate reconciliation was presented for the carrying amount of the property included in Level 3.

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 and H.R. Owen as Lessees***

H.R. Owen leases its dealership spaces 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 but renewable annually for a maximum of 25 years at the option of the lessee. The Group made refundable deposits for its operating leases (see Note 10).

### ***30.2 Surety Agreement***

In 2019, 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 24.11). The loan remains outstanding as at June 30, 2022 and 2021.

### ***30.3 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 2,192,000GBP (or equivalent to P146,210,784) and 2,133,000GBP (or equivalent to P143,357,224) as at June 30, 2022 and 2021, respectively.

### ***30.4 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 P1,129,865,178 and P1,384,106,265 as at June 30, 2022 and 2021, respectively.

In relation to the construction of the sanitary landfill project, FEC has capital commitments amounting to P82,119,037 and P179,142,092 as of June 30, 2022 and 2021, respectively.

### ***30.5 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, 2022, 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. EVENT AFTER THE END OF REPORTING PERIOD**

On July 13, 2022, the Group acquired 100% of the share capital of Joe Macari Servicing Limited and J M Developments (UK) Limited for an initial cash consideration of P50,221,575 and deferred consideration of P150,664,725. The acquisition is still ongoing as of the date of issuance of the consolidated financial statements; hence, nothing further could be disclosed in respect of the acquisition accounting exercise at this stage.

# **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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**Punongbayan & Araullo**

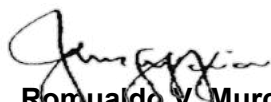
20<sup>th</sup> Floor, Tower 1  
The Enterprise Center  
6766 Ayala Avenue  
1200 Makati City  
Philippines

T +63 2 8988 2288

**The Board of Directors and the Stockholders  
Berjaya Philippines Inc. and Subsidiaries  
[A Subsidiary of Berjaya Lottery Management (HK) Limited]**  
9<sup>th</sup> 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, 2022, on which we have rendered our report dated October 12, 2022. 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 the 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. 8852339, January 3, 2022, Makati City  
SEC Group A Accreditation  
Partner - No. 95626-SEC (until Dec. 31, 2026)  
Firm - No. 0002 (until Dec. 31, 2024)  
BIR AN 08-002511-022-2022 (until Aug. 10, 2025)  
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

October 12, 2022

**Berjaya Philippines Inc. and Subsidiaries**  
**List of Supplementary Information**  
**June 30, 2022**

<b>Schedule</b>	<b>Content</b>	<b>Page No.</b>
<b>A.</b>	<b>Statement of Management's Responsibility for the Consolidated Financial Statements</b>	
<b>B.</b>	<b>Independent Auditors' Report on the SEC Supplementary Schedules Filed Separately from the Basic Consolidated Financial Statements</b>	
<b>C</b>	<b>List of Supplementary Information</b>	
<b>Schedules Required under Annex 68-J of the Revised Securities Regulation Code Rule 68</b>		
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
E	Indebtedness to Related Parties (Long-term Loans from Related Companies)	5
F	Guarantees of Securities of Other Issuers	6
G	Capital Stock	7
<b>Other Required Information</b>		
	Map Showing the Relationship Between the Company and its Related Entities	8
	Reconciliation of Retained Earnings Available for Dividend Declaration (Parent Company only)	9
	Financial Indicators	10

Berjaya Philippines Inc. and Subsidiaries  
SEC Released Amended SRC Rule 68  
Annex 68-J  
Schedule A - Financial Assets  
June 30, 2022

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
<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME</b>			
Equity securities	82,641,706	P 888,420,609	P 11,793,182
<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>			
Warrants	<u>10,000,000</u>	<u>1,876,575</u>	<u>-</u>
<b>Total</b>	<u><b>92,641,706</b></u>	<u><b>P 890,297,184</b></u>	<u><b>P 11,793,182</b></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, 2022

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Deductions			Other Changes - Additions (Deductions)	Balance at End of Period
			Amounts Collected	Amounts Reclassified	Amounts Written off		
<b>Related Parties:</b>							
Berjaya Pizza Philippines Inc.	P 532,858,529	P 19,954,892	( P 21,600,000 )	P -	P -	P -	P 531,213,421
Inter-Pacific Securities Sdn Berhad	2,128,380	-	-	-	-	-	2,128,380
Sports Toto Malaysia Sdn. Bhd	1,008,071	-	-	-	-	-	1,008,071
Perdana Land Philippines Inc.	438,500,881	17,784,679	( 18,000,000 )	-	-	-	438,285,560
Cosway Philippines Inc.	3,023,496			-	-	-	3,023,496
Neptune Properties, Incorporated	<u>1,142,488,420</u>	<u>44,090,497</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,186,578,917</u>
<b>Total</b>	<b><u>P 2,120,007,777</u></b>	<b><u>P 81,830,068</u></b>	<b><u>( P 39,600,000 )</u></b>	<b><u>P -</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>P 2,162,237,845</u></b>



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, 2022

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 594,020,377	P -	( P 20,000,000 )	P -	P -	P 574,020,377	P -	P 574,020,377
Floridablanca Enviro Corporation	469,979,095	3,700,000	-	-	-	473,679,095	-	473,679,095
eDoc Holdings Limited	<u>192,717,682</u>	<u>-</u>	<u>-</u>	<u>-</u>	( <u>1,454,361</u> )	<u>191,263,321</u>	<u>-</u>	<u>191,263,321</u>
<b>Total</b>	<b><u>P 1,256,717,154</u></b>	<b><u>P 3,700,000</u></b>	<b>( <u>P 20,000,000</u> )</b>	<b><u>P -</u></b>	<b>( <u>P 1,454,361</u> )</b>	<b><u>P 1,238,962,793</u></b>	<b><u>P -</u></b>	<b><u>P 1,238,962,793</u></b>

Berjaya Philippines Inc. and Subsidiaries  
SEC Released Amended SRC Rule 68  
Annex 68-J  
Schedule D - Long-term Debt  
June 30, 2022

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	<b>P</b> <u>1,556,358,670</u>	<b>P</b> <u>190,623,188</u>	<b>P</b> <u>1,365,735,482</u>

Loans payable includes the following:

- 1.) *Various unsecured short-term loans obtained by the Parent Company from local banks with interest rates ranging from 5.76% to 6.00% in 2022 and 2021.*
- 2.) *Unsecured long-term loans from a financial institution obtained by H.R. Owen Plc which is payable in quarterly installments beginning January 1, 2023 for 20 years with an annual interest rate of 3%.*

**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, 2022**

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

**NOT APPLICABLE**

The Group has no long-term indebtedness to related parties as at June 30, 2022.

**Berjaya Philippines Inc. and Subsidiaries**  
**SEC Released Amended SRC Rule 68**  
**Annex 68-J**  
**Schedule F - Guarantees of Securities of Other Issuers**  
**June 30, 2022**

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	<b><u>P 10,000,000</u></b>	<b><u>P 10,000,000</u></b>	Corporate guarantee

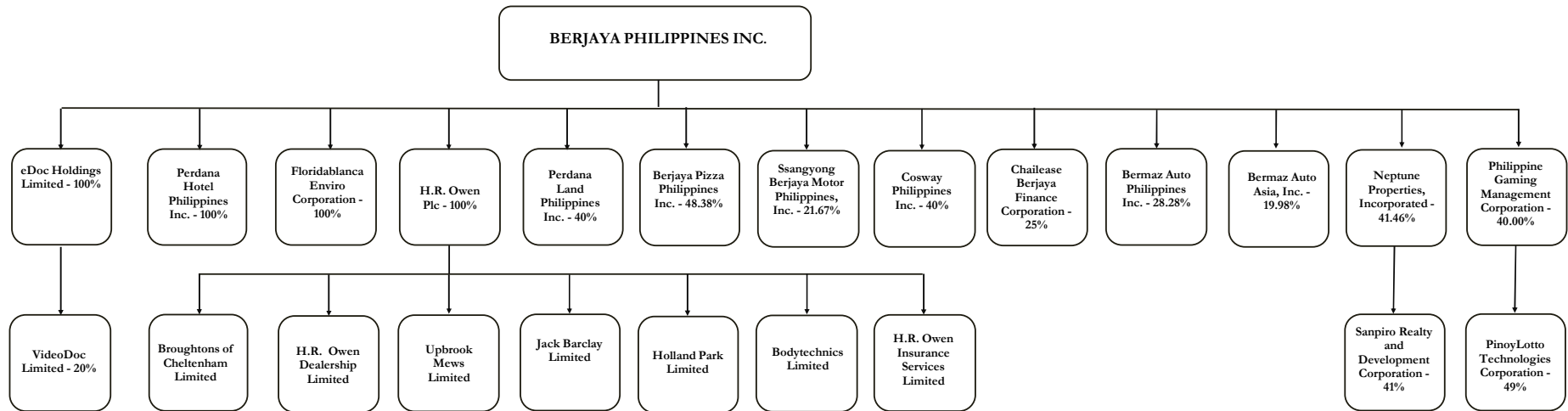
*\* The loans of BPPI from a certain local financial institution are secured by Berjaya Philippines Inc.*

Berjaya Philippines Inc. and Subsidiaries  
SEC Released Amended SRC Rule 68  
Annex 68-J  
Schedule G - Capital Stock  
June 30, 2022

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>4,341,280,693</u>	<u>-</u>	<u>3,831,443,430</u>	<u>898</u>	<u>509,836,365</u>

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

Map Showing the Relationship Between and Among the Company and its Related Parties  
 June 30, 2022



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

**Reconciliation of Retained Earnings Available for Dividend Declaration**  
**For the Year Ended June 30, 2022**

<b>Unappropriated Retained Earnings at Beginning of Year, as Reported in the Audited Financial Statements</b>		P 2,812,392,338
<b>Prior Year's Outstanding Reconciling Items, net of tax</b>		
Unrealized fair value gain on financial assets at fair value through profit or loss (FVTPL)	( 3,760,342 )	
Deferred tax expense	<u>940,086</u>	( <u>2,820,256</u> )
<b>Unappropriated Retained Earnings Available for Dividend Declaration at Beginning of Year, as Adjusted</b>		2,809,572,082
<b>Net Loss Actually Earned during the Year</b>		
Net income per audited financial statements	89,624,491	
Unrealized foreign currency gain	( 5,706,816 )	
Unrealized fair value loss on financial assets at FVTPL	3,387,255	
Deferred tax expense	<u>579,890</u>	<u>87,884,820</u>
<b>Unappropriated Retained Earnings Available for Dividend Declaration at End of Year</b>		<b><u><u>P 2,897,456,902</u></u></b>

**Supplemental Information –**

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

## **Report of Independent Auditors on Components of Financial Soundness Indicators**


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

**Punongbayan & Araullo**  
20<sup>th</sup> Floor, Tower 1  
The Enterprise Center  
6766 Ayala Avenue  
1200 Makati City  
Philippines

T +63 2 8988 2288

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, 2022, on which we have rendered our report dated October 12, 2022. 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, 2022 and 2021 and for each of the two years in the period ended June 30, 2022 and no material exceptions were noted.

### **PUNONGBAYAN & ARAULLO**

  
**By: Romualdo V. Murcia III**  
Partner

CPA Reg. No. 0095626  
TIN 906-174-059  
PTR No. 8852339, January 3, 2022, Makati City  
SEC Group A Accreditation  
Partner - No. 95626-SEC (until Dec. 31, 2026)  
Firm - No. 0002 (until Dec. 31, 2024)  
BIR AN 08-002511-022-2022 (until Aug. 10, 2025)  
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

October 12, 2022



**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, 2022

Ratio	Formula	2022	2021
Current ratio	Current assets / Current liabilities	<b>1.270</b>	1.268
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)	<b>0.431</b>	0.366
Solvency ratio	EBITDA / Total debt (Total debt includes interest bearing loans and borrowings and bonds payable )	<b>0.461</b>	0.585
Debt-to-equity ratio	Total debt / Total stockholders' equity (Total debt includes interest bearing loans and borrowings, bonds payable and equity-linked debt securities)	<b>1.434</b>	1.225
Asset-to-equity ratio	Total assets / Total stockholders' equity	<b>2.434</b>	1.816
Interest rate coverage ratio	EBIT / Total Interest (Non-recurring gain is excluded from EBIT)	<b>5.087</b>	5.388
Return on investment	Net profit / Total stockholders' equity	<b>0.100</b>	0.061
Return on investment of equity owners	Net profit attributable to owners of the Parent Company/ equity attributable to the owners of the Parent Company	<b>0.100</b>	0.060
Return on assets	Net profit/ Total assets	<b>0.043</b>	0.027
Net profit margin	Net profit / Total revenues	<b>0.026</b>	0.018



# SECURITIES AND EXCHANGE COMMISSION

Secretariat Building, PICC Complex, Roxas Boulevard, Pasay City, 1307 Metro Manila Philippines

Tel: (632) 818-0921 Fax: (632) 818-5293 Email: mis@sec.gov.ph



**The following document has been received:**

**Receiving:** Mark Anthony Oseña

**Receipt Date and Time:** October 19, 2022 11:45:19 AM

## Company Information

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**SEC Registration No.:** PW00000476

**Company Name:** BERJAYA PHILIPPINES INC.

**Industry Classification:** J66940

**Company Type:** Stock Corporation

## Document Information

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**Document ID:** OST1101920228812387

**Document Type:** Financial Statement

**Document Code:** FS

**Period Covered:** June 30, 2022

**Submission Type:** Annual

**Remarks:** None

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Acceptance of this document is subject to review of forms and contents



## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Berjaya Philippines, Inc.** is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the year ended **June 30, 2022**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

**"Nerine" Tan Sheik Ping**  
Chairman

**Tan Eng Hwa**  
President

**Winnie R. Manansala**  
Treasurer



### **BERJAYA PHILIPPINES INC.**

9/F Rufino Pacific Tower 6784 Ayala Ave., Cor. V.A. Rufino St., Makati City  
Tel. No.: (632) 8811-0668 \* Fax No.: (632) 8811-0538

SUBSCRIBED AND SWORN TO BEFORE ME this JUL 27 2022 day of 2022, by the following who exhibited to me their government issued identification cards during business hours.

Name	Tax Identification No.
"Nerine" Tan Sheik Ping	602-059-714
Tan Eng Hwa	204-172-228
Winnie R. Manansala	221-154-637

Doc No.  
Page No.  
Book No.  
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21  
42  
2022

**ATTY. ROMEO M. MONFORT**

NOTARY PUBLIC City of Makati

Until Dec. 31, 2023

Per D.M. No. 3795

PTR No. 8852509 Jan. 3, 2022 Makati City

Appointment No. M-172/2022-2023

IBF No. 1780001 2/14/22 Rasig

MCLE NO. VI-0025417 Nov 9, 2022

101 Urban Ave. Campos Rueda Bldg.

Brgy. Pio Del Pilar, Makati City



# COVER SHEET

P W 0 0 0 0 0 4 7 6

S.E.C. Registration Number

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

(Company's Full Name)

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

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

Atty. Jose A. Bernas

Contact Person

811-0668

Company Telephone Number

0 6

Month

3 0

Day

Fiscal Year

P H F S

FORM TYPE

1 1

Month

2 4

Day

Annual Meeting

Secondary License Type, If Applicable

S E C

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings (in '000)

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS



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**P&A  
Grant Thornton**

**FOR SEC FILING**

**Financial Statements and  
Independent Auditors' Report**

**Berjaya Philippines Inc.**

**June 30, 2022 and 2021**



## Report of Independent Auditors

**Punongbayan & Araullo**

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

T +63 2 8988 2288

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

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of Berjaya Philippines Inc. (the Company), which comprise the statements of financial position as at June 30, 2022 and 2021, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the years ended June 30, 2022, 2021 and 2020, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2022 and 2021, and its financial performance and its cash flows for each of the years ended June 30, 2022, 2021 and 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 Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audits of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Emphasis of a Matter*

We draw attention to Note 1 to the financial statements, which describes management's assessment of the continuing impact on the Company's financial statements of the business disruption brought by the COVID-19 pandemic. Our opinion is not modified in respect of this matter.

---

**Certified Public Accountants**

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

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

[grantthornton.com.ph](http://grantthornton.com.ph)





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

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

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

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

***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.



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

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

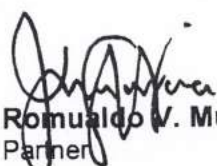
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### **Report on Other Legal and Regulatory Requirements**

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended June 30, 2022 required by the Bureau of Internal Revenue as disclosed in Note 23 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with PFRS. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The engagement partner on the 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. 8852339, January 3, 2022, Makati City  
SEC Group A Accreditation  
Partner – No. 0628-AR-4 (until Sept. 4, 2022)  
Firm – No. 0002 (until Dec. 31, 2024)  
BIR AN 08-002511-022-2019 (until Sept. 4, 2022)  
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

August 26, 2022



**BERJAYA PHILIPPINES INC.**  
*[A Subsidiary of Berjaya Lottery Management (HK) Limited]*  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2022 AND 2021**  
*(Amounts in Philippine Pesos)*

	Notes	2022	2021
<b><u>ASSETS</u></b>			
<b>CURRENT ASSETS</b>			
Cash	5	P 199,451,415	P 52,040,747
Receivables	6	32,757,785	100,278,380
Financial assets at fair value through profit or loss	8	1,876,575	7,369,362
Advances to subsidiaries and associates - net	16	3,330,511,724	3,328,884,353
Prepayments and other current assets	7	41,127,617	35,997,860
Total Current Assets		3,605,725,116	3,524,570,702
<b>NON-CURRENT ASSETS</b>			
Financial assets at fair value through other comprehensive income	9	888,420,609	1,072,280,214
Investments in subsidiaries and associates - net	10	4,455,175,390	4,420,345,401
Deferred tax assets - net	17	68,938,363	82,368,873
Other non-current assets - net	11	107,000	1,000
Total Non-current Assets		5,412,641,362	5,574,995,488
<b>TOTAL ASSETS</b>		<b>P 9,018,366,478</b>	<b>P 9,099,566,190</b>
<b><u>LIABILITIES AND EQUITY</u></b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	2, 4	P 62,273,994	P 53,435,709
Advances from related parties	16	298,655,817	347,562,553
Loans payable	12	163,336,000	334,000,000
Income tax payable		-	301,343
Total Current Liabilities		524,265,811	735,299,605
<b>NON-CURRENT LIABILITIES</b>			
Advances from related parties	16	450,000,000	600,000,000
Loans payable	12	86,664,000	-
Total Non-current Liabilities		536,664,000	600,000,000
Total Liabilities		1,060,929,811	1,335,299,605
<b>EQUITY</b>			
Capital stock	13	4,427,009,132	4,427,009,132
Treasury shares		( 988,150,025 )	( 988,150,025 )
Revaluation reserve		( 344,998,982 )	( 486,984,860 )
Retained earnings		4,863,576,542	4,812,392,338
Total Equity		7,957,436,667	7,764,266,585
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>P 9,018,366,478</b>	<b>P 9,099,566,190</b>

See Notes to Financial Statements.



BERJAYA PHILIPPINES INC.  
*[A Subsidiary of Berjaya Lottery Management (HK) Limited]*  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED JUNE 30, 2022, 2021 AND 2020**  
*(Amounts in Philippine Pesos)*

	Notes	2022	2021	2020
<b>DIVIDEND INCOME</b>	9, 10, 16	<b>P 83,793,182</b>	<b>P 36,356,021</b>	<b>P 22,612,711</b>
<b>EXPENSES</b>				
Professional fees		5,719,920	7,802,296	8,027,196
Taxes and licenses		4,775,871	7,590,574	7,080,092
Representation and entertainment		1,106,593	4,019,290	7,923,995
Transportation and travel		182,367	381,925	552,361
Others	14	1,164,513	2,058,306	4,362,148
		<b>12,949,264</b>	<b>21,852,391</b>	<b>27,945,792</b>
<b>OPERATING PROFIT (LOSS)</b>		<b>70,843,918</b>	<b>14,503,630</b>	<b>( 5,333,081 )</b>
<b>OTHER INCOME (EXPENSES)</b>				
Interest income	15	85,735,033	98,714,130	89,153,367
Impairment losses	10, 16	( 22,756,457 )	( 78,530,971 )	( 10,091,910 )
Interest expense	12, 16	( 21,521,867 )	( 28,109,859 )	( 26,692,308 )
Foreign currency exchange gains (losses) - net	16	5,706,816	( 7,669,879 )	( 558,861 )
Fair value gain (loss) on financial assets at fair value through profit or loss	8	( 3,387,255 )	3,760,342	19,072,704
Loss on sale of financial assets at fair value through profit or loss	8	( 1,392,607 )	-	-
Gain on disposal of interest in a subsidiary	10	-	-	52,030,000
		<b>42,383,663</b>	<b>( 11,836,237 )</b>	<b>122,912,992</b>
<b>PROFIT BEFORE TAX</b>		<b>113,227,581</b>	<b>2,667,393</b>	<b>117,579,911</b>
<b>TAX EXPENSE</b>	17	<b>( 23,603,090 )</b>	<b>( 17,540,458 )</b>	<b>( 61,533,350 )</b>
<b>NET PROFIT (LOSS)</b>		<b>89,624,491</b>	<b>( 14,873,065 )</b>	<b>56,046,561</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				
Item that will not be reclassified subsequently to profit or loss				
Net unrealized fair value gains (losses) on financial assets at fair value through other comprehensive income	9, 13, 21	103,545,591	7,509,510	( 268,328,878 )
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>		<b>P 193,170,082</b>	<b>( P 7,363,555 )</b>	<b>( P 212,282,317 )</b>
<b>Earnings (Loss) Per Share</b>	18	<b>P 0.021</b>	<b>( P 0.003 )</b>	<b>P 0.013</b>

*See Notes to Financial Statements.*





**BERJAYA PHILIPPINES INC.**  
*[A Subsidiary of Berjaya Lottery Management (HK) Limited]*  
**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED JUNE 30, 2022, 2021 AND 2020**  
*(Amounts in Philippine Pesos)*

Notes	Capital Stock	Treasury Shares	Revaluation Reserve	Retained Earnings		Total Equity
				Appropriated	Unappropriated	
Balance at July 1, 2021	P 4,427,009,132	(P 988,150,025)	(P 486,984,860)	P 2,000,000,000	P 2,812,392,338	P 7,764,266,585
Total comprehensive income for the year	-	-	103,545,591	-	89,624,491	193,170,082
Realized fair value changes on disposal of financial assets	-	-	-	-	-	-
at fair value through other comprehensive income	-	-	38,440,287	-	(38,440,287)	-
Balance at June 30, 2022	P 4,427,009,132	(P 988,150,025)	(P 344,998,982)	P 2,000,000,000	P 2,863,576,542	P 7,957,436,667
Balance at July 1, 2020	P 4,427,009,132	(P 988,150,025)	(P 526,355,062)	P 2,000,000,000	P 2,859,126,095	P 7,771,630,140
Total comprehensive income (loss) for the year	-	-	7,509,510	-	(14,873,065)	(7,363,555)
Realized fair value changes on disposal of financial assets	-	-	-	-	-	-
at fair value through other comprehensive income	-	-	31,860,692	-	(31,860,692)	-
Balance at June 30, 2021	P 4,427,009,132	(P 988,150,025)	(P 486,984,860)	P 2,000,000,000	P 2,812,392,338	P 7,764,266,585
Balance at July 1, 2019	P 4,427,009,132	(P 988,150,025)	(P 249,652,188)	P 2,273,150,025	P 2,521,555,513	P 7,983,912,457
Reversal of appropriated retained earnings	-	-	-	(2,273,150,025)	2,273,150,025	-
Appropriation of retained earnings	-	-	-	2,000,000,000	(2,000,000,000)	-
Total comprehensive income (loss) for the year	-	-	(268,328,878)	-	56,046,561	(212,282,317)
Realized fair value changes on disposal of financial assets	-	-	-	-	-	-
at fair value through other comprehensive income	-	-	(8,373,996)	-	8,373,996	-
Balance at June 30, 2020	P 4,427,009,132	(P 988,150,025)	(P 526,355,062)	P 2,000,000,000	P 2,859,126,095	P 7,771,630,140

See Notes to Financial Statements.



**BERJAYA PHILIPPINES INC.**  
*[A Subsidiary of Berjaya Lottery Management (HK) Limited]*  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2022, 2021 AND 2020**  
*(Amounts in Philippine Pesos)*

	Notes	2022	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before tax		P 113,227,581	P 2,667,393	P 117,579,911
Adjustments for:				
Interest income	15	( 85,735,033 )	( 98,714,130 )	( 89,153,367 )
Dividend income	9, 10, 16	( 83,793,182 )	( 36,356,021 )	( 22,612,711 )
Impairment losses	10, 16	22,756,457	78,530,971	10,091,910
Interest expense	12, 16	21,521,867	28,109,859	26,692,308
Foreign currency exchange loss (gain) - net	16	( 5,706,816 )	7,669,879	558,861
Loss on sale of financial assets at fair value through profit or loss (FVTPL)	8	1,392,607	-	-
Amortization	11	14,000	-	-
Gain on disposal of interest in a subsidiary	10	-	-	( 52,030,000 )
Operating loss before working capital changes		( 16,322,519 )	( 18,092,049 )	( 8,873,088 )
Decrease in receivables		62,305,019	19,910,296	44,975,030
Decrease (increase) in financial assets at FVTPL		3,387,255	( 3,760,342 )	( 19,072,704 )
Decrease in prepayments and other current assets		167,846	3,990,895	1,713,489
Increase (decrease) in trade and other payables		8,013,613	9,399,582	( 11,720,689 )
Cash generated from operations		57,551,214	11,448,382	7,022,038
Cash paid for taxes	17	( 15,771,526 )	( 15,363,275 )	( 17,588,422 )
Net Cash From (Used in) Operating Activities		41,779,688	( 3,914,893 )	( 10,566,384 )
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from sale of financial assets at fair value through other comprehensive income (FVOCI)	9	290,831,946	220,326,405	202,553,766
Cash dividends received	9, 16	83,793,182	36,356,021	22,612,711
Collections of advances to subsidiaries and associates	16	59,600,000	25,000,000	82,000,000
Additional investment in subsidiaries and associates	10	( 34,829,989 )	( 53,030,000 )	( 305,864,998 )
Interest received		3,996,844	3,074,802	3,858,706
Advances granted to subsidiaries and associates	16	( 3,700,000 )	( 124,000,000 )	( 374,179,095 )
Acquisitions of financial assets at FVOCI	9	( 3,426,750 )	( 26,003,756 )	( 37,223,071 )
Proceeds from sale of financial assets at FVTPL	8	712,925	-	-
Acquisition of intangible asset	11	( 120,000 )	-	-
Net Cash From (Used in) Investing Activities		396,858,158	81,723,472	( 406,241,981 )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Advances paid to related parties	16, 22	( 336,387,463 )	( 281,740,115 )	( 217,219,243 )
Advances received from related parties	16, 22	137,080,000	329,098,500	577,806,302
Repayment of loans	12, 22	( 84,000,000 )	( 141,000,000 )	( 122,500,000 )
Interest paid	12	( 22,886,579 )	( 24,809,859 )	( 23,844,363 )
Proceeds from loans	12, 22	-	20,000,000	260,000,000
Net Cash From (Used in) Financing Activities		( 306,194,042 )	( 98,451,474 )	474,242,696
<b>EFFECT OF EXCHANGE RATE CHANGES TO CASH</b>		14,966,864	( 2,612,923 )	( 915,180 )
<b>NET INCREASE (DECREASE) IN CASH</b>		147,410,668	( 23,255,818 )	56,519,151
<b>CASH AT BEGINNING OF YEAR</b>		52,040,747	75,296,565	18,777,414
<b>CASH AT END OF YEAR</b>		P 199,451,415	P 52,040,747	P 75,296,565

**Supplemental Information on Non-cash Investing Activity –**

In 2020, the Company converted its debt securities classified under financial assets at FVTPL amounting to P91,155,831 into common stock, which were subsequently accounted for as financial assets at FVOCI (see Notes 8 and 9). There was no similar transaction in 2022 and 2021.

See Notes to Financial Statements.



**BERJAYA PHILIPPINES INC.**  
*[A Subsidiary of Berjaya Lottery Management (HK) Limited]*  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022, 2021 AND 2020**  
*(Amounts in Philippine Pesos)*

**1. GENERAL INFORMATION**

***1.1 Corporate Incorporation***

Berjaya Philippines Inc. (BPI or the Company) was incorporated in the Philippines on November 12, 1924. The Company is organized as a holding company. The Company's shares of stock were listed in the Philippine Stock Exchange (PSE) on November 29, 1948.

The Company is 74.20% owned as at June 30, 2022 and 2021, by Berjaya Lottery Management (HK) Limited (the Parent Company), which operates as a lottery management company. The Company's Ultimate Parent Company is Berjaya Corporation Berhad of Malaysia, a publicly listed holding company in the Main Market of Bursa Malaysia Securities Berhad.

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

***1.2 Continuing Impact of COVID-19 Pandemic on the Company's Business***

The COVID-19 pandemic started to become widespread in the Philippines in early March 2020 and its impact has been continuing until the date of the approval of these financial statements. The measures taken by the government to contain the virus have affected economic conditions, and business operations of the Company and its subsidiaries and associates.

The Company's main source of revenue is dividend income from its subsidiaries and associates. Hence, the operations of its subsidiaries and associates will reflect the Company's financial performance.

The Company and its subsidiaries and associates strictly adhere to the guidelines set by the governments where they operate. Government restrictions have loosened and the economy is slowly adapting and recovering from the pandemic. Flexible or remote work arrangements were continuously adopted (work-from-home or telecommuting, reduced workdays/hours, reassignment).



Perdana Hotel Philippines Inc.'s (PHPI) hotel operations declined due to the removal of mandated hotel quarantine. Berjaya Pizza Philippines Inc.'s (BPPI) restaurants, being in the essential food business, continue operations of take-out and delivery services for 24 hours and at full dining capacity. Gaming related activities, including lotto operations, have recovered as a result of loosening government restrictions. H.R. Owen, situated in UK, increased revenue from continuing operations as a result of increased sales units of new and pre-owned vehicles. These subsidiaries and associates resumed business operations as allowed by the local and national governments concerned where they are located.

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

Based on the above actions and measures taken by management to mitigate the effect of the pandemic, it projects that the Company would continue to report positive results of operations and would remain liquid to meet current obligation as it falls due.

### ***1.3 Approval of Financial Statements***

The financial statements of the Company as at and for the year ended June 30, 2022 (including the comparative financial statements as at and for the years ended June 30, 2021 and 2020) were authorized for issue by the Company's Board of Directors (BOD) on August 26, 2022.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

### ***2.1 Basis of Preparation of Financial Statements***

#### ***(a) Statement of Compliance with Philippine Financial Reporting Standards***

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

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

(b) *Presentation of Financial Statements*

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

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

(c) *Functional and Presentation Currency*

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

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

## **2.2 Adoption of Amended PFRS**

(a) *Effective in Fiscal Year 2022 that is Relevant to the Company*

The Company adopted the PFRS 9 (Amendments), *Financial Instruments*, and PFRS 7 (Amendments), *Financial Instruments: Disclosures – Interest Rate Benchmark Reform Phase 2*, which are mandatorily effective for annual periods beginning on or after January 1, 2021, for its annual reporting period beginning July 1, 2021. The amendments address issues that may affect financial reporting during the interest rate benchmark reform, including the effect of changes to contractual cash flows or hedging relationships resulting from the replacement of the London Interbank Offered Rate with alternative benchmark rates. The application of these amendments had no impact on the Company's financial statements.

(b) *Effective in Fiscal Year 2022 that is not Relevant to the Company*

PFRS 16 (Amendments), *Leases – COVID-19-Related Rent Concessions beyond June 30, 2021*. The amendments extend for one year the use of practical expedient of not assessing whether rent concessions reducing payments up until June 30, 2022 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 application of these amendments had no impact to the Company's financial statements as the Company does not have any lease transactions.



(c) *Effective Subsequent to Fiscal Year 2022 but not Adopted Early*

There are pronouncements effective for annual periods subsequent to fiscal year 2022, which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have impact on the Company's financial statements:

- (i) PFRS 3 (Amendments), *Business Combinations – Identification of Liabilities Assumed and Recognition of Contingent Assets Acquired in a Business Combination* (effective from January 1, 2022)
- (ii) PAS 16 (Amendments), *Property, Plant and Equipment – Proceeds Before Intended Use* (effective from January 1, 2022)
- (iii) PAS 37 (Amendments), *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract* (effective from January 1, 2022)
- (iv) Annual Improvements to PFRS 2018-2020 Cycle. Among the improvements, PFRS 9 (Amendments), *Financial Instruments – Fees in the '10 per cent' Test for Derecognition of Liabilities*, which is effective from January 1, 2022, is relevant to the Company.
- (v) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective from January 1, 2023)
- (vi) PAS 1 (Amendments), *Presentation of Financial Statements – Disclosure of Accounting Policies* (effective from January 1, 2023)
- (vii) PAS 8 (Amendments), *Accounting Estimates – Definition of Accounting Estimates* (effective from January 1, 2023)
- (viii) PAS 12 (Amendments), *Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction* (effective from January 1, 2023)
- (ix) 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)

### **2.3 *Separate Financial Statements and Investments in Subsidiaries and Associates***

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

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

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

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

The Company's investments in subsidiaries and associates are accounted for in these separate financial statements at cost, less any impairment loss. If there is objective evidence that the investments in subsidiaries and associates will not be recovered, an impairment loss is provided (see Note 2.11). Impairment loss is measured as the difference between the carrying amount of the investment and the present value of the estimated cash flows discounted at the current market rate of return for similar financial asset. The amount of the impairment loss is recognized in profit or loss. The Company recognizes dividend income when the right to receive such payment is established.

### **2.4 *Financial Instruments***

Financial assets and financial liabilities are recognized when the entity becomes a party to the contractual provisions of the financial instrument.

#### **(a) *Financial Assets***

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

Regular purchases and sales of financial assets are recognized on their trade date (i.e., the date that the Company commits to purchase or sell the asset).

(i) *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 as follows:

a. *Financial Assets at Amortized Cost*

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

- the asset is held within the Company's business model whose objective is to hold financial assets in order to collect contractual cash flows (hold to collect); and,
- the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Except for receivables that do not contain a significant financing component and are measured at the transaction price in accordance with PFRS 15, *Revenue from Contract with Customers*, 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 allowance for expected credit loss (ECL).

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

b. *Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)*

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

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



At initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI; however, such designation is not permitted if the equity investment is held by the Company for trading or as mandatorily required to be classified as fair value through profit or loss (FVTPL). The Company 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 are recognized in other comprehensive income, net of any effects arising from income taxes, and are reported as part of Revaluation Reserve account in equity. When the asset is disposed of, the cumulative gain or loss previously recognized in the Revaluation Reserve account is not reclassified to profit or loss but is reclassified directly to Retained Earnings account, except for those debt securities classified as FVOCI, if any, wherein cumulative fair value gains or losses are recycled to profit or loss.

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

c. *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 Company designates an equity investment that is not held for trading as at FVOCI at initial recognition. The Company's financial assets at FVTPL include equity securities and debt securities which are held for trading purposes and designated as at FVTPL.

Financial assets at FVTPL are initially measured at fair value. Subsequently, they are measured at fair value with gains or losses recognized in profit or loss under Other Income (Expenses) section in the statement of comprehensive income.

Interest income on financial assets measured at amortized cost and debt financial assets measured at FVOCI is recognized using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The Company calculates interest income 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 and or are purchased or originated credit-impaired assets.

For financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the net carrying amount of the financial assets (after deduction of the loss allowance). If the asset is no longer credit-impaired, the calculation of interest income reverts to gross basis. For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying a credit-adjusted effective interest rate to the amortized cost of the asset. The calculation of interest income does not revert to a gross basis even if the credit risk of the asset subsequently improves.

The interest earned is recognized as part of Interest Income account under Other Income (Expenses) section in the statement of comprehensive income.

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

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

(ii) *Impairment of Financial Assets*

At the end of the reporting period, the Company assesses and recognizes allowance for ECL for financial assets measured at amortized cost and debt instruments measured at FVOCL. 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 amount of allowance for ECL is updated at the end of each reporting period to reflect the changes in credit risk of the financial asset since initial recognition. In assessing the credit quality of a financial asset, the Company assesses whether there has been a significant increase in credit risk for financial asset since initial recognition by comparing the risk of default occurring over the expected life of the financial asset between the reporting date and the date of the initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that may indicate an actual or expected deterioration of the credit quality of the financial assets (see Note 4.2).

The Company's credit exposures are concentrated on advances to related parties. For these financial assets, the ECLs are recognized in two stages. If the credit risk on a financial asset has not increased significantly since initial recognition, the Company measures and provides for credit losses that are expected to result from default events that are possible within the next 12 months (12-month ECL). To calculate the ECL of related parties, the Company determines possible impairment based on the sufficiency of the related parties' highly liquid assets in order to repay the Company's receivables if demanded at the reporting date taking into consideration the historical defaults of the related parties.

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).

For cash, the Company applies the low credit risk simplification and measures the ECL on the financial assets based on a 12-month basis unless there has been a significant increase in credit risk since origination, in that case, the loss allowance will be based on the lifetime ECL.

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 Company 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 in the event of default which pertains to its amortized cost.

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

The Company 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 Reserve account.

(iii) *Derecognition of Financial Assets*

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

(b) *Financial Liabilities*

Financial liabilities, which include Loans Payable, Trade and Other Payables [excluding tax-related payables] and Advances from Related Parties, are recognized when the Company becomes a party to the contractual terms of the instrument. All interest-related charges incurred on a financial liability are recognized as an expense in profit or loss in the statement of comprehensive income.

Loans payable are raised for support of both short-term and long-term funding needs. Finance charges are charged to profit or loss on an accrual basis using the effective interest method, except capitalized borrowing costs which are included as part of the cost of the related qualifying asset (see Note 2.12).

Trade and other payables mainly consist of Deferred output value-added tax (VAT) amounting to P61,421,708 and P52,538,094 as of June 30, 2022 and 2021, respectively. Trade and other payables and Advances from related parties are recognized initially at their fair values and subsequently measured at amortized cost, using effective interest method for maturities beyond one year, less settlement payments.

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



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

(c) *Offsetting of Financial Instruments*

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

**2.5 Prepayments and Other Assets**

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

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

**2.6 Transportation Equipment**

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.11).

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

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



The net carrying amount of transportation equipment is presented as part of Other Non-current Assets in the statements of financial position (see Note 11).

## ***2.7 Intangible Asset***

Intangible asset refers to a computer software which is accounted for under the cost model. The cost of the asset is the amount of cash or cash equivalents paid or the fair value of the other considerations given up to acquire the asset at the time of its acquisition. Capitalized costs are amortized on a straight-line basis over the estimated useful life of five years as the life of this intangible asset is considered finite. In addition, the intangible asset is subject to impairment testing as described in Note 2.11.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset and is recognized in profit or loss.

The net carrying amount of intangible asset is presented as part of Other Non-current Assets in the statements of financial position (see Note 11).

## ***2.8 Provisions and Contingencies***

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

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

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

## ***2.9 Income and Expense Recognition***

The Company's income arises mainly from the dividends from its investments in financial assets at FVOCI, and subsidiaries and associates (see Notes 9, 10 and 16) and interest income (see Notes 2.4 and 15).

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. In addition, the specific recognition criteria presented below must also be met before revenue is recognized:

- (a) *Dividends* – Revenue is recognized when the Company's right to receive payment is established.
- (b) *Interest* – Revenue is recognized as the grossed-up interest accrues taking into account the effective yield on the asset.
- (c) *Gain on disposal of interest in a subsidiary* – Revenue is recognized upon disposal of ownership interest in a subsidiary or associate, equivalent to the fair value of the consideration received less the carrying amount of the investment equivalent to the ownership interest given up.
- (d) *Fair value gain on financial assets at FVTPL* – Revenue is recognized upon fair value remeasurement of financial assets classified at FVTPL at the end of the reporting period.

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

Cost and expenses are recognized in profit or loss upon utilization of goods or services or at the date they are incurred. All finance costs are reported in profit or loss on accrual basis, except capitalized borrowing costs which are included as part of the cost of the related qualifying asset (see Note 2.12).

## ***2.10 Foreign Currency Transactions and Translation***

The accounting records of the Company are maintained in Philippine pesos. Foreign currency transactions during the year are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates. Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income as part of income or loss from operations.

## ***2.11 Impairment of Non-financial Assets***

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

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



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

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

### ***2.12 Borrowing Costs***

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

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

### ***2.13 Income Taxes***

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

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

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

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

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

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

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

#### ***2.14 Related Party Transactions and Relationships***

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

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

Transactions, either individually or in aggregate over a 12-month period with the same related party, 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, which is subject to disclosure requirements of the Securities and Exchange Commission (SEC).



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.

### ***2.15 Equity***

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

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

Revaluation reserve represents unrealized fair value gains or losses on financial assets at FVOCI.

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

### ***2.16 Earnings Per Share***

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

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

### ***2.17 Events After the End of the Reporting Period***

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

### 3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

#### *3.1 Critical Management Judgments in Applying Accounting Policies*

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

##### *(a) Determination of ECL on Receivables*

The Company applies the ECL methodology which requires certain judgments in selecting the appropriate method in determining the ECL. Significant portion of the Company's financial assets at amortized cost are advances to related parties. Since the contractual period on these receivables is very short as these are repayable on demand, management determined that the use of liquidity analysis model is more appropriate.

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

##### *(b) Evaluation of Business Model Applied in Managing Financial Instruments*

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

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

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

In determining the classification of financial assets, the Company assesses whether the contractual terms of the financial assets give rise on specified dates to cash flows that are SPPI on the principal outstanding, with interest representing time value of money and credit risk associated with the principal amount outstanding. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated.



Any other contractual term that changes the timing or amount of cash flows (unless it is a variable interest rate that represents time value of money and credit risk) does not meet the amortized cost criteria. In cases where the relationship between the passage of time and the interest rate of the financial instrument may be imperfect, known as modified time value of money, the Company assesses the modified time value of money feature to determine whether the financial instrument still meets the SPPI criterion. The objective of the assessment is to determine how different the undiscounted contractual cash flows could be from the undiscounted cash flows that would arise if the time value of money element was not modified (the benchmark cash flows). If the resulting difference is significant, the SPPI criterion is not met. In view of this, the Company considers the effect of the modified time value of money element in each reporting period and cumulatively over the life of the financial instrument.

In addition, 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 Company 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 necessarily inconsistent with a held-to-collect business model if the Company can explain the reasons for those sales and why those sales do not reflect a change in the Company's objective for the business model.

*(d) 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 2.8 and disclosure of commitments and contingencies is presented in Note 19.

*(e) Determination of Control, Joint Control or Significant Influence*

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

**3.2 Key Sources of Estimation Uncertainty**

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

(a) *Estimation of Allowance for ECL*

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

(b) *Fair Value Measurement of Financial Instruments*

Management applies valuation techniques to determine the fair value of financial instruments where active market quotes are not available. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

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

(c) *Impairment of Non-financial Assets*

In assessing impairment, management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate (see Note 2.11). Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in those assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

In 2021, management recognized impairment loss relating to certain investments in associates amounting to P43,734,996 (see Note 10). In 2022 and 2020, management has assessed that no additional impairment loss is required to be recognized on the Company's non-financial assets.

(d) *Determination of Realizable Amount of Deferred Tax Assets*

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



#### 4. RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

##### 4.1 Foreign Currency Risk

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

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

		2022			
		USD	MYR	GBP	EUR
Cash	P	183,981,355	P -	P 2,835,035	P -
Receivables		-	207,785	-	-
	P	183,981,355	P 207,785	P 2,835,035	P -
		2021			
		USD	MYR	GBP	EUR
Cash	P	43,781,053	P -	P 2,853,829	P 299,038
Receivables		-	2,128,380	-	-
	P	43,781,053	P 2,128,380	P 2,853,829	P 299,038

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

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

	2022		2021	
	Reasonably possible change in rate	Effect in profit after tax	Reasonably possible change in rate	Effect in profit after tax
PhP - USD	8.83%	P 12,184,166	4.75%	P 1,455,017
PhP - MYR	9.91%	10,101	7.26%	108,191
PhP - GBP	18.70%	397,614	16.19%	323,435
PhP - EUR	-	-	12.85%	26,893
		<u>P 12,591,881</u>		<u>P 1,913,536</u>

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

## 4.2 Credit Risk

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

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

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

	Notes	2022	2021
Cash	5	P 199,451,415	P 52,040,747
Receivables	6	32,757,785	92,278,380
Advances to subsidiaries and associates – net	16.1	<u>3,330,511,724</u>	<u>3,328,884,353</u>
		<u>P3,562,720,924</u>	<u>P 3,473,203,480</u>

None of the Company's financial assets are secured by collateral or other credit enhancements, except for the guaranty on one of advances to related parties.

### (a) Cash

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

(b) *Receivables*

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

The Company is not materially exposed to any credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Company mitigates the concentration of credit risk by regularly monitoring the age of its receivables and ensuring that collections are received within the agreed credit period. Management considers the ECL on the Company's receivables to be negligible as the historical loss rates are low and deemed insignificant.

Moreover, the management has assessed that the deposits made to foreign parties have a low probability of default since these relate to continuing relationship of acquiring investment securities and the foreign parties have delivered the necessary investments on a regular basis.

(c) *Advances to Subsidiaries and Associates*

ECL for advances to related parties 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.

Based on historical information on payments of subsidiaries and associates, management considers the credit quality of receivables that are not past due or impaired to be good. Further, the Company does not consider any credit risks, except for certain receivables wherein an allowance for ECL has been provided (see Note 16.1), since the Company has committed to financially support these related parties as part of its long-term corporate strategy.

### **4.3 *Liquidity Risk***

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

As at June 30, 2022 and 2021, the Company's financial liabilities pertain to loans payable, trade and other payables, excluding tax-related payables, and advances from related parties. Trade and other payables are considered to be current because these are expected to be settled within 12 months from the end of the reporting period.



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

		Current		Non-current
	Notes	Within 6 Months	6 to 12 Months	1 to 3 Years
<u>June 30, 2022</u>				
Trade and other payables		P -	P 304,698	P -
Loans payable	12	69,755,167	103,184,955	90,409,205
Advances from related parties	16.2	<u>300,319,379</u>	<u>1,635,123</u>	<u>450,000,000</u>
		<u><b>P 370,074,546</b></u>	<u><b>P 105,124,776</b></u>	<u><b>P 540,409,205</b></u>
<u>June 30, 2021</u>				
Trade and other payables		P -	P 155,098	P -
Loans payable	12	207,556,426	150,961,000	-
Advances from related parties	16.2	<u>349,226,114</u>	<u>1,635,123</u>	<u>600,000,000</u>
		<u><b>P 556,782,540</b></u>	<u><b>P 152,751,221</b></u>	<u><b>P 600,000,000</b></u>

#### 4.4 Other Price Risk

The Company's market price risk arises from its investments carried at fair value. It manages its risk arising from changes in market price by monitoring the changes in the market value of the investments.

The observed volatility rates of the fair values of the Company's financial assets held at fair value and their impact on the Company's other comprehensive income (loss) and equity as at June 30, 2022 and 2021 are summarized below.

Observed Volatility Rates		Impact of Increase on Equity		Impact of Decrease on Equity	
		Before tax	After tax	Before tax	After tax
<b>June 30, 2022</b>					
Equity securities – Listed in Malaysia	+54.53%	-54.53%	<b>P 263,072,027</b>	<b>P197,304,020</b>	<b>(P 263,072,027) (P 197,304,020)</b>
<b>June 30, 2021</b>					
Equity securities:					
Listed in Malaysia	+40.26%	-40.26%	P 264,985,372	P198,739,029	(P 264,985,372) (P 198,739,029)
Listed in England	+36.37%	-36.37%	<u>148,575,792</u>	<u>111,431,844</u>	<u>( 148,575,792) ( 111,431,844)</u>
			<b>P 413,561,164</b>	<b>P310,170,873</b>	<b>(P 413,561,164) (P 310,170,873)</b>

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

5. CASH

Cash in banks amounting to P199,451,415 and P52,040,747 as of June 30, 2022 and 2021, respectively, are unrestricted and readily available for use in the operations of the Company and generally earn interest based on daily bank deposit rates. Interest income from cash in banks is presented as part of Interest Income under Other Income (Expenses) section in the statements of comprehensive income (see Note 15).

6. RECEIVABLES

This account consists of the following:

	<u>Notes</u>	<u>2022</u>	<u>2021</u>
Receivables from sale of investment in a subsidiary	10	<b>P 32,550,000</b>	P 90,150,000
Payments for future acquisition of investments	16.3	<b>207,785</b>	2,128,380
Deposit for future stock subscriptions	10	<u>-</u>	<u>8,000,000</u>
		<b><u>P 32,757,785</u></b>	<b><u>P 100,278,380</u></b>

Payments for future acquisition of investments represent deposits made to foreign parties which may be used to acquire investment securities. These include deposits made to Inter-Pacific Securities Sdn Berhad (IPSSB), a related party under common ownership who acts as stockbroker of the Company (see Note 16.3). Interest income from these deposits amounting to P1,389,222, P63,596 and P80,133 for the years ended June 30, 2022, 2021 and 2020, respectively, is presented as part of Interest Income under Other Income (Expenses) section in the statements of comprehensive income (see Note 15).

All of the Company's receivables have been assessed for impairment determined based on the ECL methodology adopted by the Company. The age of receivables presented above is current and none of the receivables show any impairment as at June 30, 2022, 2021 and 2020. Hence, no impairment loss was recognized for those periods (see Note 4.2).

## 7. PREPAYMENTS AND OTHER CURRENT ASSETS

The breakdown of this account is presented below.

	<u>2022</u>	<u>2021</u>
Input VAT	P 35,822,455	P 35,944,100
Prepaid taxes	5,297,602	-
Other prepayments	<u>7,560</u>	<u>53,760</u>
	<u><b>P 41,127,617</b></u>	<u><b>P 35,997,860</b></u>

Other prepayments include advance payments to suppliers. Based on management's assessment, prepayments and other current assets are recoverable; hence, no impairment is recognized.

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

As of June 30, 2022 and 2021, the remaining balance of financial assets at FVTPL pertains to warrants held by the Company.

The debt securities are non-redeemable, convertible and unsecured loan stocks which entitle the holder to convert it into common stocks of the issuer within a fixed conversion period or at maturity date. Unless previously converted, all outstanding debt securities and warrants are mandatorily converted into common stock on the day falling immediately after the maturity date.

Upon maturity in March 2020, the Company 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 in common shares was accounted for as financial assets at FVOCI as these are not held for trading (see Note 9). The Company realized a gain on said conversion amounting to P27,583,652 and is presented as part of Fair Value Gain on Financial Assets at FVTPL under Other Income (Expenses) section in the 2020 statement of comprehensive income. There was no similar transaction in 2022 and 2021.

In 2022, the Company disposed investment securities at FVTPL at a selling price of P712,925. Accordingly, the Company incurred a loss amounting to P1,392,607 and is presented as Loss on Sale of Financial Assets at FVTPL under Other Income (Expenses) section in the 2022 statement of comprehensive income. There was no similar transaction in 2021 and 2020.

In 2022, the Company recognized unrealized fair value loss amounting to P3,387,255 and fair value gain amounting to P3,760,342 and P19,072,704 in 2021 and 2020, respectively, and presented as part of Fair Value Gain (Loss) on Financial Assets at FVTPL under Other Income (Expenses) section in the statements of comprehensive income. The fair value has been determined directly by reference to quoted bid prices in active markets (see Note 21.2).

Total interest earned amounted to P1,308,941 for the year ended June 30, 2020 (nil in 2022 and 2021) and is presented as part of Interest Income under Other Income (Expenses) section in the 2020 statement of comprehensive income (see Note 15).



9. **FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

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

	<u>2022</u>	<u>2021</u>
Equity securities:		
Quoted	<b>P 475,237,656</b>	P1,066,701,837
Unquoted	<u>413,182,953</u>	<u>5,578,377</u>
	<b><u>P 888,420,609</u></b>	<b><u>P1,072,280,214</u></b>

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

The fair values of the quoted financial assets have been determined by reference to published prices in an active market. The fair values of unquoted securities have been determined using discounted cash flow valuation (see Note 21.2).

In 2022, 2021 and 2020, the Company disposed certain investment securities at FVOCI at a selling price of P290,831,946, P220,326,405 and P202,553,766, respectively. Accordingly, cumulative fair value losses amounting to P38,440,287 and P31,860,692 in 2022 and 2021, respectively, and fair value gains amounting to P8,373,996 in 2020 were transferred directly to retained earnings (see Note 13.5).

The movements of financial assets at FVOCI are as follows:

	<u>Notes</u>	<u>2022</u>	<u>2021</u>
Balance at beginning of year		<b>P1,072,280,214</b>	P1,259,093,353
Fair value gains	13.5, 21.2	<b>103,545,591</b>	7,509,510
Additions during the year		<b>3,426,750</b>	26,003,756
Disposals during the year		<b>( 290,831,946)</b>	<b>( 220,326,405)</b>
Balance at end of year		<b><u>P 888,420,609</u></b>	<b><u>P1,072,280,214</u></b>

Dividend income from these shares amounted to P11,793,182, P16,356,021 and P22,612,711 for the years ended June 30, 2022, 2021 and 2020, respectively, and are presented as part of Dividend Income in the statements of comprehensive income.

## 10. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

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

		<u>% Interest Held</u>		<u>Cost of Investment</u>	
	<u>Notes</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<i>Subsidiaries:</i>					
H.R. Owen	a	100%	100%	P3,007,325,437	P3,007,325,437
Floridablanca Enviro Corporation (FEC)	b	100%	100%	284,999,993	284,999,993
Perdana Hotel Philippines Inc. (PHPI)	c	100%	100%	1,000,000	1,000,000
eDoc Holdings Limited (eDoc Holdings)	d	100%	100%	<u>67</u>	<u>67</u>
				<u>3,293,325,497</u>	<u>3,293,325,497</u>
<i>Associates:</i>					
Philippine Gaming Management Corporation (PGMC)	e	40%	40%	454,880,000	454,880,000
Bermaz Auto Philippines Inc. (BAPI)	f	28%	28%	203,896,453	203,896,453
Berjaya Pizza Philippines Inc. (BPPI)	g	48%	48%	180,400,000	180,400,000
Chailase Berjaya Finance Corporation (CBFC)	h	25%	25%	162,500,000	162,500,000
Neptune Properties, Inc. (NPI)	i	42%	42%	82,283,456	82,283,456
Ssangyong Berjaya Motor Philippines, Inc. (SBMPI)	j	22%	22%	43,335,000	43,335,000
Perdana Land Philippines Inc. (PLPI)	k	40%	40%	39,999,997	39,999,997
Cosway Philippines, Inc. (CPI)	l	40%	40%	399,996	399,996
Berjaya Auto Asia, Inc. (BAAI)	m	20%	30%	<u>37,889,987</u>	<u>3,059,998</u>
				<u>1,205,584,889</u>	<u>1,170,754,900</u>
				4,498,910,386	4,464,080,397
<i>Allowance for impairment</i>				( 43,734,996)	( 43,734,996)
				P4,455,175,390	P4,420,345,401

- (a) 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. In 2016 and previous years, the Company purchased H.R. Owen shares from public offering amounting to P2,002,091,789, including foreign translation during those years. On January 11, 2017 and February 14, 2018, the Company purchased H.R. Owen shares from certain stockholders which amounted to P956,231,975 and P28,737,634, respectively. On August 14, 2018, the Company acquired the remaining shares of H.R. Owen amounting to P20,264,039 resulting to 100% ownership interest. The registered office address of H.R. Owen is Melton Court, Old Brompton Road, London SW7 3TD.



- (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. In 2020, the Company made equity advances amounting to P125,000,000 for the future subscription in the shares of FEC. Further, in 2021, the Company made subscription to the shares of FEC and applied the equity advances. As at June 30, 2022, FEC has not yet started commercial operations. The registered office address and principal place of business of FEC is located at 9<sup>th</sup> Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City.

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

(c)

On April 30, 2019, the Company acquired the sole share in eDoc Holdings from H.R. Owen for a consideration of 1GBP. Consequently, H.R. Owen transferred to the Company the advances it previously granted to eDoc Holdings resulting in the recognition of advances to eDoc Holdings and advances from H.R. Owen amounting to P193,322,130 and P193,322,197, respectively (see Notes 16.1 and 16.2). The registered office address of eDoc Holdings is located at Melton Court, Old Brompton Road, London SW7 3TD.

(d)

- (e) PGMC is involved principally in the business of leasing on-line lottery equipment and providing software support. PGMC was organized in April 1993 and started commercial operations in February 1995. The registered office and principal place of business of PGMC is located at 9<sup>th</sup> 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 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 Company authorized the sale of 1,000,000 common shares of PGMC. The estimated fair value less cost to sell of the Company's investment is lower than the carrying amount; hence, no impairment was recognized. Consequently, the sale was executed on July 1, 2019, and the consideration which remained outstanding as of June 30, 2022 and 2021 is presented as Receivables from sale of investment in a subsidiary under Receivables account in the statements of financial position. From the outstanding balance, P57,600,000 and P27,000,000 were collected in 2022 and 2021, respectively (see Note 6).

The foregoing transactions reduced BPI's interest ownership over PGMC to 40% as of June 30, 2022 and 2021. Hence, the fair value of the remaining ownership shares in PGMC is presented as part of investment in associates in the statements of financial position.

The Company recognized a total gain of P52,030,000 in 2020 from the foregoing transactions which is presented as Gain on Disposal of Interest in a Subsidiary under Other Income (Expenses) section of the 2020 statement of comprehensive income. There was no similar transaction in 2022 and 2021.

- (f) BAPI was incorporated on August 10, 2012. BAPI is presently engaged in purchasing, acquiring, owning, leasing, selling, transferring, encumbering, and generally dealing in all types of new automobiles, trucks, and other motor vehicles and dealing in all types of supplies used by all types of motor vehicles. In April 2016, the Company purchased 5% holdings from an existing stockholder of BAPI resulting in the Company's increase in ownership over BAPI to 35%. In 2017, the Company's effective ownership interest over BAPI decreased to 25% due to issuance of capital stock of BAPI to other stockholders. In 2018, the Company made additional investment in BAPI amounting to P25,516,453 which resulted in the increase in its effective ownership interest over BAPI to 28%. The registered office address and principal place of business of BAPI is located at 9<sup>th</sup> Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City.
- (g) BPPI was incorporated on July 12, 2010 and started commercial operations on December 10, 2010. BPPI is presently engaged to manufacture, sell, and distribute food and beverages, and to operate, own, franchise, license or deal in restaurant-related business operation. In 2017, the Company made additional investment in BPPI amounting to P63,000,000, which resulted in the increase in its effective ownership interest over BPPI from 41% to 48%. BPPI's registered office address, which is also its principal place of business, is located at Unit E2902D PSE Center, Exchange Road, Ortigas Complex, Pasig City.
- (h) In April 2018, the Company acquired 25% ownership interest in CBFC amounting to P62,500,000. CBFC was incorporated in September 2017 to engage in offering of leasing, installment, factoring, corporate direct loan and other financing services. CBFC started commercial operations in November 2017. In July 2019, CBFC increased its authorized capital stock from P250,000,000 to P450,000,000. Consequently, the Company subscribed to 50,000,000 shares at P1 per share to retain its 25% interest over CBFC. CBFC's registered office address and principal place of business is located at 5<sup>th</sup> Floor San Miguel Building, San Miguel Avenue, Ortigas Center, Pasig City, Metro Manila.
- (i) NPI was incorporated on March 8, 1996 to acquire, hold, manage, and dispose of by purchase or sale, exchange, mortgage, lease or in any other manner, conditionally or absolutely, for investment or otherwise, real estate or any interest therein together with or exclusive of their appurtenances. In 2017, the Company's advances to NPI amounting to P82,283,456 for stock subscription was converted into investment upon approval of the SEC of NPI's application for increase in its authorized capital stock. Consequently, NPI was considered as an associate starting 2017.



- (j) In January 2016, the Company acquired 20% ownership interest in SBMPI. SBMPI was incorporated on July 3, 2015 and is primarily engaged in the sale and distribution of automobiles in the country. In 2019, the Company subscribed to additional 10,000,000 shares at P1 per share, which resulted to the increase in its effective ownership interest from 20% to 22%. In 2020, SBMPI announce a proposal to issue 50,000,000 common shares from its unsubscribed capital. The Company exercised its preemptive rights to subscribe and paid for 10,835,000 shares of SBMPI at P1 per share, to retain its 22% interest over SBMPI as at June 30, 2022 and 2021. SBMPI's registered office address and principal place of business is located at 9<sup>th</sup> Floor, Rufino Pacific Tower, 6784 Ayala Avenue corner V.A. Rufino Street, Makati City.
- (k) In 2015, the Company's advances to PLPI amounting to P7,600,000 for stock subscription was converted into investment upon approval of the SEC of PLPI's application for increase in its authorized capital stock. In March 2019, the Company subscribed to additional 32,000,000 shares at P1 per share. The registered office address of PLPI, which is also its principal place of business, is located at 9<sup>th</sup> Floor, Rufino Pacific Tower, 6784 Ayala Avenue corner V.A. Rufino Street, Makati City.
- (l) In 2013, the Company acquired 40% ownership interest in CPI. CPI was incorporated in September 2012 and was primarily established to engage in, operate, conduct and maintain the business of manufacturing, importing, exporting or buying, selling or otherwise dealing in such goods as cosmetics, perfumery, toilet preparation and requisites, disinfectants, detergents, cleaning agents, merchandise commodities, and other articles of consumption, supplies used or employed in or related to the manufacturing of such finished products. As at June 30, 2022, CPI has not yet started its commercial operations. The registered office address and principal place of business of CPI is located at 9<sup>th</sup> Floor, Rufino Pacific Tower, 6784 Ayala Avenue corner V.A. Rufino Street, Makati City.
- (m) In July 2019, the Company 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 in May 2019. On April 13, 2021, March 9, 2021 and June 23, 2020, the Company made advance payment for the additional shares to be issued by BAAI amounting to P4,000,000, P4,000,000 and P3,030,000, respectively, which is presented under Deposit for future stock subscriptions (see Note 6). In 2021, the Company made additional investment to BAAI and applied the advance payment made in 2020 amounting to P3,030,000. In 2022, the Company made additional investment amounting to P34,829,989. Total ownership decreased from 30% to 20% due to dilution of shares. The registered office address and principal place of business of BAAI is at 9<sup>th</sup> Floor, Rufino Pacific Tower, 6784 Ayala Ave. corner V. A. Rufino St., Makati City.

Dividend income from these investments amounted to P72,000,000 and P20,000,000 for the years ended June 30, 2022 and 2021 (nil in 2020), respectively, and are presented as part of Dividend Income in the statements of comprehensive income.

The tables below present the information on financial position and performance of the Company's subsidiaries and associates as at and for the years ended June 30, 2022 and 2021.

2022				
	Assets	Liabilities	Equity (Capital Deficiency)	Net Profit (Loss)
<i>Subsidiaries:</i>				
H.R. Owen	P16,996,508,833	P12,917,131,376	P 4,079,377,457	P 787,006,006
PHPI	682,486,229	693,583,715 (	11,097,486) (	16,241,326)
FEC	720,457,085	488,249,213	232,207,872 (	5,078,697)
eDoc Holdings	-	191,401,076 (	191,401,076)	-
<i>Associates:</i>				
PGMC	997,574,544	181,939,339	815,635,205	277,117,505
BAPI	2,500,569,402	1,049,047,324	1,451,522,078	75,464,837
NPI*	1,272,893,046	1,336,553,489 (	63,660,443) (	45,897,891)
CBFC	1,226,386,494	815,174,634	411,211,860	76,822,033
PLPI	1,026,075,547	602,780,210	423,295,337 (	7,411,528)
BPPI	105,899,156	631,145,877 (	525,246,721) (	738,674)
SBMPI	127,671,271	178,778,379 (	51,107,108) (	65,853,291)
CPI	296,230	3,028,496 (	2,732,266) (	123,770)
BAAI	220,741,569	49,513,988	171,227,581 (	11,879,744)
	<b><u>P25,877,559,406</u></b>	<b><u>P19,138,327,116</u></b>	<b><u>P 6,739,232,290</u></b>	<b><u>P 1,063,185,460</u></b>
2021				
	Assets	Liabilities	Equity (Capital Deficiency)	Net Profit (Loss)
<i>Subsidiaries:</i>				
H.R. Owen	P12,061,962,540	P 8,888,136,903	P 3,173,825,637	P 693,353,607
PHPI	719,151,062	714,733,930	4,417,132	3,685,084
FEC	739,334,098	502,047,529	237,286,569 (	16,021,756)
eDoc Holdings	-	192,852,767 (	192,852,767)	-
<i>Associates:</i>				
PGMC	858,724,796	145,142,205	713,582,591	59,755,101
BAPI	2,362,386,932	988,929,030	1,373,457,902 (	123,979,668)
NPI*	1,271,557,134	1,290,099,686 (	18,542,552) (	27,789,850)
CBFC	1,030,187,917	698,019,576	332,168,341 (	225,892,072)
PLPI	1,012,556,653	617,849,788	394,706,865 (	19,461,021)
BPPI	124,756,767	649,994,183 (	525,237,416)	20,893,503
SBMPI	300,409,117	285,663,372	14,745,745 (	37,865,297)
CPI	420,000	3,028,496 (	2,608,496)	229,356
BAAI	136,038,818	63,649,087	72,389,731	3,474,202
	<b><u>P20,617,485,834</u></b>	<b><u>P15,040,146,552</u></b>	<b><u>P 5,577,339,282</u></b>	<b><u>P 330,381,189</u></b>

\* Consolidated balances of NPI and Sanpiro Realty and Development Corporation, its subsidiary, as at and for the years ended June 30, 2022 and 2021.

Management recognized impairment loss relating to certain associates amounting to P43,734,996 in 2021, which is presented as part of Impairment Losses under Other Income (Expenses) section in the 2021 statement of comprehensive income. There was no similar transaction in 2022 and 2020.



**11. OTHER NON-CURRENT ASSETS**

The breakdown of this account is presented below.

	<u>2022</u>	<u>2021</u>
Computer software - net	<b>P 106,000</b>	P -
Transportation equipment - net	<u>1,000</u>	<u>1,000</u>
	<b><u>P 107,000</u></b>	<b><u>P 1,000</u></b>

In April 2014, the Company acquired a transportation equipment with cost amounting to P12,507,018. The transportation equipment is fully depreciated as at June 30, 2022 and 2021, and still in use. No depreciation were recognized in 2022, 2021 and 2020.

In December 2021, the Company acquired an accounting software with cost amounting to P120,000. Amortization in 2022 amounted to P14,000 and is presented as part of Miscellaneous under Other Expenses in the 2022 statement of comprehensive income (see Note 14). There was no similar transaction in 2021 and 2020.

**12. LOANS PAYABLE**

In January 2018, the Company obtained a secured loan amounting to P450,000,000 from a local bank for the repayment of the loan obtained in 2017. The loan bears a fixed annual interest based on prevailing market rate and with maturity of less than one year from June 30, 2020. The outstanding balance of these loans amounting to P125,000,000 was fully paid in 2021. Further in 2021 and 2020, the Company obtained various secured short-term loans totalling P20,000,000 and P130,000,000 (nil in 2022), respectively, from local banks for its working capital requirements. The loan is secured by a real estate mortgage over parcels of land owned by PLPI and a building owned by PHPI. The outstanding balance of these loans amounting to P100,000,000 and P142,000,000 as at June 30, 2022 and 2021, respectively (see Note 22).

In 2020, the Company obtained various unsecured short-term loans totalling to P200,000,000 (nil in 2022 and 2021), respectively, from local banks for its working capital requirements. In October 2021, the outstanding loans were converted into a three-year term loan. The loan is interest bearing and with maturity of three years from June 30, 2022 and is secured by real estate mortgages over condominium units owned by SRDC. The outstanding balance of these loans amounted to P150,000,000 and P192,000,000 as at June 30, 2022 and 2021, respectively (see Note 22).

Interest expense on these loans amounted to P18,223,182, P21,002,128 and P12,293,284 for the years ended June 30, 2022, 2021 and 2020, respectively, and are presented as part of Interest Expense under Other Income (Expenses) section in the statements of comprehensive income. There was no unpaid interest as at June 30, 2022 and 2021.

## 13. EQUITY

### *13.1 Capital Management Objectives, Policies and Procedures*

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

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

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

### *13.2 Capital Stock*

As at June 30, 2022 and 2021, the Company has 6,000,000,000 authorized shares with P1 par value, of which 4,427,009,132 shares are issued and outstanding.

In November 1948, the Company listed 953,984,448 shares in the PSE with an offer price of P1.00 per share. Additional 3,473,024,684 shares were listed in July 2016 with an offer price of P1.00 per share. The Company's listed shares have a bid price of P6.15 per share and P5.50 per share as at June 30, 2022 and 2021, respectively. There are 143 and 144 holders of the Company's total outstanding shares as at June 30, 2022 and 2021, respectively.

The Company has 126 and 127 stockholders owning 100 or more shares each of the Company's capital stock as at June 30, 2022 and 2021, respectively.

### *13.3 Treasury Shares*

In October 2001, the Company bought back 1,892,000 shares. Further, an additional 34,514,844 shares were bought back by the Company prior to 2008. In 2008, the Company bought back and reissued 43,500,010 shares and 39,906,844 shares, respectively. An additional 45,728,267 shares were bought back by the Company prior to 2014.

In 2022 and 2021, the Company's treasury shares represent the cost of 85,728,439 shares and 85,728,360 shares, respectively.

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

### 13.4 Retained Earnings

In 2020, the BOD approved the appropriation of retained earnings amounting to P2,000,000,000 for future investments, expansion and various expenditures which are expected to be carried out within the next two to five years in line with the Company's growth plans.

Consequently, the appropriation previously made totaling P2,273,150,025 was fully utilized as of 2020 and the related appropriation was reversed.

There were no cash dividend declarations in 2022, 2021 and 2020.

### 13.5 Revaluation Reserve

The movements of this account are shown below.

	Note	2022	2021
Balance at beginning of year		(P 486,984,860)	(P 526,355,062)
Net unrealized fair value gains on financial assets at FVOCI	9	103,545,591	7,509,510
Transfer to retained earnings – Recycling of accumulated fair value changes on disposed financial assets at FVOCI	9	<u>38,440,287</u>	<u>31,860,692</u>
Balance at end of year		(P <u>344,998,982</u> )	(P <u>486,984,860</u> )

## 14. OTHER EXPENSES

This account consists of the following:

	Note	2022	2021	2020
Withholding tax expense	P	390,372	P 653,573	P 674,719
Membership dues and subscription		309,544	288,200	173,764
Donation and sponsorship		157,500	-	300,000
Bank charges		73,352	83,015	111,019
Advertising		50,468	40,200	-
Accommodation		13,532	4,911	1,725,480
Communication		12,604	6,000	25,753
Insurance		1,122	903,948	972,667
Miscellaneous	11	<u>156,019</u>	<u>78,459</u>	<u>378,746</u>
		<u>P 1,164,513</u>	<u>P 2,058,306</u>	<u>P 4,362,148</u>

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



## 15. INTEREST INCOME

Interest income is composed of the following:

	Notes	2022	2021	2020
Cash advances	16.1	P 84,266,174	P 98,597,245	P 87,680,579
Financial assets denominated in foreign currency	6, 8	1,389,222	63,596	1,389,074
Cash in banks	5	79,637	53,289	83,714
		<u>P 85,735,033</u>	<u>P 98,714,130</u>	<u>P 89,153,367</u>

## 16. RELATED PARTY TRANSACTIONS

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

	Notes	2022		2021	
		Amount of Transactions	Outstanding Balance	Amount of Transactions	Outstanding Balance
<b>Parent Company:</b>					
Cash advances paid (obtained)	16.2	P 4,189,924	(P 232,300,938)	P 179,496,960	(P 236,490,322)
Interest expense	16.2	3,298,685	-	3,300,000	-
<b>Subsidiaries:</b>					
Cash advances granted (collected)	16.1	( 17,754,361)	1,238,962,793	111,824,651	1,256,717,154
Cash advances paid (obtained)	16.2	67,367,388	( 20,803,487)	( 114,985,903)	( 88,170,875)
<b>Associates:</b>					
Cash advances granted	16.1	19,381,732	2,091,548,931	64,843,353	2,072,167,199
Cash advances paid (obtained)	16.2	127,349,963	( 495,551,392)	5,593,447	( 622,901,355)
Dividend income	16.4	72,000,000	-	20,000,000	-
Interest Income	16.1	84,266,174	-	98,597,245	-
<b>Related parties under common ownership –</b>					
Deposits for future acquisition of investment securities	6, 16.3	( 1,920,595)	207,785	597,194	2,128,380



### 16.1 Advances to Subsidiaries and Associates

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

	Notes	2022	2021
Subsidiaries:			
PHPI	a	P 574,020,377	P 594,020,377
FEC	f	473,679,095	469,979,095
eDoc Holdings	g	<u>191,263,321</u>	<u>192,717,682</u>
		<u>1,238,962,793</u>	<u>1,256,717,154</u>
Associates:			
NPI	e	1,186,578,917	1,142,488,420
BPPI	c, d	531,213,421	532,858,529
PLPI	a	438,377,439	438,684,639
CPI	b	<u>3,023,496</u>	<u>3,023,496</u>
		2,159,193,273	2,117,055,084
Allowance for impairment		( <u>67,644,342</u> )	( <u>44,887,885</u> )
		<u>2,091,548,931</u>	<u>2,072,167,199</u>
		<b><u>P3,330,511,724</u></b>	<b><u>P3,328,884,353</u></b>

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

- (a) In 2009, the Company granted advances to PHPI and PLPI, as a result of the execution of a MOA, which is part of the Company's strategy to acquire an interest in the operation of a hotel located in Makati City. In 2018, additional cash advances, which bear an annual interest rate of 6.00%, were granted by the Company to PLPI amounting to P336,806,800 for the acquisitions of parcels of land. The Company made collections from PHPI and PLPI amounting to P20,000,000 and P18,000,000, P15,000,000 and P5,000,000, P35,000,000 and P1,000,000 in 2022, 2021, and 2020, respectively. Further, the Company granted additional advances to PLPI amounting to P14,000,000 and P4,000,000 in 2021 and 2020, respectively.

Interest income on advances to PLPI amounting to P18,240,000, P20,360,000 and P19,560,000 in 2022, 2021 and 2020, respectively, are recorded as part of Interest Income in the statements of comprehensive income (see Note 15). Total uncollected interest income net of withholding tax as of June 30, 2022 and 2021 is recorded as part of the Advances to Subsidiaries and Associates – Net in the statements of financial position.

- (b) The Company made no additional advances to CPI in 2022 and 2021. No collections were made on these advances in both years.

- (c) In 2011, the Company provided P100,000,000 loan to BPPI, bearing an annual interest rate of 7.00% payable in cash within two years from the borrowing date. The loan is secured by a guaranty from a major stockholder of BPPI. In 2013, the Company extended the term of this loan for an additional three years. The loan was further extended for another three years in 2016 bearing the same terms with the original loan except that the Company now has the discretion to recall the loan any time prior to maturity; hence, the loan is presented under current assets in the statements of financial position. The extended loan is secured by a guaranty from a major stockholder of BPPI. The loan remains outstanding as at June 30, 2022 and 2021. Interest income amounting to P5,666,667 in 2022 and P7,000,000 both in 2021 and 2020, are recorded as part of Interest Income in the statements of comprehensive income (see Note 15). Total uncollected interest income net of withholding tax as of June 30, 2022 and 2021 is recorded as part of the Advances to Subsidiaries and Associates – Net in the statements of financial position.
- (d) Since 2017, the Company has granted cash advances to BPPI with a total amount of P313,948,000 wherein P85,000,000 was granted in 2020. The advances bear an annual interest rate of 7.00% and are secured by a guaranty from all stockholders of BPPI. Out of the total amount, P56,000,000 is payable in cash upon demand while the remaining advances are convertible into equity or payable in cash upon demand. In 2021 and 2020, the Company made collections from BPPI both amounting to P1,000,000.
- In 2022, the Company made collections amounting to P21,600,000. Outstanding balance of such advances amounted to P356,335,088 and P313,948,000 as at June 30, 2022 and 2021, respectively. Interest income amounting to P14,905,386, P21,976,360 and P17,484,693 in 2022, 2021 and 2020, respectively, is recorded as part of Interest Income in the statements of comprehensive income (see Note 15). Total uncollected interest income net of withholding tax as of June 30, 2022 and 2021 is recorded as part of the Advances to Subsidiaries and Associates – Net in the statements of financial position.
- (e) In 2013, the Company granted a loan to NPI, which is payable in cash and on demand subject to interest based on current bank rate. In 2018, additional loan was advanced to NPI amounting to P86,980,200. In 2020, an additional loan of P125,000,000, which bears an annual interest rate of 6.00%, was granted by the Company to NPI. Further, the Company made collections of P4,000,000 and P45,000,000 in 2021 and 2020, respectively. Interest income amounting to P45,454,121, P49,260,885 and P43,635,886 in 2022, 2021 and 2020, respectively, are recorded as part of Interest Income in the statements of comprehensive income (see Note 15). Total uncollected interest income net of withholding tax as of June 30, 2022 and 2021 is recorded as part of the Advances to Subsidiaries and Associates – Net in the statements of financial position.
- (f) In 2019, the Company granted cash advances to FEC amounting to P200,000,000 to fund FEC's projects. In 2020, noninterest-bearing loans amounting to P159,979,095 were granted to FEC. Further, additional advances amounting to P3,700,000 and P110,000,000, were granted in 2022 and 2021, respectively. No collections were made on these advances in both years.



- (g) On April 30, 2019 the Company acquired eDoc Holdings from H.R. Owen for a consideration of 1GBP and assumed eDoc Holdings' liabilities to H. R. Owen amounting to P193,322,130 (see Note 16.2). The unrealized foreign exchange loss amounting to P1,454,361, P16,824,651 and P10,810,211 in 2022, 2021 and 2020, respectively, is presented as part of Foreign Currency Exchange Losses – Net in the statements of comprehensive income.

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

	<u>2022</u>	<u>2021</u>
Balance at beginning of year	P3,328,884,353	P3,152,216,349
Unpaid interest during the year	81,738,189	95,639,328
Additions during the year:		
FEC	3,700,000	110,000,000
PLPI	-	14,000,000
Collections during the year	( 59,600,000)	( 25,000,000)
Impairment loss	( 22,756,457)	( 34,795,975)
Effect of exchange rate	( 1,454,361)	16,824,651
Balance at end of year	<u>P3,330,511,724</u>	<u>P3,328,884,353</u>

Advances to subsidiaries and associates have been reviewed for impairment. The Company recognized impairment loss on advances to associates amounting to P22,756,457, P34,795,975 and P10,091,910 in 2022, 2021 and 2020, respectively, which is presented as part of Impairment Losses under Other Income (Expenses) section in the statements of comprehensive income.

## 16.2 Advances from Related Parties

	<u>2022</u>	<u>2021</u>
Associate	P 495,551,392	P 622,901,355
Parent Company	232,300,938	236,490,322
Subsidiary	<u>20,803,487</u>	<u>88,170,876</u>
	<u>P 748,655,817</u>	<u>P 947,562,553</u>

Advances from related parties are presented in the statements of financial position as follows:

	<u>2022</u>	<u>2021</u>
Current	P 298,655,817	P 347,562,553
Non-current	<u>450,000,000</u>	<u>600,000,000</u>
	<u>P 748,655,817</u>	<u>P 947,562,553</u>

The Company obtained noninterest-bearing advances from PGMC amounting to P137,080,000 and P150,000,000 in 2022 and 2021, respectively, for working capital requirements. In 2022 and 2021, total payments made amounted to P264,429,963 and P144,406,553, respectively. Prior to the deconsolidation of PGMC, outstanding balance of the advances obtained amounted to P340,868,362. As of June 30, 2022 and 2021, the outstanding balance of these advances amounted to P495,551,392 and P622,901,355, respectively.

The Company obtained advances from Berjaya Lottery Management (HK) Limited amounting to P179,098,500 and P55,000,000 in 2021 and 2020 (nil in 2022), respectively, for working capital requirements and other purposes. The advances bear an annual interest of 6.00% and payable upon demand. Interest expense amounting to P3,298,685, P3,300,000 and P2,847,945 in 2022, 2021 and 2020, respectively, is presented as part of Interest Expense under Other Income (Expenses) section in the statements of comprehensive income. Total unpaid interest expense net of withholding tax is recorded as part of the Advances from Related Parties in the statements of financial position. In 2022 and 2021, total payments made amounted to P6,663,397 and P1,993,562, respectively.

The noninterest-bearing advances from H.R. Owen came from the Company's assumption of the outstanding liability of eDoc Holdings to H.R. Owen amounting to 2,867,430GBP or P193,322,197 in April 2019 (see Note 10). In 2020, H.R. Owen granted additional advances to the Company amounting to P29,147,513. In 2022 and 2021, payments made amounted to P69,957,500 and P135,340,000, respectively. The unrealized foreign exchange gain amounted to P2,590,111, P20,354,097 and P12,694,043 in 2022, 2021 and 2020, respectively, and are presented as part of Foreign Currency Exchange Gains – Net under Other Income (Expenses) section in the statements of comprehensive income.

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 under Current and Non-current Liabilities sections in the statements of financial position.

### ***16.3 Payments for Future Acquisition of Investments***

The Company deposited funds to IPSSB on client trust basis for future acquisition of investment securities. IPSSB is principally engaged in the business of stock brokerage. Outstanding payments to IPSSB as at June 30, 2022 and 2021 amounted to P207,785 and P2,128,380, respectively, and are presented as Payments for future acquisition of investments under the Receivables account in the statements of financial position (see Note 6).

### ***16.4 Dividends***

The Company recognized dividend income from the declaration of cash dividends by PGMC amounting to P72,000,000 and P20,000,000 in 2022 and 2021 (nil in 2020), respectively (see Note 10).

There was no outstanding dividend receivable as at June 30, 2022 and 2021.



## 16.5 Loans

The loans of BPPI from financial institutions amounting to P10,000,000 and P37,000,000 as at June 30, 2022 and 2021, respectively, are guaranteed by the Company. The loans obtained by the Company with outstanding balance of P100,000,000, which are secured by real estate mortgage over parcels of land owned by PLPI and a building owned by PHPI. Outstanding loan amounting to P150,000,000 is secured by real estate mortgages over condominium units owned by SRDC (see Note 22).

## 16.6 Key Management Personnel Compensation

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

# 17. INCOME TAXES

## 17.1 Current and Deferred Taxes

On March 26, 2021, Republic Act (R.A.) No. 11534, *Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act*, as amended, was signed into law and has been effective beginning July 1, 2020. The following are the major changes brought about by the CREATE Act that are relevant to and considered by the Company:

- regular corporate income tax (RCIT) rate was reduced from 30% to 25% starting July 1, 2020;
- minimum corporate income tax (MCIT) rate was reduced from 2% to 1% starting July 1, 2020 until June 30, 2023;
- the imposition of 10% tax on improperly accumulated retained earnings was repealed; and,
- the allowable deduction for interest expense was reduced from 33% to 20% of the interest income subjected to final tax.

In 2022, the recognized net deferred tax assets as of June 30, 2021 was remeasured to 25%. This resulted in a decline in the recognized net deferred tax assets in 2021 by P13,274,559 and such was recognized in the 2022 profit or loss.

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Current tax expense:			
RCIT at 25% in 2022 and 2021			
30% in 2020	P 10,160,017	P 20,252,529	P 20,102,826
Final tax at 20%, 15% and 7.5%	12,563	9,449	15,922
Capital gains tax at 15%	-	-	17,572,500
	<u>10,172,580</u>	<u>20,261,978</u>	<u>37,691,248</u>
Deferred tax expense (income) relating to the origination and reversal of temporary differences	<u>13,430,510</u>	<u>( 2,721,520)</u>	<u>23,842,102</u>
	<u>P 23,603,090</u>	<u>P 17,540,458</u>	<u>P 61,533,350</u>

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Tax on pretax profit at 25% in 2022 and 2021, 30% in 2020	<b>P 28,306,895</b>	P 666,848	P 35,273,973
Adjustment for:			
Change in income tax rates	<b>13,274,559</b>	-	-
Income subjected to lower income tax rates	( 7,347)	( 3,874)	13,618,308
Application of optional standard deduction (OSD)	-	16,877,484	24,305,069
Tax effects of:			
Non-taxable income	( 18,000,000)	-	( 11,664,000)
Non-deductible expenses	<b>28,983</b>	-	-
<b>Tax expense</b>	<b><u>P 23,603,090</u></b>	<b><u>P 17,540,458</u></b>	<b><u>P 61,533,350</u></b>

The net deferred tax assets relate to the following as at June 30, 2022 and 2021:

	<u>Statements of Financial Position</u>		<u>Statements of Comprehensive Income</u>		
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Impairment losses	P 87,932,641	P 96,952,434	(P 9,019,793)	P 8,698,994	(P 9,942,118)
Unrealized fair value gains	( 13,700,854)	( 13,251,939)	( 448,915)	( 940,086)	( 5,721,813)
Unrealized foreign exchange gains	( 5,293,424)	( 1,331,622)	( 3,961,802)	( 5,037,388)	( 8,178,171)
Deferred Tax Income (Expense) – Net			(P 13,430,510)	P 2,721,520	(P 23,842,102)
<b>Net Deferred Tax Assets</b>	<b><u>P 68,938,363</u></b>	<b><u>P 82,368,873</u></b>			

The Company is subject to MCIT which is computed at 1% in 2022 and 2021 and 2% in 2020, of gross income, as defined under the tax regulations, or RCIT, whichever is higher. The computed RCIT amounted to P10,160,017, P20,252,529 and P20,102,826 in 2022, 2021 and 2020, respectively.

In 2022, the Company claimed itemized deductions in computing its income tax due while in 2021 and 2020, the Company opted to claim OSD in computing its income tax due.

## 18. EARNINGS (LOSS) PER SHARE

The earnings (loss) per share of the Company is presented below.

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Net profit (loss)	<b>P 89,624,491</b>	(P 14,873,065)	P 56,046,561
Divided by weighted average number of outstanding shares	<b><u>4,341,280,693</u></b>	<b><u>4,341,280,772</u></b>	<b><u>4,341,280,855</u></b>
<b>Earnings (loss) per share</b>	<b><u>P 0.021</u></b>	<b><u>(P 0.003)</u></b>	<b><u>P 0.013</u></b>

There were no potentially dilutive instruments in 2022, 2021 and 2020.



**19. COMMITMENTS AND CONTINGENCIES**

There are commitments and contingent liabilities that arise in the normal course of the Company's operations that are not reflected in the accompanying financial statements. As at June 30, 2022, management is of the opinion that losses, if any, from these items will not have a material effect on the Company's financial statements.

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

***20.1 Carrying Amounts and Fair Value by Category***

The Company's management considers that the carrying values of the financial assets and financial liabilities which are measured at amortized costs approximate their fair values either because these instruments are short-term in nature or the effect of discounting for those with maturities of more than one year is insignificant.

For the Company's financial assets at FVTPL and FVOCI, their carrying values of P1,876,575 and P888,420,609, respectively, as at June 30, 2022, and P7,369,362 and P1,072,280,214, respectively, as at June 30, 2021 are equal to their fair values as of those dates. Because of this, no further comparison of these carrying values and fair values is presented.

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

***20.2 Offsetting of Financial Assets and Financial Liabilities***

The Company has not set-off financial instruments in 2022 and 2021 and does not have relevant offsetting arrangements. Currently, financial assets and financial liabilities are settled on a gross basis; however, each party to the financial instrument (particularly related parties) will have the option to settle all such amounts on a net basis in the event of default of the other party through approval by both parties.

**21. FAIR VALUE MEASUREMENT AND DISCLOSURE**

***21.1 Fair Value Hierarchy***

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



The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

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 Company 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.

## ***21.2 Financial Instruments Measured at Fair Value***

Quoted equity securities classified as financial assets at FVOCI and warrants 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 increased by P103,545,591 and P7,509,510 in 2022 and 2021, respectively, and decreased by P268,328,878 in 2020 (see Note 9).

The Company recognized fair value loss of P3,387,255 and P8,510,948 in 2022 and 2020, respectively, and fair value gains of P3,760,342 in 2021, for its financial assets at FVTPL (see Note 8).

Moreover, equity securities from certain privately held investee companies are included in Level 3 since its market value is not quoted in an active market. The fair value is determined through discounted cash flow valuation technique with due consideration on the assumed discount rate and terminal value.

The Company has no financial liabilities measured at fair value as at June 30, 2022 and 2021. There were no transfers across the levels of the fair value hierarchy in both years.

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

The Company's financial instruments measured at amortized cost include financial assets such as cash, receivables and advances to subsidiaries and associates (see Note 2.4). Cash are determined using level fair value hierarchy to be under Level 1, while receivables and advances to subsidiaries and associates are under Level 3. These also include financial liabilities such as loans payable, advances from related parties and trade and other payables, which are all determined under Level 3 fair value hierarchy (see Note 2.4). As at June 30, 2022 and 2021, management considers that the carrying amounts of these financial instruments are equal to or approximate their fair value; hence, no fair value hierarchy is presented.

## 22. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	<u>Loans Payable</u> <u>(see Note 12)</u>	<u>Advances from</u> <u>Related Parties</u> <u>(see Note 16.2)</u>	<u>Total</u>
Balance as of July 1, 2021	P 334,000,000	P 947,562,553	P 1,281,562,553
Cash flows from			
financing activities:			
Additional borrowings	-	137,080,000	137,080,000
Repayment of borrowings	( 84,000,000)	( 336,387,463)	( 420,387,463)
Non-cash financing activities:			
Foreign currency translation			
changes	-	2,590,111	2,590,111
Paid interest	-	( 1,364,712)	( 1,364,712)
Final tax withheld	-	( 824,672)	( 824,672)
Balance as of June 30, 2022	<u>P 250,000,000</u>	<u>P 748,655,817</u>	<u>P 998,655,817</u>
Balance as of July 1, 2020	P 455,000,000	P 877,458,248	P 1,332,458,248
Cash flows from			
financing activities:			
Additional borrowings	20,000,000	329,098,500	349,098,500
Repayment of borrowings	( 141,000,000)	( 281,740,115)	( 422,740,115)
Non-cash financing activities:			
Foreign currency translation			
changes	-	20,354,098	20,354,098
Unpaid interest	-	3,300,000	3,300,000
Final tax withheld	-	( 908,178)	( 908,178)
Balance as of June 30, 2021	<u>P 334,000,000</u>	<u>P 947,562,553</u>	<u>P 1,281,562,553</u>



23. **SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE**

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

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

(a) *Output VAT*

In fiscal year 2022, the Company declared output VAT amounting to P1,228,327 from interest earned from its advances to related parties. As at June 30, 2022, the Company has no outstanding output VAT payable as it has sufficient input VAT applied against it [see Note 23(b)].

(b) *Input VAT*

The movements in Input VAT for the year ended June 30, 2022 are summarized below.

Balance at beginning of year	P 35,944,100
Domestic purchases of services	578,634
Services rendered by non-residents	527,842
Domestic purchases of goods other than capital goods	206
Applied against output VAT	( <u>1,228,327</u> )
Balance at end of year	<u>P 35,822,455</u>

Total input VAT as at June 30, 2022 is presented as Input VAT under Prepayments and Other Current Assets account in the 2022 statement of financial position.

(c) *Taxes on Importation*

The Company has not paid or accrued any customs' duties and taxes on goods imported as it has no importation for the year ended June 30, 2022.

(d) *Documentary Stamp Tax (DST)*

The Company paid P2,668,479 DST for the year ended June 30, 2022 on the advances made to related parties, availment of loan and disposal of equity securities. This was presented as part of Taxes and Licenses under Expenses section in the 2022 statement of comprehensive income [see Note 23(f)].

(e) *Excise Tax*

The Company did not have any transactions in fiscal year 2022, which are subject to excise tax.

(f) *Taxes and Licenses*

The details of Taxes and Licenses account in the 2022 statement of comprehensive income are broken down as follows:

	<u>Note</u>	
DST	23(d)	P 2,668,479
Listing fees		2,000,000
Municipal licenses and permits		106,892
Registration fees		<u>500</u>
		<u>P 4,775,871</u>

Non-deductible taxes and licenses amounting to P100,000 is presented as part of Miscellaneous under Other Expenses account.

(g) *Withholding Taxes*

The details of total withholding taxes for the year ended June 30, 2022 are shown below.

Final	P 1,099,671
Expanded	<u>732,723</u>
	<u>P 1,832,394</u>

There are no transactions subject to withholding taxes on compensation in fiscal year 2022.

(h) *Deficiency Tax Assessments and Tax Cases*

As at June 30, 2022, the Company does not have any final deficiency tax assessments from the BIR nor does it have tax cases outstanding or pending in courts or bodies outside of the BIR in any of the open taxable years.



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

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

T +63 2 8988 2288


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

We have audited in accordance with Philippine Standards on Auditing, the financial statements of Berjaya Philippines Inc. for the year ended June 30, 2022, on which we have rendered our report dated August 26, 2022. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The following applicable supplementary information are presented for purposes of additional analysis in compliance with the requirements of the Revised Securities Regulation Code Rule 68, and are not a required part of the basic financial statements prepared in accordance with Philippine Financial Reporting Standards:

- a. Reconciliation of Retained Earnings Available for Dividend Declaration; and,
- b. Map Showing the Relationship Between and Among the Company and its Related Parties.

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

**PUNONGBAYAN & ARAULLO**

  
By: **Romualdo V. Murcia III**  
Partner

CPA Reg. No. 0095626

TIN 906-174-059

PTR No. 8852339, January 3, 2022, Makati City

SEC Group A Accreditation

Partner - No. 0628-AR-4 (until Sept. 4, 2022)

Firm - No. 0002 (until Dec. 31, 2024)

BIR AN 08-002511-022-2019 (until Sept. 4, 2022)

Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

August 26, 2022



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

**Reconciliation of Retained Earnings Available for Dividend Declaration  
 For the Year Ended June 30, 2022**

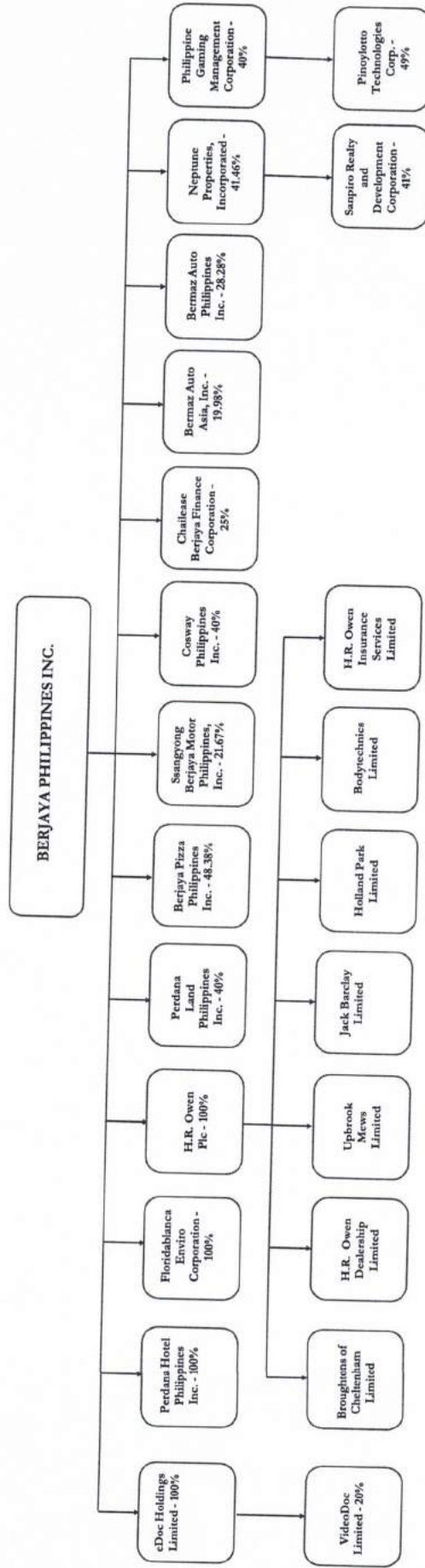
<b>Unappropriated Retained Earnings at Beginning of Year, as Reported in the Audited Financial Statements</b>			P 2,812,392,338
<b>Prior Year's Outstanding Reconciling Items, net of tax</b>			
Unrealized fair value gain on financial assets at fair value through profit or loss (FVTPL)	( 3,760,342 )		
Deferred tax expense	<u>940,086</u>	( <u>2,820,256</u> )	
<b>Unappropriated Retained Earnings Available for Dividend Declaration at Beginning of Year, as Adjusted</b>			2,809,572,082
<b>Net Income Actually Earned during the Year</b>			
Net income per audited financial statements	89,624,491		
Unrealized foreign currency gain	( 5,706,816 )		
Unrealized fair value loss on financial assets at FVTPL	3,387,255		
Deferred tax expense	<u>579,890</u>	<u>87,884,820</u>	
<b>Unappropriated Retained Earnings Available for Dividend Declaration at End of Year</b>			<b><u>P 2,897,456,902</u></b>

**Supplemental Information –**

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

**BERJAYA PHILIPPINES INC.**  
*[A Subsidiary of Berjaya Lottery Management (HK) Limited]*  
 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, 2022



# COVER SHEET

P	R	E	W	A	R	4	7	6
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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	.	
V	.	A	.		R	U	F	I	N	O		S	T	R	E	E	T					
M	A	K	A	T	I		C	I	T	Y												

Business Address: No. Street City/Town/Province

Atty. Malu Sia-Bernas
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Contact Person

8811-0668 / 8810-1814
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Company/Telephone Number

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Month

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Day

Integrated Annual Corporate Governance Report
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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

Total Amount of Borrowings

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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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## SEC FORM – I-ACGR

### INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended **31 December 2021**.
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. **9<sup>th</sup> 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/NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
The Board's Governance Responsibilities			
<b>Principle 1:</b> 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:	
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 Definitive Information Statement
Recommendation 1.3			
1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.	compliant	Provide link or reference to the company's Board Charter and Manual on Corporate Governance relating to its policy on training of directors.	Manual on Corporate Governance

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	complaint		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 his/her name, qualifications, duties and functions.	GIS for 2020, SEC Form 17-A
2. Corporate Secretary is a separate individual from the Compliance Officer.	compliant		GIS for 2020, SEC Form 17-A
3. Corporate Secretary is not a member of the Board of Directors.	compliant		GIS for 2020, SEC Form 17-A

4. Compliance Officer attends training/s on corporate governance.	complaint	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
<b>Principle 2:</b> 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.			
<b>Recommendation 2.1</b>			
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)
<b>Recommendation 2.2.</b>			
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)
<b>Recommendation 2.3</b>			



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, Definitive Information Statement
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 deliberations involving his/her own remuneration.	compliant		Audit Committee Meetings 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	compliant	Provide information on or link/reference to a document containing measurable standards to	Minutes of the Board (confidential)

executives with long-term interest, such as claw back provision and deferred bonuses.		align performance-based remuneration with the long-term interest of the company.	
<b>Recommendation 2.6</b>			
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.	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	Provide proof if minority shareholders have a right to nominate candidates to the board.	„
3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.	compliant		„
4. Board nomination and election policy includes how the board shortlists candidates.	compliant		„
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		„
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	compliant		„
<b>Optional: Recommendation to 2.6</b>			
1. Company uses professional search firms or other external sources of candidates (such as director databases set up by director or		Identify the professional search firm used or other external sources of candidates	

shareholder bodies) when searching for candidates to the board of directors.			
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.	„
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	compliant		„
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 of RPTs within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.		Provide information on a materiality threshold for RPT disclosure and approval, if any.  Provide information on RPT categories.	

2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings.	compliant	Provide information on voting system, if any.	Minutes
<b>Recommendation 2.8</b>			
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).	compliant	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).	compliant	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)
<b>Recommendation 2.9</b>			
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.	compliant	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	compliant		

with the standards set by the Board and Senior Management.			
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.  Provide proof of effectiveness of risk management strategies, if any.	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		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
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 without anyone from management present.	Minutes of the Audit Committee meetings (confidential)
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.	compliant		
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.		Provide information or link/reference to a document containing information on the Related Party Transactions (RPT) Committee, including its functions.	
2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.		Provide information or link/reference to a document containing information on the members of the RPT Committee, including their qualifications and type of directorship.	
<b>Recommendation 3.6</b>			
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.		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.	
2. Committee Charters provide standards for evaluating the performance of the Committees.			
3. Committee Charters were fully disclosed on the company's website.		Provide link to company's website where the Committee Charters are disclosed.	
<b>Principle 4:</b> 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.			
<b>Recommendation 4.1</b>			
1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or	compliant	Provide information or link/reference to a document containing information on the process and procedure for	Minutes of the Meetings (confidential)

through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.		tele/videoconferencing board and/or committee meetings.  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)
<b>Recommendation 4.2</b>			
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.		Disclose if the company has a policy setting the limit of board seats that a non-executive director can hold simultaneously.  Provide information or reference to a document containing information on the directorships of the company's directors in both listed and non-listed companies.	No written policy but company adheres to the limits set by the SEC
<b>Recommendation 4.3</b>			
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
<b>Principle 5:</b> 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 Definitive Information Statement 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 directors.	SEC Form 17-A Definitive Information Statement

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
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.	compliant	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.	Current Report

		Identify the relationship of Chairman and CEO.	
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



<b>Principle 6:</b> 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.		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.			
3. The individual members conduct a self-assessment of their performance.			
4. Each committee conducts a self-assessment of its performance.			
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)
<b>Principle 7:</b> 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			
<b>Principle 8:</b> 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.		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.	compliant	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.	SEC Form 17-A SEC Form 17-Q
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.		Provide link or reference to the company's annual report where the following are disclosed: <ol style="list-style-type: none"> <li>1. principal risks to minority shareholders associated with the identity of the company's controlling shareholders;</li> <li>2. cross-holdings among company affiliates; and</li> <li>3. any imbalances between the controlling shareholders'</li> </ol>	

		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.		Provide information on or link/reference to the company's policy requiring directors and officers to disclose their dealings in the company's share.	
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.		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.	
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 experiences, expertise and relevant trainings attended.	SEC Form 17-A 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.		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.	
<b>Recommendation 8.4</b>			
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 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.		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.		Provide breakdown of director remuneration and executive compensation, particularly the remuneration of the CEO.	
<b>Recommendation 8.5</b>			
1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.		Disclose or provide reference/link to company's RPT policies.  Indicate if the director with conflict of interest abstained from the board discussion on that particular transaction.	

2. Company discloses material or significant RPTs reviewed and approved during the year.		Provide information on all RPTs for the previous year or reference to a document containing the following information on all RPTs: <ol style="list-style-type: none"> <li>1. name of the related counterparty;</li> <li>2. relationship with the party;</li> <li>3. transaction date;</li> <li>4. type/nature of transaction;</li> <li>5. amount or contract price;</li> <li>6. terms of the transaction;</li> <li>7. rationale for entering into the transaction;</li> <li>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</li> <li>9. other terms and conditions</li> </ol>	
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.	SEC Form 17-A
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		Provide link or reference where this is disclosed.	

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.			
2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.		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.		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.	Manual on Corporate Governance
2. Company's MCG is submitted to the SEC and PSE.			
3. Company's MCG is posted on its company website.			



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.		Provide proof of submission.	
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
a. Corporate Objectives			
b. Financial performance indicators			
c. Non-financial performance indicators			
d. Dividend Policy			
e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors			
f. Attendance details of each director in all directors meetings held during the year			
g. Total remuneration of each member of the board of directors			
2. The Annual Report contains a statement confirming the company's full compliance with the Code of Corporate Governance	compliant	Provide link or reference to where this is contained in the Annual Report.	

and where there is non-compliance, identifies and explains reason for each such issue.			
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.		Provide link or reference to where this is contained in the Annual Report	
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.		Provide link or reference to where this is contained in the Annual Report.	
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).		Provide link or reference to where these are contained in the Annual Report	
<b>Principle 9:</b> 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.			
<b>Recommendation 9.1</b>			
1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.		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.	

2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.		Indicate the percentage of shareholders that ratified the 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.		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.		Provide information on or link/reference to a document containing the policy of rotating the lead audit partner every five years.	
Recommendation 9.2			
1. Audit Committee Charter includes the Audit Committee's responsibility on: <ul style="list-style-type: none"> <li>i. assessing the integrity and independence of external auditors;</li> <li>ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and</li> <li>iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.</li> </ul>		Provide link/reference to the company's Audit Committee Charter	

2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.		Provide link/reference to the company's Audit Committee Charter	
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.		Provide link/reference to the company's Audit Committee Charter	
2. Audit Committee ensures that the external auditor has adequate quality control procedures.		Provide link/reference to the company's Audit Committee Charter	
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 engagement partner; 2. Accreditation number; 3. Date Accredited; 4. Expiry date of accreditation; and 5. Name, address, contact number of the audit firm.	berjaya.com.ph SEC Form 17-A
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).		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.	
<b>Principle 10:</b> The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.			
<b>Recommendation 10.1</b>			
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.		Disclose or provide link on the company's policies and practices on the disclosure of non-financial information, including EESG issues.	
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.		Provide link to Sustainability Report, if any. Disclose the standards used.	

<b>Principle 11:</b> 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.			

Internal Control System and Risk Management Framework			
<b>Principle 12:</b> To ensure the integrity, transparency and proper governance in the conduct of its 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.		<p>List quality service programs for the internal audit functions.</p> <p>Indicate frequency of review of the internal control system.</p>	
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.		<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"> <li>1. Company's risk management procedures and processes</li> <li>2. Key risks the company is currently facing</li> <li>3. How the company manages the key risks</li> </ol> <p>Indicate frequency of review of the enterprise risk management framework.</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		Provide information on or link/reference to a document containing the company's compliance program covering	



program includes appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.		compliance with a laws and relevant regulations.  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.		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.		Identify the company's Chief Audit Executive (CAE) and provide information on or reference to a document containing his/her responsibilities.	
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.			
3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned		Identify qualified independent executive or senior management personnel, if applicable.	

the responsibility for managing the fully outsourced internal audit activity.			
Recommendation 12.4			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.		Provide information on company's risk management function.	
Supplement to Recommendation 12.4			
1. Company seeks external technical support in risk management when such competence is not available internally.		Identify source of external technical support, if any.	
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).		Identify the company's Chief Risk Officer (CRO) and provide information on or reference to a document containing his/her responsibilities and qualifications/background.	
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.			
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.		Provide link to CEO and CAE's attestation	
Cultivating a Synergic Relationship with Shareholders			

<b>Principle 13:</b> 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.	
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.	
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)	
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	
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 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 appointment, experience, and directorships in other listed companies)	compliant		SEC Form 17-C Definitive Information Statement
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
<b>Optional: Recommendation 13.2</b>			
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
<b>Recommendation 13.3</b>			
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.	SEC 17-C

		Include whether there was 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	
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.		Provide details of the alternative dispute resolution made available to resolve intra-corporate disputes	
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.		Provide link/reference to where it is found in the Manual on Corporate Governance	
Recommendation 13.5			
1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.		Disclose the contact details of the officer/office responsible for investor relations, such as: <ul style="list-style-type: none"> <li>1. Name of the person</li> <li>2. Telephone number</li> <li>3. Fax number</li> <li>4. E-mail address</li> </ul>	
2. IRO is present at every shareholder's meeting		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			
<b>Principle 14:</b> 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
Recommendation 14.2			



1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	compliant	Identify policies and programs for the protection and fair treatment of company's stakeholders.	SEC Form 17-A
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
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.		Provide information on the alternative dispute resolution system established by the company.	
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
<b>Principle 15:</b> 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
<b>Principle 16:</b> 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.			
<b>Recommendation 16.1</b>			
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	compliant	Provide information or reference to a document containing information on the company's community involvement and environment-related programs.	

contributing to the advancement of the society where it operates.			
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



**NERINE TAN SHEIK PING**  
Chairman / Director



**DEREK CHIN CHEE SENG**  
Director



**JIMMY S. SOO**  
Director



**DEAN PONCEVIC M. CEBALLOS**  
Independent Director



**MARIE LOURDES T. SIA-BERNAS**  
Compliance Officer



**TAN ENG HWA**  
President/Director



**DR. GEORGE T. YANG**  
Independent Director



**CASEY M. BARLETA**  
Independent Director



**JOSE A. BERNAS**  
Corporate Secretary

**SUBSCRIBED AND SWORN** to before me this MAY 30 2022 day of May 2022, affiants exhibiting to me their respective identification cards below, as follows:

Name

Particulars of Identification Card

Nerine Tan Sheik Ping

Malaysian Passport No. A51445816 issued on 03 August 2018

Tan Eng Hwa

Malaysian Passport No. A50216511 issued on 08 January 2018

Derek Chin Chee Seng

Tax Identification Number 602-059-007

Dr. George T. Yang

Philippine Passport No. P5880290A issued on 02 February 2018

Jimmy S. Soo

Tax Identification Number 133-832-627

Casey M. Barleta

Tax Identification Number 102-081-399

Dean Poncevic M. Ceballos

Tax Identification Number 107-269-129


Jose A. Bernas

IBP Lifetime Membership No. 01738 issued on 25 January 2000

Marie Lourdes T. Sia-Bernas

IBP Lifetime Membership No. 02165 issued on 30 January 2001

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Series of 2022.

  
**ATTY. HENRY D. ADASA**  
NOTARY PUBLIC/CITY OF MANILA  
NOTARIAL COMMISSION 2020-097 / 02/01/2022 Manila  
IBP NO. 178598 - 01/03/2022, PASIG  
PTR NO. 0050197 - 01/05/2021, MGA  
ROLL NO. 29679, TIN: 172-526-620  
(35) MCLE COMPL. NO. WH-0000165 6/26/2019 Valid April 14 2025  
URBAN DECA HOMES MANILA, B-2, UNIT 355, TOROJO, MIA.  
UNDER SUPREME COURT B.M. NO. 3795 EXTENDED FROM JAN. 1 TO JUNE 30 2021