

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

811-0668/810-1814

Company/Telephone Number

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Month

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Day

SEC Form - 201S

Definitive Information Statement

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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Document I.D.

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Cashier

STAMPS

Remarks - pls. use black ink for scanning purposes



28 October 2022

Dear Stockholder,

Please take notice that an annual meeting of the stockholders of BERJAYA PHILIPPINES INC. will be held this year on 25 November 2022 at 9:00 a.m. by zoom.

To join the meeting, please submit your name and email address to us at the address below, not later than 14 November 2022

BCOR Corporate Secretary <corpsec@bernaslaw.com>

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

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

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

The Agenda for the meeting is as follows:

1. Call to Order
2. Certification of Notice and Quorum
3. Ratification of the Minutes of the Annual Stockholders' Meeting held on 23 November 2021.
4. Ratification of Corporate Acts of the Board of Directors for the year ended 30 June 2022
5. Report of the President
6. Election of the Board of Directors of the Corporation
7. Appointment of External Auditors
8. Other Matters



JOSE A. BERNAS
Corporate Secretary

9th Floor Rufino Pacific Tower, 6784 Ayala Avenue cor V.A. Rufino Street, Makati City, M.M.

PROXY and BALLOT

Name _____

Email address _____

Mobile number _____ (optional)

Date _____

Identification

- ☐ I will be able to attend the meeting and will accomplish and submit the Ballot.
- ☐ I will not be able to attend the meeting and hereby appoint _____ as my proxy to represent me and vote at the Annual Stockholders' Meeting of Berjaya Philippines Inc. on 25 November 2022 or at any adjournment or postponement thereof, as fully as to all Intents as I might do if I was present and acting in person, including the accomplishment and submission of the ballot.

In case of the non-attendance of my above named proxy, I hereby authorize the Chairman of the Meeting to exercise and act as my proxy in the meeting.

This proxy revokes and supersedes all previously executed proxy or proxies, if applicable, and shall be valid for a period of one year from execution unless specifically revoked by me in writing and addressed to the Corporate Secretary or Assistant Corporate Secretary of Berjaya Philippines Inc.

Instructions

By affixing your signature on the space provided below, you as stockholder are voting on the matters to be taken up at the Annual Stockholders' Meeting. In the alternative, you are authorizing or directing your above-written proxy to vote on the Agenda on your behalf. Please note that your failure to indicate your vote on the items specified shall serve as an authorization for your proxy to exercise full discretion on voting.

In addition to the proxy, corporate stockholders are required to submit a Secretary's Certificate indicating the authority of its representative to attend the meeting, and/or accomplish the Ballot, or appoint a proxy.

Please note that proxies are validated by the Corporation's Corporate Secretary based on its records. The record date for the stockholders entitled to attend and vote at the Annual Stockholders' Meeting is 26 September 2022.

Method of Counting Votes

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

The top seven (7) nominees with the most number of votes will be elected as directors. If the number of nominees does not exceed the number of directors to be elected, all the shares present or represented in the meeting will be cast in favor of the nominees. If the number of nominees exceeds the number of directors to be elected, voting will be done by ballots. On the election of directors, each stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate such shares and give on candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal or he may distribute them on the same principle among as many candidates as he sees fit. The total number of your votes cast by yourself shall not exceed the number of shares owned by yourself as stockholder multiplied by the total number of directors to be elected.

Please accomplish the Ballot below.

Particulars	Please place a ✓ mark		
	For	Against	Abstain
1. Approval of the Minutes of the Annual Meeting of The Stockholders held on 23 November 2021.			
2. Ratification of the Acts of the Board for the Fiscal year ended 30 June 2022.			
3. Election of Directors			
"Nerine" Tan Sheik Ping			
Dr. George T. Yang			
Atty. Casey M. Barleta, CPA			
Dean Poncevic M. Ceballos			
Atty. Derek Chin Chee Seng			
Tan Eng Hwa			
Atty. Susana C. Fong			
4. Appointment of Punongbayan & Araullo as External Auditors			

Signature of Stockholder _____

Printed name of stockholder _____

Date _____

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

**Information Statement Pursuant to Section 20
of the Securities Regulation Code**

1. Check the appropriate box:

☐ Preliminary Information Statement
☒ Definitive Information Statement

2. Name of Registrant as specified in its charter – BERJAYA PHILIPPINES INC.
3. Province, country or other jurisdiction of incorporation or organization - Manila, Philippines
4. SEC Identification Number – pre war 476
5. BIR Tax Identification Code - 001-289-374
6. Address of principal office - 9/F Rufino Pacific Tower, 6784 Ayala Avenue corner
V.A. Rufino (formerly Herrera) Street,
Makati City, Metro Manila 1229
7. Registrant's telephone number, including area code - (632) 811-0668
8. Date, time and place of meeting of security holders -
The Annual Meeting of the Stockholders of Berjaya Philippines, Inc. (the Corporation) will
be held on 25 November 2022, at 9:00 a.m. by remote communication through zoom. The
presiding officer and the Corporate Secretary shall be in the City of Makati, where the
principal office of the Corporation is located. Directors may attend by remote
communication.

To join the meeting, shareholders are instructed to submit their name and email address
at the address below, not later than 14 November 2022 for identity validation and sending
of guidelines on joining the meeting:

BCOR Corporate Secretary <corpsec@bernaslaw.com>

Approximate date on which the Information Statement is first to be sent or given to security
holders - 4 November 2022.

Notice of the meeting date was sent by electronic mail and published on the website of the
Issuer on 3 November 2022, or 21 days prior to the meeting date of 25 November 2022, in
compliance with MC No. 3, Series of 2020 and Section 49 of the Revised Corporation Code.

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

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

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

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

Amount of Debt Outstanding as of 30 June 2022 : Php 14,228,918,900.00

11. Are any or all of registrant's securities listed on the Philippine Stock Exchange?

Yes ☒ No ☐

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

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

GENERAL INFORMATION

Date, time and place of meeting of security holders

The Annual Meeting of the Stockholders of Berjaya Philippines, Inc. (the Corporation) shall be held on 25 November 2022, at 9:00 a.m. by remote communication or video-conference. The presiding officer and the Corporate Secretary shall be in the City of Makati where the principal office of the Corporation is located.

Consistent with what is stated in the Notice, to join the meeting, shareholders are instructed to submit their name and email address at the address below, not later than 14 November 2022 for identity validation and sending of guidelines on joining the meeting:

BCOR Corporate Secretary <corpsec@bernaslaw.com>

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

The Information Statement will approximately be sent or given first to stockholders of record on 4 November 2022 or at least fifteen (15) business days before the meeting date.

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY.
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Dissenters' Right of Appraisal

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

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

The Agenda for the Annual Stockholders' Meeting on 25 November 2022 does not include any of the foregoing instances.

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

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

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

CONTROL AND COMPENSATION INFORMATION

Voting Securities and Principal Holders Thereof

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

Foreign ownership amounts to 3,919,894,701 shares equivalent to 88.54 % broken down per nationality as follows:

CITIZENSHIP	SUBSCRIBED/ OUTSTANDING	AMOUNT	PAID-UP	PERCENTAGE HOLDINGS	NUMBER OF STOCKHOLDERS
SPANISH	1,834,960	1,834,960.00	1,834,960.00	00.04	18
MALAYSIAN	610,205,311	610,205,311.00	610,205,311.00	13.78	4
OTHER ALIEN	85,804,470	85,804,470.00	85,804,470.00	01.94	8
FILIPINO	507,114,431	507,114,431.00	507,114,431.00	11.46	103

NORWEGIAN	174,160	174,160.00	174,160.00	00.00	1
BRITISH	229,920	229,920.00	229,920.00	00.01	2
AMERICAN	276,000	276,000.00	276,000.00	00.01	5
CHINESE	3,221,369,880	3,221,369,880.00	3,221,369,880.00	72.77	3
TOTAL	4,427,009,132	4,427,009,132.00	4,427,009,132.00	100.00	144

The cut-off date presented as information in this Statement is as of 26 September 2022.

The record date for closing the stock and transfer book of the Corporation in order to determine the stockholders entitled to vote at the Annual Stockholders' Meeting is 26 September 2022.

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

In the previous Annual Stockholders' Meeting held on 23 November 2021, cumulative voting was practiced. A shareholder's one share was entitled to one vote. Stockholders were provided with paper where they wrote their votes and signed thereon. For every resolution, stockholders were asked by the director presiding whether there were any questions. Stockholders did stand up at the center aisle in front of the microphone and proceeded to ask questions. Motions were duly made and seconded for every matter. The list of directors who attended the meeting, the directors elected, the appointment of the external auditor, and all the matters taken up, including the officers elected during the subsequent Organizational Meeting of the Board which followed the Annual Stockholders' Meeting were reported to the SEC and PSE in the Current Report under SEC Form 17-C.

Security Ownership of Certain Record and Beneficial Owners

Holders

As of the record date of 26 September 2022, there are four billion three hundred forty one million two hundred eighty thousand seven hundred seventy two (4,341,280,772) issued and outstanding common shares of stock of the Corporation. Out of the issued and outstanding capital, 85,728,439 shares or 0.019% is held by the Berjaya Philippines Inc.

The top twenty (20) stockholders of Berjaya Philippines Inc., including their shares and their percentage of total common shares outstanding held by each as of the record date of 26 September 2022 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 %

Treasury Shares

As of the record date of 26 September 2022 the Issuer holds in its name a total of eighty five million seven hundred twenty eight thousand four hundred thirty nine (85,728,439) treasury shares.

Dividends

(a) Dividends declared by Berjaya Philippines Inc.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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.

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

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

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

Recent Sales of Unregistered Securities

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

Security Ownership of Holders of more than 5%

According to the records of the Issuer's stock and transfer agent, security ownership of holders of more than five percent (5%) of the Company's securities as of 26 September 2022 are as follows:

Title of Class	Name, Address of Record Owner and relationship with Issuer	Name of Beneficial Owner / Relationship with Record Owner	Citizen-ship	Number of Shares Held	Percent age Held
common	Berjaya Lottery Management (H.K.) Ltd. Level 54, Hopewell Centre, 183 Queen's Road East, HongKong / major stockholder	Berjaya Lottery Management (H.K.) Ltd. (same as record owner) persons entitled to vote is Messrs. Derek Chin Chee Seng or Tan Eng Hwa, in the said order of preference	Chinese	3,221,238,280 (common shares)	74.20%
common	Berjaya Sports Toto (Cayman) Limited 190 Elgin Avenue, George Town, Grand Cayman KYI-9005 Cayman Islands / major stockholder	Berjaya Sports Toto (Cayman) Limited (same as record owner) person entitled to vote is Nerine Tan Sheik Ping	Caymanian	610,205,150 (common shares)	14.06%

common	Berjaya Philippines Inc. 9th Floor RufinoPacific Tower 6784 Ayala corner V.A. Rufino (Herrera) St. Makati City, M.M. / the Issuer	Berjaya Philippines Inc. (same as record owner) person entitled to vote is the President of the Corporation, Tan Eng Hwa	Filipino	85,728,439	1.94%
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There has been no change in the control of the Corporation since the beginning of its last fiscal year. The transfer price of the Corporation's outstanding common listed shares decreased as can be seen from its posted prices at the Philippine Stock Exchange. The decrease may be due to the general or prevailing economic situation in the country.

Security Ownership of Management

Security ownership of the directors and officers of the Corporation as of 26 September 2022 are as follows:

Title of Class	Name & Address of Record owner Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	Number of Shares Held	Percentage Held
Common	Nerine Tan Sheik Ping Berjaya Times Square, No. 1 Jalan Imbi, 55100 Kuala Lumpur, Malaysia Stockholder of Issuer and connected with the Berjaya Group of companies in Malaysia, specifically as Chief Executive Officer of Berjaya Sports Toto Berhad. She is an Executive Director of Berjaya Corporation Berhad, Berjaya Land Berhad and Berjaya Group Berhad.	Nerine Tan Sheik Ping	Malaysian	1	0.00%
Common	Derek Chin Chee Seng Berjaya Times Square, No. 1 Jalan Imbi, 55100 Kuala Lumpur, Malaysia stockholder of Issuer and connected with the Berjaya Group of companies in Malaysia, specifically as Executive Director of the Berjaya Group Bhd.	Derek Chin Chee Seng	Malaysian	1	0.00%

Common	Dr. George T. Yang 17 th Floor BDO Building (former Citibank Center Building), Paseo de Roxas, Makati City / Stockholder	Dr. George T. Yang	Filipino	80	0.00%
Common	Atty. Casey M. Barleta The Bellagio Tower 1 1 st Avenue corner Burgos Circle, BGC, Taguig City / stockholder	Atty. Casey M. Barleta	Filipino	1	0.00%
Common	Atty. Jimmy S. Soo D2 Garden Level, Corinthian Plaza Building, 121 Paseo de Roxas, Makati City / Stockholder	Atty. Jimmy S. Soo	Filipino	75	0.00%
Common	Tan Eng Hwa 9 th Floor Rufino Pacific Tower, 6784 Ayala Avenue corner V.A. Rufino Street, Makati City/ Stockholder and Connected with the Berjaya Group of companies in the Philippines in different capacities	Tan Eng Hwa	Malaysian	80	0.00%
Common	Jose A. Bernas 6 th Floor Raha Sulayman Bldg. 108 Benavidez St. Legaspi Vill, Makati City / Corporate Secretary	Jose A. Bernas	Filipino	80	0.00%
Common	Marie Lourdes Bernas 4 th Floor Raha Sulayman Bldg. 108 Benavidez St. Legaspi Vil. Makati City / Assistant Corporate Secretary	Marie Lourdes T. Sia-Bernas	Filipino	500	0.00%

There are no voting trust holders of five percent (5%) or more of the Corporation's securities. The figures above are based on the last transaction or market price as of 26 September 2022 which is five pesos and fifty nine centavos (₱ 5.59) per share.

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

Directors and Executive Officers

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

Directors / Officers	Designation	Citizenship
1. Nerine Tan Sheik Ping	Director / Chairman	Malaysian
2. Tan Eng Hwa	Director / President	Malaysian
3. George T. Yang	Director	Filipino

4. Derek Chin Chee Seng	Director	Malaysian
5. Casey M. Barleta *	Director	Filipino
6. Jimmy S. Soo	Director	Filipino
7. Dean Poncevic M. Ceballos*	Director	Filipino
8. Jose A. Bernas	Corporate Secretary	Filipino
9. Marie Lourdes Bernas	Assistant Corporate Secretary	Filipino

* The independent directors, Atty. 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.

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

Dean Poncevic M. Ceballos is the second independent director of the Issuer. Mr. Jose A. Bernas nominated Dean Ceballos as independent director in a meeting on 23 November 2021.

The members of the Nomination Committee are Messrs. Tan Eng Hwa, Casey M. Barleta, and Dean Poncevic M. Ceballos, with Mr. Tan Eng Hwa sitting as Chairman.

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

The Corporation will observe the term limits for independent directors imposed by SEC Memorandum Circular No. 4, Series of 2017 which became effective on 31 March 2017, or 15 days after its publication in two newspapers of general circulation on 16 March 2017. Atty. 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.

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

The term of a Director is for one (1) year and Directors are elected annually during the annual stockholders meeting. The Independent Directors for re-nomination are Atty. Casey M. Barleta, and Dean Poncevic M. Ceballos, who are both Filipino citizens.

The current Board of Directors are as follows:

Name	Age	Positions/Offices/Directorships Held for the past Five (5) years
1. "Nerine" Tan Sheik Ping (Malaysian)	47	Chairperson: Berjaya Philippines Inc. Chief Executive Officer: Sports Toto Berhad

			<p>Executive Director: Berjaya Corporation Berhad, Berjaya Group Berhad Berjaya Hotels & Resorts (Singapore) Pte. Ltd.</p> <p>Former Executive Director: eCosway Sdn. Bhd. (Sept. 2000-March 2003)</p> <p>Former Vice President - Marketing Berjaya Hotels & Resorts (M) Sdn. Bhd. Berjaya Resort Management Sdn. Bhd.</p> <p>Former Manager- Business Development Cosway (M) Sdn. Bhd.</p> <p>Former General Manager (Sales & Marketing) STM Lottery Sdn. Bhd. (formerly known as Sports Toto Malaysia Sdn. Bhd.)</p> <p>Degree in Management London School of Economics & Political Science</p>
2.	Derek Chin Chee Seng (Malaysian)	65	<p>Director: Berjaya Philippines Inc.</p> <p>Executive Director Sports Toto Berhad Berjaya Group Berhad Hartanah Berhad (formerly known as Berjaya Golf Resort Berhad) Prime Credit Leasing Berhad Singer (Malaysia) Sdn. Bhd.</p> <p>Chief Legal Officer Berjaya Corporation Berhad until June 2021</p> <p>Advocate and Solicitor of the High Court in Malaya On 15 October 1983</p> <p>Advocate and Solicitor Allen & Gledhill, Kuala Lumpur (1983-1989)</p> <p>Corporate & Commercial Law Practice (1990 to date) Berjaya Corporation Group of Companies</p> <p>Business Law Degree London Guildhall University U.K. , 1981</p> <p>Qualified as Barrister-at-Law in U.K., 1982</p>
3.	Dr. George T. Yang (Filipino)	83	<p>Independent Director: Berjaya Philippines Inc. Philippine Gaming Management Corporation</p> <p>Founder: Golden Arches Development Corporation (McDonald's Philippines)</p> <p>Chairman of the Board: Ronald McDonald's House Charities First Georgetown Ventures, Inc. MDS Call Solutions Inc.</p>

Advance Food Concepts Mfg. Inc.
 Klassikal Music Foundation Inc.
 Trojan Computer Forms, Inc.
 Canyon Hills and Marina Inc.
 Canyon Hills Real Estate and Development Inc.
 GY Alliance Concepts Inc.
 Northview Builder and Development Corporation
 Chairman of the Board and President:
 Golden Arches Realty Corporation
 Chairman:
 Paseo Premier Residences Inc.
 Paseo Dormitories Inc.
 Lead Logistics Innovations Inc.
 Fast Serve Solutions Systems Inc.
 Clark Mac Enterprises Inc.
 Creative Gateway Inc.
 Davao City Food Industries Inc.
 Golden City Food Industries Inc.
 First Golden Laoag Ventures Inc.
 First Creative Arch Restaurant Corporation
 First Premiere Arches Restaurants Inc.
 Golden Laoag Foods Corporation
 Molino First Golden Food Inc.
 Onzal Development Corporation
 Prime Arch Creative Restaurants Inc.
 Retiro Golden Foods Inc.
 Vice Chairman:
 Oceanfront Properties Inc.
 TransAire Development Holdings Corporation
 Director:
 Berjaya Vacation Club (Philippines) Inc.
 Member of the Board of Governors:
 Ayala Center Estate Association
 Masters Degree in Business Administration
 Wharton School, University of Pennsylvania
 Former Member of the Asian Executive Board
 Wharton School, University of Pennsylvania
 Cum Laude, Bachelor of Science in Business
 Administration
 De La Salle University
 Consul General *ad honorem*:
 State of Eritrea

4. Jimmy S. Soo
 (Filipino)

64

Director:
 Berjaya Philippines Inc.
 Berjaya Pizza (Philippines) Inc.
 First Abacus Financial Holdings Corporation
 Chairman and President:
 Kailash PMN Management, Inc.

Tortola Resources, Inc.
Trimante Holdings Phils., Inc.
Director
First Abacus Financial Holdings Corporation
Philippine Gaming Management Corporation
Director and Corporate Secretary:
Abacus Capital & Investment Corporation
St. Giles Hotel (Manila), Inc.
Bagan Resources Pte Inc.
Corporate Secretary:
Limketkai Manufacturing Corporation
Limketkai Sons, Inc.
Paramount Life & General Holdings Corp.
Paramount Life & General Insurance Corp.
Resident Agent:
IDP Education Pty Limited
Member of the Board of Trustees:
Berjaya Foundation Inc.
Lifetime Member:
Integrated Bar of the Philippines
Managing Partner:
Soo Gutierrez Leogardo & Lee Law Offices

5. Tan Eng Hwa
(Malaysian)

53 Director and President:
Berjaya Philippines Inc.
B Infinite Asia Philippines Inc.
Bermaz Auto Philippines Inc.
Beautiful Creation Holdings Inc.
Director and Treasurer:
Save the Sea Philippines Inc.
Director, Chairman and President:
Floridablanca Enviro Corporation
Sanpiro Realty & Development Corporation
Neptune Properties Inc.
Landphil Management and Development Corp.
Cosway Philippines Inc.
Director and Chairman:
Perdana Hotel Philippines Inc.
Perdana Land Philippines Inc.
Philippine Gaming Management Corporation
Berjaya Pizza (Philippines) Inc.
Director and Treasurer:
Berjaya Auto Asia Inc.
Ssangyong Berjaya Motor Philippines
Most Pretty Lady Holdings Inc.
Berjaya Vacation Club (Philippines) Inc.
Director:
Chailease Berjaya Finance Corporation
Pinoylotto Technologies Corp.

Member of the Board of Trustees and President:
Berjaya Foundation, Inc.
Chartered Accountant and Member:
Malaysian Institute of Accountants
Masters Degree in Business Administration:
University of Chicago, USA
Masters Degree in Science in Professional Accountancy
University of London

- | | | |
|--|----|---|
| 6. Casey M. Barleta
(Filipino) | 63 | <p>Independent Director:
Berjaya Philippines Inc.
Chailease Berjaya Finance Corporation
Chair, Audit Committee:
Berjaya Philippines Inc.
Member, Nominations Committee
Berjaya Philippines Inc.
Tax Partner / Managing Partner:
CMB/P Law (Casey M. Barleta & Partners)
Director:
Prime Rivers, Inc.
MF Development Corporation
SCF Properties Inc.
First Foremost Resources, Inc.
6Estella Corporation
Corporate Secretary and Treasurer:
Synechron Technologies Philippines, Inc.
Member:
Integrated Bar of the Philippines</p> |
| 7. Dean Poncevic M. Ceballos
(Filipino) | | <p>Director:
Berjaya Philippines Inc.
Member of the Nomination and Audit Committees:
Berjaya Philippines Inc.
Dean:
Liceo Law, Cagayan de Oro City (2010-2011)
Associate Dean:
Philippine Christian University (2015-2016)
MCLE Lecturer:
Ateneo School of Law
Professor:
Ateneo de Manila School of Law, since 1990
Wesleyan University Philippines Law School
Cor Jesu College of Law
Liceo Law, Cagayan de Oro City (2010-2011)
Letran College, Doctorate in Business
Administration (2016-2017)
Philippine Christian University Law School,
2015-2017</p> |

Guest Lecturer:
University of Hongkong
Owner / Director:
Ceballos Bar Trends Corp.
Bohol Enterprises Inc.
Ceballos Holdings Corp.
NIKAPRO Realty Corp.
Baesa Summit Holdings Corp.
Angels & Lemons Bistros, Inc.
Director and Corporate Secretary:
QMarketz Corp.
Automart.ph
Motomart.ph
Recipient:
Three professorial chairs, Ateneo School of Law
Member:
Integrated Bar of the Philippines

8. Jose A. Bernas
(Filipino)

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Corporate Secretary:
Berjaya Philippines Inc.
Philippine Gaming Management Corporation
Berjaya Pizza (Philippines) Inc.
Bermaz Auto Philippines Inc.
MOL AccessPortal Inc.
RMS Reloads Philippines Inc.
B Infinite Asia Philippines Inc.
Cosway Philippines Inc.
Swift Foods, Inc.
Chailease Berjaya Finance Corporation
Director and President:
Discovery Centre Condominium Corporation
Perdana Land Philippines Inc.
Perdana Hotel Philippines Inc.
Chairman of the Board and Director:
Automation Specialists & Power Exponents Inc.
Director and Corporate Secretary:
Florida Enviro Corporation
Cosway Philippines Inc.
Neptune Properties Inc.
Berjaya Auto Asia Inc.
Ssangyong Berjaya Motor Philippines Inc.
Beautiful Creation Holdings Inc.
Most Pretty Lady Holdings Inc.
Berjaya Auto Asia Inc.
Berjaya Vacation Club (Philippines) Inc.
VSTECs Philippines Inc.
Sanpiro Realty and Development Corporation
Landphil Management and Development Corp.
Trustee and Secretary:

Berjaya Foundation, Inc.
Member:
Integrated Bar of the Philippines
New York Bar
Managing Partner:
Bernas Law Offices

9. Marie Lourdes Sia-Bernas 56
(Filipino)

Assistant Corporate Secretary:
Berjaya Philippines Inc.
Philippine Gaming Management Corporation
Berjaya Pizza (Philippines) Inc.
Berjaya Foundation Inc.
Bermaz Auto Philippines Inc.
Berjaya Auto Asia Inc.
B Infinite Asia Philippines Inc.
Beautiful Creation Holdings Inc.
Berjaya Vacation Club (Philippines) Inc.
Cosway Philippines Inc.
Go.Life International Holdings Inc.
GK International Holdings Inc.
Landphil Management and Development Corp.
MOL AccessPortal Inc.
Most Pretty Lady Holdings Inc.
Sanpiro Realty & Development Corporation
Ssangyong Berjaya Motor Philippines Inc.
Chailease Berjaya Finance Corporation
RMS Reloads Philippines Inc.
VSTECs Philippines Inc.
Pinoylotto Technologies Corp.
Swift Foods, Inc.
Corporate Secretary:
Olsen's Food Corporation
Automation Specialists & Power Exponents Inc.
Juillet Trading Corporation
Ultasaurus Philippine Trading Inc.
Neptune Holdings Inc.
Noblesse Holdings Inc.
Perdana Hotel Philippines Inc.
Perdana Land Philippines Inc.
B Infinite Asia Philippines Inc.
Discovery Centre Condominium Corporation
Chairman and President:
Roadster Car Imports, Inc.
Save the Sea Philippines Inc.
President:
Deux Mille Trading Corporation
Silver Giggling Buddha Trading Inc.
Director and Assistant Corporate Secretary:
Floridablanca Enviro Corporation

Neptune Properties Inc.
Member since October 2012:
American Academy of Project Management
Certified Compliance Officer since 27 July 2021
Member:
Integrated Bar of the Philippines
Administrative Partner:
Bernas Law Offices

There are no family relationships between and among the directors and officers of the Corporation, except for the Corporate Secretary Jose A. Bernas and the Assistant Corporate Secretary Marie Lourdes T. Sia-Bernas who are married to each other.

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

None of the current directors and officers work in government.

The person nominated by the Nomination Committee to serve as regular director to replace Mr. Jimmy S. Soo who has informed the Board that he is no longer interested in being re-nominated as directors for the current year is Ms. Susana C. Fong

Susana C. Fong
(Filipino)

Private Practitioner:
specializing in commercial law, property,
taxation and estate matters (since 2008)
Consultant for Investment Management
Malayan Insurance Co. (since 2009)
Private Education Retirement Annuity
Association (2011-2017)
Deputy Head:
ING Asia Private Bank Ltd. (2001-2008)
Head of Wealth Management,
Head of Investment Services, Trust & Investments:
Rizal Commercial Banking Corp (1999-2001)
Director – Investment Banking:
Credit Agricole Indosuez (1997-1999)
Commercial, Tax and Securities Practice:
Romulo Mabanta Law Office (1992-1997)
Treasurer / Chief Financial Officer:
Asia Insurance Philippines Inc. (1981-1992)

Involvement in legal proceedings of directors

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

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

Directors and Executive Officers as a Group

As of 26 September 2022 :

(1) Title of Class common shares	(2) Name of Record/ Beneficial Owner Directors and Executive Officers As a Group	(3) Amount and Nature of Record/ Beneficial Ownership	(4) Percentage Held
		898	0.001 %
	T o t a l :	898	0.001 %

Certain Relationships and Related Transactions

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

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

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

Compensation of Directors and Executive Officers

The members of the Board of Directors of the Corporation are entitled to reasonable per diem for actual attendance of any regular or special meeting of the Board of Directors. The directors as a group, were paid Three Million One Hundred Thousand Pesos (₱ 3,100,000.00) divided equally, in financial year ended 30 June 2022. No salary, bonuses or other compensation has been stipulated or paid to Executive officers for acting as such.

There is no need to disclose a summary compensation table because the Issuer does not have employees and does not pay out salaries. There are no standard agreements for the compensation of directors and the top executive officers as there are no salaries paid. The officers are either directors who receive only their reasonable per diems issued to all directors or are engaged by the corporation on a professional basis like the law firm of the corporate secretary and assistant corporate secretary who are not employees of the Corporation.

There are no warrants or options re-pricing or employment contracts entered into by the Corporation, nor any termination of employment and change in the control arrangement between the Corporation and the executive officers.

Material Pending Legal Proceedings

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

There is no material pending legal proceeding to which the Corporation is a party to up to the time of the preparation of this report that undersigned is aware of.

Violation of a Securities or Commodities Law

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

Independent Public Accountants

For professional services rendered on the audit of the financial statements of the Corporation and its subsidiaries, Punongbayan & Araullo was paid the amounts of Php210,000.00 for its audit on the Corporation, Php 202,000.00 for its audit on Perdana Hotel Philippines Inc. (PHPI), and Php 80,000.00 for Floridablanca Enviro Corporation (FEC) for the fiscal year ending 30 June 2022.

For financial year ended 30 June 2021, the amount of Php175,000.00 was paid for its audit on the Corporation, Php200,000.00 for its audit on Perdana Hotel Philippines Inc. (PHPI), and Php60,000.00 for Floridablanca Enviro Corporation (FEC). For the then new fiscal year ended 30 June 2020, the amount of Php 110,000.00 was paid for its audit on the Corporation, Php81,000.00 and Php7,200.00 for its audit on PHPI and FEC.

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

The election, approval or ratification of the registrant's public accountant shall be discussed during the Annual Meeting on 25 November 2022. Punongbayan & Araullo, which is the principal accountant for the previous fiscal year ending 30 June 2022, was selected during the Annual Meeting held on 23 November 2021 and will be recommended for re-appointment this 25 November 2022 during the annual stockholders' meeting.

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

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

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

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

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

Recent Sales of Unregistered or Exempt Securities

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

Audit Committee

The members of the Audit Committee are as follows:

Chairman	-	Atty. Casey M. Barleta
Member	-	Dean Poncevic M. Ceballos
Member	-	Mr. Tan Eng Hwa

Nomination Committee

The members of the Nomination Committee are as follows:

Chairman	-	Mr. Tan Eng Hwa
Member	-	Atty. Casey M. Barleta
Member	-	Dean Poncevic M. Ceballos

Compensation Plans

There are no compensation plans.

Amendments of Charter, By-Laws and Other Documents

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

OTHER MATTERS

There are no material matters that need approval by the stockholders in the stockholders' meeting. There are no reports nor minutes to be submitted for stockholder approval.

Plans to Improve Corporate Governance of the Corporation

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

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

Previous Meeting held in 2021

All the directors attended the Annual Stockholders Meeting held on 23 November 2021 by zoom. Five out of the seven director, including the President, who presided at the meeting, the Treasurer, Corporate Secretary, and Assistant Corporate Secretary were in the City of Makati, where the principal office of the Corporation is located.

The Agenda and voting last year is similar to the Agenda for this year. No amendments or ratifications for amendments were sought from stockholders.

Voting was by ballot. There were at least 88.26% of the stockholders in attendance. The presence of the representatives of the two major stockholders of the Corporation, namely Berjaya Lottery Management (H.K.) Ltd and Berjaya Sports Toto (Cayman) Limited are more than sufficient to constitute quorum, holding 74.20% and 14.06% percent equity of the Corporation respectively. There were twelve minority shareholders who attended and cast their votes, in addition to the directors who are also stockholders.

Last year's tabulation of votes is reproduced below, as follows:

Particulars	For	Against	Abstain or Absent
1. Approval of the Minutes of the Annual Meeting of The Stockholders held on 23 November 2021.	3,863,739,887		477,540,885
2. Ratification of the Acts of the Board for the Fiscal year ended 30 June 2021	3,863,739,887		477,540,885
3. Election of Directors			
Nerine Tan Sheik Ping	3,863,739,887		477,540,885
Derek Chin Chee	3,863,739,887		477,540,885
Dr. George T. Yang	3,863,739,887		477,540,885
Tan Eng Hwa	3,863,739,887		477,540,885
Casey M. Barleta	3,863,739,887		477,540,885
Dean Poncevic M. Ceballos	3,863,739,887		477,540,885
Jimmy S. Soo	3,863,539,887		477,740,885
4. Appointment of Punongbayan & Araullo as External Auditors	3,863,739,567	320	477,540,885

Voting Procedures

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

The vote of at least two-thirds of the stockholders representing the outstanding capital stock of the Corporation will be required in order to amend the Corporation's Articles of Incorporation or By-Laws. However, neither the Articles of Incorporation nor By-Laws will be amended.

Voting shall be by ballot. Each ballot shall be signed by the stockholder voting, and shall be sent by email to : BCOR Corporate Secretary corpsec@bernaslaw.com when the stockholder signifies its intention to join or attend the meeting.


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

The Quarterly Report under SEC Form 17-Q for the quarter ended 31 March 2022, and the Annual Report under SEC Form 17-A for the year ended 30 June 2022 shall be available without charge to stockholders requesting for a copy.

SIGNATURE

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

BERJAYA PHILIPPINES INC.

By:  **MARIE LOURDES T. SIA-BERNAS**
Compliance Officer
28 October 2022



MANAGEMENT REPORT

Dear Stockholders,

Business

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

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

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

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

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

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

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

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

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

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

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

In April 2018, the Corporation acquired 100% ownership to eDoc Holdings ("eDoc") from its subsidiary H.R. Owen with the assumption of the eDoc's outstanding liability. eDoc Holdings was incorporated on July 25, 2017 and is registered to engaged as a holding company in London.

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%.

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.

As of 30 June 2022, the Corporation does not have employees. Its subsidiaries, PHPI, Floridablanca Enviro Corporation ("FEC") and H.R. Owen 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.

Financial Statements

The Audited Financial Statements of the Corporation as of 30 June 2022 is attached.

Disagreements with Accountants on Accounting and Financial Disclosures

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

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

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

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.

HR Owen 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 ~~P~~1.51 billion (76.3%) to ~~P~~3.49 billion in 2022 compared to ~~P~~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 ~~P~~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 ~~P~~1.05 billion (11.8%) to ~~P~~9.92 billion as of 30 June 2022, from ~~P~~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
<u>Liquidity Ratio - Current ratio</u>	<u>1.27 : 1.00</u>	<u>1.27 : 1.00</u>
<u>Leverage Ratio - Debt to Equity</u>	<u>1:43 : 1.00</u>	<u>1:23 : 1.00</u>
<u>Activity Ratio - Annualized PPE</u>		
<u>Turnover</u>	<u>15.98 times</u>	<u>8.05 times</u>
<u>Profitability Ratios</u>		
<u>Return on Equity</u>	<u>20.89%</u>	<u>6.08%</u>
<u>Return on Assets</u>	<u>8.58%</u>	<u>2.73%</u>

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 a decrease 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 the decrease in room occupancy level compared to the previous financial year.

HR Owen recorded a 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 an 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%), from ₱25.10 billion to ₱28.71 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 ₱90.97 million (5.4%), (2) advertising and promotions decreased by ₱301.15 million (32.3%), (3)

communication, light and water decreased by P14.45 million (17.7%), (4) taxes and licenses decreased by P96.52 million (68.2%), (5) transportation and travel expenses decreased by P37.76 million (55.3%), (6) rental expense decreased by P17.48 million (50.6%), and (7) representation and entertainment decreased by P5.94 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 increased 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	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
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 2020 Compared to June 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 ₱ 174.72 million (835.9%) from ₱20.90 million in the same period in 2019. This increase in income was mainly due to gain on sale of investment property.

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

Financial Position

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

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

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

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

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

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

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

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

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

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

Investments in associates increased by ₱497.68 million (60.4%) to ₱1.32 billion in 2020 compared to ₱824.17 million in 2019 mainly due to disposal of previously subsidiary company, 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 ₱789.12 million (47934.4%) to ₱790.76 million in 2020 compared to ₱1.65 million in 2018 mainly due to advance payment for acquisition of property.

Total liabilities of the Group increased by ₱3.98 billion (46.6%) to ₱12.54 billion as of 30 June 2020, from ₱8.55 billion as of 30 June 2019 mainly due to increase in loans

payable and borrowings and recognition of lease liability for the adoption of new standard..

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

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

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

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

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

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

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

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

Key Performance Indicators

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

ensure the highest possible bank interest income in view of the appropriate tolerable risks.

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

The Corporation uses the following computations in obtaining key indicators:

Key Performance Indicator	Formula
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
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	$\frac{\text{Net Income}}{\text{Total Assets}}$

Information on Independent Accountant

For professional services rendered on the audit of the financial statements of the Corporation and its subsidiaries, Punongbayan&Araullo was paid the amounts of Php 210,000.00 for its audit on the Corporation, Php 250,000.00 for its audit on Perdana Hotel Philippines Inc. (PHPI), and Php 80,000.00 for Floridablanca Enviro Corporation (FEC) for the fiscal year end of 30 June 2022.

For professional services rendered on the audit of the financial statements of the Corporation and its subsidiaries, Punongbayan&Araullo was paid the amounts of Php 175,000.00 for its audit on the Corporation, Php 200,000.00 and Php 60,000.00 for its audit on PHPI and FEC for the fiscal year end 30 June 2021. The amounts of Php198,000.00 was paid for its audit on the Corporation, Php240,000.00 for its audit on Perdana Hotel Philippines Inc. (PHPI), and Php24,000.00 for Floridablanca Enviro Corporation (FEC) for the previous fiscal year end of 30 April 2020 and for the new

financial year ending 30 June 2020, the amount of Php 132,000.00 was paid for its audit on the Corporation, Php 97,600.00 and Php 8,600.00 for its audit on PHPI and FEC. And for financial year 2019, the amount of Php 165,000.00 was paid for its audit on the Corporation, Php 425,000.00 and Php 190,000.00 for its audit on PGM and PHPI.

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

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

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

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

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

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

Discussion on Compliance with leading practice on Corporate Governance

The Corporation's evaluation system is headed by its Chief Financial Officer Mr. Tan EngHwa assisted by the Assistant Corporate Secretary Ms. Marie Lourdes Sia-Bernas in determining the level of compliance of the Board of Directors with its *Manual of Corporate Governance*.

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

The Corporation submitted its Integrated Annual Corporate Governance Report on 30 June 2022. The Integrated Annual Corporate Governance Report is available for inspection by shareholders at reasonable hours on business days.

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

Market Price of the Company's Shares of Stock

The shares of stock of Berjaya Philippines Inc. are traded on the Philippine Stock Exchange (PSE). The high and low sales prices for certain dates commencing 27 January 2021 to 26 September 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 Berjaya Philippines Inc.'s ability to pay dividends on common equity. There are no such likely restrictions or limitations foreseen in the future.

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

ALL REQUESTS MUST BE ADDRESSED TO:

***JOSE A. BERNAS, Esq.
The Corporate Secretary
Berjaya Philippines Inc.
c/o Bernas Law Offices
4th Floor Raha Sulayman Building
108 Benavidez Street, Legaspi Village, Makati City
Metro Manila, 1229***

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


TAN ENG HWA
President

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

P	R	E		W	A	R		4	7	6
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COMPANY NAME

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

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Department requiring the report

S	E	C	
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Secondary License Type, If Applicable

N/A

COMPANY INFORMATION

Company's Email Address

blaw@attglobal.net

Company's Telephone Number/s

811-0668

Mobile Number

--

No. of Stockholders

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

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Page No.
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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

Punongbayan & Araullo20th 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]**9th Floor, Rufino Pacific Tower

6784 Ayala Avenue, Makati City

Opinion

We have audited the consolidated financial statements of Berjaya Philippines Inc. and Subsidiaries (the Group), which comprise the consolidated statements of financial position as at June 30, 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.

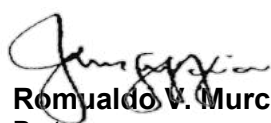
We communicate with those charged with governance regarding among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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
<u>A S S E T S</u>			
CURRENT ASSETS			
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
NON-CURRENT ASSETS			
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
ASSETS HELD FOR SALE	17	87,248,084	87,911,179
TOTAL ASSETS		P 24,148,053,174	P 19,737,222,642
<u>LIABILITIES AND EQUITY</u>			
CURRENT LIABILITIES			
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
NON-CURRENT LIABILITIES			
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
EQUITY			
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
TOTAL LIABILITIES AND EQUITY		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
REVENUES				
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>
COSTS AND OPERATING EXPENSES				
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>
OPERATING PROFIT (LOSS)		<u>1,051,691,493</u>	<u>758,525,090</u>	<u>(43,868,773)</u>
OTHER INCOME (CHARGES)				
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>
PROFIT BEFORE TAX		<u>1,204,341,907</u>	<u>737,760,679</u>	<u>151,752,983</u>
TAX EXPENSE	26	<u>263,462,336</u>	<u>198,602,935</u>	<u>89,027,454</u>
NET PROFIT		<u>940,879,571</u>	<u>539,157,744</u>	<u>62,725,529</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss				
Actuarial gain (loss) on remeasurement of post-employment benefit obligation - net of tax	22, 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>		P 245,163,596	P 101,441,172	(P 317,526,548)
Item that will be reclassified subsequently to profit or loss				
Translation adjustment	2	(47,247,936)	305,171,196	(185,262,776)
TOTAL COMPREHENSIVE INCOME (LOSS)		P 1,138,795,231	P 945,770,112	(P 440,063,795)
Net profit attributable to:				
Parent Company's shareholders		P 938,005,536	P 528,956,479	P 54,033,165
Non-controlling interest		2,874,035	10,201,265	8,692,364
		P 940,879,571	P 539,157,744	P 62,725,529
Total comprehensive income (loss) attributable to:				
Parent Company's shareholders		P 1,135,921,196	P 935,568,847	(P 448,756,159)
Non-controlling interest		2,874,035	10,201,265	8,692,364
		P 1,138,795,231	P 945,770,112	(P 440,063,795)
Earnings Per Share - Basic and Diluted	27	P 0.216	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
CASH FLOWS FROM OPERATING ACTIVITIES				
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
CASH FLOWS FROM INVESTING ACTIVITIES				
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)
CASH FLOWS FROM FINANCING ACTIVITIES				
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)
EFFECT OF EXCHANGE RATE CHANGES TO CASH		103,208,736	(7,831,902)	(7,940,038)
NET INCREASE (DECREASE) IN CASH		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>	P 1,044,127,480	(P 832,124,898)	P 406,648,100
CASH AT BEGINNING OF YEAR	<u>621,756,192</u>	<u>1,453,881,090</u>	<u>1,047,232,990</u>
CASH AT END OF YEAR	<u>P 1,665,883,672</u>	<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 9th Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City. BLML's registered address is at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong and the ultimate parent company's registered office is at Lot13-01A, Level 13 (East Wing), Berjaya Times Square, No. 1, Jalan Imbi 55100 Kuala Lumpur, Malaysia.

1.2. Subsidiaries and Associates

The Parent Company holds ownership interests in the following entities as at June 30:

Subsidiaries/Associates	Short Name	Explanatory Notes	Effective % of Ownership	
			2022	2021
Subsidiaries:				
Services:				
Perdana Hotel Philippines Inc.	PHPI	(a)	100.00%	100.00%
Floridablanca Enviro Corporation	FEC	(b)	100.00%	100.00%
Holding Company –				
eDoc Holdings Limited	eDoc Holdings	(e)	100.00%	100.00%
Motor Vehicle Dealership:				
H.R. Owen Plc	H.R. Owen	(c)	100.00%	100.00%
Broughtons of Cheltenham Limited		(d)	100.00%	100.00%
H.R. Owen Dealership Limited		(d)	100.00%	100.00%
Jack Barclay Limited		(d)	100.00%	100.00%
Holland Park Limited	Holland Park	(d)	100.00%	100.00%
Bodytechnics Limited	Bodytechnics	(d)	100.00%	100.00%
Upbrook Mews Limited	Upbrook Mews	(d)	100.00%	100.00%
H.R. Owen Insurance Services Limited	H.R.O. Insurance	(d)	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%
Associates:				
Berjaya Pizza Philippines Inc.	BPPI	(g)	48.38%	48.38%
Neptune Properties, Incorporated	NPI	(b)	41.46%	41.46%
Sanpiro Realty and Development Corporation	SRDC	(b)	41.46%	41.46%
Philippine Gaming Management Corporation	PGMC	(f)	40.00%	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 9th Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City while its principal place of business is located at 7835 Makati Avenue corner Eduque Street, Makati City.

- (b) In April 2017, the Company made a 100% investment in FEC amounting to P249,993. FEC was incorporated on April 7, 2017 and is registered to engage in the business of protecting and cleaning the environment. In March 2019, SEC approved the increase in authorized capital stock of FEC to P160,000,000. Subsequently, the Company acquired 120,000,000 and 39,750,000 additional shares in 2020 and 2019, respectively, at P1 per share. 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 9th Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City.

On June 26, 2019, the BOD of PGMC announced a proposal to issue the remaining 5,000,000 common shares from the unsubscribed capital of PGMC. The BOD of the Parent Company expressed its intention not to exercise its preemptive rights on the issuance of new shares of PGMC and executed a waiver to that effect. Consequently, PGMC issued the remaining 5,000,000 unsubscribed shares to other stockholders on July 3, 2019.

On June 27, 2019, the BOD of the Parent Company authorized the sale of 1,000,000 common shares of PGMC amounting to P117,150,000. 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 9th Floor Rufino Pacific Tower, 6784 Ayala Avenue, Makati City. SRDC's registered address, which is also its principal place of business, is located at Units 209-210, Atrium of Makati, Makati Avenue, Makati City.
- (i) PLPI was incorporated in the Philippines and started its commercial operations on May 1, 2010 engaging in leasing real properties. BPI made additional investment amounting to P32,000,000 which maintained the 40% percentage ownership in March 2019. The registered office of PLPI, which is also its principal place of business, is located at 9th Floor, Rufino Pacific Tower, 6784, Ayala Avenue, Makati City.
- (j) CPI was incorporated in the Philippines on September 28, 2012 and has not yet started its commercial operations as of June 30, 2022. The registered office and principal place of business of CPI is located at 9th Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City.

- (k) In July 2019, BPI acquired 30% ownership interest in BAAI. BAAI was incorporated on November 20, 2017 and is primarily engaged in the business of dealing all types of new automobiles, trucks, and other motor vehicles and any parts, supplies or accessories used in connection therewith. BAAI started its commercial operations 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 9th Floor, Rufino Pacific Tower, 6784 Ayala Ave. corner V. A. Rufino St., Makati City.
- (l) BAPI was incorporated on August 10, 2012 and started commercial operations on January 1, 2013. BAPI is currently engaged in distribution of motor vehicles. In 2017, the Group's effective ownership interest over BAPI decreased to 25.48% due to issuance of capital stock of BAPI to other stockholders. In 2018, the Group made additional investment in BAPI amounting to P25,516,453 which resulted to the increase in its effective ownership interest over BAPI to 28.28%. BAPI's registered office and principal place of business is at the 9th Floor Rufino Pacific Tower, 6784 Ayala Avenue, Makati City.
- (m) In April 2018, BPI acquired 25% ownership interest in CBFC amounting to P62,500,000. CBFC was incorporated in September 2017 to engage in offering of leasing, installment, factoring, corporate direct loan and other financing services. CBFC started commercial operations in November 2017. In May 2019 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 9th Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City.
- (o) VideoDoc was incorporated in July 2014 to engage in the business of providing online health consultations and private care service to patients. VideoDoc's registered office and principal place of business is located at International House, 1-6 Yarmouth Place, London, England, W1J 7BU. 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	P 1,459,848,176	P 545,979,170
Php – USD	184,941,100	44,891,193
Php – MYR	207,785	2,128,380
Php – EUR	-	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	P 1,665,883,672	P 621,756,192
Trade and other receivables – net	8	2,239,748,621	1,894,269,594
Advances to associates – net	13	2,091,457,052	2,072,075,320
Refundable deposits	10	<u>4,130,582</u>	<u>72,349,253</u>
		<u>P 6,001,219,927</u>	<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
June 30, 2022								
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
June 30, 2021								
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.

		2022		
		Current	Non-current	
		Within	More than 1	More than
		One Year	to 5 Years	5 Years
	<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	-
		<u>P 4,933,068,472</u>	<u>P 937,066,406</u>	<u>P 1,011,199,216</u>
		2021		
		Current	Non-current	
		Within	More than 1	More than
		One Year	to 5 Years	5 Years
	<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	-
		<u>P 4,166,065,074</u>	<u>P 707,277,376</u>	<u>P 336,778,916</u>

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	P 209,435,533	P 175,235,031	P 36,720,903,294	P 37,105,573,858
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	P 127,872,091	P 62,007,450	P 35,641,310,601	P 35,831,190,142

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Profit or loss			
Segment profit before tax	P 1,274,383,716	P 712,454,900	P 146,673,239
Elimination of intersegment income	(70,041,809)	(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	<u>P 1,204,341,907</u>	<u>P 737,760,679</u>	<u>P 151,752,983</u>
	<u>2022</u>	<u>2021</u>	
Assets			
Segment assets		P 27,480,384,243	P 23,203,462,462
Elimination of intercompany accounts		(3,332,331,069)	(3,466,239,820)
Total assets from continuing operations as reported in the consolidated statements of financial position		<u>P 24,148,053,174</u>	<u>P 19,737,222,642</u>
Liabilities			
Segment liabilities		P 15,488,685,180	P 12,211,784,973
Elimination of intercompany accounts		(1,259,766,271)	(1,344,888,030)
Total liabilities from continuing operations as reported in the consolidated statements of financial position		<u>P 14,228,918,909</u>	<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	P1,472,378,280	P1,105,559,684
Trade receivables		748,179,084	585,794,634
Receivables from sale of investment in a subsidiary	1.2(f), 13	32,550,000	90,150,000
Manufacturer's bonuses		10,225,817	140,841,516
Due from a related party	24.7	666,953	1,008,071
Payments for future acquisition of investments	24.4	207,785	2,128,380
Advances to officers and employees	24.10	46,628	62,845
Deposit for future stock subscriptions	24.2	-	8,000,000
Other receivables		199,469,389	65,097,896
		2,463,723,936	1,998,643,026
Allowance for impairment		(24,251,513)	(29,084,311)
		<u>P2,439,472,423</u>	<u>P1,969,558,715</u>

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

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

	<u>2022</u>	<u>2021</u>
<i>Balance carried forward</i>	<u>P3,387,245,412</u>	<u>P2,584,985,217</u>
At net realizable value:		
Vehicles	1,147,929,280	802,183,136
Parts and components	<u>245,804,275</u>	<u>252,199,162</u>
	1,393,733,555	1,054,382,298
Allowance for inventory writedown	(<u>179,593,201</u>)	(<u>154,778,285</u>)
	<u>1,214,140,354</u>	<u>899,604,013</u>
	<u>P4,601,385,766</u>	<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	P 154,778,285	P 252,220,874
Additional allowance during the year	286,912,971	317,364,524
Write-off during the year	(255,250,278)	(447,408,754)
Translation adjustment – net	(<u>6,847,777</u>)	<u>32,601,641</u>
Balance at end of year	<u>P 179,593,201</u>	<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	P 522,008,107	P 348,552,834
VAT recoverable		469,638,043	262,660,476
Prepaid taxes		188,768,523	41,796,998
Input VAT		81,549,368	90,894,783
Advances to suppliers		26,142,096	34,083,674
Creditable withholding tax		6,936,423	6,368,306
Deferred input VAT		3,732,809	-
Refundable deposits		<u>3,359,127</u>	<u>71,577,798</u>
<i>Balance brought forward</i>		<u>1,302,134,496</u>	<u>855,934,869</u>

	<u>2022</u>	<u>2021</u>
<i>Balance carried forward</i>	<u>P1,302,134,496</u>	<u>P 855,934,869</u>
Non-current:		
Deferred input VAT	3,887,196	6,676,790
Refundable deposits	<u>771,455</u>	<u>771,455</u>
	<u>4,658,651</u>	<u>7,448,245</u>
	<u>P1,306,793,147</u>	<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	P 475,237,656	P1,066,701,837
Unquoted	<u>413,182,953</u>	<u>5,578,377</u>
	<u>P 888,420,609</u>	<u>P1,072,280,214</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		P1,072,280,214	P1,259,093,353
Disposals during the year		(290,831,946)	(220,326,405)
Fair value gains – net	25.4	103,545,591	7,509,510
Additions during the year	11.1	<u>3,426,750</u>	<u>26,003,756</u>
Balance at end of year		<u>P 888,420,609</u>	<u>P1,072,280,214</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	P	1,298,575,391	P 4,540,309	P 251,519,160	P 1,198,210	P 1,740,629	P 458,479,386	P 665,294,553	P 2,359,886,111	P 5,041,233,749
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	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
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	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

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	<u>P 1,298,575,391</u>	<u>P 4,540,309</u>	<u>P 251,519,160</u>	<u>P 1,198,210</u>	<u>P 1,740,629</u>	<u>P 458,479,386</u>	<u>P 665,294,553</u>	<u>P 2,359,886,111</u>	<u>P 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	<u>P 757,109,976</u>	<u>P 6,382,387</u>	<u>P 265,761,753</u>	<u>P 1,403,111</u>	<u>P 1,661,457</u>	<u>P 608,681,216</u>	<u>P 670,353,688</u>	<u>P 1,347,533,829</u>	<u>P 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
Disposals	-	(381,929)	(4,339,165)	-	(26,786)	-	-	-	(4,747,880)
Reclassifications	-	-	-	-	-	136,844,622	-	(136,844,622)	-
Depreciation and amortization									
charges for the year	(14,451,266)	(6,623,606)	(72,633,114)	(580,475)	(435,207)	(104,844,813)	-	-	(199,568,481)
Translation adjustment	-	(260,144)	(5,154,055)	-	-	(27,987,111)	(10,404,943)	(8,410,335)	(52,216,588)
Balance at June 30, 2020									
net of accumulated									
depreciation and amortization	<u>P 576,372,853</u>	<u>P 5,338,310</u>	<u>P 194,198,921</u>	<u>P 1,825,110</u>	<u>P 1,755,573</u>	<u>P 610,848,862</u>	<u>P 249,043,122</u>	<u>P 497,184,286</u>	<u>P 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
June 30, 2022												
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>
		<u>P 607,743</u>	<u>P 466,592</u>	<u>P 424,887</u>	<u>P 500,389</u>	<u>P -</u>	<u>P -</u>	<u>P 1,207,261</u>	<u>P 34,213</u>	<u>P 112,192</u>	<u>P -</u>	<u>P 3,353,277</u>

	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		BAPI		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	P	169,457,000		P -	P	424,886,952	P	500,388,669	P	20,682,266	P 112,192,270
2021											
	PLPI		BPPI		BAPI		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	P	172,421,413		P -	P	401,680,427	P	459,596,156	P	39,387,930	P 92,986,762

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	P 787,773,698	P 793,763,435
Dealership rights	690,194,809	695,443,030
Customer relationship - net	13,444,255	17,512,096
	<u>P 1,491,412,762</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		<u>P 787,773,698</u>	<u>P 690,194,809</u>	<u>P 13,444,255</u>	<u>P 1,491,412,762</u>
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>
Goodwill:								
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%
Dealership rights:								
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.

	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, 2022					
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>P 89,237,654</u>	<u>P 2,669,886,022</u>	<u>P 2,759,123,676</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>P 91,596,358</u>	<u>P 2,808,791,428</u>	<u>P 2,900,387,786</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	P 388,317,792	P 287,353,080
Non-current	<u>2,534,138,592</u>	<u>2,677,893,645</u>
	<u>P 2,922,456,384</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>P 388,317,792</u>	<u>P 312,586,502</u>	<u>P 320,676,358</u>	<u>P 228,962,153</u>	<u>P 259,928,313</u>	<u>P 1,411,985,266</u>	<u>P 2,922,456,384</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>P 287,353,080</u>	<u>P 322,978,849</u>	<u>P 299,399,667</u>	<u>P 210,078,806</u>	<u>P 228,719,911</u>	<u>P 1,616,716,412</u>	<u>P 2,965,246,725</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	P2,965,246,725	P3,063,770,041
Translation adjustment	415,862,301	281,479,313
Interest expense	105,274,257	97,382,705
Additions during the year	-	7,930,686
Repayment of lease liabilities	(458,652,642)	(367,916,872)
Interest paid	(105,274,257)	(97,382,705)
Remeasurement	<u>-</u>	<u>(20,016,443)</u>
Balance at end of year	<u>P2,922,456,384</u>	<u>P2,965,246,725</u>

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>
		<u>P 1,981,740,103</u>	<u>P 2,020,592,820</u>
Non-current –			
Provisions		<u>P 166,919,354</u>	<u>P -</u>

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>
		3,396,894,612	2,563,436,632
Non-current –			
Bank loans	19.1	<u>1,365,735,482</u>	<u>349,487,840</u>
		<u>P4,762,630,094</u>	<u>P 2,912,924,472</u>

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	P 683,487,840	P 577,683,400
Cash flows from financing activities:		
Additional borrowings	1,306,358,670	349,487,840
Repayment of borrowings	(84,000,000)	(274,194,400)
Non-cash financing activity –		
Translation adjustments	(349,487,840)	<u>30,511,000</u>
Balance at end of year	<u>P1,556,358,670</u>	<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	P 32,624,980,350	P25,737,039,667	P 21,686,865,086
Sale of spare parts and accessories	2,094,075,956	1,961,849,431	1,802,275,132
Services and bodyshop	<u>1,770,830,044</u>	<u>1,659,014,271</u>	<u>1,441,542,170</u>
Balance carried forward	<u>P 36,489,886,350</u>	<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>	<u>P 36,489,886,350</u>	<u>P 29,357,903,369</u>	<u>P 24,930,682,388</u>
Hotel operations			
Room accommodation	69,053,586	85,465,104	100,467,590
Food and beverages	22,284,795	22,834,322	27,024,264
Others	<u>2,219,572</u>	<u>3,256,858</u>	<u>3,490,380</u>
	<u>93,557,953</u>	<u>111,556,284</u>	<u>130,982,234</u>
	<u>P 36,583,444,303</u>	<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	P 1,977,419,471	P 2,059,508,257
Additions during the year	3,541,786,553	1,845,913,645
Amount recognized as revenue	(2,058,638,658)	(2,117,739,333)
Translation adjustments	<u>25,830,046</u>	<u>189,736,902</u>
Balance at end of year	<u>P 3,486,397,412</u>	<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		P 85,061,375	P 72,006,770	P 24,054,938
Rent income	15	39,734,822	35,592,423	30,491,846
Gain on disposal of property and equipment	12	4,698,905	-	-
Government grant		2,231,874	61,887,266	132,578,884
Service fee		-	52,560,425	67,110,623
Management fees		-	18,722,284	18,346,412
Miscellaneous		<u>7,760,493</u>	<u>5,724,239</u>	<u>8,036,140</u>
		<u>P 139,487,469</u>	<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>	<u>P 1,784,381,630</u>	<u>P 1,543,847,493</u>	<u>P 1,064,592,209</u>
Post-employment benefits:			
Defined contribution plan	38,471,831	31,346,511	33,723,195
Defined benefit plan	<u>842,624</u>	<u>14,016,157</u>	<u>5,868,838</u>
	<u>39,314,455</u>	<u>45,362,668</u>	<u>39,592,033</u>
	<u>P 1,823,696,085</u>	<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	P 680,863,594	P 945,321,690	
Fair value of plan assets	(991,082,729)	(1,054,140,143)	
	<u>(P 310,219,135)</u>	<u>(P 108,818,453)</u>	
	<u>H.R. Owen</u>	<u>PHPI</u>	<u>Total</u>
<u>June 30, 2022</u>			
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)	<u>(P315,907,342)</u>	<u>P 5,688,207</u>	<u>(P 310,219,135)</u>
<u>June 30, 2021</u>			
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	<u>(P115,920,210)</u>	<u>P 7,101,757</u>	<u>(P 108,818,453)</u>

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	P 945,321,690	P 872,150,413
Actuarial loss	(255,910,230)	(11,488,994)
Current and interest costs	20,007,176	30,739,120
Benefits paid	(18,312,086)	(29,604,243)
Translation adjustment	(10,242,956)	83,525,394
Balance at end of year	<u>P 680,863,594</u>	<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	P 1,054,140,143	P 845,848,676
Actuarial gain (loss)	(70,478,534)	127,581,880
Interest income	20,235,829	14,326,336
Benefits paid by the plan	(19,284,735)	(29,604,243)
Employer's contribution	14,825,773	14,697,108
Translation adjustment	(8,355,747)	81,290,386
Balance at end of year	<u>P 991,082,729</u>	<u>P 1,054,140,143</u>

The plan assets consist of the following:

	<u>2022</u>	<u>2021</u>
Cash in banks	P 2,760,662	P 2,972,663
Equity securities:		
UK equities	430,773,856	428,834,214
Other foreign equities	298,624,854	312,336,678
Debt securities:		
Corporate bonds	173,878,307	203,567,392
Index-linked bonds	<u>85,045,050</u>	<u>106,429,196</u>
	<u>P 991,082,729</u>	<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	P 992,292	P 5,075,561	P 5,073,540
Current service costs	842,624	904,575	795,298
Net interest costs (income)	(2,063,569)	613,543	(569,385)
Past service cost and settlement loss	<u>-</u>	<u>9,819,105</u>	<u>-</u>
	<u>(P 228,653)</u>	<u>P 16,412,784</u>	<u>P 5,299,453</u>
<i>Reported in consolidated other comprehensive income or loss:</i>			
Remeasurement gains (losses) arising from changes in:			
Financial assumptions	P 268,890,304	P 9,022,959	(P 101,459,686)
Experience adjustments	(14,333,124)	674,843	38,161,653
Demographic assumptions	1,353,050	1,791,192	39,221,576
Return on plan assets	(70,478,534)	127,581,880	(36,531,191)
Tax effect	<u>(46,348,950)</u>	<u>(34,767,718)</u>	<u>11,631,292</u>
	<u>P 139,082,746</u>	<u>P 104,303,156</u>	<u>(P 48,976,356)</u>

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	P170,094,501	P142,432,344	P 90,824,461
Dividend income	11.2	11,793,182	16,356,021	22,612,711
Foreign currency Gains – net		5,895,888	-	-
		<u>P187,783,571</u>	<u>P158,788,365</u>	<u>P113,437,172</u>

23.2 Finance Costs and Other Charges

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

24. RELATED PARTY TRANSACTIONS

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

Related Party Category	Notes	Amount of Transactions			Outstanding Balance Receivable (Payable)	
		2022	2021	2020	2022	2021
Parent Company –						
Cash advances paid (obtained)	24.3	P 4,189,384	P 179,496,760	P 56,993,562	(P 232,300,938)	(P 236,490,322)
Associates:						
Cash advances granted	13.1, 24.1	19,381,732	64,843,353	242,402,751	2,091,457,052	2,072,075,320
Cash advances paid (obtained)	24.3	127,349,963	5,593,447	276,439,546	(495,551,392)	(622,901,355)
Advances for stock subscription	8, 24.2	-	8,000,000	46,970,000	-	-
Related party under common ownership:						
Advances	24.7	(341,185)	1,008,138	-	666,953	1,008,138
Payments for future acquisition of investment securities	8, 24.4	(1,920,595)	(597,194)	462,460	207,785	2,128,380
Purchase of spare parts and accessories	18, 24.5	-	-	(91,787)	-	-
Amortization of right-of-use asset	24.8	2,358,704	2,562,868	2,878,377	-	-
Share in allocated expenses	18, 24.6	2,121,124	1,716,240	3,111,441	(7,079,028)	(4,957,904)
Advance rental	10, 24.8	-	-	(12,000,000)	-	-
Right-of-use asset	16, 24.8	(2,358,704)	26,179,312	114,630,550	89,237,654	91,596,358
Lease liabilities	16, 24.8	233,899	(23,902,584)	107,994,340	(83,857,857)	(84,091,756)
Directors, officers and employees:						
Key management compensation	24.9	205,547,520	98,900,980	87,610,195	-	-
Advances	8, 24.10	16,217	334,977	(3,303,408)	46,628	62,845
Sale of vehicles	24.10	25,712,829	87,523,368	125,674,668	-	-
Loan paid	24.10	(16,802,300)	1,466,875	(942,500)	-	(16,802,300)
Deposits for future purchase	24.10	16,234,084	11,262,514	(3,228,214)	(58,834,232)	(42,600,148)
Payment to purchase a vehicle	24.10	1,014,400	33,604,600	92,012,550	133,404,000	134,418,400
Others –						
Deposits	24.12	(366,818,596)	(1,105,559,684)	(155,425,274)	1,472,378,280	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	P 1,186,578,917	P 1,142,488,420
BPPI	531,213,421	532,858,529
PLPI	438,285,560	438,592,760
CPI	<u>3,023,496</u>	<u>3,023,496</u>
	2,159,101,394	2,116,963,205
Allowance for impairment	<u>(67,644,342)</u>	<u>(44,887,885)</u>
	<u>P2,091,457,052</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		P2,072,075,320	P 2,007,231,967
Interest earned			
during the year	23.1	81,738,189	95,639,328
Additions during the year – PLPI		-	14,000,000
		2,153,813,509	2,116,871,295
Collections during the year		(39,600,000)	(10,000,000)
Impairment loss	13	(22,756,457)	(34,795,975)
Balance at end of year	13	<u>P2,091,457,052</u>	<u>P 2,072,075,320</u>

24.2 Advances for Stock Subscription

In 2019, the Parent Company made a deposit for future stock subscriptions to CBFC amounting to P50,000,000, which was 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	P 495,551,392	P 622,901,355
BLML	<u>232,300,938</u>	<u>236,490,322</u>
	<u>P 727,852,330</u>	<u>P 859,391,677</u>

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

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

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>
<u>BLML</u>		
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>
<u>PGMC</u>		
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	P 4,957,904	P 3,241,664
Expenses incurred during the year	3,444,849	3,401,486
Payments made during the year	(1,323,725)	(1,685,246)
Balance at end of year	<u>P 7,079,028</u>	<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	P 193,570,878	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>
	<u>P 205,547,520</u>	<u>P 98,900,980</u>	<u>P 87,610,195</u>

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	P14,228,918,909	P10,866,896,943
Total equity	<u>9,919,134,265</u>	<u>8,870,325,699</u>
Debt-to-equity ratio	<u>1.43 : 1.00</u>	<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
<i>Fair value changes on financial assets at FVOCI</i>				
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)
<i>Measurement of post-employment benefits</i>				
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)
<i>Revaluation surplus</i>				
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	P 247,409,121	P 156,920,914	P 46,941,190
MCIT at 1% in 2022 and 2021, and 2% in 2020	286,376	-	-
Final tax on passive income at 20%, 15% and 7.5%	19,436	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>247,714,933</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	14,726,666	30,768,449	26,117,557
Deferred tax expense due to change in tax rate	<u>1,020,737</u>	<u>11,130,546</u>	<u>-</u>
	<u>15,747,403</u>	<u>41,898,995</u>	<u>26,117,557</u>
	<u>P 263,462,336</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	P 46,348,950	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>P 46,348,950</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	P 301,085,477	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	<u>P 263,462,336</u>	<u>P198,602,935</u>	<u>P 89,027,454</u>

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	P 87,932,641	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>
	<u>P 72,620,022</u>	<u>P 82,368,873</u>
Deferred tax liabilities – net:		
Rolled-over and held over capital gains	P110,267,277	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>
	<u>P175,235,025</u>	<u>P123,918,678</u>

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

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

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>	
	<u>P 68,467,815</u>	<u>P -</u>	<u>(P 1,621,864)</u>	<u>(P 10,876,806)</u>	<u>P 55,969,145</u>	

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>	
	<u>P 1,084,912</u>	<u>(P 798,536)</u>	<u>P -</u>	<u>P -</u>	<u>P 286,376</u>	

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	P 938,005,536	P 528,956,479	P 54,033,165
Divided by weighted average number of outstanding shares	<u>4,341,280,693</u>	<u>4,341,280,772</u>	<u>4,341,280,855</u>
Earnings per share	<u>P 0.216</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
Financial Assets					
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>
Financial Liabilities					
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
Financial assets:					
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
		P 1,665,883,672	P -	P 4,555,580,099	P 6,221,463,771
Financial liabilities:					
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
		P -	P -	P 7,288,018,581	P 7,288,018,581
		2021			
		Level 1	Level 2	Level 3	Total
Financial assets:					
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
		P 621,756,192	P -	P 4,038,694,167	P 4,660,450,359
Financial liabilities:					
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
		P -	P -	P 4,974,044,584	P 4,974,044,584

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

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Berjaya Philippines Inc. and Subsidiaries (the Group) for the year ended June 30, 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

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

Berjaya Philippines Inc. and Subsidiaries
SEC Released Amended SRC Rule 68
Annex 68-J
Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
June 30, 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		
Related Parties:							
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>
Total	<u>P 2,120,007,777</u>	<u>P 81,830,068</u>	<u>(P 39,600,000)</u>	<u>P -</u>	<u>-</u>	<u>-</u>	<u>P 2,162,237,845</u>

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>
Total	<u>P 1,256,717,154</u>	<u>P 3,700,000</u>	(<u>P 20,000,000</u>)	<u>P -</u>	(<u>P 1,454,361</u>)	<u>P 1,238,962,793</u>	<u>P -</u>	<u>P 1,238,962,793</u>

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	P <u>1,556,358,670</u>	P <u>190,623,188</u>	P <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	<u>P 10,000,000</u>	<u>P 10,000,000</u>	Corporate guarantee

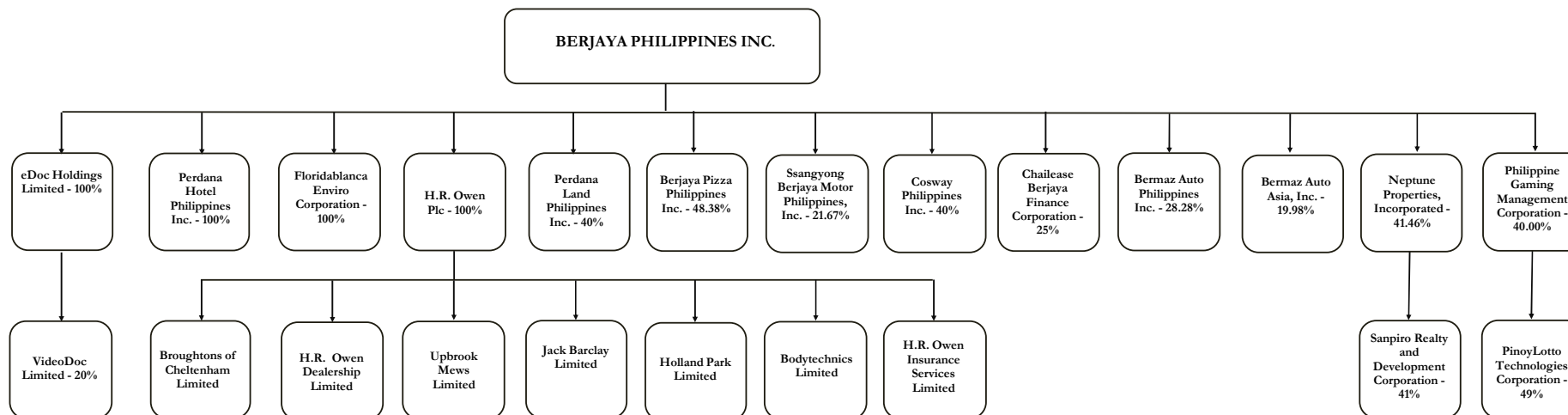
** The loans of BPPI from a certain local financial institution are secured by Berjaya Philippines Inc.*

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

Unappropriated Retained Earnings at Beginning of Year, as Reported in the Audited Financial Statements			P 2,812,392,338
Prior Year's Outstanding Reconciling Items, net of tax			
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>)	
Unappropriated Retained Earnings Available for Dividend Declaration at Beginning of Year, as Adjusted			2,809,572,082
Net Loss Actually Earned during the Year			
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>	
Unappropriated Retained Earnings Available for Dividend Declaration at End of Year			<u><u>P 2,897,456,902</u></u>

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

Punongbayan & Araullo
20th 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	1.270	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)	0.431	0.366
Solvency ratio	EBITDA / Total debt (Total debt includes interest bearing loans and borrowings and bonds payable)	0.461	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)	1.434	1.225
Asset-to-equity ratio	Total assets / Total stockholders' equity	2.434	1.816
Interest rate coverage ratio	EBIT / Total Interest (Non-recurring gain is excluded from EBIT)	5.087	5.388
Return on investment	Net profit / Total stockholders' equity	0.100	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	0.100	0.060
Return on assets	Net profit/ Total assets	0.043	0.027
Net profit margin	Net profit / Total revenues	0.026	0.018

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **CASEY M. BARLETA**, Filipino, of legal age, with address at The Bellagio Tower I, 1st Avenue corner Burgos Circle, Bonifacio Global City 1634, Taguig City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **BERJAYA PHILIPPINES INC.** and have been its independent director since 17 August 2020.
2. I am affiliated with the following companies or organizations :

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

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **BERJAYA PHILIPPINES INC.** as provided for in Section 38s of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am not related to any director, officer or substantial shareholder of **BERJAYA PHILIPPINES INC.** other than the relationship provided under Rule 38 of the Securities Regulation Code.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its

Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

7. I shall inform the Corporate Secretary of **BERJAYA PHILIPPINES INC.** of any changes in the abovementioned information within five days from its occurrence.

Executed this 24th day of October 2022 at Makati City, Metro Manila.



CASEY M. BARLETA
Affiant

SUBSCRIBED AND SWORN to before me this 24th day of October 2022 at the City of Makati, Metro Manila, affiant personally appeared before me and exhibited to me his Passport with number P7572446B issued at Manila on 12 September 2021.

Doc. No. 4042 ;
Page No. 675 ;
Book No. viii ;
Series of 2022.


CHARLES FRANCIS F. DECANGCHON
Commission No. M-214
Notary Public-City of Makati
Until 31 December 2021
Extended until 31 December 2022, as per B.M. No. 2795
Bernas Law Offices
4th Floor Raha Sulayman Bldg., 108 Benavidez St.,
Legaspi Village, Makati City
IBP Membership No. 174807 / 05 January 2022 / RSM
PTR No. 8852857 / 04 January 2022 / Makati City
Roll of Attorneys No. 70008

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **PONCEVIC M. CEBALLOS**, Filipino, of legal age, with address at 7 Laurel Street, Xavierville 3, Loyola Heights, Quezon City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **BERJAYA PHILIPPINES INC.** and have been its independent director since 23 November 2021.
2. I am affiliated with the following companies or organizations :

COMPANY / ORGANIZATION	POSITION / RELATIONSHIP	SINCE
Berjaya Philippines Inc.	Director Member of the Audit Committee	Oct. 15, 2020 - present
Ateneo de Manila School of Law	Professor	1990-present
Wesleyan University Philippine Law School	Professor	present
Cor Jesu College of Law	Professor	present
Liceo Law, Cagayan de Oro	Dean, Professor	2010-2011
Philippine Christian University Law School	Associate Dean, Professor	2015 to 2017
Letran College, Doctorate in Business Administration	Professor	2016-2017
University of Hongkong	Guest Lecturer	
Ateneo School of Law	MCLE Lecturer	
Ceballos Bar Trends Corp.	Owner, director	
Bohol Enterprises, Inc.	Owner, director	
Ceballos Holdings Corp.	Owner, director	
NIKAPRO Realty Corp	Owner, director	
Baesa Summit Holdings Corp	Owner, director	
Angels & Lemons Bistros, Inc.	Owner, director	
QMarketz Corp	Director, Corporate Secretary	
Automart.ph	Director, Corporate Secretary	
Motomart.ph	Director, Corporate Secretary	

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **BERJAYA PHILIPPINES INC.** as provided for in Section 38s of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am not related to any director, officer or substantial shareholder of **BERJAYA PHILIPPINES INC.** other than the relationship provided under Rule 38 of the Securities Regulation Code.




5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
7. I shall inform the Corporate Secretary of **BERJAYA PHILIPPINES INC.** of any changes in the abovementioned information within five days from its occurrence.

Executed this 28th day of October 2022 at Makati City, Metro Manila.


PONCEVIC M. CEBALLOS
Affiant

SUBSCRIBED AND SWORN to before me this 28th day of October 2022 at the City of Makati, Metro Manila, affiant personally appeared before me and exhibited to me his LTO driver's license bearing number N05-77-015305 with expiry date on 6 September 2022.

Doc. No. 4654 ;
Page No. 78 ;
Book No. VIII ;
Series of 2022.


CHARLES FRANCIS F. DECANGCHON
Commission No. M-214
Notary Public-City of Makati
Until 31 December 2021
Extended until 31 December 2022, as per B.M. No. 3735
Bernas Law Offices
4th Floor Raha Sulayman Bldg., 108 Benavidez St.,
Legaspi Village, Makati City
IBP Membership No. 174807 / 05 January 2022 / RSM
PTR No. 8852867 / 04 January 2022 / Makati City
Roll of Attorneys No. 70308



Bernas Law Compliance <compliance@bernaslaw.com>

Berjaya Philippines Inc. SEC Form 17-Q for the quarter ended 31 March 2022

3 messages

Bernas Law Compliance <compliance@bernaslaw.com>

Fri, May 13, 2022 at 11:45 AM

To: ictdsubmission@sec.gov.ph, MSRD COVID19 <msrd_covid19@sec.gov.ph>

Cc: Bernas Jose <bernaslaw@gmail.com>, Malu Bernas <msb@bernaslaw.com>

Gentlemen,

We submit herewith the Quarterly Report of Berjaya Philippines Inc. for the quarter ended 31 March 2022.

Very truly yours,

Jenny S. Peñaflor

Bernas Law Offices

6th Floor Raha Sulayman Building,

108 Benavidez St., Legaspi Village, Makati City

1229 Metro Manila

(632) 8810-1814 / (632) 8892-7470

 **17Q-31 March 2022.pdf**
3229K

ICTD Submission <ictdsubmission+canned.response@sec.gov.ph>

Fri, May 13, 2022 at 11:45 AM

To: compliance@bernaslaw.com

Your report/document has been SUCCESSFULLY ACCEPTED by ICTD.

(Subject to Verification and Review of the Quality of the Attached Document)

Official copy of the submitted document/report with Barcode Page (Confirmation Receipt) will be made available after 15 days from receipt through the SEC Express System at the SEC website at www.sec.gov.ph

NOTICE

Please be informed that pursuant to SEC Memorandum Circular No. 3, series of 2021, scanned copies of the printed reports with wet signature and proper notarization shall be filed in PORTABLE DOCUMENT FORMAT (PDF) **Secondary Reports** such as: 17-A, 17-C, 17-L, 17-Q, ICASR, 23-A, 23-B, I-ACGR, Monthly Reports, Quarterly Reports, Letters, through email at

ictdsubmission@sec.gov.ph

Note: All submissions through this email are no longer required to submit the hard copy thru mail, eFAST/OST or over-the-counter.

For those applications that require payment of filing fees, these still need to be filed and sent via email with the SEC RESPECTIVE OPERATING DEPARTMENT.

Further, note that other reports shall be filed thru the **ONLINE SUBMISSION TOOL (OST)** such as:

AFS, GIS, GFFS, LCFS, LCIF, FCFS, FCIF, IHFS, BDFS, PHFS etc. ANO, ANHAM, FS-PARENT, FS-CONSOLIDATED, OPC_AO, AFS WITH NSPO FORM 1,2,3 AND 4,5,6, AFS WITH NSPO FORM 1,2,3 (FOUNDATIONS)

FOR MC28, please email to:

<https://apps010.sec.gov.ph>

For your information and guidance.

Thank you and keep safe.

MSRD COVID19 <msrd_covid19@sec.gov.ph>
To: Compliance Files <compliance@bernaslaw.com>
Cc: "FRANCO B. DELFIN" <fbdelfin@sec.gov.ph>

Wed, May 25, 2022 at 11:23 AM


Dear Sir/Madam,

Acknowledging receipt of your email below with its attachments.

Thank you.

Regards,

MARKETS AND SECURITIES REGULATION DEPARTMENT
PHILIPPINE SECURITIES AND EXCHANGE COMMISSION
[Quoted text hidden]

 **17Q-31 March 2022.pdf**
3229K

COVER SHEET

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S.E.C. Registration Number

B	E	R	J	A	Y	A		P	H	I	L	I	P	P	I	N	E	S				
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I	N	C	.																		
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(Company's Full Name)

9	F			R	U	F	I	N	O		P	A	C	I	F	I	C		T	O	W	E	R
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6	7	8	4			A	Y	A	L	A		A	V	E	N	U	E		C	O	R	.	
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H	E	R	R	E	R	A		S	T	R	E	E	T		M	A	K	A	T	I		
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Business Address: No. Street City/Town/Province

Atty. Malu Sia-Bernas Contact Person																							
---	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

811-0668/810-1814 Company/Telephone Number																							
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Month

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FORM TYPE

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Month

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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

LCU

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Document I.D.

Cashier

STAMPS																			
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Remarks - pls. use black ink for scanning purposes

BERJAYA PHILIPPINES, INC.

(Company's Full Name)

9/F Rufino Pacific Tower, 6784 Ayala Avenue corner V.A. Rufino
(formerly Herrera) Street, Makati City

(Company's Address)

811-0668 / 810-1814

(Telephone Number)

JUNE 30

any day in the month of October

(Fiscal Year Ending)
(month and day)

(Annual Meeting)

November 2024

(Term Expiring On)

SEC Form 17-Q for the quarter ended 31 March 2022

(Form Type)

N.A.

(Amendment Designation, if applicable)

(Period Ended Date)

N.A.

(Secondary License Type and File Number)

Cashier

LCU

DTU

Pre War 476
S.E.C Registration Number

Central Receiving Unit

File Number

Document I.D.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **31 March 2022**
2. SEC Identification Number **476**
3. BIR Tax Identification No. **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 Code: (SEC Use Only)
7. Address of Issuer's principal office
9/F Rufino Pacific Tower, 6784 Ayala Avenue, corner V.A. Rufino Street (formerly Herera Street), Makati City, M.M.
8. Issuer's telephone number, including area code
(632) 811-0540
9. Former name, former address, and former fiscal year, if changed since last report **N.A.**

Former Name:
Former Address:
Former Fiscal Year

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sections 4 & 8 of the RSA

Title of Each Class	Number of Shares of Stock Issued and Outstanding
---------------------	--

COMMON	4,427,009,132
---------------	----------------------

11. Are any or all of these securities listed on the Philippine Stock Exchange?

Yes [☒]

No [☐]

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and 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 [☐]

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

See Interim Consolidated Statement of Financial Position as of 31 March 2022, attached hereto as Annex "A", and Aging Schedule of Accounts Receivables as of 31 March 2022 attached hereto as Annex "B". For the basic earnings per share, the "weighted average number of shares outstanding" is added to the face of the Interim Consolidated Statement of Comprehensive Income.

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

The Corporation's principal activity is investment holding. Since 1998, it had 100% equity ownership of Philippine Gaming Management Corporation (PGMC) whose principal activity is leasing of on-line lottery equipment and providing software support. 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%.

There is no change during the year in PGMC's principal activity as a domestic corporation involved principally in the business of leasing on-line lottery equipment and providing software support. Revenue from the lease of on-line lottery equipment, and maintenance and repair services are recognized based on certain percentage of gross receipts from lottery ticket sales.

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. The Corporation's equity or interest in BAPI is equivalent 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. 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%.

Comparable Discussion on Material Changes in Results of Operations for the Nine Months' Period Ended 31 March 2022 vs. 31 March 2021

The Corporation and its subsidiaries (the Group) generated total revenues from operating sources of about ₱27.21 billion for the nine months ended 31 March 2022, an increase of ₱5.48 billion (25.23%) over total revenues of ₱21.72 billion during the same period in 2021. The increase was primarily due to a higher revenue contribution from its subsidiary, H.R. Owen.

The Group's total cost and operating expenses for the nine months ended 31 March 2022 increased by ₱5.10 billion (24.04%) to ₱26.34 billion from ₱21.23 billion for the same period in 2021. The increase is attributed to the following: (1) cost of vehicles sold and body shop repairs and parts increased by ₱4.68 billion (24.91%), (2) salaries and employee benefits increased by ₱179.79 million (16.25%), (3) marketing & selling increased by ₱126.72 million (26.09%), (4) repairs and maintenance increased by ₱70.74 million (264.41%), (5) depreciation and amortization increased by ₱26.98 million (6.56%), (6) professional fees increased by ₱15.79 million (32.94%), (7) transportation and travel increased by ₱11.74 million (68.19%), (7) transportation and travel increased by ₱11.74 million (68.19%), (8) communication, light and water increased by ₱10.66 million (18.53%), 9) insurance increased by ₱10.07 million (15.18%), (10) stationary and office supplies increased by ₱7.08 million (11.18%), (11) rental increased by ₱3.04 million (21.85%) , (12) cleaning and maintenance increased by ₱2.74 million (8.83%), (13) outside services increased by ₱1.83 million (63.38%), (14) cost of food and beverages increased by ₱1.51 million (29.78%), (15) security services expense increased by ₱.66 million (14.32%) and (16) representation and entertainment increased by ₱.52 million (52.02%)

These increases were offset by the following decreases of expenses: (1) miscellaneous expenses decreased by ₱21.46 million (29.86%), (2) taxes and licenses decreased by ₱20.59 (44.80%) and (3) commission expense decreased by ₱0.90 million (38.64%).

Other Income (Charges) amounted to ₱158.03 million for the nine months ended 31 March 2022, an increase of ₱117.16 million (286.66%) from Other Income (Charges) of (₱40.87) million in the same period in 2021, mainly due to increase in finance income and equity share in net profit from its associated companies for the third quarter.

Net income from operations increased by ₱431.66 million (111.52%) to ₱818.74 million for the nine months ended 31 March 2022 from net income of ₱387.08 million in the same period in 2021 due to increase in revenue and finance income.

Comparable Discussion on Material Changes in Financial Condition as of 31 March 2022 vs. 30 June 2021

Total assets of the Group increased by ₱3.82 billion (19.37%) to ₱23.56 billion as of 31 March 2022, from ₱19.74 billion as of 30 June 2021.

Trade and other receivables (net) increased by ₱769.77 million (39.08%) to ₱2.74 billion in 31 March 2022 compared to ₱1.97 billion in 30 June 2021, mainly due to increase in deposits, other trade receivables and due from related parties.

Financial assets at fair value through profit or loss decreased by ₱4.28 million (58.06%) to ₱3.09 million in 31 March 2022 compared to ₱7.37 million in 30 June 2021 due to disposals made during the period.

Inventories (net) increased by ₱1.30 billion (37.33%) to ₱4.78 billion in 31 March 2022 compared to ₱3.48 billion in 30 June 2021, mainly due to increase in sales of vehicles.

Advances to associates increased by ₱45.15 million (2.18%) to ₱2.12 billion in 31 March 2022 compared to ₱2.07 billion in 30 June 2021.

Prepayments and other current assets (net) increased by ₱247.94 million (28.97%) to ₱1.10 billion in 31 March 2022 compared to ₱855.93 million in 30 June 2021, mainly due to increase in the movement of prepaid expenses.

Financial assets at fair value through other comprehensive income decreased by ₱124.91 million (11.65%) to ₱9.95 billion in 31 March 2022 compared to ₱1.07 billion in 30 June 2021 due to change in fair value and disposals.

Right of use asset-net decreased by ₱212.08 million (7.31%) to ₱2.69 billion in 31 March 2022 compared to ₱2.90 billion in 30 June 2021 due to its amortization during the period.

Property and equipment (net) increased by ₱1.03 million (28.26%) to ₱4.69 billion in 31 March 2022 compared to ₱3.66 billion in 30 June 2021 is mainly due to additions made during the period.

Investment property increased by ₱1.96 million (1.58%) to ₱126.30 million in 31 March 2022 compared to ₱124.34 million in 30 June 2021 due to translation adjustment during the period.

Investments in associates increased by ₱46.18 million (3.95%) to ₱1.22 billion in 31 March 2022 compared to ₱1.17 billion in 30 June 2021, mainly due to the impact of its dividends declared and equity share in net profit during the period.

Intangible assets increased by ₱20.76 million (1.38%) to ₱1.53 billion in 31 March 2022 compared to ₱1.51 billion in 30 June 2021, primarily due to changes in translation.

Deferred tax assets increased by ₱0 million (0%) to ₱82.37 million in 31 March 2022 compared to ₱82.37 million in 30 June 2021.

Meanwhile, Other non-current assets decreased by ₱.46 million (6.19%) to ₱6.99 million in 31 March 2022 compared to ₱7.45 million in 30 June 2021.

Total liabilities of the Group increased by ₱2.94 billion (27.08%) to ₱13.81 billion as of 31 March 2022, from ₱10.87 billion as of 30 June 2021.

Trade and other payables current increased by ₱228.66 million (11.32) to ₱2.25 billion in 31 March 2022 compared to ₱2.02 billion in 30 June 2021, mainly due to payments made for trade payables during the period.

Current loans payable and borrowings increased by ₱1.18 billion (46.16%) to ₱3.75 billion in 31 March 2022 compared to ₱2.56 billion in 30 June 2021, mainly due to payments made for the loans during the period.

Lease liabilities- current increased by ₱52.23 million (18.18%) to ₱339.58 million in 31 March 2022 compared to ₱287.35 in 30 June 2021.

Contract Liabilities (current), which is recognized as advance payments received from customers, increased by ₱1.20 billion (60.77%) to ₱3.18 billion as of 31 March 2022, from ₱1.98 billion as of 30 June 2021.

Advances from associates-current increased by ₱4.07 million (1.57%) to ₱263.46 million as of 31 March 2022, from ₱259.39 as of 30 June 2021. Increased is due to additional advances made during the period.

Income Tax Payable increased by ₱1.72 million (571.29%) to ₱2.02 million in 31 March 2022 compared to ₱.30 million in 30 June 2021.

Lease liabilities- non-current decreased by ₱196.55 million (7.34%) to ₱2.48 billion in 31 March 2022 compared to ₱2.68 billion in 30 June 2021, mainly due to reclassification of non-current into current lease liabilities.

Non-current loans payable and borrowings increased by ₱617.14 million (176.58%) to ₱966.63 million in 31 March 2022 compared to ₱349.49 million in 30 June 2021, mainly due to payments made for the loans during the period.

Advances from related parties - non-current decreased by ₱150.00 million (25.00%) to ₱450.00 million as of 31 March 2022, from ₱600 million as of 30 June 2021. Decreased is due to payment of advances made during the period.

Deferred tax liabilities increased by ₱1.98 million (1.60%) to ₱125.90 million in 31 March 2022 compared to ₱123.92 million in 30 June 2021.

Post-employment benefit obligation decreased by ₱1.17 million (16.46%) to ₱5.93 million in 31 March 2022 compared ₱7.10 in 30 June 2021.

Total stockholders' equity of the Group increased by ₱880.37 million (9.92%) to ₱9.75 billion as of 31 March 2022, from ₱8.87 billion as of 30 June 2021 under review. The book value per share increased to ₱2.20 in 31 March 2022 from ₱2.00 in 30 June 2021.

Comparable Discussion on Material Changes in Cash Flows for the Nine Months Period Ended 31 March 2022 vs. 31 March 2021

The consolidated cash and cash equivalents for 31 March 2022 increased by ₱271.15 million (25.92%) to ₱1.32 billion as of 31 March 2022 from ₱1.05 billion for the same period last year 31 March 2021. The increase is mainly attributable to the increase in operating income reported during the period.

Key Performance Indicators

The Corporation monitors its performance and benchmarks itself to prior years' results in terms of the following indicators:

	31 March 2022	30 June 2021
Liquidity Ratio - Current ratio	1.23 : 1.00	1.27 : 1.00
Leverage Ratio - Debt to Equity	1.42 : 1.00	1.23 : 1.00
Activity Ratio - Annualized PPE	11.60 times	8.05 times
	31 March 2022	31 March 2021
Profitability Ratios		
Return on Equity	11.20%	5.94%
Return on Assets	4.63%	2.65%

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

Comparable Discussion on Material Changes in Results of Operations for the Nine Months' Period Ended 31 March 2021 vs. 31 March 2020

The Corporation and its subsidiaries (the Group) generated total revenues from operating sources of about ₱21.73 billion for the nine months ended 31 March 2021, an increase of ₱834.15 million (3.99%) over total revenues of ₱20.89 billion during the same period in 2020. The increase was primarily due to a higher revenue contribution from its subsidiary, H.R. Owen.

The Group's total cost and operating expenses for the nine months ended 31 March 2021 increased by ₱554.31 million (2.68%) to ₱21.23 billion from ₱20.68 billion for the same period in 2020. The increase is attributed to the following: (1) cost of vehicles sold and body shop repairs and parts increased by ₱971.89 million (5.46%), (2) stationary and office supplies increased by ₱48.03 million (314.56%), (3) insurance increased by ₱42.57 million (178.93%), (4) depreciation and amortization increased by ₱17.66 million (4.49%) and (5) professional fees increased by ₱15.01 million (45.59%). These increases were offset by the following decrease in expenses: (1) salaries and employee benefits decreased by ₱165.23 million (13.00%), (2) marketing & selling decreased by ₱152.42 million (23.89%), (3) miscellaneous expenses decreased by ₱63.97 million (47.09%), (4) taxes and licenses decreased by ₱59.90 (56.58%), (5) rental decreased by ₱29.94 million (68.25%) and (6) repairs and maintenance decreased by ₱18.29 million (40.61%).

Other Income (Charges) amounted to ₱40.87 million for the nine months ended 31 March 2021, a decrease of ₱68.86 million (62.75%) from Other Income (Charges) of ₱109.73 million in the same period in 2020, mainly due to decrease in share of net income(losses) from its associated companies for the third quarter.

Net income from operations increased by ₱150.53 million (63.64%) to ₱387.08 million for the nine months ended 31 March 2021 from net income of ₱236.54 million in the same period in 2020 due to increase in sales of vehicles during the quarter..

Comparable Discussion on Material Changes in Financial Condition as of 31 March 2021 vs. 30 June 2020

Total assets of the Group decreased by ₱1.15 billion (5.82%) to ₱18.62 billion as of 31 March 2021, from ₱19.78 billion as of 30 June 2020.

Trade and other receivables (net) increased by ₱936.59 million (82.45%) to ₱2.07 billion in 31 March 2021 compared to ₱1.14 billion in 30 June 2020, mainly due to increase in deposits, other trade receivables and due from related parties.

Financial assets at fair value through profit or loss increased by ₱19.75 million (547.34%) to ₱23.36 million in 31 March 2021 compared to ₱3.61 million in 30 June 2020 due to changes in its fair value.

Inventories (net) decreased by ₱1.17 billion (24.32%) to ₱3.63 billion in 31 March 2021 compared to ₱4.81 billion in 30 June 2020, mainly due to increase in sales of vehicles.

Advances to associates- net decreased by ₱118.05 million (8.86%) to ₱1.21 billion in 31 March 2021 compared to ₱1.33 billion in 30 June 2020.

Prepayments and other current assets (net) decreased by ₱112.48 million (14.07%) to ₱686.89 million in 31 March 2021 compared to ₱799.37 million in 30 June 2020.

Financial assets at fair value through other comprehensive income decreased by ₱88.72 million (7.05%) to ₱1.17 billion in 31 March 2021 compared to ₱1.26 billion in 30 June 2020 due to disposals made during the period.

Right of use asset-net decreased by ₱2.96 million (.10%) to ₱2.99 billion in 31 March 2021 compared to ₱3.00 billion in 30 June 2020 due to its amortization during the period.

Property and equipment (net) increased by ₱745.23 million (34.88%) to ₱2.88 billion in 31 March 2021 compared to ₱2.14 billion in 30 June 2020 is mainly due to additions made during the quarter.

Investment property increased by ₱9.70 million (8.55%) to ₱123.19 million in 31 March 2021 compared to ₱113.48 million in 30 June 2020 due to translation adjustment during the quarter.

Investments in associates decreased by ₱125.41 million (9.49%) to ₱1.20 billion in 31 March 2021 compared to ₱1.32 billion in 30 June 2020, mainly due to the impact of its share in net losses during the quarter.

Intangible assets increased by ₱114.96 million (8.34%) to ₱1.49 billion in 31 March 2021 compared to ₱1.38 billion in 30 June 2020, primarily due to changes in translation.

Deferred tax assets decreased by ₱2.86 million (3.46%) to ₱79.65 million in 31 March 2021 compared to ₱82.51 million in 30 June 2020.

Meanwhile, Other non-current assets decreased by ₱950.13 million (99.92%) to ₱.77 million in 31 March 2021 compared to ₱950.90 million in 30 June 2020 due to reclassification.

Total liabilities of the Group decreased by ₱1.92 billion (16.20%) to ₱9.93 billion as of 31 March 2021, from ₱11.85 billion as of 30 June 2020.

Trade and other payables current decreased by ₱164.83 million (8.70%) to ₱1.73 billion in 31 March 2021 compared to ₱1.89 billion in 30 June 2020, mainly due to payments made for trade payables during the three quarters.

Lease liabilities- current increased by ₱37.03 million (12.82%) to ₱325.93 million in 31 March 2021 compared to ₱288.90 in 30 June 2020.

Current loans payable and borrowings decreased by ₱1.70 billion (35.83%) to ₱3.05 billion in 31 March 2021 compared to ₱4.75 billion in 30 June 2020, mainly due to payments made for the loans during the three quarters.

Contract Liabilities (current), which is recognized as advance payments received from customers, decreased by ₱192.10 million (9.33%) to ₱1.87 billion as of 31 March 2021, from ₱2.06 billion as of 30 June 2020.

Income Tax Payable increased by ₱96.01 million (100.00%) to ₱96.01 million in 31 March 2021 compared to ₱0 million in 30 June 2020.

Trade and other payables (non-current) increased by ₱1.31 million (8.55%) to ₱16.65 in 31 March 2021 compared to ₱15.34 billion in 30 June 2020, due to translation adjustment.

Lease liabilities- non-current decreased by ₱4.58 million (.16%) to ₱ 2.77 billion in 31 March 2021 compared to ₱2.77 billion in 30 June 2020, mainly due to reclassification of non-current into current lease liabilities.

Deferred tax liabilities increased by ₱6.31 million (16.19%) to ₱45.27 million in 31 March 2021 compared to ₱38.96 million in 30 June 2020.

Post-employment benefit obligation increased by ₱3.81 million (14.49%) to ₱30.11 million in 31 March 2021 compared ₱26.30 in 30 June 2020.

Total stockholders' equity of the Group increased by ₱768.69 million (9.70%) to ₱8.69 billion as of 31 March 2021, from ₱7.92 billion as of 30 June 2020 under review. The book value per share increased to ₱1.96 in 31 March 2021 from ₱1.79 in 30 June 2020.

Comparable Discussion on Material Changes in Cash Flows for the Nine Months Period Ended 31 March 2021 vs. 31 March 2020

The consolidated cash and cash equivalents for 31 March 2021 increased by ₱251.22 million (31.60%) to ₱1.05 billion as of 31 March 2021 from ₱795.04 million for the same period last year 31 March 2020. The increase is mainly attributable to the increase in operating income reported during the period.

Key Performance Indicators

The Corporation monitors its performance and benchmarks itself to prior years' results in terms of the following indicators:

	31 March 2021	30 June 2020
Liquidity Ratio - Current ratio	1.20 : 1.00	1.06 : 1.00
Leverage Ratio - Debt to Equity	1.24 : 1.00	1.58 : 1.00
Activity Ratio - Annualized PPE	10.05 times	11.73 times
	31 March 2021	31 March 2020
Profitability Ratios		
Return on Equity	5.94%	3.79%
Return on Assets	2.65%	1.57%

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

Net Income
Total Assets

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

- i) There is no known trend, event or uncertainty that has or is reasonably likely to have an impact on the Corporation's short term or long-term liquidity.
- ii) The liquidity of the subsidiaries would continue to be generated from the collections of revenue from customers. There is no requirement for external funding for liquidity.
- iii) There is no known trend, event or uncertainty that has or that is reasonably expected to have a material impact on the net sales or revenues or income from continuing operations.
- v) There is no significant element of income or loss that would arise from the Group's continuing operations.
- vi) There is no cause for any material change from period to period in one or more of the line items of the Corporation's financial statements.
- vii) There were no seasonal aspects that had a material impact effect on the financial conditions or results of operations.

Separate Disclosures regarding the Financial Statements as required under SRC Rule 68.1

- 1) There are no items affecting the assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size, or incidents.
- 2) There is no change in the estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years.
- 3) There is no issuance, repurchase or repayment of debts and equity securities.
- 4) There are no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.
- 5) There are no business combinations, acquisition or disposals subsidiaries and long-term investments, restructurings and discontinuing operations for the interim period.
- 6) There are no contingent liabilities or contingent assets since the last annual balance sheet date.
- 7) There are no material contingencies and any other events or transactions that are material to an understanding of the current interim period.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the Issuer has caused this report to be signed on its behalf by the undersigned, being duly authorized, in the City of Makati on 13 May 2022.

Issuer: **BERJAYA PHILIPPINES, INC.**

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

By: 
WINNIE R. MANANSALA
Treasurer

ANNEX "A"

BERJAYA PHILIPPINES, INC. AND SUBSIDIARIES
[A Subsidiary of Berjaya Lottery Management (HK) Limited]
INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
March 31, 2022 and June 30, 2021
(Amounts in Philippine Pesos)

Appendix A :

	<u>Note</u>	<u>March 31, 2022</u> Unaudited	<u>June 30, 2021</u> Audited		
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	5	1,317,418,283	P 621,756,192	695,662,091	111.89%
Trade and other receivables-net	6	2,739,333,395	1,969,558,715	769,774,680	39.08%
Financial assets at fair value through profit or loss	9	3,090,650	7,369,362	(4,278,712)	-58.06%
Inventories - net	7	4,785,260,000	3,484,589,230	1,300,670,770	37.33%
Advances to associates	13	2,117,221,712	2,072,075,320	45,146,392	2.18%
Prepayments and other current assets - net	8	1,103,873,499	855,934,869	247,938,630	28.97%
Total Current Assets		12,066,197,539	9,011,283,688	3,054,913,851	33.90%
NON-CURRENT ASSETS					
Financial asset at fair value through other comprehensive income	9	947,365,826	1,072,280,214	(124,914,388)	-11.65%
Right of use assets - net	12	2,688,308,444	2,900,387,786	(212,079,342)	-7.31%
Property and equipment - net	10	4,692,752,705	3,658,887,417	1,033,865,288	28.26%
Investment property	11	126,299,870	124,337,020	1,962,850	1.58%
Investments in associates	13	1,215,864,670	1,169,679,449	46,185,221	3.95%
Intangible assets - net	14	1,527,483,231	1,506,718,561	20,764,670	1.38%
Deferred tax assets - net		82,368,873	82,368,873	0	0.00%
Post-employment benefit asset		117,750,188	115,920,210	1,829,978	1.58%
Other non-current assets	8	6,987,472	7,448,245	(460,773)	-6.19%
Total Non-Current Assets		11,405,181,279	10,638,027,775	767,153,504	7.21%
ASSETS HELD FOR SALE		89,299,327	87,911,179		
TOTAL ASSETS		P 23,560,678,145	P 19,737,222,642	3,823,455,503	19.37%
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Trade and other payables	15	2,249,254,276	P 2,020,592,820	228,661,456	11.32%
Loans payable and borrowings	16	3,746,686,799	2,563,436,632	1,183,250,167	46.16%
Lease liabilities - current	12	339,579,581	287,353,080	52,226,501	18.18%
Contract liabilities		3,179,175,133	1,977,419,471	1,201,755,662	60.77%
Advances from associates		263,460,097	259,391,677	4,068,420	1.57%
Income tax payable		2,022,884	301,343	1,721,541	571.29%
Total Current Liabilities		9,780,178,770	7,108,495,023	2,671,683,747	37.58%
NON-CURRENT LIABILITIES					
Lease liabilities - non current	12	2,481,339,497	2,677,893,645	(196,554,148)	-7.34%
Loans payable and borrowings	16	966,629,501	349,487,840	617,141,661	176.58%
Advances from related parties		450,000,000	600,000,000	(150,000,000)	-25.00%
Deferred tax liabilities - net		125,903,922	1,985,244	1,985,244	1.60%
Post-employment benefit obligation		5,932,980	7,101,757	(1,168,777)	-16.46%
Trade and other payables	15	0	0	0	#DIV/0!
Total Non-Current Liabilities		4,029,805,900	3,758,401,920	271,403,980	7.22%
Total Liabilities		13,809,984,670	10,866,896,943	2,943,087,727	27.08%
EQUITY					
Attributable to Owners of the Parent Company		9,746,376,136	8,842,315,233	904,060,903	10.22%
Attributable to non-controlling interest		4,317,339	28,010,466	(23,693,127)	-84.59%
Total Equity		9,750,693,475	8,870,325,699	880,367,776	9.92%
TOTAL LIABILITIES AND EQUITY		P 23,560,678,145	P 19,737,222,642	3,823,455,503	19.37%

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BERJAYA PHILIPPINE INC. AND SUBSIDIARIES
[A Subsidiary of Berjaya Lottery Management (HK) Limited]
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the nine months ended MARCH 31, 2022 and MARCH 31, 2021
(Amounts in Philippine Pesos)
(UNAUDITED)

	Attributable Owners of the Parent Company											Non-controlling Interest	Total
	Capital Stock	Treasury Shares	Revaluation Reserves	Other Reserves	Translation Adjustment	Retained Earnings		Total					
						Appropriated	Unappropriated						
Balance at July 1, 2021	P 4,427,009,132	0 P (988,150,025)	0 P (423,529,464)	0 P (684,443,103)	0 P (29,549,596)	0 P 2,000,000,000	0 P 4,540,978,295	0 P 8,842,315,239	P 28,010,466	P 8,870,325,705			
Effect of adoption of PFRS 9							- P	-	P	-			
Capital issuance through stock dividends	-	-	-	-	-	-	-	-	-	-			
Profit or loss for the year	-	-	-	-	-	-	816,214,566	816,214,566	2,523,309	818,737,875			
Appropriation during the year	-	-	-	-	-	-	-	-	-	-			
Reversal of appropriations during the year							- P	-		-			
Realized fair value changes on disposals of financial assets at FVOCI	-	-	(15,401,3/4)	-	-	-	15,401,3/4	-	-	-			
Actuarial Gain on remeasurement of post-employment benefit obligation - net of tax	-	-		-	-	-	-	-	-	-			
Net unrealized fair value gains on disposals of financial assets at FVOCI	-	-	93,863,934	-	-	-	-	93,863,934	-	93,863,934			
Reduction in non-controlling interest				(66,100,616)				(66,100,616)		(66,100,616)			
Effect of change in percentage ownership									(26,216,436)	(26,216,436)			
Disposal of financial asset	-	-	-	-	-	-	-	-	-	-			
Disposal of subsidiary	-	-	-	-	-	-	-	-	-	-			
Translation adjustment	-	-	-	-	60,083,013	-	-	60,083,013	-	60,083,013			
Total equity at March 31, 2022	P 4,427,009,132	P (988,150,025)	P (345,066,904)	P (750,543,719)	P 30,533,417	P 2,000,000,000	P 5,372,594,235	P 9,746,376,136	P 4,317,339	P 9,750,693,475			
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	Attributable Owners of the Parent Company													
	Capital Stock	Treasury Shares	Revaluation Reserves	Other Reserves	Translation Adjustment	Retained Earnings		Total	Non-controlling Interest	Total				
						Appropriated	Unappropriated							
Balance at July 1, 2020	P 4,427,009,132	0 P (988,150,025)	0 P (556,610,047)	0 P (684,443,103)	0 P (334,720,753)	0 P 2,000,000,000	0 P 4,043,882,496	0 P 7,906,967,700	P 17,587,887	P 7,924,555,587				
Effect of adoption of PFRS 9							(31,860,696)	P (31,860,696)	P	(31,860,696)				
Capital issuance through stock dividends	-	-	-	-	-	-	-	-	-	-				
Profit or loss for the year	-	-	-	-	-	-	379,545,223	379,545,223	7,531,978	387,077,201				
Appropriation during the year	-	-	-	-	-	-	-	-	-	-				
Reversal of appropriations during the year							P	-		-				
Realized fair value changes on disposals of financial assets at FVOCI	-	-	31,860,696	-	-	-	-	31,860,696	-	31,860,696				
Actuarial Gain on remeasurement of post-employment benefit obligation - net of tax	-	-	(3,188,712)	-	-	-	-	(3,188,712)	-	(3,188,712)				
Net unrealized fair value gains on disposals of financial assets at FVOCI	-	-	115,650,405	-	-	-	-	115,650,405	-	115,650,405				
Disposal of financial asset	-	-	-	-	-	-	-	-	-	-				
Disposal of subsidiary	-	-	-	-	-	-	-	-	-	-				
Translation adjustment	-	-	-	-	269,147,066	-	-	269,147,066	-	269,147,066				
Total equity at March 31, 2021	P 4,427,009,132	P (988,150,025)	P (412,287,658)	P (684,443,103)	P (65,573,687)	P 2,000,000,000	P 4,391,567,023	P 8,668,121,682	P 25,119,865	P 8,693,241,548				

BERJAYA PHILIPPINES, INC. AND SUBSIDIARIES
[A Subsidiary of Berjaya Lottery Management (HK) Limited]
INTERIM CONSOLIDATED STATEMENTS OF CASHFLOWS
For the nine months ended MARCH 31, 2022 and MARCH 31, 2021
(Amounts in Philippine Pesos)
(UNAUDITED)

	3 Months Ended <u>March 31, 2022</u>	9 Months Ended <u>March 31, 2022</u>	3 Months Ended <u>March 31, 2021</u>	9 Months Ended <u>March 31, 2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	447,863,540	1,027,405,632	261,844,591 P	532,945,577
Adjustments for:				
Depreciation and amortization	147,466,593	438,228,178	51,198,272	148,745,425
Dividend Income	-	(9,336,692)	(186,903)	(14,504,618)
Interest Expense	62,603,674	173,437,942	46,652,954	163,180,115
Interest Income	(41,844,459)	(131,103,998)	28,224,646	(102,009,670)
Equity Share in net losses (income) of associates	(26,211,516)	(81,397,041)	18,382,726	125,250,619
Loss (gain) on sale of property and equipment	1,224,928	6,468,794	-	-
Loss on revaluation of investment property	-	-	-	-
Loss (gain) on sale of financial asset	-	1,392,607	-	-
Impairment losses on non-financial assets	-	-	-	-
Unrealized foreign exchange losses (gain)	(649,575)	(855,817)	13,263,259	8,646,043
Operating income before working capital changes	590,453,185	1,424,239,605	419,379,545	862,253,491
Decrease / (Increase) in:				
Trade and other receivables	(481,192,791)	(811,507,956)	(540,115,997)	(977,789,441)
Financial assets at fair value through profit or loss	(50,300)	4,278,712	(14,817,768)	(19,753,780)
Inventories	186,249,390	(1,211,411,855)	210,938,579	1,184,466,584
Post employment benefit asset	456,201	(1,829,978)	-	-
Prepaid expenses and other current assets	163,687,372	(247,938,630)	276,101,654	112,482,715
Decrease (increase) in other non-current assets	(2)	460,773	23,770,172	950,131,839
Increase / (Decrease) in:				
Trade and other payables	271,261,992	162,196,782	(5,120,653)	(164,824,977)
Lease Liability Current	-	-	9,652,984	32,447,819
Contract liabilities	541,955,672	1,201,755,662	(216,692,947)	(192,104,207)
Advances from related party	-	-	239,668,089	197,258,109
Retirement Obligation	102,342	(1,829,978)	815,792	3,810,316
Cash paid for income taxes	(94,219,272)	(204,659,629)	(59,408,797)	(145,868,376)
Net cash provided (used in) operating activities	1,178,703,789	313,753,508	344,170,653	1,842,510,092
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of Property and equipment	(164,756,134)	(1,157,584,176)	(46,799,902)	(801,930,926)
Acquisition of financial assets	-	-	(15,955,106)	(15,955,106)
Acquisition of additional investments in associates and subsidiaries	187,208	(61,046,425)	-	-
Proceeds from sale of financial assets	83,670,429	226,096,721	729,980	220,326,400
Proceeds from disposal of property and equipment	-	-	-	2,000
Proceeds from disposal of investment property	-	-	-	-
Interest Received	21,717,441	64,357,606	(28,224,646)	102,009,670
Cash dividends received	24,000,000	81,336,692	186,903	14,504,618
Advances to (collection from) associate - net	-	21,600,000	(26,432,420)	(80,768,364)
Net cash provided (used in) by investing activities	(35,181,056)	(825,239,582)	(116,495,191)	(561,811,708)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from bank loans and borrowings	(6,881,015)	1,776,061,664	20,000,000	20,000,000
Payment of lease liabilities	(58,178,168)	(147,734,531)	-	-
Advances paid to related party	214,271,822	99,080,000	-	-
Advances received from related party	(303,301,785)	(245,221,785)	-	-
Repayment of bank loan and borrowings	(30,000,000)	(54,000,000)	20,360,252	(1,745,259,282)
Interest paid	(63,593,481)	(196,642,069)	(24,727,741)	(141,254,902)
Net cash provided (used in) by financing activities	(247,682,627)	1,231,543,279	15,632,511	(1,866,514,184)
EFFECT OF EXCHANGE RATE CHANGES TO CASH AND CASH EQUIVALENTS	30,648,742	(24,395,114)	106,244,610	178,197,746
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	881,720,747	695,662,091	349,552,583	(407,618,054)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	438,141,389	621,756,192	696,710,453	1,453,881,090
CASH AND CASH EQUIVALENTS AT ENDING OF PERIOD	<u>P 1,319,862,136</u>	<u>P 1,317,418,283</u>	<u>1,046,263,036 P</u>	<u>1,046,263,036</u>
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BERJAYA PHILIPPINES, INC. AND SUBSIDIARIES
[A Subsidiary of Berjaya Lottery Management (HK) Limited]
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the nine months ended MARCH 31, 2022 and MARCH 31, 2021
(Amounts in Philippine Pesos)
(UNAUDITED)

	3 Months Ended March 31, 2022	9 Months Ended March 31, 2022	3 Months Ended March 31, 2021	9 Months Ended March 31, 2021
REVENUES				
Sales of vehicles	10,941,847,908	27,134,865,223	7,503,607,544 P	21,646,295,821
Hotel Operations	4,253,670	71,401,838	26,848,001	78,913,093
	10,946,101,578	27,206,267,061	7,530,455,545	21,725,208,914
COSTS AND OTHER OPERATING EXPENSES				
Cost of vehicles sold	9,522,158,284	23,449,123,721	6,507,885,088	18,772,296,374
Salaries and employee benefits	429,587,493	1,285,898,156	339,726,300	1,106,111,595
Marketing & Selling	217,398,142	612,348,532	167,499,439	485,626,366
Repairs and maintenance	69,926,267	97,494,636	9,750,664	26,754,090
Depreciation and amortization	145,433,543	438,228,178	139,948,509	411,244,587
Professional fees	14,537,675	63,734,110	15,851,625	47,943,239
Transportation and travel	9,693,798	28,960,610	5,112,538	17,219,088
Communication, light and water	23,693,720	68,202,269	19,772,809	57,540,279
Insurance	30,298,784	76,425,717	21,777,970	66,355,643
Stationery and Office Supplies	21,778,517	70,376,628	23,106,261	63,299,528
Rental	14,339,958	16,968,885	4,398,255	13,925,861
Cleaning and Maintenance	10,737,444	33,798,409	10,542,218	31,055,913
Outside Service	1,262,435	4,731,126	1,043,426	2,895,831
Cost of food and beverages	512,999	6,585,923	1,877,538	5,074,765
Security Services	73,121	5,284,669	1,535,341	4,622,573
Representation and entertainment	1,042,658	1,509,403	99,102	992,913
Miscellaneous Expenses	23,984,506	50,412,574	28,639,683	71,872,722
Taxes and licences	5,063,446	25,372,806	23,438,110	45,964,232
Commissions	269,195	1,434,672	1,265,405	2,338,180
	10,341,791,985	26,336,891,024	7,323,270,281	21,233,133,779
OPERATING PROFIT	404,309,593	869,376,037	207,185,264	492,075,135
OTHER INCOME/ (CHARGES)				
Finance Income	41,844,459	140,440,690	51,347,304	116,514,288
Others	38,700,921	114,051,410	66,793,194	201,679,151
Equity share in net income (losses)	26,211,516	81,397,041	(18,382,726)	(125,250,619)
Finance Costs	(63,253,249)	(174,293,759)	(59,916,213)	(171,826,158)
Fair value gain on financial assets at fair value through profit and loss	50,300	(2,173,180)	14,817,768	19,753,780
Gain on sale of investment property	-	-	-	-
Loss on disposal of financial asset	-	(1,392,607)	-	-
	43,553,947	158,029,595	54,659,327	40,870,442
PROFIT BEFORE INCOME TAX	447,863,540	1,027,405,632	261,844,591	532,945,577
TAX EXPENSE	93,737,404	208,667,757	59,408,797	145,868,376
TOTAL NET PROFIT	354,126,136	818,737,875	202,435,794	387,077,201
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OTHER COMPREHENSIVE INCOME (LOSS)				
Item that will not be reclassified subsequently to profit or loss				
Net unrealized fair value losses on financial assets at fair value through other comprehensive income	8,500,728	93,863,934	274,678,772	115,650,405
	8,500,728	88,299,461	274,678,772	(159,028,367)
Items that will be reclassified subsequently to profit or loss				
Translation adjustment	(18,984,629)	60,083,013	105,165,821	269,147,066
	(18,984,629)	60,083,013	105,165,821	269,147,066
TOTAL COMPREHENSIVE INCOME	343,642,235	967,120,349	582,280,387	497,195,900
Net profit attributable to:				
Owners of the Parent Company	353,760,148	816,214,566	200,368,944	379,545,223
Non-controlling Interest	365,988	2,523,309	2,066,850	7,531,978
	354,126,136	818,737,875	202,435,794	387,077,201
Total comprehensive income attributable to:				
Owners of the Parent Company	343,276,247	964,597,040	580,213,537	489,663,922
Non-controlling Interest	365,988	2,523,309	2,066,850	7,531,978
	343,642,235	967,120,349	582,280,387	497,195,900
Weighted average number of shares outstanding	4,341,280,855	4,341,280,855	4,341,280,855	4,341,280,855
Basic earnings per share (annualized)	0.33	0.25	P 0.19	P 0.12

BERJAYA PHILIPPINES INC. AND SUBSIDIARIES
[A Subsidiary of Berjaya Lottery Management (HK) Limited]
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
As of March 31, 2022 and June 30, 2021
(Amounts in Philippine Pesos)

1. CORPORATE MATTERS

1.1 Incorporation and Operations

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

On June 2, 2010, the Parent Company's Board of Directors (BOD) approved the Parent Company's change in corporate name from Prime Gaming Philippines, Inc. to Berjaya Philippines Inc. The application for change in name was approved by the Securities and Exchange Commission (SEC) on June 11, 2010.

The Parent Company is 74.20% owned by Berjaya Lottery Management (HK) Limited of Hong Kong (BLML) as at March 31, 2022. The Parent Company's ultimate parent company is Berjaya Corporation Berhad of Malaysia, a publicly listed company in the Main Market of Bursa Malaysia Securities Berhad.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these interim consolidated financial statements (ICFS) are consistent with those applied in the audited consolidated financial statements (ACFS) as of June 30, 2021 and for the nine months ended March 31, 2022.

2.1 Basis of Preparation of Interim Consolidated Financial Statements

These ICFS have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. They do not include all of the information required in annual financial statements in accordance with Philippine Financial Reporting Standards (PFRS), and should be read in conjunction with the Group's ACFS as of June 30, 2021 and for the nine months ended March 31, 2022.

The ICFS 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 ICFS of the Group are measured using the

Company's functional currency. Functional currency is the currency of the primary economic environment in which the Company operates.

The preparation of the Group's ICFS in accordance with PFRS requires management to make judgments and estimates that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. There were no changes in estimates of amounts reported in prior financial years that have a material effect in the current interim period.

The Group presents all items of income and expense in a single consolidated statement of comprehensive income.

2.2 Adoption of New and Amended PFRS

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

There are amendments and annual improvements to existing standards effective for annual periods subsequent to fiscal year 2022, which are adopted by the Financial Reporting Standards Council. Management will adopt the following relevant pronouncements in accordance with their transitional provisions:

PAS 1 (Amendments)	:	Presentation of Financial Statements – Classification of Liabilities as Current or Non-current
PAS 16 (Amendments)	:	Property, Plant and Equipment – Proceeds Before Intended Use
PAS 37 (Amendments)	:	Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract
PFRS 3 (Amendments)	:	Business Combination – Reference to the Conceptual Framework
PFRS 10 and PAS 28 (Amendments)	:	Consolidated Financial Statements, and Investments in Associates and Joint Ventures – Sale or Contribution of Assets Between an Investor and its Associates or Joint Venture
Annual Improvements to PFRS (2018-2020 Cycle)		
PFRS 9 (Amendments)	:	Financial Instruments – Fees in the '10 per cent' Test for Derecognition of Liabilities
PFRS 16 (Amendments)	:	Leases – Lease Incentives, and COVID-19-Related Rent Concessions beyond June 30, 2021

Management is currently assessing the impact of these amendments on the Group's consolidated financial statements and it will conduct a comprehensive study of the potential impact of these pronouncements prior to their mandatory adoption date to assess the impact of all changes.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks in relation to financial instruments. 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.

3.1 Market Risk

The Group is exposed to market risk through its use of financial instruments and specifically to foreign currency risk, interest rate risk and certain other price risk which result from both its operating, investing and financing activities.

(a) Interest Rate Risk

The Group's policy is to minimize interest rate cash flow risk exposures on cash and cash equivalents. As at March 31, 2022 and June 30, 2021, the Group is exposed to changes in market interest rates through short-term placements included as part of Cash and Cash Equivalents account and stocking loans of H.R. Owen presented as Loans Payable and Borrowings, which are subject to variable interest rates, in the consolidated statements of financial position.

The Group keeps placements with fluctuating interest at a minimum while H.R. Owen's stocking loans are secured at any time by fixed and floating charges on stocks of new and demonstrator cars and commercial vehicles held. As such, management believes that its exposure to interest rate risk is immaterial.

(b) Foreign Currency Risk

Except for H.R. Owen and eDoc Holdings whose functional currency is GBP, most of the Group's transactions are carried out in Philippine pesos, its functional currency. Exposures to currency exchange rates arise from the Group's overseas purchases, which are primarily denominated in United States Dollars (USD). The Group also holds USD, GBP, Malaysian Ringgit (MYR) and European Union Euro (EUR) denominated cash and cash equivalents and receivables. Further, the Group has AFS financial assets denominated in MYR and GBP. There were no foreign currency denominated financial liabilities as at March 31, 2022 and June 30, 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>March 31, 2022</u>	<u>June 30, 2021</u>
Php – GBP	P 104,766,235	P 545,979,170
Php – USD	1,194,484,569	44,891,193
Php – MYR	-	2,128,380
Php - EUR	-	299,038

The following table illustrates the sensitivity of the Group's profit before tax with respect to changes in Philippine peso against USD, MYR, GBP and EUR exchange rates. These percentages have been determined based on the average market volatility in exchange rates, using standard deviation, in the previous 12 months, estimated at 95.00% level of confidence. The sensitivity analysis is based on the Group's foreign currency financial instruments held at the end of each reporting period with effect estimated from the beginning of the year.

	<u>March 31, 2022</u>		<u>June 30, 2021</u>	
	<u>Reasonably possible change in rate</u>	<u>Effect in profit before tax</u>	<u>Reasonably possible change in rate</u>	<u>Effect in profit before tax</u>
PhP - GBP	13.69%	P 163,471,535	16.19%	P 88,396,677
PhP - USD	7.53%	7,885,404	4.75%	2,131,302
PhP - MYR	37.00%	-	7.26%	154,558
PhP - EUR	13.56%	-	12.85%	<u>38,418</u>
		<u>P 171,356,939</u>		<u>P90,720,955</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 (financial assets classified as AFS financial assets). The Group manages exposure to price risk by monitoring the changes in the market price of the investments and at some extent, diversifying the investment portfolio in accordance with the limit set by management.

The sensitivity of equity with regard to the volatility of the Group's AFS financial assets assumes a +/-7.53% and a +/-13.69% volatility in the market value of the investment for the nine months ended March 31, 2022. The expected change was based on the annual rate of return computed using the monthly closing market value of the investment in 2022.

3.2 Credit Risk

Credit risk is the risk that a counter party may fail to discharge an obligation to the Group. The Group is exposed to this risk for various financial instruments arising from granting loans and selling goods and services to customers; granting advances to associates; and, placing deposits with banks, lessors and utility companies.

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. The Group's policy is to deal only with creditworthy counterparties. In addition, for a significant proportion of sales, advance payments are received to mitigate credit risk.

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>March 31, 2022</u>	<u>June 30, 2021</u>
Cash and cash equivalents	5	P 1,317,418,283	P 621,756,192
Trade and other receivables – net	6	2,739,333,395	1,894,269,594
Advances to associates	13	2,117,221,712	2,072,075,320
Refundable deposits	8	<u>72,731,790</u>	<u>72,349,253</u>
		<u>P 6,246,705,180</u>	<u>P 4,660,450,359</u>

None of the Group's financial assets are secured by collateral or other credit enhancements, except for cash and cash equivalents as described below.

(a) Cash and Cash Equivalents

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

(b) Trade and Other Receivables – net and Advances to Associates

The Group's trade receivables as at March 31, 2022 and June 30, 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.

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

In respect to trade receivables from the customers of H.R. Owen and other receivables and advances to associates, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The trade receivables of H.R. Owen are mostly related to servicing and bodyshop operations as the sale of vehicles is on a cash basis. The credit risk from servicing and bodyshop operations of H.R. Owen is minimal as H.R.

Owen will not release the car without full payment. The Group's receivables are actively monitored to avoid significant concentrations of credit risk.

(c) Other Non-current Assets

The refundable deposits of the Group under Other Non-Current Assets account in the consolidated statements of financial position pertain to security deposits made to various lessors and utility companies which the Group is not exposed to significant credit risk.

3.3 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 March 31, 2022 and June 30, 2021, the Group's financial liabilities pertain to Trade and Other Payables, except those tax-related liabilities, and Loans Payable and Borrowings inclusive of future interest. Trade and other payables and loans payable and borrowings are considered to be current which are expected to be settled within 12 months from the end of each reporting period.

4. SEGMENT REPORTING

4.1 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, the management generally follows the Group's four service lines. The Group is engaged in the business of Leasing, Services, Investments and Motor Vehicle Dealership. Presented below is the basis of the Group in reporting to its strategic steering committee for its strategic decision-making activities.

- (a)* The Leasing segment mainly pertains to the lease of on-line lottery equipment by the Group to PCSO.
- (b)* The Services segment mainly pertains to the hotel operations of PHPI.
- (c)* Investments segment relates to investing activities.
- (d)* The Motor Vehicle Dealership segment mainly pertains to the luxury motor vehicle retailers and provision of after sales services of H.R. Owen.

4.2 Segment Assets and Liabilities

Segment assets are allocated based on their physical location and use or direct association with a specific segment. Segment assets include all operating assets used by a segment and consist principally of operating cash, receivables, advances, inventories and property and equipment, net of allowances and provisions. Similar to segment assets, segment liabilities are also allocated based on their use or direct association with a specific segment. Segment liabilities include all operating liabilities and consist principally of accounts, taxes currently payable and accrued liabilities.

4.3 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 business are organized and managed separately according to the nature of segment accounting policies.

4.4 Analysis of Segment Information

The tables in the succeeding pages present revenue and profit information regarding business segments for the six months ended March 31, 2022, March 31, 2021 and for the year ended June 30, 2021, and certain assets and liabilities information regarding industry segments as at March 31, 2022, March 31, 2021 and June 30, 2021.

	<u>March 31, 2022</u>			
	<u>Investments</u>	<u>Services</u>	<u>Motor Vehicle Dealership</u>	<u>Total</u>
Revenues and income:				
Revenue from externals				
Customers	-	71,401,838	27,134,865,223	27,206,267,061
Interest Income	70,232,296	32,219	60,839,483	131,103,998
Other Income	14,197,890	619,485	111,473,734	126,291,109
Inter-segment income	-	-	-	-
Total revenues and income	<u>84,430,186</u>	<u>72,053,542</u>	<u>27,307,178,440</u>	<u>27,463,662,168</u>
Expenses:				
Costs and operating expenses before depreciation	12,032,489	69,178,930	25,823,890,220	25,905,131,639
Depreciation and amortization	-	17,637,983	420,590,196	438,228,179
Interest expense	17,629,085	5,997,525	150,667,149	174,293,759
Equity share in net loss of associates	-	(79,921,122)	(1,475,919)	(81,397,041)
Other expenses (income)	-	-	-	-
Inter-segment cost and expenses	-	-	-	-
Total Expenses	<u>29,661,574</u>	<u>12,923,316</u>	<u>26,393,671,646</u>	<u>26,436,256,536</u>
Segment profit (loss) before tax	<u>54,768,612</u>	<u>59,130,225</u>	<u>913,506,794</u>	<u>1,027,405,632</u>
Net profit (loss)	<u>42,263,648</u>	<u>57,101,206</u>	<u>719,373,021</u>	<u>818,737,875</u>
Segment Assets	<u>4,554,829,335</u>	<u>1,417,276,808</u>	<u>17,588,572,002</u>	<u>23,560,678,145</u>
Segment Liabilities	<u>579,890,323</u>	<u>616,903,854</u>	<u>12,613,190,493</u>	<u>13,809,984,670</u>
Capital expenditures	<u>-</u>	<u>7,135,363</u>	<u>985,692,679</u>	<u>992,828,042</u>

March 31, 2021

	<u>Holding and Investment</u>	<u>Services</u>	<u>Motor Vehicle</u>	<u>Consolidated</u>
Total Revenues	107,762,292	80,753,948	21,874,700,055	22,063,216,295
Inter-segment Revenues	<u>-</u>	<u>-</u>	<u>1,570,783</u>	<u>1,570,783</u>
Revenues – External	<u>107,762,292</u>	<u>80,753,948</u>	<u>21,876,270,838</u>	<u>22,064,787,078</u>
Expenses	43,519,813	93,169,745	21,269,901,325	21,406,590,883
Inter-segment expenses	<u>125,250,619</u>	<u>-</u>	<u>-</u>	<u>125,250,619</u>
Expenses – External	<u>168,770,432</u>	<u>93,169,745</u>	<u>21,269,901,325</u>	<u>21,531,841,502</u>
Total Combined Profit Before Tax	64,242,480	(12,415,797)	604,798,730	656,625,412
Total Consolidated Profit Before Tax	<u>(61,008,139)</u>	<u>(12,415,797)</u>	<u>606,369,513</u>	<u>532,945,577</u>
Net profit for the year	48,340,590	(13,102,234)	475,518,681	510,757,037
Eliminations	<u>(125,250,619)</u>	<u>-</u>	<u>1,570,783</u>	<u>(123,679,836)</u>
	<u>(76,910,139)</u>	<u>(13,102,234)</u>	<u>477,089,464</u>	<u>387,077,201</u>
Segment Assets	8,439,819,614	1,552,725,022	12,076,325,502	22,068,870,138
Eliminated Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,444,463,461)</u>
Total Conso Assets	<u>8,439,819,614</u>	<u>1,552,725,022</u>	<u>12,076,325,502</u>	<u>18,624,206,677</u>
Segment Liabilities	695,267,030	1,312,537,534	9,269,049,895	11,276,854,459
Eliminated Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,345,689,330)</u>
Total Conso Liabilities	<u>695,267,030</u>	<u>1,312,537,534</u>	<u>9,269,049,895</u>	<u>9,931,165,129</u>
Capital expenditures	<u>-</u>	<u>128,022,744</u>	<u>675,407,754</u>	<u>803,430,498</u>
Depreciation and amortization	<u>-</u>	<u>20,224,392</u>	<u>391,020,196</u>	<u>411,244,588</u>

June 30, 2021

	<u>Motor Vehicle</u>			
	<u>Services</u>	<u>Investments</u>	<u>Dealership</u>	<u>Total</u>
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	<u>-</u>	<u>20,000,000</u>	<u>-</u>	<u>20,000,000</u>
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	<u>-</u>	<u>43,734,996</u>	<u>1,570,783</u>	<u>45,305,779</u>
Total expenses	<u>P 246,093,897</u>	<u>P 141,747,504</u>	<u>28,798,205,466</u>	<u>P 29,186,046,868</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>

	<u>June 30, 2021</u>			
	<u>Services</u>	<u>Investments</u>	<u>Motor Vehicle Dealership</u>	<u>Total</u>
Net profit (loss)	<u>(P133,176,712)</u>	<u>(P 20,457,469)</u>	<u>P 667,486,146</u>	<u>P 513,851,965</u>
Segment Assets	<u>P1,458,485,160</u>	<u>P9,099,566,190</u>	<u>P12,645,411,112</u>	<u>P23,203,462,462</u>
Segment Liabilities	<u>P1,216,781,460</u>	<u>P1,528,152,379</u>	<u>P 9,466,851,134</u>	<u>P12,211,784,973</u>
Capital expenditures	<u>P140,154,211</u>	<u>=====</u>	<u>P 1,579,520,792</u>	<u>P 1,719,675,003</u>

Currently, the Group's operation has two geographical segments: London, England for the motor dealership segment and all other segments are in the Philippines.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

	<u>March 31, 2022</u> <u>(Unaudited)</u>	<u>June 30, 2021</u> <u>(Audited)</u>
Cash on hand and in banks	<u>P 1,317,418,283</u>	<u>P 621,756,192</u>
	<u>P 1,317,418,283</u>	<u>P 621,756,192</u>

Cash in banks generally earn interest based on daily bank deposit rates.

6. TRADE AND OTHER RECEIVABLES

This account is composed of the following:

	<u>March 31, 2022</u> <u>(Unaudited)</u>	<u>June 30, 2021</u> <u>(Audited)</u>
Trade receivables	<u>P 867,929,113</u>	<u>P 585,794,634</u>
Deposits	<u>1,492,727,923</u>	<u>1,105,559,684</u>
Payments for future acquisition of investments	<u>1,018,161</u>	<u>2,128,380</u>
Manufacturer's bonuses	<u>151,901,195</u>	<u>140,841,516</u>
Deposit for future stock subscriptions	<u>-</u>	<u>8,000,000</u>
Due from related party	<u>7,509,654</u>	<u>1,008,071</u>
Advances to officers and employees	<u>71,405</u>	<u>62,845</u>
Other receivables	<u>237,256,623</u>	<u>155,247,896</u>
	<u>2,758,414,074</u>	<u>1,998,643,026</u>
Allowance for impairment	<u>(19,080,680)</u>	<u>(29,084,311)</u>
	<u>P2,739,333,395</u>	<u>P1,969,558,715</u>

Trade receivables are usually due within 30 to 60 days and do not bear any interest. Deposits represent amounts provided to a foreign asset management firm engaged in the business of general trading and financing services.

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.

7. INVENTORIES

The compositions of this account are shown below.

	<u>March 31, 2022</u> (Unaudited)	<u>June 30, 2021</u> (Audited)
At cost:		
Vehicles	P 3,516,969,158	P2,554,568,866
Work in progress	-	-
Parts and components	25,960,441	25,551,459
Hotel supplies	<u>4,549,334</u>	<u>4,864,892</u>
	<u>3,547,478,933</u>	<u>2,584,985,217</u>
At net realizable value:		
Vehicles	1,138,427,257	802,183,136
Parts and components	<u>272,085,775</u>	<u>252,199,162</u>
	1,410,513,032	1,054,382,298
Allowance for inventory write down	<u>(172,731,965)</u>	<u>(154,778,285)</u>
	<u>1,237,781,067</u>	<u>899,604,013</u>
	<u>P 4,785,260,000</u>	<u>P 3,484,589,230</u>

Certain vehicles are carried at net realizable value which is lower than their cost. An analysis of the movements in allowance for inventory write down is presented below.

	<u>March 31, 2022</u>	<u>June 30, 2021</u>
Balance at beginning of year	P 154,778,285	P 252,220,874
Write-off during the year	(197,947,875)	(447,408,754)
Additional provision during the year	214,964,862	317,364,524
Translation adjustment	<u>936,693</u>	<u>32,601,641</u>
Balance at end of year	<u>P 172,731,965</u>	<u>P 154,778,285</u>

8. PREPAYMENTS AND OTHER CURRENT ASSETS

The details of this account are as follows:

	<u>March 31, 2022</u> (Unaudited)	<u>June 30, 2021</u> (Audited)
Current:		
Prepaid expenses	P 575,994,616	P 348,552,834
VAT recoverable	270,743,840	262,660,476
Advances to suppliers	33,002,945	34,083,674
Refundable deposits	72,731,790	71,577,798
Input VAT	84,766,429	90,894,783
Creditable withholding tax	7,157,027	6,368,306
Prepaid taxes	<u>59,476,852</u>	<u>41,796,998</u>

Other current assets	<u>-</u>	<u>-</u>
	P 1,103,873,499	<u>855,934,869</u>
Non-current:		
Refundable deposits	771,454	771,455
Deferred input VAT	6,216,018	6,676,790
Advances to contractors	<u>-</u>	<u>-</u>
	6,987,472	<u>7,448,245</u>
	P 1,110,860,971	<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 United Kingdom (UK).

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

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

The advance payment for the land acquisition pertains to disbursements made to a third party agent for the acquisition of land for the development of multi-franchise site and head office in United Kingdom. As of June 30, 2021, the Group and the third party agent have executed a contract conditional on planning permission.

9. INVESTMENT SECURITIES

This account consists of the following financial assets:

9.1 Financial Assets at Fair Value through Profit or Loss (FVTPL)

	<u>March 31, 2022</u> (Unaudited)	<u>June 30, 2021</u> (Audited)
Quoted equity securities	<u>P 3,090,650</u>	<u>P 7,369,362</u>

9.2 Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)

	<u>March 31, 2022</u> (Unaudited)	<u>June 30, 2021</u> (Audited)
Equity securities:		
Quoted	P 941,394,903	P1,066,701,837
Unquoted	<u>5,970,923</u>	<u>5,578,377</u>
	<u>P 947,365,826</u>	<u>P1,072,280,214</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 values of unquoted securities have been determined using the discounted cash flow valuation.

10. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of property and equipment at the beginning and end of reporting periods March 31, 2022 and June 30, 2021 are shown below.

	Computers and On-line Lottery Equipment	Building	Building-Others	Transportation Equipment	Workshop Equipment	Office Furniture, Fixtures and Equipment	Hotel and Kitchen Equipment and Utensils/Linens	Leasehold Improvements	Construction in Progress	Right of Use Asset	Land	TOTAL
March 31, 2022												
Cost	P 120,000	P 720,291,386	P 775,410,173	P 33,564,168	P 765,261,332	P 12,082,962	P 14,089,158	P 1,227,602,123	P 1,976,385,124	P 3,664,796,422	P 680,935,986	P 9,870,558,834
Accumulated depreciation and amortization	(8,000)	(169,208,247)	(6,030,953)	(28,430,498)	(511,482,432)	(10,898,211)	(12,411,549)	(774,539,818)	-	(976,487,978)	-	(2,489,497,685)
Net carrying amount	<u>P 112,000</u>	<u>P 551,083,139</u>	<u>P 769,379,221</u>	<u>P 5,133,670</u>	<u>P 253,778,900</u>	<u>P 1,194,751</u>	<u>P 1,687,609</u>	<u>P 453,062,306</u>	<u>P 1,976,385,124</u>	<u>P 2,688,308,444</u>	<u>P 680,935,986</u>	<u>P 7,381,061,149</u>

	Computers and On-line Lottery Equipment	Buildings	Transportation Equipment	Workshop Equipment	Office Furniture, Fixtures and Equipment	Hotel and Kitchen Equipment and Utensils/Linens	Leasehold Improvements	Construction in Progress	Land	Total
June 30, 2021										
Cost	P -	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 1,347,533,829	P 670,353,688	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	<u>P -</u>	<u>P 757,109,976</u>	<u>P 6,382,387</u>	<u>P 265,761,753</u>	<u>P 1,403,111</u>	<u>P 1,661,457</u>	<u>P 608,681,216</u>	<u>P 1,347,533,829</u>	<u>P 670,353,688</u>	<u>P 3,658,887,417</u>

11. INVESTMENT PROPERTY

In 2017, the Group acquired certain residential property amounting to 2,218,235 GBP (about P132,720,106), which is classified by the Group as investment property.

In 2018, the Group ceased to occupy and leased out a property with a carrying amount of 3,581,690 GBP (about P256,346,568) that have been previously classified as Buildings under Property and Equipment account in the consolidated statements of financial position (see Note 10). The property was revalued to fair value of 4,125,000 GBP (about P295,232,025) at the date of transfer and the Group recognized gain, net of related deferred tax, amounting to 450,948 GBP (about P32,274,979) which is presented under Other Comprehensive Income (Loss) in the April 30, 2018 consolidated statement of comprehensive income. In 2020, the Group sold the said reclassified property at a sales price of 5,800,000 GBP (around P366,007,260). The Group recognized gain amounting to 1,675,000 GBP (around P108,442,683), which is presented as Gain on Sale of Investment Property in the 2020 consolidated statement of comprehensive income. The revaluation reserve resulting from the reclassification of the property in 2018 from Property and Equipment account to Investment Property account was subsequently transferred to Retained Earnings.

The translated amount of investment property as at March 31, 2022 and June 30, 2021 amounted to P126,299,870 and P124,337,020, respectively.

12. LEASES

The Group has a lease for a certain land and building. The lease is reflected separately on the consolidated statement of financial position as Right-of-use Asset and Lease Liability. The depreciation expense relating to right-of-use assets is presented as part of Depreciation and amortization under costs and operating expenses in the 2021 consolidated statement of comprehensive income.

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

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

The carrying amounts of the Group's right-of-use assets and the movements during the period March 31, 2022 and June 30, 2021 are shown below.

	March 31, 2022		
	Land	Building	Total
Balance at July 1, 2021	P 91,596,358	P 2,808,791,428	P 2,900,387,786
Effect of PFRS 16 adoption	-	-	-
Reclassification	-	10,031,493	10,031,493
Translation adjustment	-	55,028,211	55,028,211
Amortization	(1,769,028)	(275,370,017)	(277,139,045)
Net carrying amount	<u>P 89,827,329</u>	<u>P 2,598,481,115</u>	<u>P 2,688,308,444</u>

	June 30, 2021		
	Land	Building	Total
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
Disposals	-	(18,623,649)	(18,623,649)
Remeasurements	(20,016,443)	-	(20,016,443)
Amortization	(2,562,868)	(349,247,599)	(351,810,467)
Net carrying amount	<u>P 91,596,358</u>	<u>P 2,808,791,428</u>	<u>P 2,900,387,786</u>

Lease liabilities are presented in the consolidated statement of financial position as at March 31, 2022 and June 30, 2021 as follows:

	March 31, 2022 (Unaudited)	June 30, 2021 (Audited)
Current	P 339,579,581	P 287,353,080
Non-current	<u>2,481,339,497</u>	<u>2,677,893,645</u>
	<u>P2,820,919,078</u>	<u>P 2,965,246,725</u>

13. INVESTMENTS IN AND ADVANCES TO ASSOCIATES AND NON-CONTROLLING INTEREST

These investments are accounted for under the equity method in the consolidated financial statements of the Group:

March 31, 2022	PLPI	BPPI	BAPI	CPI	SBMPI	NPI	CBFC	PGMC	VideoDoc	BAAI	Total
Investment:											
Acquisition costs:											
Beginning balance	P 40,000	P 180,400	P 203,896	P 400	P 43,335	P 82,283	P 162,500	P 454,880	P 120,373	P 37,890	P 1,325,938
Reclassification	-	-	-	-	-	-	-	-	-	-	-
Additional investment	-	-	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-	-	-
Translation adjustment	-	-	-	-	-	-	-	-	-	-	-
	<u>40,000</u>	<u>180,400</u>	<u>203,896</u>	<u>400</u>	<u>43,335</u>	<u>82,283</u>	<u>162,500</u>	<u>454,880</u>	<u>120,373</u>	<u>37,890</u>	<u>1,325,938</u>
Deduction of interest in associate –											
Loss on decons disposal	-	-	(99,084)	-	-	-	-	-	-	1,958	(97,126)
Dividend income	-	-	(121,603)	-	-	-	-	(92,000)	-	-	(213,603)
Accumulated equity share in net profit (losses):											
Share in net profit											
(losses) in prior years	132,422	(180,400)	418,472	(400)	(37,751)	(42,897)	(69,513)	P 24,717	(58,058)	547	187,139
Share in net profit	(5,737)	-	4,889	-	-	(15,736)	18,362	81,050	-	(3,413)	81,296
(losses) during the year											
Share in other comprehensive income during the year	-	-	-	-	-	-	-	-	-	-	-
Translation adjustment	-	-	-	-	-	-	-	-	-	-	-
	<u>126,685</u>	<u>(180,400)</u>	<u>423,361</u>	<u>(400)</u>	<u>(37,751)</u>	<u>(58,633)</u>	<u>(51,151)</u>	<u>P 107,767</u>	<u>(58,058)</u>	<u>(2,866)</u>	<u>268,535</u>
Total investments in associates	166,685	-	406,570	-	5,584	23,651	111,349	470,647	62,315	34,982	1,283,764
Less: Impairment of Investment	-	-	-	(5,584)	-	-	-	-	(62,315)	-	(67,899)
	<u>166,685</u>	<u>-</u>	<u>406,570</u>	<u>(5,584)</u>	<u>5,584</u>	<u>23,651</u>	<u>111,349</u>	<u>470,647</u>	<u>-</u>	<u>34,982</u>	<u>1,215,864</u>
Advances to associates	453,652	507,722	-	3,023	-	1,178,312	-	-	81,892	-	2,244,002
Less: Impairment of Investment	-	(44,888)	-	-	-	-	-	-	(81,892)	-	(126,780)
	<u>453,652</u>	<u>462,834</u>	<u>-</u>	<u>3,023</u>	<u>-</u>	<u>1,178,312</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,117,222</u>
	<u>P 619,718</u>	<u>P 462,834</u>	<u>P 406,570</u>	<u>(2,561)</u>	<u>P 5,584</u>	<u>P 1,201,963</u>	<u>P 111,349</u>	<u>P 470,647</u>	<u>-</u>	<u>P 34,982</u>	<u>P 3,333,086</u>

	Notes	PLPI	BPPI	BAP	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 1,238,087
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	438,593	532,859	-	-	3,023	-	1,142,488	-	-	-	2,116,963
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>-</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>

14. INTANGIBLE ASSETS

The compositions of this account are shown below.

	March 31, 2022 (Unaudited)	June 30, 2021 (Audited)
Goodwill	P 806,294,179	P 794,763,435
Dealership rights	706,421,662	695,443,030
Customer relationship	<u>14,767,390</u>	<u>17,512,096</u>
	<u>P 1,527,483,231</u>	<u>P 1,506,718,561</u>

15. TRADE AND OTHER PAYABLES

This account consists of the following:

	March 31, 2022 (Unaudited)	June 30, 2021 (Audited)
Current:		
Trade Payables	P 1,208,094,037	P925,763,665
Accrued expenses	557,827,709	727,875,278
Withholding taxes payable	238,998	40,055,755
Advances from a director	-	16,802,300
Deferred output VAT	59,781,338	52,538,094
Due to a related party	17,067,550	4,957,904
Other payables	<u>399,083,227</u>	<u>252,599,824</u>
	<u>P 2,249,254,276</u>	<u>P 2,020,592,820</u>

16. LOANS PAYABLE AND BORROWINGS

This account consists of the following:

	<u>March 31, 2022</u> (Unaudited)	<u>June 30, 2021</u> (Audited)
Current:		
Vehicle stocking loans	P 3,466,686,799	P 2,229,436,632
Bank loans	<u>280,000,000</u>	<u>334,000,000</u>
	3,746,686,799	2,563,436,632
Non-current –		
Bank loans	<u>966,629,501</u>	<u>349,487,840</u>
	<u>P 4,713,316,300</u>	<u>P 2,912,924,472</u>

17. CARRYING AMOUNTS AND FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

		<u>March 31, 2022</u> (Unaudited)		<u>June 30, 2021</u> (Audited)	
		<u>Carrying Values</u>	<u>Fair Values</u>	<u>Carrying Values</u>	<u>Fair Values</u>
Financial Assets					
Loans and receivables:					
Cash and cash equivalents	5	P 1,317,418,283	P 1,317,418,283	P 621,756,192	P 621,756,192
Trade and other receivables - net	6	2,739,333,395	2,739,333,395	1,894,269,594	1,894,269,594
Advances to associates - net	13	2,117,221,712	2,117,221,712	2,072,075,320	2,072,075,320
Refundable deposits- current	8	<u>72,731,790</u>	<u>72,731,790</u>	<u>72,349,253</u>	<u>72,349,253</u>
		<u>P 6,246,705,180</u>	<u>P 6,246,705,180</u>	<u>P 4,660,450,359</u>	<u>P 4,660,450,359</u>
Financial assets at FVTPL	9	<u>P 3,090,650</u>	<u>P 3,090,650</u>	<u>P 7,369,362</u>	<u>P 7,369,362</u>
Financial assets at FVOCI	9	<u>P 947,365,826</u>	<u>P 947,365,826</u>	<u>P 1,072,280,214</u>	<u>P 1,072,280,214</u>
Financial Liabilities					
Financial liabilities at amortized cost:					
Loans payable and borrowings	16	P 4,713,316,300	P 4,713,316,300	P 2,912,924,472	P 2,888,468,671
Trade and other payables	15	2,249,254,276	2,249,254,276	1,226,184,236	1,226,184,236
Advances from related party	12	<u>713,460,097</u>	<u>713,460,097</u>	<u>859,391,677</u>	<u>859,391,677</u>
		<u>P 7,676,030,673</u>	<u>P 7,676,030,673</u>	<u>P 4,998,500,385</u>	<u>P 4,974,044,584</u>

ANNEX "B"

BERJAYA PHILIPPINES, INC. AND SUBSIDIARIES (Formerly Prime Gaming Philippines, Inc. and Subsidiaries) [A Subsidiary of Berjaya Lottery Management (HK) Limited]

1 Aging of Accounts Receivables as of 31 March 2022

Type of Accounts Receivables	Neither Past Due nor Impaired	Past Due not Impaired			Past Due Accts & Items in Litigation	Total
		61-90 days	91-120 days	Over 180 days		
	(Peso)		(Peso)	(Peso)	(Peso)	(Peso)
a <u>Trade Receivables</u>						
1) PCSO	-	-	-	-	-	-
2) Guest/City Ledger	545,301	47,714	34,081	54,530	-	681,626
3) Vehicle Debtor	476,986,118	86,724,749	130,087,123	173,449,499	-	867,247,489
3) Others	-	-	-	-	-	-
Subtotal	477,531,419	86,772,463	130,121,204	173,504,030	-	867,929,115
Less: Allow. For Doubtful Acct.	-	-	-	19,080,680	-	19,080,680
Net Trade receivable	477,531,419	86,772,463	130,121,204	154,423,349	-	848,848,434
b <u>Non - Trade Receivables</u>						
1) Deposits	1,680,779,118	-	-	-	-	1,680,779,118
2) Payment for future acquisition of inv	1,018,161	-	-	-	-	1,018,161
3) Other Receivables	208,687,682	-	-	-	-	208,687,682
	-	-	-	-	-	-
Subtotal	1,890,484,961	-	-	-	-	1,890,484,961
Less: Allow. For Doubtful Acct.	-	-	-	-	-	-
Net Non - trade receivable	1,890,484,961	-	-	-	-	1,890,484,961
Net Receivables (a + b)	2,368,016,379	86,772,463	130,121,204	154,423,349	-	2,739,333,395

Notes:

If the Company's collection period does not match with the above schedule, a revision is necessary to make the schedule not misleading.
The proposed collection period in this schedule may be changed to appropriately reflect the Company's actual collection period.

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2 Accounts Receivable Description

Type of Receivables	Nature/Description	Collection/Liquidation Period
Trade Receivables		
1) PCSO	gross receipt from lottery ticket sales	30-60 days
2) Guest/City Ledger	rooms revenue and sale of food and beverages	30-60 days
3) Vehicle Debtor	sale of vehicles, parts and accessories and servicing and body shop sales	30-60 days
Notes:		
To indicate a brief description of the nature and collection period of each receivable accounts with major balances or separate receivable captions, both the trade and non - trade accounts.		

3 Normal Operating Cycle:

365 days

For the Fiscal Year												
Currency					June 2022 Philippine Peso				59,916,213 June 2021 Philippine Peso			
	</											

BERJAYA PHILIPPINES INC. AND SUBSIDIARIES
9th Floor, Rufino Pacific Tower
6784 Ayala Avenue, Makati City

Financial Indicators
March 31, 2022

Financial Indicators	Computation		Ratios		Computation	Ratios
	March 2022	March 2021	March 2022	March 2021	June 2021	June 2021
Quick ratio						
Cash and cash equivalents +	1,317,418,283	1,046,263,036			621,756,192	
Financial asset at fair value through profit or loss	3,090,650	23,362,800			7,369,362	
Trade and other receivables - net +	2,739,333,395	2,072,609,315			1,969,558,715	
Advances to associates	2,117,221,712	2,086,436,876	0.63	0.66	2,072,075,320	0.66
Total Current Liabilities	9,780,178,770	7,940,407,715			7,108,495,023	
Current/liquidity ratio						
Total Current Assets	12,066,197,539	9,555,256,336	1.23	1.20	9,011,283,688	1.27
Total Current Liabilities	9,780,178,770	7,940,407,715			7,108,495,023	
Debt-to-equity ratio						
Total Liabilities	13,809,984,670	10,802,724,708	1.42	1.24	10,866,896,943.00	1.23
Total Equity	9,750,693,475	8,693,241,548			8,870,325,699.00	
Debt-to-assets ratio						
Total Liabilities	13,809,984,670	10,802,724,708	0.59	0.55	10,866,896,943.00	0.55
Total Assets	23,560,678,145	19,495,966,256			19,737,222,642.00	
Equity-to-assets ratio						
Total Equity	9,750,693,475	8,693,241,548	0.41	0.45	8,870,325,699.00	0.45
Total Assets	23,560,678,145	19,495,966,256			19,737,222,642.00	
Annualized PPE Turnover						
Net Revenue	27,206,267,061	21,725,208,914	12.77	14.80	29,469,459,653.00	8.05
PPE	4,692,752,705	2,881,796,743			3,658,887,417	
Annualized Return on assets						
Net Profit	818,737,875	387,077,201	7.65%	3.90%	539,157,744.00	2.73%
Total Assets	23,560,678,145	19,495,966,256			19,737,222,642.00	
Annualized Return on equity						
Net Profit	818,737,875	387,077,201	18.49%	8.74%	539,157,744.00	6.08%
Total Equity	9,750,693,475	8,693,241,548			8,870,325,699.00	
Annualized	2.20	1.96			1	
Earnings per share						
Net Profit Attributable to Owners of the Parent Company	816,214,566	379,545,223	0.19	0.09	528,956,479.00	0.12
Weighted Average Number of Outstanding Common Shares	4,341,280,855	4,341,280,855			4,341,280,855	