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SEC Registration Number

BLOOMBERRY RESORTS CORPORATION

(Company's Full Name)

THE EXECUTIVE OFFICES, SOLAIRE RESORT & CASINO, 1 ASEAN AVENUE, ENTERTAINMENT CITY, TAMBO, PARAÑAQUE CITY

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

JONAS R. RAMOS	8883-8921
(Contact Person)	(Company Telephone Number)

1 2	3 1	Definitive S E C 20 IS	Third Thursday of April
Month *Day* (Fiscal Year)		(Form Type)	*Month* *Day* (Annual Meeting)

N/A

(Secondary License Type, If Applicable)

SEC-MSRD	N/A
Dept. Requiring this Doc.	Amended Articles Number/Section
	Total Amount of Borrowings
94 (as of 30 April 2020)	**N/A** (Domestic) / **N/A** (Foreign)
Total No. of Stockholders	

To be accomplished by SEC Personnel concerned

File Number	LCU
Document ID	Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

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
[x] Definitive Information Statement

2. Name of Registrant as specified in its charter
Bloomberry Resorts Corporation

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

4. SEC Identification Number **A199904864**

5. BIR Tax Identification Code **204-636-102**

6. Address of Principal Office **The Executive Offices, Solaire Resort & Casino, 1 Asean Avenue, Entertainment City, Tambo, Parañaque City**
Postal Code **1701**

7. Registrant's telephone number, including area code (**632) 8883-8920**

8. Date, time and place of the meeting of security holders: **June 18, 2020 at 2:00 p.m. The meeting will be held and conducted virtually online at www.bloomberry.ph/2020asm**

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **May 27, 2020**

1. Securities registered pursuant to Sections 8 and 12 of the 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 Stock Outstanding as of **30 April 2020**
Unclassified Shares, P1.00 par value	10,977,969,352 Shares

11. Are any or all of registrant's securities listed in a Stock Exchange?
Yes ✓ No _____

Name of Stock Exchange: **Philippine Stock Exchange**
Class of Securities Listed: **Common Shares**

BLOOM MANAGEMENT IS NOT SOLICITING PROXIES FOR THIS ANNUAL STOCKHOLDERS' MEETING.

PLEASE DO NOT SEND BLOOM MANAGEMENT YOUR PROXY.

BLOOMBERRY RESORTS CORPORATION
2020 ANNUAL STOCKHOLDERS' MEETING

Notice is hereby given that the Annual Stockholders' Meeting of Bloomberry Resorts Corporation (BLOOM) will be held and conducted virtually online on Thursday, June 18, 2020 at 2:00 p.m. at **www.bloomberry.ph/2020asm**, with the following agenda:

A G E N D A

1. Call to order
2. Determination of existence of quorum
3. Approval of the minutes of the Annual Stockholder's Meeting held on 11 April 2019
4. Report of the Chairman
5. Approval of the Audited Financial Statements
6. Ratification of all acts, contracts, investments and resolutions of the board of directors and management since the last annual stockholders' meeting
7. Election of the members of the Board of Directors. The requirements and procedure for the nomination and election of directors is set forth in Item 5 of the Information Statement.
8. Appointment of the External Auditor
9. Other Matters

The Board of Directors fixed May 18, 2020 as the record date for the purpose of determining Stockholders entitled to notice and to vote at the said meeting.

To ensure the safety and welfare of our stockholders and other stakeholders and as a precaution against the COVID-19 risk, BLOOM's Board of Directors has approved on May 22, 2020 in accordance with SEC rules a virtual stockholders' meeting for 2020. The meeting will be held online by remote communication and voting will be *in absentia*. The specific procedures for participating in the meeting through remote communication and voting *in absentia* are set forth in Appendix "A" hereof.

Online registration to participate in the virtual meeting can be done at **www.bloomberry.ph/2020asm** from **9:00am on June 2, 2020** until **5:00pm on June 15, 2020**. Provided that, for shareholders who will appoint a proxy, the duly accomplished proxy forms must be submitted on or before **5:00 p.m. on June 10, 2020.** Please note that corporate shareholders are required to submit a proxy.

By registering to participate in the virtual stockholders' meeting a stockholder or a proxy or representative of the stockholder agrees for BLOOM and its service providers to process their sensitive personal information necessary to verify their identity and authority. A stockholder who fails to comply with the registration requirement will not be able to participate in the virtual stockholders' meeting.

If you are unable to join the meeting but wish to vote on items in the agenda, you may appoint the Chairman of the meeting as your proxy with specific voting instructions which will be duly counted. Please send your proxy on or before **5:00 p.m. on June 10, 2020** to the Office of the Corporate Secretary by email to investorrelations@solaireresort.com**.**

The Office of the Corporate Secretary and the Stock Transfer Services Inc. will conduct the proxy validation at the Executive Offices, Solaire Resort & Casino, 1 Asean Avenue, Entertainment City, Barangay Tambo, Parañaque City on **June 11, 2020 at 11:00am.**

This Notice supersedes the Notice of Stockholders' Meeting submitted to the Philippine Stock Exchange on March 20, 2020 and April 14, 2020.

A copy of the Information Statement and Management Report for the Annual Stockholders' Meeting (together with the Audited Financial Statements of BLOOM as of December 31, 2019 and SEC Form 17-Q as of March 31, 2020) is available for download at the Company's website at **www.bloomberry.ph** and at the PSE Edge.

Makati City, May 22, 2020

For the Board of Directors:

By:

SILVERIO BENNY J. TAN
Corporate Secretary

Appendix "A"

BLOOM ANNUAL STOCKHOLDERS' VIRTUAL MEETING
REQUIREMENTS AND PROCEDURE FOR PARTICIPATION BY REMOTE COMMUNICATION AND VOTING *IN ABSENTIA*

1. The platform for participation through remote communication and voting *in absentia* for the 2020 BLOOM Annual Stockholders' Virtual Meeting (the "Meeting") can be found online at **www.bloomberry.ph/2020asm** (the "Platform").

2. Only BLOOM stockholders as at record date, May 18, 2020 (the "Stockholders") can use the Platform to participate in the Meeting through remote communication and vote *in absentia* on the matters in the Agenda, provided the Stockholder has (1) complied with the registration requirement, and (2) such registration has passed the validation process.

3. Registration to participate in the Meeting is from **9:00am on June 2, 2020 until 5:00pm on June 15, 2020**. Provided that, for shareholders who will appoint a proxy, duly accomplished proxy must be submitted on or before **5:00 p.m. on June 10, 2020.**

4. Registration Procedure and Requirements (Please note that BLOOM will request for consent to process sensitive personal information pursuant to the Data Privacy Act.)

   a. Procedure: To register for the Platform, log on to **www.bloomberry.ph/2020asm** and follow the instructions below. Stockholders should complete the online registration form and submit the same for validation:
      i. Proceed to **www.bloomberry.ph/2020asm**;
      ii. Click Register
      iii. Carefully read the Agreement and Data Privacy Consent;
      iv. Indicate full name;
      v. Provide a valid and active email address;
      vi. Provide the required shareholder information; and
      vii. Upload the supporting documents.

   BLOOM will evaluate and validate the information and documents furnished and uploaded. After passing the validation process, a username and password to access the Meeting will be sent to the email address provided.

   b. Registration Requirements:

      i. <u>For Individual Stockholders with the shares recorded in their name</u>:
         1. Valid and active email address of Stockholder;
         2. Valid and active contact number of Stockholder; and
         3. Scanned copy of the Stockholder's valid government-issued ID showing photo and personal details (in JPG format with a file size not larger than 5MB).
         4. Stockholders with joint accounts shall further submit scanned copy of an authorization letter signed by all Stockholders, identifying who among them is authorized to cast the vote for the account (in JPG format with a file size not larger than 5MB);
         5. Individual stockholders who will appoint a proxy shall submit by June 10, 2020 the duly accomplished and signed proxy, and scanned copy of the Proxy's valid government-issued ID showing photo and personal details (in JPG format with a file size not larger than 5MB)

      ii. <u>For an Individual Stockholder under a Broker account</u>:
         1. Valid and active email address of Stockholder;
         2. Valid and active contact number of Stockholder;

3. Broker's Certification on the Stockholder's number of shareholdings (in JPG format with a file size not larger than 5MB). **Important Note:** To facilitate the verification of your account, please make sure that you copy BLOOM, through: investorrelations@solaireresort.com; and the stock and transfer agent, STSI, through: rdregala@stocktransfer.com.ph in all email correspondence with Broker regarding request for Broker's Certification; and
4. Scanned copy of the Stockholder's valid government-issued ID showing photo and personal details (in JPG format with a file size not larger than 5MB).
5. If the stockholder will appoint a proxy, the requirements for a proxy provided under item 4.b.i.5 shall be complied with.

iii. For corporate stockholders (e.g. corporation, association, or partnership):
1. Duly accomplished and signed Proxy submitted by June 10, 2020 (and validated by BLOOM);
2. Certification, signed by a duly authorized officer, partner or representative of such corporation, association, or partnership, that the person signing the proxy is authorized by the governing board or has the power under its bylaws, or constitutive documents of such corporation, association, or partnership, to sign the Proxy (in JPG format with a file size not larger than 5MB)
   a. A proxy form given by a broker or dealer in respect of shares of stock carried by such broker or dealer for the account of a customer must be supported by a sworn certification that the same is given with the express prior authorization of such customer.
   b. If any customer of a broker or dealer who is the beneficial owner of shares of stock executes a sub-proxy, the broker or dealer shall certify that the signature on the sub-proxy is the true and genuine signature of its customer;
3. Valid and active email address of the Stockholder's Representative;
4. Valid and active contact number of the Stockholder's Representative;
5. Scanned copy of the valid government-issued ID of the person signing the Certification in item 4.b.iii.2 showing photo and personal details (in JPG format with a file size not larger than 5MB); and
6. Scanned copy of the Proxy's valid government-issued ID showing photo and personal details (in JPG format with a file size not larger than 5MB).

c. BLOOM will validate the registration requirements provided under item 4.b. The registration of a Stockholder who provides incomplete or inconsistent information will be denied.
d. Stockholders are advised to register as early as possible.
e. Stockholders who cannot or opt not to use the Platform will be allowed to vote through a proxy with instructions to the Chairman of the meeting. Please submit the proxy with voting instructions (together with documents required for stockholders submitting a proxy) to the Office of the Corporate Secretary by email to investorrelations@solaireresort.com on or before **5:00 p.m. on June 10, 2020**
f. BLOOM reserves the right to request additional information, and original signed copies of the documents forming part of the Registration Requirements at a later time.

5. Validation of Registration

a. Only Stockholders with submitted registration and validated registration can use the Platform to participate in the Meeting;
b. After registration and passing the validation process, the Stockholder will receive an email confirmation on their successful and validated registration together with a username and password for the participation in the Meeting through remote

communication. The username and password is required to access the Meeting on June 18, 2020 at 2:00PM at **www.bloomberry.ph/2020asm;**

c. Stockholders with successful and validated registration may cast their votes until the voting on the agenda item is closed during the Meeting.

6. Voting. All agenda items indicated in the Notice of the Meeting will be set out in the digital absentee ballot and the registered Stockholder may vote as follows:

   a. For all items, except for Election of Directors, the registered Stockholder has the option to vote: For, Against, or Abstain. The vote is considered cast for all the registered Stockholder's shares.
   b. For the Election of Directors, a Stockholder entitled to vote: (i) may vote such number of shares owned by it for as many persons as there are Directors to be elected; or (ii) may cumulate said shares and give one candidate as many votes as the number of Directors to be elected multiplied by the number of their shares; or (iii) may distribute them on the same principle among as many candidates as may be seen fit.
   c. BLOOM's stock transfer agent and Office of the Corporate Secretary will tabulate all votes received and will validate the results.
   d. Except for the Election of Directors, all the items in the Agenda for the approval by the stockholders will need the affirmative vote of stockholders representing at least a majority of the issued and outstanding voting stock present at the meeting. For the Election of Directors, the top seven (7) nominees with the most number of votes are elected.

7. Participation at the Virtual Meeting

   a. The Stockholder will be required to enter his/her username and password to access the Meeting on June 18, 2020 at 2:00PM at **www.bloomberry.ph/2020asm**.
   b. The Platform will allow participants to send in questions during the Meeting. However, to ensure a productive and orderly Meeting, Stockholders are encouraged to send their questions relating to items in the agenda of the Meeting on or before June 15, 2020 by email at investorrelations@solaireresort.com. Relevant questions will be answered by concerned officers during the Meeting.
   c. A link to the recorded webcast of the Meeting will be posted on BLOOM's website after the Meeting.

For any questions or inquiries, including request for assistance in the registration process, please contact our Office of the Corporate Secretary through investorrelations@solaireresort.com.

PART I. A. GENERAL INFORMATION

Item 1. Date, Time and Place of Meeting of Security Holders

The Annual Stockholders' Meeting of Bloomberry Resorts Corporation (the "Company" or "BLOOM") will be held and conducted virtually online on June 18, 2020 at 2:00 p.m**. at www.bloomberry.ph/2020asm**

The address of the principal office of BLOOM is The Executive Offices, Solaire Resort & Casino, 1 Asean Avenue, Entertainment City, Barangay Tambo, Parañaque City. This Information Statement will be filed through PSE Edge, uploaded in the company website at **www.bloomberry.ph** and published in both print and online formats in two (2) newspapers of general circulation on May 26 and May 27, 2020 in accordance with the Securities and Exchange Commission (SEC) Notice dated April 20, 2020.

Item 2. Dissenters' Right of Appraisal

The matters to be acted upon at this Annual Stockholders' Meeting are not matters with respect to which a dissenting Stockholder may exercise his appraisal right under Section 80 of the Revised Corporation Code.

Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

Other than election of Directors, there are no substantial interest, by security holdings or otherwise, of BLOOM, any Director or Officer thereof, or associate of any of the foregoing persons in any matter to be acted upon at the Annual Stockholders' Meeting.

None of the Directors of BLOOM has informed BLOOM in writing that he intends to oppose any action to be taken by BLOOM at this Annual Stockholders' Meeting.

Part I. B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

As of April 30, 2020, there are 10,977,969,352 common shares of BLOOM issued and outstanding. Only Stockholders of record at the close of business on May 18, 2020 are entitled to notice and to vote at the Annual Stockholders' Meeting. The stockholders will vote on matters scheduled to be taken up at the Annual Meeting with each share being entitled to cast one (1) vote.

For the election of Directors, Stockholders entitled to vote may vote such number of shares for as many persons as there are Directors to be elected, or may cumulate said shares and give one candidate as many votes as the number of Directors to be elected multiplied by the number of their shares shall equal or may distribute them on the same principle among as many candidates as they shall see fit.

Security Ownership of Certain Beneficial Owners and Management

As of April 30, 2020, the Company does not know of anyone who beneficially owns in excess of 5% of the Company's stock except as set forth in the table below:

Security Ownership of Certain Record and Beneficial Owners

Title of Class	Name, Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percentage
Common Shares	Prime Metroline Holdings, Inc. 18/F Liberty Center, 104 H.V. Dela Costa St., Salcedo Village, Makati City Controlling Shareholder of Issuer	Enrique K. Razon, Jr. Controlling Shareholder	Filipino	5,935,972,444[1]	53.80%
Common Shares	Quasar Holdings, Inc. 18/F Liberty Center, 104 H.V. Dela Costa St., Salcedo Village, Makati City Controlling Shareholder of Issuer	Enrique K. Razon, Jr. Controlling Shareholder	Filipino	921,184,056[1]	8.35%
Common Shares	PCD Nominee Corporation (Non-Filipino) Makati Stock Exchange Bldg., Ayala Avenue, Makati City No relationship	Various parties	Foreign	2,853,440,597[2]	25.86%
Common Shares	PCD Nominee Corporation (Filipino) Makati Stock Exchange Bldg.,Ayala Avenue, Makati City No relationship	Various parties	Filipino	1,025,058,418	9.29%
Common Shares	Global Gaming Philippines, LLC 499 Park Avenue, 2nd Floor, New York, United States of America No relationship	Global Gaming Asset Management Holdings, LLC Controlling Entity of Global Gaming Philippines, LLC	Foreign	921,184,056[2]	8.35%

[1]Enrique K. Razon Jr. is the controlling stockholder of Prime Metroline Holdings, Inc., Quasar Holdings, Inc. and Razon & Co., Inc. Enrique K. Razon, Jr. directly and indirectly owns 7,118,109,832 shares or 64.52% some of which are lodged with the PCD Nominee Corporation.
[2]The shares of Global Gaming Philippines, LLC is lodged under the shares of PCD Nominee Corporation (Non-Filipino).

Security Ownership of Management as of April 30, 2020

Name	Citizenship	Number of Shares	Percentage of Ownership
Enrique K. Razon, Jr.[1]	Filipino	7,118,109,832	64.52%
Jose Eduardo J. Alarilla	Filipino	2,726,633	0.02%
Donato C. Almeda	Filipino	2,864,529	0.03%
Thomas Arasi	American	7,818,218	0.07%
Christian R. Gonzalez	Filipino	100,933	0.00%
Estella Tuason-Occeña	Filipino	3,985,100	0.04%
Silverio Benny J. Tan	Filipino	212,619	0.00%
Laurence Upton	New Zealander	1,881,471	0.02%
Cyrus Sherafat	American	4,347,765	0.04%

[1] Enrique K. Razon, Jr. directly owns 100 shares and indirectly owns: through Prime Metroline Holdings, Inc., 5,935,972,444 (53.80%) shares, through Razon & Co. Inc., 225,000,000 (2.04%) shares; through Quasar Holdings, Inc., 921,184,056 (8.35%) shares, through Achillion Holdings, Inc. 4,269,500 (0.04%) shares, and through spouse Felicia Razon, 451,000 shares.

Voting Trust Holders of 5% or More
None

Change in Control
None

Certain Relationships and Related Transactions
Descriptions and explanations of the related party transactions are disclosed in Note 14, *Related Party Transactions,* to the Annual Audited Consolidated Financial Statements.

Aside from the transactions as disclosed in the Annual Audited Consolidated Financial Statements, the Group does not have any other transactions with its directors, executive officers, security holders or members of their immediate family.

Item 5. Directors and Executive Officers
The following are information on the business experience of the members of the Board of Directors (the Board) and Executive Officers of BLOOM for the last five (5) years.

The members of the Board of Directors and executive officers of BLOOM as of April 30, 2020 are:

Office	Name	Citizenship	Age
Chairman of the Board and CEO	Enrique K. Razon Jr.	Filipino	60
Vice Chairman	Jose Eduardo J. Alarilla	Filipino	69
Vice Chairman for Construction and Regulatory Affairs	Donato C. Almeda	Filipino	65
Director, President & Chief Operating Officer	Thomas Arasi	American	62
Director	Christian R. Gonzalez	Filipino	45
Independent Director	Carlos C. Ejercito	Filipino	74
Independent Director	Jose P. Perez	Filipino	73
Chief Financial Officer and Treasurer	Estella Tuason-Occeña	Filipino	50
Executive Vice President for International Marketing	Laurence Upton	New Zealander	50
Executive Vice President for Casino Marketing	Cyrus Sherafat	American	37
Corporate Secretary and Compliance Officer	Silverio Benny J. Tan	Filipino	63
Assistant Corporate Secretary	Jonas S. Khaw	Filipino	40

Below are summaries of the business experience and credentials of the Directors and the Company's key executive officers:

Enrique K. Razon, Jr. — Chairman and Chief Executive Officer
Mr. Razon is the Chairman and the President of International Container Terminal Services, Inc. (ICTSI)*, IWI Container Terminal Holdings, Inc., ICTSI Foundation, Inc., Razon Industries, Inc., Sureste Realty Corporation, Prime Metroline Holdings Inc. (PMHI), Quasar Holdings Inc., Razon & Co. Inc., Achillion Holdings Inc., Collingwood Investment Company Ltd., Bravo International Port Holdings Inc., Provident Management Group, Inc., and Prime Metro Power Holdings Corp; the CEO and the Chairman of Bloomberry Resorts and Hotels, Inc.; the Chairman of Sureste Properties Inc., WawaJVCo Inc., and Australian Terminal Ltd.; the President of Contecon Manzanillo S.A., Tecon Suape, S.A., Tecplata S.A. ; a Director A of Contecon Guayaquil S.A.; a Director B of ICTSI Capital B.V.; and a Director of Sureste, ICTSI (Hongkong) Ltd., Monte Oro Resources and Energy, Inc. (MORE), Australian Container Terminals Ltd., Pentland International Holdings Ltd., CLSA Exchange Capital and Xcell Property Ventures, Inc., and Prime Metroline Infrastructure Holdings Corporation.

Mr. Razon is a member of the US-Philippines Society, the ASEAN Business Club, and Philippines, Inc. The De La Salle University in the Philippines has conferred on Mr. Razon the degree of Doctor of Science in Logistics honoris causa.

Publicly-listed Corporation

Jose Eduardo J. Alarilla — Vice Chairman
Mr. Alarilla is the President of Lakeland Village Holdings, Inc., Devoncourt Estates Inc., Eiffle House Inc., Alpha Allied Holdings Ltd., Sureste Properties Inc., WawaJVCo Inc., and Fremont Holdings Inc. He is the President and CEO of Mega Subic Terminal Services, Inc., Chairman of Mega Equipment International Corp., and President of Manila Holdings and Management, Inc. Mr. Alarilla is a director of BRHI, PMHI, Apex Mining Co. Inc.* MORE, MORE Electric & Power Corporation, International Cleanvironment Systems Inc., Manila Harbor Center Port Services Inc., The Country Club Inc., and is a director and treasurer of Bloomberry Cultural Foundation Inc. and Prime Metro Power Holdings Corp. He holds a Bachelor of Science in Mechanical Engineering from De La Salle University and a Master in Business Management from the Asian Institute of Management.

Publicly-listed Corporation

Donato C. Almeda — Vice Chairman for Construction and Regulatory Affairs
Mr. Almeda is a director of BRHI, Bloomberry Cruise Terminals Inc. MORE Electric & Power Corporation, and is the President of Bloomberry Cultural Foundation Inc. He served as President and CEO of Waterfront Philippines Inc. He also served as: President of Waterfront Cebu City Hotel, Waterfront Mactan Hotel and Fort Ilocandia Hotel, Managing Director of Waterfront Promotions Ltd. (a gaming company) and President of Insular Hotel in Davao. He earned his Engineering Degree from De La Salle University.

Thomas Arasi —President and Chief Operating Officer
Mr. Arasi was appointed as President and Chief Operating Officer of the Company effective October 11, 2013. He is also the President of BRHI. He was formerly President and Chief Executive Officer of Marina Bay Sands Pte Ltd. He has also held senior positions with InterContinental Hotels Group as President of three major divisions, and was formerly the President of Tishman Hotel Corporation. Mr. Arasi is a graduate of Cornell University, where he received a Bachelor of Arts degree in Hotel and Restaurant Administration.

Christian R. Gonzalez — Director
Mr. Gonzalez is a director of BRHI, Sureste, PMHI, He is the Executive Vice President, Global Corporate Head of the ICTSI* Group. He was Head of Asia Pacific Region & Head of Manila International Container Terminal (MICT). He is the Chairman, President or director of many ICTSI* subsidiaries. Mr. Gonzalez is the Chairman and/or President of ICTSI Subic, Inc., Subic Bay International Terminal Holdings, Inc. and IW Cargo Handlers, Inc.; the Chairman of ICTSI Far East Pte. Ltd.; a Commissioner of PT Makassar Terminal Services and the President Commissioner of ICTSI Jasa Prima; a Director of Bauan International Ports, Inc., Davao Integrated Port & Stevedoring Services Corp., Mindanao International Container Terminal Services, Inc., South Cotabato Integrated Ports Services, Inc., Subic Bay International Terminal Corp., Abbotsford Holdings, Inc., IWI Container Terminal Holdings Inc., Hijo International Port Services, Inc., International Container Terminal Services (India) Private Limited, and Pakistan International Container Terminal Limited, The Country Club, Prime Metroline Infrastructure Holdings Corporation, WawaJVCo Inc., and Prime Metro Power Holdings Corp., among others. Mr. Gonzalez is the President of ICTSI Foundation, Inc.

Mr. Gonzalez is a graduate of *Instituto de Estudios Superiores de la Empresa* (IESE) Business School, the graduate school of management of the University of Navarra, in

Barcelona, Spain, where he received his Bilingual Masters in Business Administration. He is also a graduate of Business Administration from Pepperdine University in California.

**Publicly-listed Corporation*

Carlos C. Ejercito — Independent Director
Mr. Ejercito is an independent director of Monte Oro Resources & Energy, Inc. He is the Chairman and President of Northern Access Mining Corporation, Forum Cebu Coal Corporation, Morganhouse Holdings Inc., Aboitiz Power Corporation* and Century Properties Group, Inc.* He was Chairman of the Board of Directors of United Coconut Planters Bank, and was the former CEO of United Laboratories Inc. and several of its subsidiaries. He was a director of Ayala Greenfield Development Corporation. He was a former director in National Grid Corporation of the Philippines, Greenfield Development Corporation, Fort Bonifacio Development Corporation and Bonifacio Land Corporation. Mr. Ejercito is a governor of the Management Association of the Philippines and is a member of the Philippine Chamber of Commerce. Mr. Ejercito has a Bachelor's degree in Business Administration, cum laude, from the University of the East, and is an MBA candidate from Ateneo Graduate School of Business. He attended the Program for Management Development of Harvard Business School.

Jose P. Perez — Independent Director
Retired Justice Perez is an independent director of Eagle Cement Corporation*, SMC Yamamura Glass, SMC Hong Kong, South Luzon Tollway Corporation. He is the Dean of Manuel L. Quezon University School of Law. He was formerly an Associate Justice of the Supreme Court from December 2009 to December 2016. He holds a Bachelor of Laws degree from the University of the Philippines College of Law and a Bachelor of Arts degree Major in Political Science, from the University of the Philippines.

**Publicly-listed Corporation*

Estella Tuason-Occeña — Chief Financial Officer and Treasurer
Ms. Occeña is the Treasurer of BRHI and Sureste and Director and Treasurer of PMHI. She is an Executive Officer of ICTSI*, Treasurer of Sureste Realty Corporation, Lakeland Village Holdings Inc., Devoncourt Estates Inc., Achillion Holdings, Inc., and Razon Industries, Inc. She was Chief Financial Officer of MORE and was a director and Chief Financial Officer of International Cleanvironment Systems Inc.. Ms. Occeña has an MBA from De La Salle University and graduated with Distinction from St. Scholastica's College with a Bachelor's Degree in Commerce.

**Publicly-listed Corporation*

Laurence Upton — Executive Vice President for International Marketing
Mr. Upton was previously with Crown Ltd, Melbourne as Senior Vice President, VIP International Marketing. He was also previously connected with Star City Pty Ltd in a variety of senior management roles. He is a graduate of the New South Wales Vocational and Education and Training Accreditation Board in Australia with a diploma in Business Management.

Cyrus Sherafat — Executive Vice President for Casino Marketing
Mr. Sherafat has 10 years' experience in the gaming industry working in various marketing roles both at local casinos and international integrated resorts. He was the Vice President of Casino Marketing in Marina Bay Sands in Singapore. He is a graduate of Cornell University's School of Hotel Administration. He began his career in the gaming industry with Pinnacle Entertainment, a regional casino operator in the United States.

Silverio Benny J. Tan — Corporate Secretary & Compliance Officer
Atty. Tan is a partner, and was managing partner in 2013 to 2015, in the law firm Picazo Buyco Tan Fider & Santos. He is Chairman of the Board of Mapfre Insular Insurance Corporation. He is a director and corporate secretary of Prime Metroline Holdings, Inc., Bravo International Port Holdings Inc., Alpha International Port Holdings Inc., Eiffle House Inc., Cyland Corp., Negros Perfect Circles Food Corp., and Razon & Co. Inc. He is also a director of the following companies: Celestial Corporation, Skywide Assets Ltd., Monte Oro Minerals (SL) Ltd., and Dressline Holdings Inc. and its subsidiaries and affiliates. He is the corporate secretary of several companies including: Sureste, BRHI, MORE Electric & Power Corporation, Lakeland Village Holdings Inc., Devoncourt Estates Inc., Apex Mining Company Inc.* Monte Oro Resources & Energy Inc., Bloomberry Cultural Foundation Inc., Pilipinas Golf Tournaments, Inc., and OSA Industries Philippines, Inc. He is an assistant corporate secretary of ICTSI* and ICTSI Ltd.

Atty. Tan holds a Bachelor of Laws, cum laude, from the University of the Philippines College of Law and a Bachelor of Arts Major in Political Science, cum laude, from the University of the Philippines College Iloilo. Atty. Tan placed third in the 1982 Philippine Bar exams.

**Publicly-listed Corporation*

Jonas S. Khaw — Assistant Corporate Secretary
Atty. Khaw is a partner in the law firm Picazo Buyco Tan Fider & Santos. He is the corporate secretary of Medco Holdings, Inc.* Atty. Khaw holds a Juris Doctor and Bachelor of Science in Management Engineering degrees both from the Ateneo de Manila University.

Publicly-listed Corporation

Significant Employees
No person who is not an executive officer of BLOOM is expected to make a significant contribution to BLOOM.

Family Relationships
Director Christian R. Gonzalez is the nephew of Chairman and President, Enrique K. Razon, Jr. There are no other family relationships among the directors and officers listed.

Involvement in Certain Legal Proceedings
Based on their individual responses after due inquiry as of date hereof, none of the following events occurred with respect to any of the foregoing nominees and executive officers during the past five (5) years up to the latest date that would be material to an evaluation of their ability or integrity to act as directors or executive officers of the Corporation, except as otherwise provided below:

(a) Any bankruptcy petition filed by or against any business of which the nominee was a general partner or executive officer either at the time of the bankruptcy or within two (2) years prior to that time;

(b) Any conviction by final judgment, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

(c) Being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring,

suspending or otherwise limiting the nominee's involvement in any type of business, securities, commodities or banking activities; and

(d) Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.

As of date, other than as disclosed below, there are no other material pending legal proceedings to which the registrant or any of its subsidiaries or affiliates is a party.

Sureste and BRHI are respondents in an arbitration proceedings filed by Global Gaming Philippines LLC and GGAM Netherlands on the termination of their Management Services Agreement (MSA) in 2013. The arbitration was bifurcated into proceedings to determine liabilities and proceedings to determine remedies. On September 20, 2016, the arbitration tribunal issued a partial award declaring Sureste and BRHI liable for termination of the MSA saying it was not justified. The enforcement of this partial award was challenged in a case in Singapore. The Singapore High Court in a decision dated January 3, 2020 dismissed the case against the enforcement of the partial award. Sureste and BRHI has appealed this decision to the Court of Appeals in Singapore on February 3, 2020. On September 27, 2019, the arbitral tribunal issued a Final Award on Remedies proceedings which provided that Respondents pay GGAM: (a) US$ 85.2 million as damages for lost management fees; (b)US$ 391,224 as pre-termination fees and expense; (c) US$ 14,998,052 as Cost. Respondents to pay Php10,169,871,978.24 for the 921,184,056 GGAM shares in Bloomberry Resorts Corporation (BRC) (the Shares) in exchange for GGAM's turning over the Shares after the payment. If Respondents do not pay for the Shares, GGAM may sell the Shares in the market and Respondents will be liable for the difference in the selling price if it is less than the awarded price (or receive the amount in excess of the awarded price). If the cash dividends subject of injunction by the RTC Makati are released to GGAM they are to be deducted from the cost of the Shares. Post-award interest is 6%, compounded annually, or 50 basis per month for the pre-termination.

Respondents have filed a petition with Singapore court to vacate the Final Award on Remedies because the award was procured by fraud and is in violation of public policy. At this time, Respondents are not able to predict when the Singapore courts will issue a decision. The partial award on liabilities and the Final Award on Remedies of the arbitration tribunal can be enforced in the Philippines only through an order of a Philippine court of proper jurisdiction, after appropriate proceedings taking into account applicable Philippine law and public policy.

Nominees for Directors and Independent Directors/Nominations Committee

Under Article II, Section 9 of the Amended Bylaws of BLOOM, all nominations for directors to be elected by the stockholders of BLOOM shall be submitted in writing to the Corporate Secretary of BLOOM at its principal office not earlier than forty (40) days nor later than twenty (20) days prior to the date of the regular or special meeting of stockholders for the election of directors. Nominations which are not submitted within such nomination period shall not be valid. Only a stockholder of record entitled to notice of and vote at the regular or special meeting of stockholders for the election of directors shall be qualified to be nominated and elected as director of BLOOM.

In line with established procedures, a formal nomination of a Director must be signed by a stockholder and submitted to the Corporate Secretary.

The Corporate Secretary, guided by the Bylaws, Revised Manual on Corporate Governance and the Revised Corporation Code, forwards the said nominations to the Nominations Committee. In accordance with the Revised Manual on Corporate Governance, the Nominations Committee passes upon the qualifications of the nominees. The process includes an examination of each nominee's business background and company affiliations, and ascertains that the nominees for independent director do not possess any of the disqualifications to serve as an independent director of BLOOM as provided in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations. The Nominations Committee is composed of Enrique K. Razon Jr. as Chairman, and Jose Eduardo J. Alarilla, Christian R. Gonzalez as members.

Carlos C. Ejercito and Jose P. Perez were nominated as Independent Directors of BLOOM by Ms. Estella Tuason-Occeña, and Enrique K. Razon Jr. respectively. Information on the nominees are stated on page 7 of this Information Statement.

Directors and Executive Officers

The following have been nominated as Members of the Board of Directors for the ensuing year:

Name	Citizenship	Age
Enrique K. Razon, Jr.	Filipino	60
Jose Eduardo J. Alarilla	Filipino	68
Donato C. Almeda	Filipino	65
Thomas Arasi	American	62
Christian R. Gonzalez	Filipino	45
Carlos C. Ejercito*	Filipino	74
Jose P. Perez*	Filipino	73

*As Independent Director

For the election of Directors, Stockholders entitled to vote may vote such number of shares for as many persons as there are Directors to be elected, or may cumulate said shares and give one candidate as many votes as the number of Directors to be elected multiplied by the number of their shares shall equal or may distribute them on the same principle among as many candidates as they shall see fit.

Item 6. Compensation of Directors and Executive Officers

The Group paid compensation in 2019 to the Chief Executive Officer (CEO) and executive officers named below, as a group, amounting to ₱236.1 million.

Name	Office
Enrique K. Razon Jr.	Chairman of the Board & Chief Executive Officer
Jose Eduardo J. Alarilla	Vice Chairman
Donato C. Almeda	Vice Chairman for Construction and Regulatory Affairs
Thomas Arasi	President & Chief Operating Officer
Christian R. Gonzalez	Director
Estella Tuason-Occeña	Chief Financial Officer & Treasurer
Laurence Upton	Executive Vice President for International Marketing
Cyrus Sherafat	Executive Vice President for Casino Marketing
Arcan Lat	Senior Vice President for Finance
Silverio Benny J. Tan	Corporate Secretary & Compliance Officer

The following is the breakdown of the aggregate amount of compensation paid to the CEO and top five (5) highest paid executive officers in 2018 and 2019, and estimated to be paid to the CEO and top five (5) highest paid executive officers in 2020 named below (amounts in millions):

	Year	Salary	Bonus & Others	Total
President and Top 5 Executive Officers, as group: Enrique K. Razon, Jr. – *Chairman & Chief Executive Officer* Thomas Arasi – *President & Chief Operating Officer* Cyrus Sherafat – *Executive Vice President for Casino Marketing* Laurence Upton – *Executive Vice President for International Marketing* David Batchelor* – *Senior Vice President for Resort Operations* Rajesh Jhingon** – *Senior Vice President for Resort Operations*	2020 (Estimate)	₱32.1	₱138.0	₱170.1
	2019 (Actual)	22.4	153.9	176.4
	2018 (Actual)	25.8	161.2	187.0
All Other Officers and Directors, as a group unnamed	2020 (Estimate)	₱27.1	₱27.0	₱54.1
	2019 (Actual)	29.2	30.5	59.7
	2018 (Actual)	19.8	47.4	67.2

** Appointed effective April 15, 2019*
*** Resigned effective April 21, 2019*

The members of the Board are not expected to receive any compensation in 2020. There are no material terms of any other arrangements or contracts where any director of the Company was compensated or is to be compensated, directly or indirectly, in 2018, 2019 or in the coming year, for any service provided as a director.

Named executives officers are covered by Letters of Appointment, with the Company stating therein their respective terms of employment.

There are no existing compensatory plans or arrangements, including payments to be received from the Company by any named executive officer, upon resignation, retirement or any other termination of the named executive officer's employment with the Company and its subsidiaries or from a change-in-control of the Company or a change in the named executive officers' responsibilities following a change-in-control.

Stock Incentive Plan

The Stockholders of the Parent Company approved on June 25, 2012 a Stock Incentive Plan (SIP) for directors, officers, and employees of the Group, effective for a period of ten years unless extended by the board of directors. The Participants to the SIP are: permanent and regular employees of the Group or its affiliates with at least one year tenure; officers and directors of the Group; officers and directors of affiliates of the Group; and other persons who have contributed to the success and profitability of the Group or its affiliates.

The SIP is administered by the Stock Incentive Committee (SIC), which is composed of three directors or officers appointed by the BOD. The SIC determines the number of shares to be granted to a participant and other terms and conditions of the grant.

Unissued shares from the authorized capital stock or treasury shares which together with shares already granted under the SIP, are equivalent to seven percent (7%) of the resulting total outstanding shares of the Parent Company shall be allocated for the SIP.

The grant of shares under the SIP does not require an exercise price to be paid by the awardee. The shares awarded shall vest in two years: 50% on the first anniversary date of the award; and the other 50% on the second anniversary date of the award. Vesting grants the participant absolute beneficial title and rights over the shares, including full dividend and voting rights.

Below is a summary of SIP grants and their corresponding schedule of vesting:

Grant Date	Details		2017		2018		2019		Balance as of December 31, 2019
	No. of Shares	Price per Share	Cancelled	Vested	Cancelled	Vested	Cancelled	Vested	
2016									
February 16	18,986,490	4.49	166,251	9,326,994	166,264	9,326,981	-	-	-
June 28	558,289	5.8	163,637	115,508	166,637	115,507	-	-	-
2017									
April 18*	26,914,402	8.38	-	-	60,695	13,313,566	156,370	13,383,771	-
2018									
May 16*	22,273,374	12.66	-	-	-	-	661,659	10,538,925	11,072,790
June 8*	89,147	11.40	-	-	-	-	-	44,574	44,573
August 1*	103,751	9.00	-	-	-	-	-	51,876	51,875
2019									
March 18*	24,933,791	11.62	-	-				147,475	24,786,316
Total	**93,859,244**		**329,888**	**9,442,502**	**393,596**	**22,756,054**	**818,029**	**24,166,623**	**35,955,554**

** includes Dividend Re-investment Plan shares*

The stock incentive obligation amounting to 304.9 million and 220.7 million for 2019 and 2018, respectively were recognized as part of “Salaries and benefits” under “Operating costs and expenses” in the consolidated financial statements.

Item 7. Independent Public Accountants

On April 11, 2019, the Stockholders of BLOOM re-appointed SGV & Co. as external auditor to audit its financial statements for 2019. Ms. Christine Vallejo, partner of SGV & Co., is the audit partner for the audit of the Company’s books and accounts in 2019.

External Audit Fees and Services

The Group paid its external auditors the following fees for the last three years for professional services rendered:

	For the Year Ended December 31		
In thousands pesos	**2019**	**2018**	**2017**
Audit	₱12,074.8	₱11,877.7	₱9,283.5
Tax and others	4,103.5	3,868.6	6,316.0
Total	**₱16,178.3**	**₱15,746.3**	**₱15,599.5**

Tax fees paid to the auditors are for tax compliance and tax advisory services. In 2019, 2018 and 2017, the other fees include fees for limited review services provided.

The Audit Committee makes recommendations to the Board concerning the external auditors and pre-approves audit plans, scope and frequency before the conduct of the external audit. The Audit Committee reviews the nature of the non-audit related services rendered by the external auditors and the appropriate fees paid for these services.

Changes in and Disagreements with Accountants of Accounting and Financial Disclosure

There were no changes or disagreements with the Company's external auditors, SyCip Gorres Velayo & Co. (SGV & Co.) on accounting and financial statement disclosures.

Item 8. Compensation Plans
Not Applicable

PART I. C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. Authorization or Issuance of Securities Otherwise for Exchange
Not Applicable

Item 10. Modification or Exchange of Securities
Not Applicable

Item 11. Financial and Other Information
Not Applicable

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters
Not Applicable

Item 13. Acquisition or Disposition of Property
Not Applicable
Item 14. Restatement of Accounts
Not Applicable

Part I. D. OTHER MATTERS

Item 15. Action with Respect to Reports

Ratification of All Acts, Contracts, Investments and Resolutions of the Board of Directors and Management since the Last Annual Stockholders' Meeting

As a matter of corporate policy, Management seeks the approval and ratification by the Stockholders of all acts, contracts, investments and resolutions of the Board of Directors and Management since April 11, 2019, the date of the last Annual Stockholders' Meeting. These are reflected in the minutes of the meetings of the Board of Directors, in the regular reports and disclosures to the Securities and Exchange Commission and to the Philippine Stock Exchange, and in the 2019 Annual Report and the Report of the Chairman.

The affirmative vote of a majority of the votes cast on this matter is necessary for the ratification of all acts, contracts, investments and resolutions of the Board of Directors and Management, which include the following:

Date of Board Meeting	Matters Approved
01 February 2019	Appointment of Jose P. Perez as independent director
04 March 2019	Approved the 2018 Financial Statements as of and for the fiscal year ending December 31, 2018, as reviewed by Sycip Gorres Velayo & Co.
21 March 2019	Approved cash dividend of Fifteen Centavos (₱0.15) per share to stockholders of record as of Record Date 05 April 2019 with Payment Date on 16 April 2019.
11 April 2019	The following Executive Officers of BLOOM, were elected, namely: Chairman of the Board and Chief Executive Officer — Enrique K. Razon Jr.

	<table><tr><td>President & Chief Operating Officer</td><td>Thomas Arasi</td></tr><tr><td>Chief Finance Officer and Treasurer</td><td>Estella Tuason-Occeña</td></tr><tr><td>Senior Vice President for International Marketing</td><td>Laurence Upton</td></tr><tr><td>Senior Vice-President for Casino Marketing</td><td>Cyrus Sherafat</td></tr><tr><td>Corporate Secretary & Compliance Officer</td><td>Silverio Benny J. Tan</td></tr><tr><td>Assistant Corporate Secretary</td><td>Jonas S. Khaw</td></tr></table> The Board appointed the following chairmen and members of mandated committees: Audit Committee Carlos C. Ejercito - Chairman Christian R. Gonzalez Jose P. Perez Nomination Committee Enrique K. Razon Jr. - Chairman Jose Eduardo J. Alarilla Christian R. Gonzalez Compensation Committee and Stock Incentive Plan Committee Jose Eduardo J. Alarilla - Chairman Estella Tuason-Occeña Carlos C. Ejercito Related Party Transactions Committee Jose P. Perez - Chairman Carlos C. Ejercito Jose Eduardo J. Alarilla
14 May 2019	1. Approval of the Revised Money Laundering and Anti-Terrorism Prevention Program (MLPP) 2. Appointment of Vice Chairman for Construction and Regulatory Affairs
22 May 2019	1. Approved sale of motor vehicle 2. Designation of Mr. Donato Almeda as Vice Chairman for Construction and Regulatory Affairs
14 June 2019	Approved the expression of interest in the proposed project of the Queensland Government
26 July 2019	Approved the establishment of Bloomberry Cruise Terminals, Inc.
25 September 2019	1. Application of the Tax Clearance Certificate with the Bureau of Internal Revenue (BIR) 2. Registration or Renewal under PhilGEPS 3. Appeal to the Court of Tax Appeals the Assessment by the BIR against the Company Deficiency for Documentary Stamp Tax and Other Assessment
07 October 2019	Approved the Related Party Transactions Policy of the Company
31 October 2019	Increase in target shares to be acquired pursuant to the share buy-back program to 100,000,000 shares
13 December 2019	Approval of operating budget for 2020
2 March 2020	Setting the Date, Venue, Agenda and Record Date for the 2020 Annual Stockholders' Meeting.

20 March 2020	Approval of Postponement 2020 Annual Stockholders' Meeting to May 21, 2020
14 April 2020	Approval of Postponement 2020 Annual Stockholders' Meeting to June 18, 2020
20 May 2020	Approval of the increase in the maximum number of shares for the share buyback program to 150 million shares
22 May 2020	Approval for the conduct of a virtual Annual Stockholders' Meeting on June 18, 2020 and procedures for registration and participation therein

Summary of the Minutes of the Annual Stockholders' Meeting on April 11, 2019

The stockholders elected the following Directors:

Enrique K. Razon, Jr.
Jose Eduardo J. Alarilla
Donato C. Almeda
Thomas Arasi
Christian R. Gonzalez
and
Carlos C. Ejercito
Jose P. Perez
as Independent Directors

The stockholders approved all other items in the agenda.

Item 16. Matters not Required to be Submitted
Not Applicable

Item 17. Amendment of Charter, Bylaws or Other Documents
Not Applicable

Item 18. Other Proposed Actions
Approval of Minutes of the Annual Stockholders' Meeting on April 11, 2019

The Minutes of the Annual Stockholders' Meeting of BLOOM held on April 11, 2019 ("Minutes") will be presented for approval of the Stockholders in the Annual Stockholders' Meeting. Such action on the part of the Stockholders will not constitute approval or disapproval of the matters referred to in said Minutes since Stockholder approval and action on those items had already been obtained in that meeting.

The Minutes and related records are available for inspection by any Stockholder at any reasonable hour during business days. In addition, copies of the Minutes shall be posted at the website of the Company, and will be available for review by the Stockholders present in the Annual Stockholders' Meeting.

The affirmative vote of a majority of the votes cast on this matter is necessary for approval of the Minutes.

Approval of the 2019 Audited Financial Statements

The audited financial statements of Company as of and for the year ended December 31, 2019 and the accompanying notes to audited financial statements (referred to as Financial Statements) prepared by the Company and audited by SGV & Co., the

independent auditors appointed by the stockholders in 2019, will be submitted for approval of the Stockholders at the Annual Stockholders' Meeting.

The information and representations in the Financial Statements are the responsibility of the Company's management. The financial statements have been prepared in conformity with Philippine Financial Reporting Standards, and reflect amounts that are based on best estimates and informed judgment of management with an appropriate consideration to materiality.

Management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition, and liabilities are recognized. Management likewise discloses to the Company's audit committee and to its external auditors: (i) all significant deficiencies in the design or operation of internal controls that could adversely affect its ability to record, process, and report financial data; (ii) material weaknesses in internal controls; and (iii) any fraud that involves management or other employees who exercise significant roles in internal controls.

The Board of Directors reviews the financial statements before such statements are approved and submitted to the stockholders of the Company.

SGV & Co. have examined the financial statements of the Company in accordance with Philippine Standards on Auditing, and have expressed their opinion on the fairness of presentation upon completion of such examination in the Report to the Stockholders and Board of Directors of the Company.

The affirmative vote of majority of the votes cast on this proposal will constitute approval of the Financial Statements.

Item 19. Voting Procedures

The Chairman will announce each proposal to the stockholders, which shall be voted upon separately. In the absence of any objection from the stockholders, the Chairman shall instruct the Corporate Secretary to enter a unanimous vote of approval except for the votes indicated in proxies with specific voting instruction. If there is an objection, the Chairman will call for a division of the house. The votes of shareholders registered as present in the virtual Meeting remotely or by Proxy, or voting *in absentia* shall be counted electronically, and the Chairman will announce the result of the voting. Shareholders participating in the virtual Meeting are given an electronic ballot which will allow them to vote on all items in the Agenda presented for voting in the Meeting. The ballots will be filled up electronically by stockholders and submitted electronically to the Corporate Secretary or his duly authorized representatives. The valid votes will be counted by the Corporate Secretary or the Assistant Corporate Secretary. The Chairman will then announce the result after the counting.

The following matters require the following votes:

Subject Matter	**Votes Required**
Approval of Minutes of the Annual Stockholders' Meeting on April 11, 2019	Majority of the votes cast
Approval of the 2019 Audited Financial Statements	Majority of the votes cast
Ratification of all acts, contracts, investments and resolutions of the board of directors and management since the last annual stockholders' meeting	Majority of the votes cast
Election of Directors	The top seven (7) nominees with the most number of votes are elected

Appointment of SGV & Co. as the Company's external auditors	Majority of the votes cast

Undertaking to Provide Annual Report

A copy of the 2019 BLOOM Annual Report on SEC Form 17-A for the fiscal year ended December 31, 2019, as filed with the Securities and Exchange Commission, will be sent to any Stockholder at their indicated address without charge upon written request addressed to:

The Corporate Secretary
Bloomberry Resorts Corporation
The Executive Offices, Solaire Resort & Casino
1 Asean Avenue, Entertainment City
Barangay Tambo, Parañaque City

Item 20. Proxies:

Not Applicable

Attached herewith are the following: Annex "A" is the Management Report of the Company; Annex "B" is the audited financial statements of the Company as of December 31, 2019. Annex "C" is the Company's SEC Form 17-Q for the 1st Quarter of 2020.

Part IV. SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati on May 22, 2020.

For and in behalf of the Board of Directors
By:

SILVERIO BENNY J. TAN
Corporate Secretary

Schedule 1 – Proxy Form

Schedule 1 – Proxy Form

Instructions for submission of attached Proxy Form

1. Submission of the Proxy

(a) The proxy form must be completed, signed and dated by the shareholder or his duly authorized representative.

(b) If the shares of stock are owned by two or more joint owners, the proxy form must be signed by all of the joint owners.

(c) If the shares of stock are owned in an "and/or" capacity, the proxy form must be signed by either one of the owners.

(d) If the shares of stock are owned by a corporation, association, or partnership, the proxy form must be accompanied by a certification, signed by a duly authorized officer, partner or representative of such corporation, association, or partnership, that the person signing the proxy form has been authorized by the governing body or has the power pursuant to its bylaws, constitutive documents of such corporation, association, or partnership, for such purpose.

(e) A proxy form given by a broker or dealer in respect of shares of stock carried by such broker or dealer for the account of a customer must be supported by a sworn certification that the same is given with the express prior authorization of such customer.

(f) If any customer of a broker or dealer who is the beneficial owner of shares of stock executes a sub-proxy, the broker or dealer shall certify that the signature on the sub-proxy is the true and genuine signature of its customer.

2. Revocation of Proxy

An owner of shares of stock who has given a proxy has the power to revoke it by a written instrument duly signed and dated, which must be received at BLOOM's principal office not later than 5:00 p.m. on June 10, 2020. The automatic revocation of a proxy upon attendance in person of the stockholder will not apply in this virtual stockholders meeting.

3. Validation of Proxies

Proxy validation will be held at the Executive Offices, Solaire Resort & Casino, 1 Asean Avenue, Entertainment City, Barangay Tambo, Parañaque City on June 11, 2020 at 11:00 a.m. Validation of proxies will be done by the Office of the Corporate Secretary and the Stock Transfer Services Inc., in accordance with the procedure and guidelines set out in the BLOOM's Bylaws and Rule 20.11.2 of the 2015 Implementing Rules and Regulations of the Securities Regulation Code.

BLOOMBERRY RESORTS CORPORATION
PROXY

The undersigned (the "Principal") hereby constitutes and appoints [Name of Proxy] _____ or in his absence, the Chairman of the meeting, as his/her attorney-in-fact and proxy (the "Proxy"), so that the Proxy or any other person empowered by the Proxy, shall have, without need of further authorization from the Principal, full power and authority to represent and vote all of the shares of stock of the Principal in BLOOMBERRY RESORTS CORPORATION (the "Corporation") or _____ shares at the annual stockholders' meetings of the Corporation on June 18, 2020, or any adjournment thereof, on the following matters, as fully and to all intents and purposes as such Principal might do if present and acting in person.

	Agenda Item	**Choose one option below**		
1.	Approval of the Minutes of the Annual Stockholders' Meeting held on April 11, 2019	□YES	□ NO	□ ABSTAIN
2.	Approval of the Audited Financial Statements	□YES	□ NO	□ ABSTAIN
3.	Ratification of all acts, contracts, investments and resolutions of the board of directors and management since the last annual stockholders' meeting	□YES	□ NO	□ ABSTAIN
		Choose one option below for each candidate		
4.	Election of the members of the Board of Directors	YES (The candidate will be given the votes corresponding to the total number of shares voting)	For cumulative voting, please indicate the number of votes to be given to each candidate (provided that the total votes given to all candidates shall not exceed 7 times the number of shares voting)	ABSTAIN (no vote will be given)
i.	Enrique K. Razon Jr.	□YES		□ABSTAIN
ii.	Jose Eduardo J. Alarilla	□YES		□ABSTAIN
iii.	Donato C. Almeda	□YES		□ABSTAIN
iv.	Thomas Arasi	□YES		□ABSTAIN
v.	Christian R. Gonzalez	□YES		□ABSTAIN
vi.	Carlos C. Ejercito	□YES		□ABSTAIN
vii.	Jose P. Perez	□YES		□ABSTAIN
		Choose one option below		
5.	Appointment of External Auditor	□YES	□ NO	□ABSTAIN

Note: If the proxy form is returned without indicating the intended vote on any of the above matters, the Proxy shall vote on said matters in a way that the Proxy shall deem fit.

IN WITNESS WHEREOF, this proxy has been executed by the Principal on the date and place indicated below.

_____
Signature over Printed Name of Principal
Date signed: _____
Place signed:_____

Annex “A”

MANAGEMENT REPORT

MANAGEMENT’S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

The following discussion and analysis relate to the financial condition and results of operations of Bloomberry and should be read in conjunction with the accompanying audited financial statements and related notes as of and for the year ended December 31, 2019 and unaudited condensed consolidated financial statements and related notes as of March 31, 2020 and for the three months ended March 31, 2020 and 2019 and as of December 31, 2019.

OVERVIEW

The Parent Company was engaged in the manufacture of printed circuit boards up to 2003. It ceased commercial operations in December 2003 up until 2011. On February 27, 2012, the SEC approved the change in its primary purpose to that of a holding company. The Company now has Sureste, BRHI, Bloom Capital B.V., Solaire de Argentina S.A., Solaire Korea, G&L, Muui, BCTI and BRJI as its subsidiaries. BRHI has 49% shareholdings in Falconer Aircraft Management Inc., a company engaged in aircraft management.

Sureste Properties, Inc.
Sureste was incorporated in 1993 as a property holding company. On July 2, 2010, Sureste amended its primary purpose to develop and operate tourist facilities including hotel - casino entertainment complexes. Sureste is registered with the Philippine Economic Zone Authority ("PEZA") as developer of a hotel project in a PEZA Tourism Economic Zone. As such, Sureste enjoys certain incentives granted by the government in relation to the hotel component of Solaire Resorts & Casino, including reduced tax rates. In 2011, in compliance with the requirements of PEZA, Sureste divested itself of all its non-hotel assets including its ownership in Monte Oro Resources and Energy Inc. (“MORE”) and various prime real estate properties. Sureste acquired all the shares of BRHI on January 12, 2011.

Bloomberry Resorts and Hotels Inc.
On February 27, 2008, BRHI was incorporated as Bloombury Investments Holdings Inc. ("BIHI") for the purpose of developing and operating tourist facilities, including casino-entertainment complexes with casino, hotel, retail and amusement areas and themed development components. On April 8, 2009, BRHI was granted a Provisional License by PAGCOR to establish and operate integrated casino, hotel and entertainment complex at the Entertainment City in Paranaque City. On September 21, 2010, the SEC approved the change of BIHI's name to BRHI. On May 7, 2015, BRHI’s Provisional License was replaced with a regular casino Gaming License upon full completion of the Project, referred to as “Solaire”. The Gaming License has the same terms and conditions as the Provisional License.

Bloomberry Cruise Terminals Inc.
Bloomberry established a new company named BCTI to manage and operate the proposed Solaire Cruise Center and Yacht Harbor, a two-berth luxury cruise terminal attached to Solaire and fronting Manila Bay, and a cruise tender terminal being developed in the Port of Salomague, Cabugao, Ilocos Sur in the northern Philippines. The proposed Solaire Cruise Center and Yacht Harbor were designated by the Tourism Infrastructure and Enterprise Zone Authority as a Tourism Enterprise Zone.

Sureste was awarded a 10-year lease from the Philippine Ports Authority which gives Sureste the right to construct, develop, manage and operate cruise passenger facilities at the Port of Salomague.

The construction of the proposed Solaire Cruise Center and Yacht Harbor will commence once all relevant regulatory approvals are secured. BCTI has suspended its port operations in Salomague, Ilocos Sur as cruise ships have stopped operations due to the COVID-19 pandemic.

Bloom Capital B.V.
In 2013, Bloomberry subscribed to 60% of the capital stock of Bloom Capital B.V., a financial holding entity incorporated in the Netherlands as a private company with limited liability under the Dutch law on November 21, 2013. On October 23, 2014, Bloomberry acquired the remaining 40% capital stock of Bloom Capital B.V. In 2014, Bloom Capital B.V. acquired a 94% stake in Solaire de Argentina S.A. Bloom Capital B.V is currently not in operation. Solaire de Argentina S.A. has started the process of liquidation. Such process requires the filing of corporate documents and financial statements with different authorities in Argentina. The procedure also includes the publishing of notices and clearances from the authorities.

Solaire Korea Co., Ltd.
On December 28, 2014 Bloomberry established, through a nominee, a new company named Solaire Korea Co., Ltd. (Solaire Korea), to hold the Group's investment interest in the Republic of Korea. After a series of stock subscriptions, Bloomberry now owns 100% of Solaire Korea.

Golden & Luxury Co., Ltd.
On April 24, 2015, Solaire Korea acquired 77.26% of the outstanding shares of Golden & Luxury Co., Ltd. (G&L). Subsequently on May 22, 2015, it acquired an additional 18.98% of G&L, bringing Solaire Korea's ownership in G&L to 96.23%. On August 20, 2015, Bloomberry acquired 10.00% of the outstanding shares of G&L from Solaire Korea. G&L is a hotel and casino operator in Jeju Island in the Republic of Korea.

Muui Agricultural Corporation
On March 8, 2016, Solaire Korea established a new company Muui Agricultural Corporation (Muui) to hold Solaire Korea's investment interest in agricultural land in Muui and Silmi pending its conversion. Solaire Korea owns 80% of Muui.

Bloomberry Resorts Japan, Inc.
In November 2019, Bloomberry acquired 100% of the capital stock of BRJI. The primary purpose of BRJI is to engage in the business of Integrated Resorts in Japan including planning, construction and operation as well as other related activities.

Solaire Resort & Casino
Solaire Resort & Casino ("Solaire"), is the first premium/luxury hotel and gaming resort in Entertainment City. BRHI, as the license holder, owns and operates the casino while Sureste owns and operates the hotel and other non-gaming business.

Upon completion of Phase 1 of Solaire, now referred to as the Bay Tower, BRHI and Sureste commenced commercial operations on March 16, 2013. Solaire opened with its main gaming area and initial non-gaming amenities, which included hotel, food and beverage outlets.

Phase 1 of Solaire consists of a casino with an aggregate gaming floor area of approximately 18,500 square meters (including approximately 6,000 square meters of exclusive VIP gaming areas), with approximately 1,653 slot machines, 295 gaming tables and 88 electronic table games. Phase 1 has 488 hotel rooms, suites and bayside villas, and 15 specialty restaurants and F&B outlets including (the number of seats are approximations): a 240-seat Chinese restaurant, a 182-seat Korean restaurant (operated by a third party), a 150-seat Japanese restaurant, a 120-seat Italian restaurant, a 322-seat international buffet/coffee shop, a 170-seat noodle shop, a 150-seat live entertainment lounge, a 406-seat food court, a 20 seat lobby bar, and a 50-seat lounge area. It has a spa and fitness center, a bayview promenade, and multilevel parking building with approximately 1,500 parking slots.

On November 22, 2014, Bloomberry opened the Sky Tower, which was previously referred to as Phase 1A development of Solaire. Contiguous to the existing Solaire Resort and Casino, the Sky Tower consists of a 312 all-suite hotel, additional ten VIP gaming salons with 66 gaming tables and 230 slot machines, an exclusive House of Zhou Chinese restaurant and The Macallan Whisky and Cigar Bar for VIP gamers, state-of-the art meeting rooms ("The Forum"), and a lyrical theater ("The Theatre"). The Sky Tower also features two restaurants, the Waterside Restobar and Oasis

Garden Café. The Theatre is a certified 1,760-seat theatre designed to provide a superior audio-visual experience for a wide range of theatre plays and musicals, dance performances, concerts, amplified music and speech events. The Forum is a 2,000 square-meter meeting facility with eight meeting rooms, two boardrooms and a flexible pre-function area. The ballroom is now in the process of being reconfigured into a new gaming area. The Tent at Solaire was established as a temporary versatile function venue with full banquet and catering facilities. Sky Tower also features the Sky Range Shooting Club with 5 rifle shooting bays and 15 pistol bays. Sky Tower is accessible through a multi-level parking garage that, to date, can accommodate and secure over 1,050 vehicles. The Shoppes in the Sky Tower features retail stores, including premium brands such as Louis Vuitton, Saint Laurent, Bvlgari, Salvatore Ferragamo, Givenchy, Prada, and Lukfook Jewelry. In 2019, new outlets were opened including Versace, Cartier, Dior, Chow Tai Fook, Porsche Design, Univers, Marcelo Burlon, Stefano Ricci, Skinive and 88 Gold.

On December 7, 2018, Solaire unveiled The Cigar Bar and Poker Room, a high-end poker area with eight gaming tables. In July 2019, The Cigar Bar and Poker Room was renamed to The Baccarat Room & Bar. On February 11, 2019, Solaire opened the Philippine's first electronic table games ("ETG") stadium called "Players Stadium" - an expansive and colorful entertainment space highlighted by a massive 360 square meter surround screen.

A part of the Solaire parking building in the Sky Tower has been reconfigured and leased out as office space for BPO businesses.

On January 31, 2020, the World Health Organization (WHO) declared the novel coronavirus acute respiratory disease (2019-nCoV ARD now COVID-19) health event as a public health emergency of international concern after an emergency committee convened on January 30, 2020 in Geneva, Switzerland. On the same day, the Philippines issued a temporary travel ban covering all travelers coming from Hubei Province of China. On February 2, 2020, the Philippines banned all travel to and from China and its two administrative regions, Hong Kong and Macau, to stem the spread of the virus.

On March 14, 2020 Philippine President Rodrigo Duterte placed Metro Manila under "Enhanced Community Quarantine" (ECQ). On March 16, 2020, the ECQ was expanded to cover the entire Luzon island. The ECQ, which is effectively a lockdown, restricts the movement of the population but with exceptions, in response to the growing pandemic of COVID-19 in the country. In addition, the ECQ mandated the temporary closure of non-essential shops and businesses.

In line with the declaration of ECQ in Metro Manila, PAGCOR announced on March 15, 2020 that casino operations throughout the region would be suspended for the duration of the quarantine. The temporary closure applied to PAGCOR-operated casinos, all licensed and integrated resort casinos, electronic games (eGames), bingo (traditional and electronic), sports betting, poker, slot machine clubs and other activities regulated by PAGCOR. Accordingly, all gaming operations in Solaire and the other integrated resorts in Entertainment City were suspended to comply with PAGCOR's directive and the ECQ.

The ECQ was originally set to last until April 12, 2020. However, President Duterte accepted the recommendation of the Inter-Agency Task Force on Emerging Infectious Diseases (IATF-EID) to extend the Luzon ECQ up until April 30, 2020. Another two-week extension was announced on April 24, 2020, extending the ECQ to May 15, 2020, particularly for Metro Manila and other high-risk COVID-19 areas in Luzon.[1]

Solaire North

In 2015, Sureste purchased from the NHA 15,676 square meters of land in Vertis North, Quezon City Central Business District and was issued Transfer Certificates of the Title on June 24, 2016. This property is the site of BRHI's proposed second integrated resort in the Philippines, "Solaire North",

[1] A modified ECQ was imposed in Metro Manila from May 16 up to May 31, 2020. During the Modified ECQ, leisure activities including casinos have remained suspended.

under the same PAGCOR license. The Group started the excavation work for the said project in July 2019. In line with the ECQ, construction work at the site has been temporarily halted.

Jeju Sun Hotel & Casino
On April 24, 2015 and subsequently on May 22, 2015, Bloomberry, through its wholly-owned subsidiary, Solaire Korea, acquired majority ownership of G&L. G&L operated a hotel and casino property in Jeju, Korea under the brand name "T.H.E Hotel" and "LVegas Casino". Upon takeover of operations by Bloomberry, the property was rebranded as "Jeju Sun Hotel & Casino" ("Jeju Sun"). The property consists of a 202-room hotel with 5 Hibiscus rating, 2,000 square meters of gaming operations with 36 tables and 20 electronic gaming machines. The property has four food and beverage outlets to service its hotel guests and casino players. In 2018, a reorganization was implemented separating hotel and casino operations. Jeju Sun appointed a Hotel Operations Officer and a Casino Operations Officer, in January and July, respectively. In the fourth quarter of 2018, Jeju Sun embarked on a renovation project covering 164 rooms, restaurants, lobby, building façade, sports bar, gym, sauna, back of the house and a new ballroom for the purpose of securing the 5 Hibiscus rating that is required to keep its gaming license. Renovations were completed in December 2019.

In response to the COVID-19 situation in South Korea, Jeju Sun began a phased suspension of operations on March 6, 2020 with full suspension achieved by March 21, 2020. The suspension was originally set to last until April 21, 2020 but was extended up to June 6, 2020.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS AS OF MARCH 31, 2020

The following discussion and analysis relate to the consolidated financial condition and operating results of the Group and should be read in conjunction with the accompanying unaudited condensed consolidated financial statements and related notes as of March 31, 2020 and for the three months ended March 31, 2020 and 2019 and as of December 31, 2019

OPERATING RESULTS

The following are the key performance indicators of the Group in the first quarter of 2020 with comparison for 2019:

Table 2.0 Key Performance Indicators

	For The Three Months Ended March 31	
In thousands, except for ratios	**2020**	2019
EBITDA	**₱3,460,300**	₱4,501,314
Net Debt to Equity (D/E) Ratio	**1.15**	1.42
Current Ratio	**2.29**	2.04
Total Assets	**128,332,604**	126,855,715
Return on Equity (ROE)	**3.24%**	5.94%

EBITDA is earnings before interest, taxes, depreciation and amortization.
Net D/E Ratio is the ratio of the borrower's total liabilities net of cash to total shareholder's equity.
Current Ratio is a liquidity ratio that measures the company's ability to pay short-term obligations.
ROE is calculated by dividing the Company's annual earnings by shareholders' equity

The following table shows a summary of the operating results of the Group for the three months ended March 31, 2020, 2019, 2018 and 2017 as derived from the accompanying unaudited condensed consolidated financial statements.

	For the Three Months Ended March 31												% Change		
	2020			2019			2018			2017 (as restated)*			2020 vs. 2019	2019 vs. 2018	2018 vs. 2017
In thousands, except % change data	**Philippines**	**Korea**	**Consolidated**	**Philippines**	**Korea**	**Consolidated**	**Philippines**	**Korea**	**Consolidated**	**Philippines**	**Korea**	**Consolidated**			
Gross gaming revenues**	₱12,212,732	₱93,090	₱12,305,822	₱13,615,159	₱253,608	₱13,868,767	₱13,695,470	₱51,187	₱13,746,657	₱10,656,578	₱58,915	₱10,715,493	(11.3)	0.9	28.3
PFRS 15 allocation	(906,292)	–	(906,292)	(1,019,302)	–	(1,019,302)	(721,426)	–	(721,426)	(586,789)	-	(586,789)	(11.1)	41.3	22.9
Contra revenue accounts	(3,662,420)	(43,340)	(3,705,760)	(3,885,919)	(115,036)	(4,000,955)	(4,255,138)	(2,873)	(4,258,011)	(3,642,785)	(12,564)	(3,655,349)	(7.4)	(6.0)	16.5
Net gaming revenues	**7,644,020**	**49,750**	**7,693,770**	**8,709,938**	**138,572**	**8,848,510**	**8,718,906**	**48,314**	**8,767,220**	**6,427,004**	**46,351**	**6,473,355**	**(13.1)**	**0.9**	**35.4**
Non-gaming & other revenues***	1,701,124	17,945	1,719,069	1,906,565	12,603	1,919,168	1,495,452	41,763	1,537,215	1,318,370	54,211	1,372,581	(10.4)	24.8	12.0
Net revenues	**9,345,144**	**67,695**	**9,412,839**	**10,616,503**	**151,175**	**10,767,678**	**10,214,358**	**90,077**	**10,304,435**	**7,745,374**	**100,562**	**7,845,936**	**(12.6)**	**4.5**	**31.3**
Cash operating expenses	(5,619,356)	(177,576)	(5,796,932)	(5,954,854)	(282,399)	(6,237,253)	(5,552,794)	(215,098)	(5,767,892)	(4,488,145)	(201,143)	(4,689,288)	(7.1)	8.1	23.0
Provision for doubtful accounts	(155,607)	–	(155,607)	(29,111)	–	(29,111)	–	–	–	–	–	–	434.5	–	–
EBITDA	**3,570,181**	**(109,881)**	**3,460,300**	**4,632,538**	**(131,224)**	**4,501,314**	**4,661,564**	**(125,021)**	**4,536,543**	**3,257,229**	**(100,581)**	**3,156,647**	**(23.1)**	**(0.8)**	**43.7**
Depreciation and amortization	(770,334)	(52,641)	(822,975)	(869,167)	(53,020)	(922,187)	(1,018,872)	(54,750)	(1,073,622)	(1,041,570)	(38,857)	(1,080,427)	(10.8)	(14.1)	(0.6)
Interest, foreign exchange loss & others	(1,335,125)	68,556	(1,266,569)	(1,336,669)	(40,073)	(1,376,742)	199,355	24,755	224,110	(387,767)	463,032	75,265	(8.0)	(714.3)	197.8
Benefit from (provision for) income tax	(3,806)	–	(3,806)	517	–	517	3,611	–	3,611	1,852	–	1,852	(835.5)	(85.7)	95.0
Net Income (Loss)	**₱1,460,916**	**(₱93,966)**	**₱1,366,950**	**₱2,427,219**	**(₱224,317)**	**₱2,202,902**	**₱3,845,658**	**(₱155,016)**	**₱3,690,642**	**₱1,829,744**	**₱323,594**	**₱2,153,338**	**(37.9)**	**(40.3)**	**71.4**
Basic Earnings Per Share			₱0.125			₱0.201			₱0.336			₱0.195			
Diluted Earnings Per Share			₱0.125			₱0.201			₱0.335			₱0.194			

** Operating results for the year ended March 31, 2017 were restated in compliance with PFRS 15. For a detailed explanation of PFRS 15 adjustments, please refer to the Notes section of the 2018 Audited Financial Statements published last March 5, 2019.*

*** before PFRS 15 allocation*

**** includes Interest income*

OPERATING RESULTS FOR THE THREE MONTHS ENDED MARCH 31, 2020 COMPARED WITH 2019

The following table shows the geographical segments of the operating results of the Group for the three months ended March 31, 2020 and 2019.

REVENUES

Revenues consist of: (1) Gaming; (2) Hotel, food and beverage; (3) Retail and others; and (4) Interest income. The table below illustrates the consolidated revenues for the three months ended March 31, 2020 and 2019:

In thousands, except % change data	For the Three Months Ended March 31						% Change 2020 vs. 2019
	2020			2019			
	Philippines	Korea	Consolidated	Philippines	Korea	Consolidated	
Gaming	₱11,306,440	₱93,090	₱11,399,530	₱12,595,857	₱253,608	₱12,849,465	(11.3)
Hotel, food and beverage	839,316	14,981	854,297	961,273	10,906	972,179	(12.1)
Retail and others	808,113	2,759	810,872	868,959	1,663	870,622	(6.9)
Interest income	53,695	205	53,900	76,333	34	76,367	(29.4)
Gross revenues*	**13,007,564**	**111,035**	**13,118,599**	**14,502,422**	**266,211**	**14,768,633**	**(11.2)**
Less contra revenue accounts	3,662,420	43,340	3,705,760	3,885,919	115,036	4,000,955	(7.4)
Net revenues	**₱9,345,144**	**₱67,695**	**₱9,412,839**	**₱10,616,503**	**₱151,175**	**₱10,767,678**	**(12.6)**

** as defined under PFRS 15*

Revenues in the first quarter of 2020 have been impacted by the COVID-19 pandemic which has had negative implications on the global economy and tourism.

During the quarter, consolidated gross gaming, non-gaming revenues (including hotel, food and beverage, retail and others), and interest income represented 86.9 percent, 12.7 percent and 0.4 percent of gross revenues, respectively. Gross gaming, non-gaming revenues and interest income in the same period last year accounted for 87.0 percent, 12.5 percent and 0.5 percent of gross revenues, respectively. Contra revenue decreased to ₱3.7 billion, down 7.4 percent year-on-year, mainly due to lower rebates to junket operators and VIP patrons as a result of lower VIP volume and gaming revenue.

Gaming

Philippines

In the first quarter of 2020, VIP volumes, mass table drop and slot coin-in posted a decline of 18.9 percent, 14.7 percent and 1.2 percent, respectively, compared to the same period last year. Note that gaming operations have been suspended since March 16, 2020 to comply with PAGCOR's directive and the ECQ.

Gaming revenues after PFRS 15 allocation in the first quarter of 2020 decreased by 10.2 percent or ₱1.3 billion as compared to the same period last year.

Below is the breakdown of gross gaming revenue:

Amounts in millions	2020			2019			Change in Revenue	
	Volume*	**Revenue**	**Hold**	**Volume***	**Revenue**	**Hold**	**Amount**	**%**
VIP tables	150,829	₱4,728	3.13%	185,900	₱5,980	3.22%	(₱1,251)	(20.9)
Mass tables	9,707	3,928	40.5%	11,379	3,997	35.1%	(68)	(1.7)
Slots	54,012	3,556	6.6%	54,664	3,639	6.7%	(83)	(2.3)
		12,213			**13,615**		**(1,402)**	**(10.3)**
PFRS 15 Allocation		(906)			(1,019)		113	(11.1)
Total		**₱11,306**			**₱12,596**		**(₱1,289)**	**(10.2)**

**VIP volume represents rolling chips; Mass volume represents mass drop; Slots volume represents coin in.*

VIP revenue amounted to ₱4.7 billion, representing a decrease of 20.9 percent as a result of lower VIP volume and hold rate. The VIP hold rate was 3.13 percent, lower than the 3.22 percent last year but above the normal hold of 2.85 percent. On a hold normalized basis, VIP revenue would have decreased by 18.9 percent.

Following the performance of mass table drop and slot coin-in, mass table and slot revenues declined by 1.7 percent and 2.3 percent, to ₱3.9 billion and ₱3.6 billion, respectively.

There were 1,242,244 visitors for the first quarter of 2020, representing a decline of 21.6 percent over the same period last year.

Korea
Jeju Sun registered ₱93.1 million of gross gaming revenue in the first quarter of 2020, representing a decrease of 63.3 percent compared to the same period last year. Lower gross gaming revenue was attributed to the decreased level of play in VIP and mass segments as a result of the COVID-19 pandemic.

Hotel, Food and Beverage

Philippines
Hotel, food and beverage revenue amounted to ₱839.3 million in the first quarter of 2020, representing a decrease of ₱122.0 million or 12.7 percent versus the same quarter last year. The decrease was due to lower REVPAR and decreased F&B covers. Hotel occupancy rate was 67.3 percent in the first quarter of 2020.

Hotel cash revenues were approximately 46.5 percent in the first quarter of 2020 compared to 52.4 percent for the comparative period in 2019, while Solaire F&B cash revenues accounted for 50.3 percent of F&B revenues compared to 51.7 percent last year.

Solaire F&B revenue decreased by ₱19.3 million or 4.4 percent. Solaire F&B outlets served 460,434 covers as compared to 480,396 covers for the comparable period in 2019, a decrease of 4.2 percent. Average checks decreased by 18.8 percent to ₱914.

Korea
The hotel and F&B operations of Jeju Sun generated ₱15.0 million of revenue in the first quarter of 2020, representing an increase of 37.4 percent compared to the same period in 2019. The increase was due to the soft reopening of the property's hotel and F&B outlets before management decided to temporarily cease all operations in response to the COVID-19 pandemic.

Retail and Others

Philippines
Retail and other revenues amounted to ₱808.1 million in the first quarter of 2020, a decrease of ₱60.8 million or 7.0 percent compared to the same period last year.

Korea
The retail and other revenues of Jeju Sun grew by 65.8 percent year-on-year to ₱2.8 million, as a result of the soft reopening of Jeju Sun's other non-gaming amenities.

Interest Income

Consolidated interest income decreased by 29.4 percent, from ₱76.4 million in 2019 to ₱53.9 million mainly due to lower average consolidated cash balances in the first three months of 2020.

EXPENSES

Total expenses include: (1) Operating costs and expenses; (2) Interest expense; (3) Foreign exchange gains - net; and (4) Others.

In the first quarter of 2020, total consolidated expenses decreased by 6.1 percent to ₱8.0 billion.

The table below shows the breakdown of total expenses for 2020 and 2019.

	For the Three Months Ended March 31,						% Change 2020 vs. 2019
	2020			2019			
In thousands, except % change data	**Philippines**	**Korea**	**Consolidated**	**Philippines**	**Korea**	**Consolidated**	
Operating costs and expenses	₱6,545,297	₱230,217	₱6,775,514	₱6,853,132	₱335,419	₱7,188,551	(5.7)
Interest expense	1,358,296	7,113	1,365,409	1,381,437	3,581	1,385,018	(1.4)
Foreign exchange losses (gains) - net	(47,776)	13,233	(34,543)	(44,768)	36,492	(8,276)	317.4
Others	24,605	(88,902)	(64,297)	–	1	1	(6,429,800.0)
Total Expenses	**₱7,880,422**	**₱161,661**	**₱8,042,083**	**₱8,189,801**	**₱375,493**	**₱8,565,294**	**(6.1)**

Operating Costs and Expenses

Philippines
Solaire operating costs and expenses decreased by 4.5 percent from ₱6.9 billion to ₱6.5 billion due to lower: a) gaming taxes which is consistent with the decrease in gaming revenues,
b) depreciation and amortization and c) others. The decrease was partially offset by higher salaries and benefits that resulted from increased salary rates and additional manpower hired prior to the cessation of gaming operations on March 16, 2020.

Korea
Solaire Korea registered ₱230.2 million operating costs and expenses in the first quarter of 2020 which was a decline of ₱105.2 million from the same period last year. The decrease was mainly due to lower gaming promotions expense.

Foreign Exchange Losses (Gains) – Net

Solaire registered a net foreign exchange gain of ₱47.8 million in the first quarter of 2020 as the Philippine Peso depreciated against the US dollar and the Hong Kong dollar. The Philippine peso depreciated from ₱50.635/US$1 as of December 31, 2019 to ₱51.044/US$1 as of March 31, 2020.

Solaire Korea recognized a ₱13.2 million foreign exchange loss in the first quarter of 2020 as the Korean won depreciated against the US dollar.

Others

Others pertains to the share in net loss of Falconer Aircraft Management, Inc. and gain as a result of the compromise agreement with the previous owner of Jeju Sun.

EBITDA

Philippines
In the first quarter of 2020, Solaire's EBITDA of ₱3.6 billion was lower by 22.9 percent, or ₱1.1 billion, compared to the first quarter of 2019. EBITDA margin for the first quarter of 2020 was 38.2 percent compared to 43.6 percent in the same quarter last year.

Korea
Solaire Korea posted ₱109.9 million negative EBITDA for the quarter, representing an improvement from the ₱131.2 million negative EBITDA in the same quarter last year.

Consolidated
Below is a comparison of reported consolidated EBITDA and hold-normalized consolidated EBITDA:

	For the Three Months Ended March 31		Change
In thousands, except % change data	**2020**	**2019**	
Net Revenue	9,412,839	10,767,678	(12.6%)
EBITDA	3,460,300	4,501,314	(23.1%)
EBITDA Margin	36.8%	41.8%	(500 bps)
Hold-Normalized EBITDA*	3,171,488	4,086,350	(22.4%)
Hold-Normalized EBITDA Margin*	35.0%	41.6%	(660 bps)

** Hold-normalized EBITDA is based on 2.85% VIP hold.*

The reported VIP hold in the first quarter of 2020 was 3.13 percent, 28 basis points higher than the 2.85 percent normalized hold. This resulted in the reported EBITDA being 9.1 percent higher than hold-normalized EBITDA of ₱3.2 billion.

Provision for (Benefit from) Income Tax

In the first quarter of 2020, Solaire recognized ₱3.8 million of provision for income tax compared to ₱0.5 million benefit from income tax.

Net Income

The Group posted consolidated net income of ₱1.4 billion in the first three months of 2020, a decrease of 37.9 percent from previous year's consolidated net income of ₱2.2 billion.

Solaire registered net income of ₱1.5 billion, lower by 39.8 percent from net income of ₱2.4 billion in the first quarter of 2019.

Earnings Per Share

Basic earnings per share of ₱0.125 in the first quarter 2020 was lower than earnings per share of ₱0.201 in the same period last year. Diluted earnings per share, after considering the shares granted under the stock incentive plan, was ₱0.125 compared to ₱0.200 in the first quarter of 2019.

OPERATING RESULTS FOR THE THREE MONTHS ENDED MARCH 31, 2019 COMPARED WITH 2018

The following table shows the geographical segments of the operating results of the Group for the three months ended March 31, 2019 and 2018.

REVENUES

Revenues consist of: (1) Gaming; (2) Hotel, food and beverage; (3) Retail and others; and (4) Interest income. The table below illustrates the consolidated revenues for the three months ended March 31, 2019 and 2018:

Table 2.4 Revenues

In thousands, except % change data	For the Three Months Ended March 31						% Change 2019 vs. 2018
	2019			2018*			
	Philippines	Korea	Consolidated	Philippines	Korea	Consolidated	
Gaming	₱12,595,857	₱253,608	₱12,849,465	₱12,974,044	₱51,187	₱ 13,025,231	(1.3)
Hotel, food and beverage	961,273	10,906	972,179	871,404	32,629	904,033	7.5
Retail and others	868,959	1,663	870,622	610,264	9,014	619,278	40.6
Interest income	76,333	34	76,367	13,784	120	13,904	449.2
Gross revenues**	**14,502,422**	**266,211**	**14,768,633**	**14,469,496**	**92,950**	**14,562,446**	**1.4**
Less contra revenue accounts	3,885,919	115,036	4,000,955	4,255,138	2,873	4,258,011	(6.0)
Net revenues	**₱10,616,503**	**₱151,175**	**₱10,767,678**	**₱10,214,358**	**₱90,077**	**₱10,304,435**	**4.5**

** Operating results for the three months ended March 31, 2018 were restated in compliance with PFRS 15. For a detailed explanation of PFRS 15 adjustments, please refer to the notes section of the 2018 Audited Financial Statements published last March 5, 2019.*

*** as defined under PFRS 15*

In the first quarter of 2019, gross gaming revenues, non-gaming revenues (including hotel, food and beverage, retail and other), and interest income represented 87.0 percent, 12.5 percent and 0.5 percent of gross revenues, respectively. In the same period last year, gross gaming revenue was 89.4 percent of gross revenue; hotel, food and beverage accounted for 10.5 percent; and interest income for 0.1 percent. Contra revenue decreased to ₱4.0 billion, down 6.0 percent year-on-year, mainly due to lower rebates to junket operators as a result of lower VIP volume.

Gaming

Philippines

Solaire registered robust growth in mass table drop and slot coin-in in the first quarter of 2019. Mass table drop and slot coin-in, grew by 16.7 percent and 5.1 percent, respectively, for 2019 compared to the same period in the prior year. VIP volumes, on the other hand, posted a decline of 5.6 percent in volume.

Gaming revenue after PFRS 15 allocation in the first quarter of 2019 decreased by 2.9 percent or
₱378.2 million as compared to the same period last year.

Below is the breakdown of gross gaming revenue:

Amounts in millions	**2019**			**2018**			**Change in Revenue**	
	Volume*	**Revenue**	**Hold**	**Volume***	**Revenue**	**Hold**	**Amount**	**%**
VIP tables	185,900	₱5,980	3.22%	197,019	₱7,110	3.61%	(₱1,130)	(15.9)
Mass tables	11,379	3,997	35.1%	9,749	3,237	33.2%	760	23.5
Slots	54,664	3,639	6.7%	52,026	3,349	6.4%	290	8.7
		13,615			**13,695**		**(80)**	**(0.6)**
PFRS 15 Allocation		(1,019)			(721)		(298)	(41.3)
Total		**₱12,596**			**₱12,974**		**(₱378)**	**(2.9)**

**VIP volume represents rolling chips; Mass volume represents mass drop; Slots volume represents coin in.*

On a hold normalized basis, the VIP revenue would have decreased by 11.4 percent. The VIP hold rate stood at 3.22 percent, above the normal hold of 2.85 percent. The current quarter showed strong results in mass table gaming revenues as reflected by a P759.9 million or 23.5 percent increase in revenue. Slot revenue also increased by P290.0 million or 8.7 percent as compared to the first quarter of last year.

There were 1,584,496 visitors for the first quarter of 2019, representing growth of 1.6 percent over the same period last year.

Korea
Jeju Sun registered ₱253.6 million in gross gaming revenue in the first quarter of 2019 which was 395.5 percent higher than the same period last year. The significant increase in gross gaming revenue was attributed to the increased level of play in VIP and mass segments as a result of the highly competitive marketing programs of Jeju Sun.

Hotel, Food and Beverage

Philippines
Hotel, food and beverage revenue increased by ₱89.9 million or 10.3 percent in the first quarter of 2019 versus the same quarter last year. Solaire increased its REVPAR by 13.3 percent year-on-year and at the same time. Hotel occupancy rate was 87.8 percent in the first quarter of 2019.

Hotel cash revenues were approximately 52.4 percent in the first quarter of 2019 compared to 56.6 percent for the comparative period in 2018, while non-gaming F&B cash revenues accounted for 51.7 percent of F&B revenues for the first quarter of 2019 compared to 61.3 percent in the prior year.

Food and beverage covers in the first quarter of 2019 were 480,396 in comparison to 497,728 covers for the comparable period in 2018, representing a decrease of 3.5 percent. Average check for the first quarter of 2019 increased by 2.6 percent to ₱1,125.

Korea
The hotel and F&B operation of Jeju Sun generated ₱10.9 million of revenue in the first quarter of 2019, 66.6 percent lower than the comparative period in 2018 due to ongoing renovations in 80% of the property's hotel rooms and all four of its F&B outlets. Renovation works are anticipated to be completed by the fourth quarter of 2019.

Retail and Others

Philippines
Retail and other revenues increased by 42.4 percent to ₱869.0 million compared to the prior year due to additional rental revenue from new tenants at the Shoppes.

Korea
The retail and other revenues of Jeju Sun generated ₱1.7 million for this quarter which is lower by 81.6 percent compared to same period in 2018. The retail area was also impacted by renovation works.

Interest Income

Consolidated interest income increased by 449.2 percent, from ₱13.8 million in 2018 to ₱76.4 million because of higher average consolidated cash balances in 2019.

EXPENSES

Total expenses include: (1) Operating costs and expenses; (2) Interest expense; (3) Foreign exchange gains - net; and (4) Others.

The table below shows the breakdown of total expenses for 2019 and 2018.

	For the Three Months Ended March 31,						% Change 2019 vs. 2018
	2019			2018*			
In thousands, except % change data	**Philippines**	**Korea**	**Consolidated**	**Philippines**	**Korea**	**Consolidated**	
Operating costs and expenses	₱6,853,132	₱335,419	₱7,188,551	₱6,571,666	₱269,848	₱6,841,514	5.1
Interest expense	1,381,437	3,581	1,385,018	508,058	4,533	512,591	170.2
Foreign exchange gains - net	(44,768)	36,492	(8,276)	(708,962)	(29,288)	(738,250)	(98.9)
Others	-	1	1	1,549	-	1,549	(100.0)
Total Expenses	**₱8,189,801**	**₱375,493**	**₱8,565,294**	**₱6,372,311**	**₱245,093**	**₱6,617,404**	**29.4**

** Operating results for the three months ended March 31, 2018 were restated in compliance with PFRS 15. For a detailed explanation of PFRS 15 adjustments, please refer to the notes section of the 2018 Audited Financial Statements published last March 5, 2019.*

Total expenses of the Group in the first quarter of 2019 increased by 29.4 percent to P8.6 billion due to higher: a) interest expense b) gaming promotions to boost VIP and mass gaming activities in South Korea, c) cost of sales and d) outside service and charges.

Philippines
Solaire operating costs and expenses increased by 4.3 percent from P6.6 billion to P6.9 billion.

Interest expense increased by 171.9 percent from ₱508.1 million to ₱1.4 billion due to the ₱73.5 billion Syndicated Loan Facility secured by the Group in the second quarter of 2018.

The Philippine peso depreciated against the US dollar and other foreign currencies resulting in net foreign exchange gain of ₱44.8 million in the first quarter of 2019 as compared to the net foreign exchange gain of ₱709.0 million for the same period last year. The Company maintains foreign currency deposits mainly denominated in US and Hong Kong dollars.

Korea
Solaire Korea and Jeju Sun registered ₱335.4 million in combined operating costs and expenses which was ₱65.6 million higher than the first quarter of 2018. The increase was mainly due to higher gaming promotions expense that resulted from ₱202.4 million of incremental gaming revenue. The Korean operation also registered ₱36.5 million in foreign exchange loss mainly due to the continued depreciation of the Korean Won against the US Dollar. Solaire Korea and Jeju Sun's liabilities to the Parent Company are US dollar denominated.

EBITDA

Philippines
In first quarter of 2019, Solaire's EBITDA of ₱4.6 billion was 0.6 percent or ₱29.0 million lower as compared to the same quarter last year. EBITDA margin for the quarter was 43.6 percent as compared to 45.6 percent the same period last year.

Korea
Solaire Korea and its subsidiary, Jeju Sun posted ₱131.2 million negative EBITDA or 86.8 percent negative EBITDA margin in the first quarter of 2019 due to an increase in advertising and promotions expense to boost gaming operations.

Consolidated

Below is a comparison of reported consolidated EBITDA and hold-normalized consolidated EBITDA:

	For the Three Months Ended March 31		Change
In thousands, except % change data	**2019**	**2018**	
Net Revenue	10,767,678	10,304,435	4.50%
EBITDA	4,501,314	4,536,543	(0.78%)
EBITDA Margin	41.80%	44.03%	(222 bps)
Hold-Normalized EBITDA*	4,086,350	3,477,443	17.5%
Hold-Normalized EBITDA Margin*	41.61%	41.59%	2.4 bps

** Hold-normalized EBITDA is based on 2.85% VIP hold.*

The reported VIP hold in the first quarter of 2019 was 3.22 percent, 37 basis points higher than the 2.85 percent normalized hold. This resulted in the reported EBITDA being 9.2 percent higher than hold-normalized EBITDA of ₱4.1 billion.

Benefit from Income Tax

In the first quarter of 2019, Solaire recognized ₱0.5 million of benefit from income tax, 85.7 percent lower from the prior year's ₱3.6 million in benefit from income tax.

Net Income

Solaire registered a net income of ₱2.4 billion, which was 36.9 percent lower as compared to net income recorded for the same quarter last year mainly due to higher interest expense and lower foreign exchange gain.

The basic earnings per share of ₱0.201 for first quarter 2019 was lower than last year's earnings per share of ₱0.336. The diluted earnings per share for the first quarter of 2019, after considering the shares granted under the stock incentive plan, was ₱0.200 compared to diluted earnings per share for first quarter 2018 of ₱0.335.

OPERATING RESULTS FOR THE THREE MONTHS ENDED MARCH 31, 2018 COMPARED WITH 2017

The following table shows the geographical segments of the operating results of the Group for the three months ended March 31, 2018 and 2017.

REVENUES

Revenues consist of: (1) Gaming; (2) Hotel, food and beverage; (3) Retail and others; and (4) Interest income. The table below illustrates the consolidated revenues for the three months ended March 31, 2018 and 2017:

	For the Three Months Ended March 31						% Change
In thousands, except % change data	2018			2017			2018 vs. 2017
	Philippines	**Korea**	**Consolidated**	**Philippines**	**Korea**	**Consolidated**	
Gaming	₱12,974,044	₱51,187	₱ 13,025,231	₱10,069,789	₱ 58,915	₱10,128,704	28.6
Hotel, food and beverage	871,404	32,629	904,033	836,979	41,813	878,792	2.9
Retail and others	610,264	9,014	619,278	467,983	12,394	480,377	28.9
Interest income	13,784	120	13,904	13,408	4	13,412	3.7
Gross revenues	**14,469,496**	**92,950**	**14,562,446**	**11,388,159**	**113,126**	**11,501,285**	**26.6**
Less contra revenue accounts	4,255,138	2,873	4,258,011	3,642,785	12,564	3,655,349	16.5
Net revenues	**₱10,214,358**	**₱90,077**	**₱10,304,435**	**₱7,745,374**	**₱100,562**	**₱7,845,936**	**31.3**

In the first quarter of 2018, gross gaming revenue accounted for 89.4 percent and non-gaming (including hotel, food and beverage, retail and other) contributed 10.5 percent of gross revenues while the balance of 0.1 percent represented interest income. For the same period last year, gross gaming revenue was 88.1 percent of total revenue; hotel, food and beverage accounted 11.8 percent; and interest income for 0.1 percent. Contra revenue increased to ₱4.3 billion, up 16.5 percent
year-on-year, mainly due to promotional incentives provided to guests resulting to higher mass table and slot revenues for the quarter.

Gaming

Philippines
Solaire continued to register robust growth in mass table drop and slot coin-in for the first quarter of 2018. Mass table drop and slot coin-in, grew by 16.6 percent and 22.8 percent, respectively, for 2018 compared to the same period in the prior year. The VIP segment, on the other hand, posted a decline of 11.5 percent in volume but achieved the highest reported VIP gross gaming revenue of ₱7.11 billion, a 39 percent year-on-year growth.

Gaming revenue in the first quarter of 2018 increased by 28.5 percent or ₱3.0 billion as compared to the same period last year.

Below is the breakdown of gross gaming revenue:

amounts in millions	**2018**		**2017**		**Change in Revenue**	
	Revenue	**Hold**	**Revenue**	**Hold**	**Amount**	**Percentage**
VIP tables	₱7,110	3.61%	₱5,132	2.31%	₱1,978	38.5%
Mass tables	3,237	33.1%	2,773	33.2%	463	16.7%
Slots	3,349	6.4%	2,751	6.5%	598	21.7%
Total	₱13,696		₱10,656		₱3,039	28.5%

On a hold normalized basis, the VIP revenue would have decreased by 14.7 percent. VIP hold stood at 3.61 percent, way above the normal hold of 2.85 percent. The mass table revenue reached ₱3.2 billion due to record high volume and better hold percentage by 880 bps. Slot revenue also reached ₱3.4 billion owing to highest ever slot coin-in.

Total visitation for the first quarter of 2018 was 1,559,635 which was 8.4 percent higher than the same period last year.

Korea
Jeju Sun continued to feel the effects of competition and was also negatively affected by the decline in Chinese tourist arrivals in Jeju, Korea. Notwithstanding these challenges, Jeju Sun managed to generate ₱51.2 million of GGR, down 13% from last year.

Hotel, Food and Beverage

Philippines
Hotel and food and beverage revenue increased by ₱34.4 million or 4.1 percent in the first quarter of 2018 versus the same quarter last year. Solaire increased its REVPAR by 5.6 percent year-on-year and at the same time, managed to increase its hotel occupancy for the first quarter of 2018 to 93.6 percent from 92.6 percent in the previous year.

Hotel cash revenues were approximately 56.6 percent in the first quarter of 2018 compared to 54.5 percent for the comparative period in 2017, while non-gaming F&B cash revenues accounted for 61.3 percent of F&B revenues for the first quarter of 2018 compared to 61.4 percent in prior year.

Food and beverage covers in the first quarter of 2018 were 497,728 in comparison to 507,649 covers for comparative period in 2017 representing a decrease of 2.0 percent. Average check for the first quarter of 2018 increased 11.8 percent to ₱1,097 over the same quarter in 2017.

Korea
The hotel and F&B operation of Jeju Sun generated ₱32.6 million of revenue for this quarter which is lower by 22.0 percent in comparative period in 2017. Jeju has historically enjoyed the patronage of millions of Chinese tourists and the decline in the tourist arrivals from China has an adverse impact on the hotel and F&B revenues of Jeju Sun. Chinese tourist arrivals in Korea declined by 30.5 percent in the first quarter of 2018 compared with prior year.

Retail and Others

Philippines
Retail and other revenues increased by 30.4 percent to ₱610.3 million compared to the same quarter in the prior year primarily as a result of additional rental revenue from new tenants at the Shoppes.

Korea
The retail and other revenues of Jeju Sun generated ₱9.0 million for this quarter which is lower by 27.3 percent compared to prior period in 2017.

Interest Income

Consolidated interest income increased by 3.7 percent, from ₱13.4 million in 2017 to ₱13.9 million because of higher average consolidated cash balances in 2018.

EXPENSES

Total expenses include: (1) Operating costs and expenses; (2) Interest expense; (3) Foreign exchange gains - net; and (4) Others.

The table below shows the breakdown of total expenses for 2018 and 2017.

	For The Three Months Ended March 31,						% Change
	2018			2017			2018 vs. 2017
In thousands, except % change data	**Philippines**	**Korea**	**Consolidated**	**Philippines**	**Korea**	**Consolidated**	
Operating costs and expenses	**₱6,571,666**	**₱269,848**	**₱6,841,514**	₱5,529,715	₱240,000	₱5,769,715	18.6%
Interest expense	**508,058**	**4,533**	**512,592**	531,318	26,459	557,777	(8.1%)
Foreign exchange gains – net	**(708,962)**	**(29,288)**	**(738,250)**	(147,841)	(489,492)	(637,333)	(15.8%)
Others	**1,549**	**-**	**1,549**	4,290	-	4,290	(63.9%)
Total Expenses	**₱6,372,311**	**₱245,093**	**₱6,617,404**	₱5,917,482	(₱223,033)	₱5,694,450	16.2%

Total expenses of the Group for the three months ended March 31, 2018 increased by 16.2 percent to ₱6.6 billion due to higher: a) gaming taxes as a result of record GGRs across all segments;
b) advertising and promotions to boost mass gaming activity, and c) employee related expenses coming from Solaire's Stock Incentive Plan (SIP) and bonus schemes.

Philippines
Solaire operating costs and expenses increased by 18.8 percent from ₱5.5 billion to ₱6.6 billion.

The Philippine peso depreciated against the US dollar and other foreign currencies resulting in net foreign exchange gain of ₱708.9 million in the first quarter of 2018 as compared to the net foreign exchange gain of ₱147.8 million for the same period last year. The Company maintains foreign currency deposits mainly denominated in US and Hong Kong dollars.

Korea
Solaire Korea and Jeju Sun registered ₱269.8 million in combined operating costs and expenses which was ₱29.9 million higher than the first quarter of 2017. The Korean operation also registered ₱29.3 million in foreign exchange gains mainly due to the continued appreciation of the Korean Won against the US Dollar. Solaire Korea and Jeju Sun's liabilities to the Parent Company are US dollar denominated.

Cash Operating Expenses

Consolidated cash operating expenses for the quarter increased by 23.0 percent from ₱4.7 billion in 2017 to ₱5.8 billion in 2018. Excluding the cash operating expenses of Jeju Sun and Solaire Korea, cash operating expenses of the Philippine operation increased by 23.7 percent. This increase was mainly due to the ₱591.1 million increase in gaming taxes as a result of higher gaming revenues. In addition, Solaire posted higher advertising and promotional expenses due to new creative programs and campaigns that were rolled out in the quarter.

EBITDA

Philippines
In the first quarter of 2018, Solaire's EBITDA of ₱4.7 billion was 43.1 percent or ₱1.4 billion higher than the same quarter last year. This quarter's EBITDA was the highest posted by Solaire.

Korea
Solaire Korea and its subsidiary, Jeju Sun posted ₱125.0 million negative EBITDA or 138.8 percent negative EBITDA margin in the first quarter of 2018 due to lower gaming revenues.

Consolidated
Below is the consolidated hold-normalized EBITDA comparison based on PAGCOR table classification of original gaming tax rates (as stated in the Gaming License) effective July 1, 2016, as follows:

a. Junket tables (VIP) - 15 percent of junket revenue
b. High roller tables (VIP) – 15 percent of high roller revenue*
c. Non-high roller tables (Mass tables) – 25 percent of non-high roller revenue*
d. Slots – 25 percent of slots revenue

** BRHI is also required to remit an additional 2 percent of casino revenues generated from non-junket operation tables to a foundation devoted to the restoration of Philippine cultural heritage, as selected by the BRHI and approved by PAGCOR.*

	For the Year Ended March 31		Change
In thousands, except % change data	**2018**	**2017**	
Net Revenue	10,304,435	7,845,936	31.3%
EBITDA	4,536,543	3,156,647	43.7%
EBITDA Margin	44.0%	40.2%	380 bps
Hold-Normalized EBITDA*	3,477,443	3,892,446	(10.7%)
Hold-Normalized EBITDA Margin*	36.3%	40.6%	121.5 bps

** Hold-normalized EBITDA is based on 2.85% VIP hold.*

Provision for (Benefit From) Income Tax

In the first quarter of 2018, Solaire recognized ₱3.6 million of benefit from income tax, a 94.9 percent increase from the prior year's ₱1.9 million in benefit from income tax.

Net Income

Solaire registered a net income of ₱3.9 billion, which was ₱2.0 billion higher from the net income recorded for the same quarter in prior year.

The basic earnings per share of ₱0.336 for first quarter 2018 was higher from last year's earnings per share of ₱0.195. The diluted earnings for share for 2018 was ₱0.335 while for 2017 the diluted earnings per shares was ₱0.194 after considering the shares granted under the stock incentive plan.

TRENDS, EVENTS OR UNCERTAINTIES AFFECTING RECURRING REVENUES AND PROFITS

The Group is exposed to a number of trends, events, and uncertainties which affect recurring revenues and profits of its casino and hotel operations. These include levels of general economic activity, as well as certain cost items, such as labor, fuel, and power.

The Group collects revenues in various currencies and the appreciation and depreciation of the US or HK dollar and other major currencies against the Philippine peso, may have a negative impact on the Group's reported levels of revenues and profits.

On January 31, 2020, the World Health Organization (WHO) declared the novel coronavirus acute respiratory disease (2019-nCoV ARD now COVID-19) health event as a public health emergency of international concern after an emergency committee convened on January 30, 2020 in Geneva, Switzerland. On the same day, the Philippines issued a temporary travel ban covering all travelers coming from Hubei Province of China. On February 2, 2020, the Philippines banned all travel to and from China and its two administrative regions, Hong Kong and Macau, to stem the spread of the virus.

On March 14, 2020 Philippine President Rodrigo Duterte declared the Metro Manila under "Enhanced Community Quarantine" (ECQ). On March 16, 2020, the ECQ was expanded to cover the entire Luzon island. The ECQ, which is effectively a lockdown, restricts the movement of the population but with exceptions, in response to the growing pandemic of COVID-19 in the country. In addition, the ECQ mandated the temporary closure of non-essential shops and businesses which include the operation of Solaire.

The ECQ was originally set to last until April 12, 2020, but was extended up until April 30, 2020. On April 24, the ECQ was extended for another two weeks to May 15, 2020, but only for Metro Manila as well as other areas in Luzon that are considered COVID-19 high-risk areas.[2]

The COVID-19 pandemic presents an uncertainty on the Group's future operations in the absence of a viable cure or vaccine against the virus. At the moment, management cannot quantify the overall impact of COVID-19 on the Group's operations for 2020 and for the coming years.

[2] A modified ECQ was imposed in Metro Manila from May 16 up to May 31, 2020. During the Modified ECQ, leisure activities including casinos have remained suspended.

FINANCIAL CONDITION

The table below shows the consolidated condensed balance sheets as of March 31, 2020, December 31, 2019 and 2018:

In thousands, except % change data	**March 31, 2020**	**December 31, 2019**	**December 31, 2018**	**% Change 2020 vs. 2019**	**% Change 2019 vs 2018**
Current assets	41,637,016	₱46,400,104	₱40,253,408	(10.3)	15.3
Total assets	128,332,604	132,694,034	125,648,978	(3.3)	5.6
Current liabilities	18,206,424	20,175,901	19,000,603	(9.8)	6.2
Total interest-bearing debt	68,602,223	69,118,770	71,186,920	(0.7)	(2.9)
Total liabilities	86,192,513	88,663,310	89,087,875	(2.8)	(0.5)
Equity[2]	42,188,011	44,069,049	36,552,125	(4.3)	20.6
Current assets/total assets	32.44	34.97	32.04		
Current ratio	2.29	2.30	2.12		
Debt-equity ratio[1]	2.04	2.01	2.44		
Net debt-equity ratio[2]	1.15	1.06	1.44		

[1] Debt includes total liabilities. Equity includes total equity.
[2] Net debt includes all liabilities less cash and cash equivalents

Current assets decreased by 10.3 percent to ₱41.6 billion as of March 31, 2020 from ₱46.4 billion as of December 31, 2019. The decline was due to the ₱4.1 billion and ₱685.4 million decrease in cash and cash equivalents and receivables, respectively.

The following summarizes the aging of the Group's receivables as of March 31, 2020:

In thousands	
Current	₱1,847,632,765
90 Days	534,434,817
Over 90 Days	585,074,752
Total	₱2,967,142,334

Total assets decreased by 3.3 percent to ₱128.3 billion as of March 31, 2020 from ₱132.7 billion as of December 31, 2019. The decline was attributable to lower level of cash and cash equivalents and decreased casino receivables. This was partially offset by the increase in advances to contractors.

Current liabilities as of March 31, 2020 amounted ₱18.2 billion, representing a decrease of 9.8 percent due to the lower levels of gaming taxes payable, outstanding chips and other gaming liabilities. The decrease was partially offset by the increase in customers' deposits.

Total liabilities decreased by 2.8 percent from ₱88.7 billion as of December 31, 2019 to ₱86.2 billion as of March 31, 2020 due to lower level of current liabilities as mentioned above. This was further reduced by the decrease in long-term debt resulting from the scheduled principal repayments.

Total equity as of March 31, 2020 amounted to ₱42.2 billion, representing a decrease of 4.3 percent from ₱44.1 billion as of December 31, 2019. The decline was mainly attributed to the ₱2.8 billion cash dividends declared in March 2020, partially offset by the ₱1.4 billion net income generated in the first quarter of 2020.

MATERIAL VARIANCES AFFECTING THE BALANCE SHEET FOR THE PERIOD ENDED MARCH 31, 2020

Balance sheet accounts as of March 31, 2020 with variances of plus or minus 5.0 percent against December 31, 2019 balances are discussed, as follows:

Current Assets

1. Cash and cash equivalents decreased by 9.8 percent due to payment of cash dividends and lower cash flows generated by the operations in Solaire.

2. Receivables decreased by 22.3 percent due to a lower level of casino receivables which is consistent with the decrease in gross gaming revenues.

3. Inventories increased by 14.6 percent due to higher inventory levels of retail merchandise, food and beverage.

Noncurrent Assets

4. Other noncurrent assets increased by 48.7 percent due to higher advances to contractors.

Current Liabilities

5. Payables and other current liabilities decreased by 10.9 percent due to lower levels of gaming taxes payable, outstanding chips and other gaming liabilities. This was partially offset by the increase in customers' deposits.

Noncurrent Liabilities

6. Noncurrent portion of lease liabilities decreased by 12.3 percent mainly due to lease payments, partially offset by the accretion of interest.

Equity

7. Cost of shares held by a subsidiary decreased by 74.9 percent due to the issuance of Bloomberry shares held by BRHI.

8. Treasury shares increased by 42.6 percent as a result of the acquisition of Bloomberry shares from the secondary market, partially offset by the issuance of treasury shares for vested stock awards.

9. Share-based payment plan decreased by 27.2 percent due to the issuance of shares for vested stock awards, partially offset by the recognition of current period's compensation expense.

10. Other comprehensive loss pertains to the net effect of the translation of the financial statements of Solaire Korea and its subsidiaries.

11. Retained earnings decreased by 6.7 percent mainly due to the ₱2.8 billion cash dividends declared in March 2020, partially offset by ₱1.4 billion net income earned in the first three months of 2020.

MATERIAL VARIANCES AFFECTING THE BALANCE SHEET FOR THE PERIOD ENDED MARCH 31, 2019

Balance sheet accounts as of March 31, 2019 with variances of plus or minus 5.0 percent against December 31, 2018 balances are discussed, as follows:

Current Assets

1. Inventories increased by 8.9 percent due to the increased inventory level of operating supplies.

2. Prepaid expenses and other current assets decreased by 7.2 percent mainly due to reduction in advances to suppliers and prepaid promotional merchandise.

Noncurrent Assets

3. Other noncurrent assets increased by 151.2 percent due to the recognition of prepaid debt issue costs related to the ₱40.0 billion Syndicated Loan Facility which has not been drawn as of March 31, 2019.

Current Liabilities

4. Payables and other current liabilities were higher by 6.8 percent due to unpaid cash dividends declared in March 2019 and higher outstanding chip and other gaming liabilities.

Noncurrent Liabilities

5. Retirement liability increased by 5.7 percent to ₱406.9 million due to the accrual of normal cost for the first quarter of 2019.

Equity

6. Share-based payment plan increased by 32.7 percent due to the recognition of current period's expense.

7. Other comprehensive income pertains to the net effect of the translation of the financial statements of Solaire Korea and its subsidiaries.

8. Retained earnings increased by 4.5 percent due to the net income reported for the first three months of 2019 amounting to ₱2.2 billion which was partially offset by cash dividends declared in March 2019 amounting to ₱1.7 billion.

MATERIAL VARIANCES AFFECTING THE BALANCE SHEET FOR THE PERIOD ENDED MARH 31, 2018

Balance sheet accounts as of March 31, 2018 with variances of plus or minus 5.0 percent against December 31, 2017 balances are discussed, as follows:

Current Assets

1. Cash and cash equivalents increased as of March 31, 2018 mainly due to higher cash generated by operations.

2. Inventories decreased due to lower inventories held by the Company as a result of higher cost of sale.

Noncurrent Assets

3. Other noncurrent assets decreased by 17.8 percent as of March 31, 2018 mainly due to lower advances to contractors and security deposits.

Current Liabilities

4. Payables and other current liabilities were higher by 17.5 percent as of March 31, 2018 mainly due to higher outstanding chip and other gaming liabilities, gaming taxes payable and customer deposits.

5. Current portion of long-term debt increased because of the additional principal due within one year pertaining to the Original Facility, Expansion Facility and Corporate Notes.

Noncurrent Liabilities

6. Retirement liability increased by 7.0 percent to ₱481.1 million due to the accrual of normal cost for the quarter.

Equity

7. Treasury shares decreased by 41.3 percent because of issuance of shares for vested SIP shares.

8. Other comprehensive income pertains to the net effect of the translation of the financial statements of Solaire Korea and its subsidiaries.

9. Retained earnings increased by 60.7 percent due to the net income reported for the first three months of 2018 amounting to ₱3,690.6 million.

LIQUIDITY AND CAPITAL RESOURCES

This section discusses the Group's sources and uses of funds as well as its debt and equity capital profile.

Liquidity

The table below shows the Group's consolidated cash flows for the three months ended March 31, 2020 and 2019:

	For the Three Months Ended March 31		% Change
In thousands, except % change data	**2020**	**2019**	**2020 vs. 2019**
Net cash provided by operating activities	₱1,784,540	₱4,062,196	(56.1)
Cash used in investing activities	(1,849,610)	(1,494,482)	23.8
Cash used in financing activities	(4,070,129)	(1,902,532)	113.9
Effect of exchange rate changes on cash	37,690	12,357	205.0
Net increase (decrease) in cash and cash equivalents	(4,097,509)	677,539	(704.8)
Cash and cash equivalents, beginning	41,871,527	36,465,848	14.8
Cash and cash equivalents, end	₱37,774,018	₱37,143,387	1.7

Cash and cash equivalents decreased due to the payment of cash dividends and lower cash flows generated by the operations in Solaire.

In the first quarter of 2020, the Group registered positive cash flows from operating activities of
₱1.8 billion, 56.1 lower compared to the same period last year due to higher net working

capital and lower cash flows generated by Solaire operations. Cash flows generated by Solaire have been impacted by the COVID-19 pandemic.

Cash used in investing activities in the first quarter of 2020 includes payments made for additional acquisition of property and equipment and minor construction projects, and advances made to contractors.

In the first quarter of 2020, cash used in financing activities consists of scheduled repayments and interest payments on its outstanding loan facility totaling ₱1.9 billion and payment of cash dividends amounting to ₱1.8 billion.

Capital Resources

The table below shows the Group's capital sources as of March 31, 2020 and December 31, 2019:

In thousands, except % change data	**March 31, 2020**	**December 31, 2019**	**% Change 2020 vs. 2019**
Long-term debt	₱68,602,223	₱69,118,770	(0.7)
Equity*	42,188,011	44,069,049	(4.3)
	₱110,790,234	₱113,187,819	(2.1)

**Attributable to equity holders of the Parent Company*

Total debt and equity decreased by 2.1 percent to ₱110.8 billion as of March 31, 2020 from ₱113.2 billion as of December 31, 2019. The decrease was attributed to the ₱2.8 billion cash dividends declared in March 2020 and ₱516.5 million partial repayment of ₱73.5 billion Syndicated Loan Facility. This was partially offset by the ₱1.4 billion net income earned in the first quarter of 2020.

Please refer to Note 8 of the Notes to Unaudited Condensed Consolidated Financial Statements for the discussion on debt financing.

RISKS

The future operations of the Group shall be exposed to various market risks, particularly foreign exchange risk, liquidity risk and credit risk, which movements may materially impact the future financial results and conditions of the Group. The importance of managing these risks has significantly increased in light of the volatility in the Philippine and international financial markets. With a view to managing these risks, the Group has incorporated a financial risk management function in its organization, particularly in the treasury operations.

The COVID-19 pandemic presents an uncertainty on the Group's future operations in the absence of a viable cure or vaccine against the virus and the current ECQ in effect over Metro Manila and other areas in Luzon.

Foreign Exchange Risk

Foreign exchange risk is the risk that the value of the Group's financial instruments will fluctuate due to changes in foreign exchange rates. The Group has recognized in the consolidated statements of comprehensive income net foreign exchange gains of ₱34.5 million and ₱8.3 million in the first quarter of 2020 and 2019, respectively, on the revaluation of its foreign currency denominated cash and cash equivalents, receivables and payables and other current liabilities for the three months ended March 31, 2020 and 2019, respectively.

Liquidity Risk

Liquidity risk is the risk of not meeting obligations as they become due because of an inability to liquidate assets or obtain funding. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans.

As part of its liquidity strategy, the Group will set aside cash to ensure that financial obligations will be met as they fall due. The Group has cash and cash equivalents amounting to ₱37.8 billion and ₱41.9 billion as of March 31, 2020 and December 31, 2019, respectively that are allocated to meet the Group's liquidity needs. The Group's liquidity for 2020 and beyond will be impacted by COVID-19 pandemic with the current ECQ and the absence of a viable cure or vaccine to counter the virus.

Credit Risk

Credit risk is the risk that the Group will incur a loss arising from customers, clients or counterparties that fail to discharge their contracted obligations. The Group manages and controls credit risk by setting limits on the amount of risk that the Group is willing to accept for individual counterparties and by monitoring exposures in relation to such limits.

The Group's maximum exposure to credit risk is equal to the carrying amount of its financial instruments. The Group has no concentration of credit risk.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2019

The following discussion and analysis relate to the financial condition and results of operations of Bloomberry and should be read in conjunction with the accompanying audited financial statements and related notes as of and for the year ended December 31, 2019.

OPERATING RESULTS

The following are the key performance indicators of the Group in 2019 with comparison for 2018:

Table 1.0 Key Performance Indicators

	For the Year Ended December 31	
In thousands except for ratios	**2019**	2018
EBITDA	**19,830,427**	14,894,547
Net Debt to Equity Ratio (D/E)	**1.06**	1.44
Current Ratio	**2.30**	2.12
Total Assets	**132,694,034**	125,648,978
Return on Equity (ROE)	**22.5%**	19.6%

EBITDA is earnings before interest expense, income taxes, depreciation and amortization.
Net Debt to Equity Ratio (D/E Ratio) is the ratio of the borrower's total liabilities net of cash to total shareholder's equity.
Current Ratio is a liquidity ratio that measures the company's ability to pay short-term obligations.
Return on Equity (ROE) is calculated by dividing the Company's annual earnings by shareholders' equity.

The following table shows a summary of the results of operations for the year ended December 31, 2019, 2018, 2017 and 2016, as derived from the accompanying Audited Financial Statements.

	For the Year Ended December 31												% Change		
	2019			2018			2017 (as restated)*			2016 (as restated)*			2019 vs. 2018	2018 vs. 2017	2017 vs. 2016
In thousands, except % change data	**Philippines**	**Korea**	**Consolidated**	**Philippines**	**Korea**	**Consolidated**	**Philippines**	**Korea**	**Consolidated**	**Philippines**	**Korea**	**Consolidated**			
Gross gaming revenues**	₱59,801,400	₱573,092	₱60,374,492	₱50,972,036	₱484,372	₱51,456,408	₱44,519,462	₱407,075	₱44,926,537	₱38,342,203	₱194,539	₱38,536,742	17.3	14.5	16.6
PFRS 15 allocation	(4,303,065)	-	(4,303,065)	(3,224,502)	-	(3,224,502)	(2,711,974)	-	(2,711,974)	(2,134,932)	-	(2,134,932)	33.4	18.9	27.0
Contra revenue accounts	(17,335,327)	(261,861)	(17,597,188)	(16,528,766)	(97,694)	(16,626,461)	(15,115,539)	(57,869)	(15,173,408)	(13,191,757)	(91,444)	(13,283,201)	5.8	9.6	14.2
Net gaming revenues	**38,163,008**	**311,231**	**38,474,239**	**31,218,768**	**386,678**	**31,605,445**	**26,691,949**	**349,206**	**27,041,155**	**23,015,514**	**103,095**	**23,118,609**	**21.7**	**16.9**	**17.0**
Non-gaming & other revenues***	8,024,999	129,017	8,154,016	6,535,541	220,316	6,755,857	5,785,011	261,703	6,046,714	4,303,922	211,712	4,515,634	20.7	11.7	33.9
Net revenues	**46,188,007**	**440,248**	**46,628,255**	**37,754,309**	**606,994**	**38,361,302**	**32,476,960**	**610,909**	**33,087,869**	**27,319,436**	**314,807**	**27,634,243**	**21.6**	**15.9**	**19.7**
Cash operating expenses	(25,634,085)	(904,175)	(26,538,260)	(22,590,522)	(847,183)	(23,437,705)	(19,903,524)	(869,669)	(20,773,193)	(15,970,943)	(861,028)	(16,831,971)	13.2	12.8	23.4
Reversal of (provision for) allowance for doubtful accounts	(259,568)	-	(259,568)	(29,224)	174	(29,050)	32,874	-	32,874	(174,608)	(29,145)	(203,753)	793.5	(188.4)	(116.1)
EBITDA	**20,294,354**	**(463,927)**	**19,830,427**	**15,134,563**	**(240,015)**	**14,894,547**	**12,606,310**	**(258,760)**	**12,347,550**	**11,173,885**	**(575,366)**	**10,598,519**	**33.1**	**20.6**	**16.5**
Depreciation and amortization	(3,490,476)	(199,329)	(3,689,805)	(3,437,910)	(191,527)	(3,629,437)	(4,174,509)	(179,343)	(4,353,852)	(4,681,365)	(173,677)	(4,855,042)	1.7	(16.6)	(10.3)
Interest, foreign exchange loss & others	(6,029,880)	(2,025)	(6,031,905)	(3,827,411)	(398,359)	(4,225,770)	(2,176,810)	478,363	(1,698,447)	(1,460,834)	(300,495)	(1,761,329)	42.7	148.8	(3.6)
Benefit from (provision for) income tax	(23,572)	(164,191)	(187,763)	89,227	37,262	126,489	14,491	(247,124)	(232,633)	1,571,754)	(87,329)	(1,659,083)	(248.4)	(154.4)	(86.0)
Net Income (Loss)	**₱10,750,426**	**(₱829,472)**	**₱9,920,954**	**₱7,958,469**	**(₱792,639)**	**₱7,165,829**	**₱6,269,482**	**(₱206,864)**	**₱6,062,618**	**₱3,459,932**	**(₱1,136,867)**	**₱2,323,065**	**38.4**	**18.2**	**161.0**
Basic Earnings Per Share			₱0.903			₱0.652			₱0.551			₱0.214			
Diluted Earnings Per Share			₱0.901			₱0.651			₱0.549			₱0.214			

** Operating results for the years ended December 31, 2017 and 2016 were restated in compliance with PFRS 15. For a detailed explanation of PFRS 15 adjustments, please refer to the Notes section of the 2018 Audited Financial Statements published last March 5, 2019.*

*** before PFRS 15 allocation*

**** includes Interest income*

OPERATING RESULTS FOR THE YEAR ENDED DECEMBER 31, 2019 COMPARED WITH 2018

REVENUES

Revenues consist of: (1) Gaming; (2) Hotel, food and beverage; (3) Retail and others and (4) Interest income. The table below illustrates the consolidated revenues for the year ended December 31, 2019 and 2018:

In thousands, except % change data	For the Year Ended December 31						% Change 2019 vs. 2018
	2019			2018			
	Philippines	Korea	Consolidated	Philippines	Korea	Consolidated	
Gaming	₱55,498,335	₱573,092	₱56,071,427	₱47,747,534	₱484,372	₱48,231,906	16.3
Hotel, food and beverage	4,175,113	127,055	4,302,168	3,589,288	171,376	3,760,664	14.4
Retail and others	3,559,091	1,830	3,560,921	2,805,248	48,869	2,854,117	24.8
Interest income	290,795	132	290,927	141,005	71	141,076	106.2
Gross revenues*	**63,523,334**	**702,109**	**64,225,443**	**54,283,075**	**704,688**	**54,987,763**	**16.8**
Less contra revenue accounts	17,335,327	261,861	17,597,188	16,528,766	97,694	16,626,460	5.8
Net revenues	**₱46,188,007**	**₱440,248**	**₱46,628,255**	**₱37,754,309**	**₱606,994**	**₱38,361,303**	**21.6**

** as defined under PFRS 15*

In 2019, consolidated gross gaming, non-gaming revenues (including hotel, food and beverage, retail and other), and interest income represented 87.3 percent, 12.2 percent and 0.5 percent of gross revenues, respectively. Gross gaming, non-gaming revenues and interest income in the same period last year accounted for 87.7 percent, 12.0 percent and 0.3 percent of gross revenues, respectively. Contra revenue increased to ₱17.6 billion, up 5.8 percent year-on-year, mainly due to higher rebates to junket operators and VIP patrons as a result of higher VIP gaming revenue as well as other customer promotions and incentives provided to mass gaming guests.

Gaming

Philippines

In 2019, Solaire registered robust growth in mass table drop and slot coin-in which grew by 14.6 percent and 20.4 percent to record levels of ₱51.5 billion and ₱255.1 billion, respectively. On the other hand, VIP volumes declined by 4.8 percent.

Gaming revenues after PFRS 15 allocation in 2019 increased by 16.2 percent or ₱7.8 billion as compared to the same period last year.

Below is the breakdown of gaming revenues:

Amounts in millions	**2019**			**2018**			**Change in Revenue**	
	Volume*	**Revenue**	**Hold**	**Volume***	**Revenue**	**Hold**	**Amount**	**%**
VIP tables	771,417	₱26,240	3.40%	810,233	₱21,817	2.69%	₱4,423	20.3
Mass tables	51,467	16,747	32.5%	44,894	15,258	34.0%	1,489	9.8
Slots	255,103	16,814	6.6%	211,887	13,897	6.6%	2,917	21.0
		59,801			**50,972**		**8,829**	**17.3**
PFRS 15 Allocation		(4,303)			(3,224)		(1,079)	33.4
Total		**₱55,498**			**₱47,748**		**₱7,751**	**16.2**

**VIP volume represents rolling chips; Mass volume represents mass drop; Slots volume represents coin-in*

VIP revenue amounted to ₱26.2 billion, representing an increase of 20.3 percent as a result of a higher VIP win rate. The VIP hold rate was 3.40 percent, higher than the 2.69 percent last year and the normal hold of 2.85 percent. On a hold normalized basis, VIP revenue would have decreased by 4.8 percent.

Following the performance of mass table drop and slot coin-in, mass table and slot revenues grew by 9.8 percent and 21.0 percent, to ₱16.7 billion and ₱ 16.8 billion, respectively.

There were 6,678,206 visitors in 2019, higher by 0.4 percent as compared to last year.

Korea
Jeju Sun registered P573.1 million of GGR in 2019, representing an increase of 18.3 percent from P484.4 million in 2018. The increase was attributable to higher level of play in VIP and mass segments as a result of the competitive casino programs of Jeju Sun.

Hotel, Food and Beverage

Philippines
Hotel, food and beverage revenue amounted to P4.2 billion in 2019, representing an increase of P585.8 million or 16.3 percent as compared to 2018. The increase was primarily due to higher REVPAR and average daily room rate which grew by 19.8 percent and 22.5 percent to P7,948 and P8,778, respectively. The hotel occupancy rate was 90.5 percent in 2019.

In 2019, hotel cash revenues were 52.2 percent as compared to 56.1 percent last year, while Solaire F&B cash revenues accounted for 53.9 percent of F&B revenues as compared to 58.0 percent in the prior year.

Solaire F&B revenue increased by P215.2 million or 12.6 percent despite the closure of the grand ballroom where banquets are held. The grand ballroom was closed to make way for a new gaming area. Excluding the banquet business, Solaire F&B served 1,901,675 covers in 2019 as compared to 1,920,712 covers for the comparable period in 2018, a decrease of 1.0 percent. Average checks increased by 5.2 percent to P1,152.

Korea
The hotel and F&B operation of Jeju Sun generated P127.1 million of revenue for 2019, 25.9 percent lower than the comparative period in 2018 due to renovations covering 164 rooms, restaurants, lobby, building façade, sports bar, gym, sauna, back of the house, new ballroom and several mechanical, electrical and plumbing works for the purpose of securing the 5 Hibiscus rating that is required to keep its gaming license. Renovation works were completed in December 2019.

Retail and Others

Philippines
Retail and other revenues amounted to P3.6 billion in 2019, an increase of 26.9 percent from P2.8 billion in the same period last year. The increase was mainly due to additional rental revenue earned from new tenants at the Shoppes including Versace, Dior, Cartier, Chow Tai Fook, among others.

Korea
The retail and other revenues of Jeju Sun declined by 96.3 percent year-on-year to P1.8 million. The retail area was also adversely impacted by renovation works.

Interest Income

Consolidated interest income amounted to P290.9 million in 2019, representing an increase of 106.2 percent from last year's consolidated interest income of P141.1 million in the previous year, mainly due to higher average consolidated cash balances in 2019.

EXPENSES

Total operating cost and expenses consist of: (1) Taxes and licenses; (2) Advertising and promotions; (3) Depreciation and amortization; (4) Salaries and benefits; (5) Outside services and charges; (6) Office expenses; (7) Cost of sales; (8) Utilities; (9) Rent; (10) Repair and maintenance; (11) Software and hardware maintenance (12) Communication and transportation; (13) Provision for (reversal of) allowance for doubtful accounts; and (14) Others.

Total expenses include (1) Operating costs and expenses; (2) Interest expenses; (3) Foreign exchange losses (gains) – net; and (4) Others.

In 2019, total expenses of the Group increased by 16.6 percent to P36.5 billion.

The table below shows the breakdown of total expenses for 2019 and 2018.

	For the Year Ended December 31						% Change
	2019			2018			2019 vs. 2018
In thousands, except % change data	**Philippines**	**Korea**	**Consolidated**	**Philippines**	**Korea**	**Consolidated**	
Operating costs and expenses:							
Taxes and licenses	₱12,826,575	₱68,915	₱12,895,490	₱10,987,451	₱65,385	11,052,836	16.7
Salaries and benefits	4,095,309	469,503	4,564,812	3,714,935	552,232	4,267,167	7.0
Advertising and promotions	566,419	6,597	573,016	454,897	6,965	461,862	24.1
Office expenses	1,119,645	29,272	1,148,917	1,063,831	23,077	1,086,908	5.7
Outside services and charges	1,570,017	261,993	1,832,010	1,428,984	83,559	1,512,543	21.1
Utilities	787,532	32,067	819,599	858,367	44,432	902,799	(9.2)
Cost of sales	3,305,079	11,590	3,316,669	2,652,009	27,520	2,679,529	23.8
Rent	145,091	1,613	146,704	330,796	1,565	332,361	(55.9)
Repairs and maintenance	241,121	3,585	244,706	176,793	6,536	183,329	33.5
Software and hardware maintenance	238,689	5,998	244,687	212,005	10,561	222,566	9.9
Communication and transportation	192,734	10,125	202,859	189,533	10,651	200,184	1.3
Depreciation and amortization	3,490,476	199,329	3,689,805	3,437,910	191,527	3,629,437	1.7
Provision of (reversal of allowance) for doubtful accounts	259,568	-	259,568	29,224	(174)	29,050	793.5
Others	545,873	2,918	548,791	520,921	14,700	535,621	2.5
	29,384,128	**1,103,505**	**30,487,633**	**26,057,656**	**1,038,536**	**27,096,192**	**12.5**
Interest expense	5,549,849	12,181	5,562,031	4,564,370	17,557	4,581,927	21.4
Foreign exchange losses (gains) – net	330,401	(10,157)	320,244	(738,514)	380,802	(357,712)	(189.5)
Others	149,630	-	149,630	1,555	-	1,555	9,523.3
Total Expenses	**₱35,414,008**	**₱1,105,529**	**₱36,519,538**	**₱29,885,067**	**₱1,436,895**	**₱31,321,962**	**16.6**

Operating Costs and Expenses

Total operating costs and expenses increased by 12.5 percent to P30.5 billion.

Philippines
Solaire operating costs and expenses increased by 12.8 percent from P26.1 billion to P29.4 billion in 2019 compared to the prior year due to higher: a) gaming taxes which is consistent with the increase in gaming revenues, b) cost of sales due to the increased quality and quantity of promotional items given to patrons, c) salaries and benefits, and d) provision for doubtful accounts. These increases were partially offset by the decline in rent, utilities and others.

Korea
Solaire Korea registered P1.1 billion in operating costs which was P65.0 million higher than in 2018.

Taxes and licenses
Taxes and licenses consist mainly of licenses fees (inclusive of the franchise tax) paid to PAGCOR. The increase in taxes and licenses is consistent with the increase in gaming revenues.

Advertising and promotions
Advertising and promotions costs consist of expenses relating to property and brand marketing, events and promotions, print and media placements, corporate giveaways, prizes and sponsorship of events, trade shows, exhibits and partnerships and other similar expenses.

Depreciation and amortization
Depreciation and amortization pertains to the straight-line depreciation and amortization of property and equipment including operating equipment, over the useful lives of these assets which range between 3 years to 40 years.

Salaries and benefits
Salaries and wages increased by 7.0 percent which is attributable to the P380.4 million increase in the Philippine operations due to higher salary rates, additional manpower requirements and Stock Incentive Plan (SIP) share grants. The increase was partially offset by the P82.7 million or 15.0 percent decrease in salaries and benefits of the Korean operations.

Outside services and charges
Outside services and charges increased by 21.1 percent in 2019 as compared to the prior year. This account pertains to the cost of professional and third-party services which include, among others, legal services, consultancy services, marketing services, security services, audit services, landscaping services and maintenance and cleaning services.

Office expenses
Office expenses increased by 5.7 percent. This account consists of costs of gaming and office supplies, guest supplies, cleaning supplies, property and other insurance, housekeeping supplies and employee related expenses.

Cost of sales
Higher cost of sales in 2019 is due to increased quality and quantity of promotional items given to patrons.

Utilities
Utilities expenses are composed of electricity cost, water charges, fuel costs, gas, sewerage and cost of air conditioning supplies. Utilities expenses decreased by 9.2 percent in 2019.

Rent
Rent consists of payments to PAGCOR for a 1,122 square meters parcel of land currently being used as a security checkpoint area. Rent is also paid for overseas marketing offices and gaming equipment. Rent decreased by 55.9 percent mainly due to the purchase of previously rented 160,359 square meters of land from PAGCOR.

Repairs and maintenance
Repairs and maintenance represent cost associated with the upkeep of property and equipment, including casino equipment, furniture and fixtures, curtains and drapery, transportation equipment, electrical and mechanical equipment. Repairs and maintenance expenses increased by 33.5 percent.

Communication and transportation
Communication and transportation represent the cost of telephone and data communications, valet services, fleet management services and shuttle services. Costs of business travels are also charged to this account.

Provision for allowance for doubtful accounts
The Group evaluates provision for doubtful accounts based on a specific and collective review of customer accounts as well as experience with collection trends in the gaming industry and current economic and business conditions. In 2019, the Group provided P259.6 million for doubtful accounts.

Others
Other expenses consist of miscellaneous expenses pertaining to complimentary service

charges, representation, dues and subscriptions, freight charges, contract entertainment, trust fees, donations and community service expenses, credit card commissions and bank charges.

Interest Expense

Interest expense increased by 21.4 percent from P4.6 billion to P5.6 billion mainly due to the full year interest impact of the P73.5 billion Syndicated Loan Facility which was secured by the Group in the second quarter of 2018. The proceeds were used to retire the old debt facilities amounting P32.1 billion and purchase of PAGCOR land where Solaire is located for P40.4 billion, including taxes.

Foreign Exchange Losses (Gains) - Net

The Group recognized a net foreign exchange loss in 2019 of P320.2 million mainly due to unfavorable effect of the appreciation of Philippine Peso against US dollar and Hong Kong dollar. The Group also reported P738.5 million net foreign exchange gain in 2018. The Group maintains foreign currency deposits mainly denominated in US and Hong Kong dollars.

The Philippine peso appreciated against the US dollar from P52.563/US$1 as of December 31, 2018 to P50.635/US$1 as of December 31, 2019.

Others

Others mainly pertains to share in net loss of a joint venture, excess of acquisition cost over fair value of net assets acquired, mark-to-market loss.

EBITDA

Philippines
In 2019, Solaire's EBITDA of P20.3 billion was 34.1 percent or P5.2 billion higher compared to the same period last year. EBITDA margin in 2019 was 43.9 percent as compared to 40.1 percent in the same period last year.

Korea
Solaire Korea posted P463.9 million negative EBITDA in 2019 including overhead expenses for Silmi and Muui Islands of P53.46 million.

CONSOLIDATED

Below is comparison of reported consolidated and hold-normalized EBITDA:

	For the Year Ended December 31		Change
In thousands, except % change data	**2019**	**2018**	
Net Revenue	46,628,255	38,361,302	21.6%
EBITDA	19,830,427	14,894,547	33.1%
EBITDA Margin	42.5%	38.8%	370 bps
Hold-Normalized EBITDA*	**17,162,089**	**16,049,409**	**6.9%**
Hold-Normalized EBITDA Margin*	**39.6%**	**40.4%**	**80 bps**

** Hold-normalized EBITDA is based on 2.85% VIP hold.*

The reported VIP hold in 2019 was 3.40 percent, 55 basis points higher than the 2.85 percent normalized hold. This resulted in the reported EBITDA to be 13.5 percent higher than hold-normalized EBITDA of P17.2 billion.

PROVISION FOR (BENEFIT FROM) INCOME TAX

In 2019, the Group recognized a P187.8 million provision for income tax as compared to P126.5 million benefit from income tax in 2018. The turnaround is due to the deferred tax effect relating to unrealized foreign exchange and Jeju Sun's NOLCO.

NET INCOME

In 2019, the Group posted a consolidated net income of P9.9 billion, representing an increase of 38.4 percent from previous year's consolidated net income of P7.2 billion.

Solaire registered net income of P10.8 billion, an increase of 35.1 percent from net income of P8.0 billion in 2018.

EARNINGS PER SHARE

Basic earnings per share of P0.903 in 2019 was 38.5 percent higher than the P0.652 reported in 2018. Diluted earnings per share, after considering the shares granted under the stock incentive plan, was P0.901 compared to P0.651 in 2018.

OPERATING RESULTS FOR THE YEAR ENDED DECEMBER 31, 2018 COMPARED WITH 2017

REVENUES

Revenues consist of: (1) Gaming; (2) Hotel, food and beverage; (3) Retail and others and (4) Interest income. The table below illustrates the consolidated revenues for the year ended December 31, 2018 and 2017:

In thousands, except % change data	For The Year Ended December 31						% Change 2018 vs. 2017
	2018			2017 (as restated)*			
	Philippines	Korea	Consolidated	Philippines	Korea	Consolidated	
Gaming	₱47,747,534	₱484,372	₱48,231,906	₱41,807,488	₱407,075	₱42,214,563	14.3
Hotel, food and beverage	3,589,288	171,376	3,760,663	3,542,609	184,677	3,727,286	0.9
Retail and others	2,805,248	48,869	2,854,117	2,178,643	74,610	2,253,253	26.7
Interest income	141,005	71	141,076	63,759	2,416	66,175	113.2
Gross revenues**	54,283,075	704,688	54,987,763	47,592,499	668,778	48,261,277	13.9
Less contra revenue accounts	16,528,766	97,694	16,626,461	15,115,539	57,869	15,173,408	9.6
Net revenues	₱37,754,309	₱606,994	₱38,361,302	₱32,476,960	₱610,909	₱33,087,869	15.9

** Operating results for the year ended December 31, 2017 were restated in compliance with PFRS 15. For a detailed explanation of PFRS 15 adjustments, please refer to the notes section of the 2018 Audited Financial Statements published last March 5, 2019.*
*** as defined under PFRS 15*

In 2018, consolidated gross gaming, non-gaming revenues (including hotel, food and beverage, retail and other), and interest income represented 87.7 percent, 12.0 percent and 0.3 percent of gross revenues, respectively. For the same period in 2017, gross gaming, non-gaming revenues and interest income in the same period last year accounted for 87.5 percent, 12.4 percent and 0.1 percent of gross revenues, respectively. Contra revenue increased to P16.6 billion, up 9.6 percent year-on-year, mainly due to higher rebates to junket operators as a result of higher VIP volume, rebates for VIP guests and other promotional incentives provided to guests.

Gaming

Philippines

Solaire outperformed 2017's revenue volume by registering robust growth in all segments. VIP volume, mass table drop and slot coin-in, grew by 1.9 percent, 22.1 percent and 14.7 percent, respectively, in 2018 compared in 2017.

Gross gaming revenue in 2018 increased by 14.5 percent or P6.5 million as compared to

2017.

Below is the breakdown of gaming revenues:

amounts in millions	2018			2017			Change in Revenue	
	Volume*	**Revenue**	**Hold**	**Volume***	**Revenue**	**Hold**	**Amount**	**%**
VIP tables	810,233	₱21,817	2.69%	794,825	₱20,712	2.61%	₱1,105	5.3%
Mass tables	44,894	15,258	34.0%	36,757	12,059	32.8%	3,199	26.5%
Slots	211,887	13,897	6.6%	184,652	11,748	6.4%	2,149	18.3%
Total		**50,972**			**44,519**		**6,453**	**14.5%**
PFRS 15 Allocation		(3,224)			(2,712)		(512)	18.9%
Total		**₱47,748**			**₱41,807**		**₱5,941**	**14.2%**

**VIP volume represents rolling chips; Mass volume represents mass drop; Slots volume represents coin-in*

On a hold normalized basis, VIP revenue would have increased by 1.9 percent. VIP hold was 2.69 percent, lower than normal hold of 2.85 percent. Mass table revenue and slot revenue reached P15.3 billion and P13.9 billion, respectively.

There were 6,648,871 visitors in 2018, representing growth of 13.8 percent over the previous year.

Korea
Jeju Sun registered P484.4 million in GGR in 2018 which was 19.0 percent higher than the previous year. The significant increase in gross gaming revenue was attributed to the increased level of play in VIP and mass segments as a result of the highly competitive marketing programs of Jeju Sun.

Hotel, Food and Beverage

Philippines
Hotel, food and beverage revenue increased by P46.7 million or 1.3 percent in 2018 versus the previous year. Solaire increased its REVPAR by 7.3 percent year-on-year to P6,636. Solaire also increased its hotel occupancy for 2018 to 92.6 percent from 90.7 percent in 2017.

Hotel cash revenues were approximately 56.1 percent in 2018 compared to 55.2 percent for the comparative period in 2017, while Solaire F&B cash revenues accounted for 58.0 percent of F&B revenues for 2018 compared to 57.4 percent in the prior year.

Food and beverage covers in 2018 were approximately 2,057,426 in comparison to approximately 2,103,851 covers for 2017 representing a decrease of 2.2 percent. Average check in 2018 increased by 12.1 percent to P1,096.

Korea
The hotel and F&B operation of Jeju Sun generated P171.4 million of revenue in 2018, 7.2 percent lower than the comparative period in 2017. Jeju has historically enjoyed the patronage of millions of Chinese tourists and the decline in the tourist arrivals from China has had an adverse impact on the hotel and F&B revenues of Jeju Sun.

Retail and Others

Philippines
Retail and other revenues increased by 28.8 percent or P626.6 million compared to the prior year primarily as a result of additional rental revenue from new tenants at the Shoppes.

Korea
The retail and other revenues generated by Jeju Sun was P48.9 million in 2018.

Interest Income

Consolidated interest income increased by 113.2 percent year-on-year to P141.1 million, because of higher average consolidated cash balances in 2018. Cash generated from Solaire operations resulted in higher cash balances and increased interest income.

EXPENSES

Total operating cost and expenses consist of: (1) Taxes and licenses; (2) Advertising and promotions; (3) Depreciation and amortization; (4) Salaries and benefits; (5) Outside services and charges; (6) Office expenses; (7) Cost of sales; (8) Utilities; (9) Rent; (10) Repair and maintenance; (11) Software and hardware maintenance (12) Communication and transportation; (13) Provision for (reversal of) allowance for doubtful accounts; and (14) Others .

Total expenses include (1) Operating costs and expenses; (2) Interest expense; (3) Foreign exchange losses (gains) – net and (4) Others.

In 2018, total expenses of the Group increased by 16.9 percent to P31.3 billion.

The table below shows the breakdown of total expenses in 2018 and 2017.

	For the Year Ended December 31						% Change
	2018			2017 (as restated)*			
In thousands, except % change data	**Philippines**	**Korea**	**Consolidated**	**Philippines**	**Korea**	**Consolidated**	**2018 vs. 2017**
Operating costs and expenses:							
Taxes and licenses	₱10,987,451	₱65,385	₱11,052,836	₱9,518,676	₱65,259	₱9,583,935	15.3
Advertising and promotions	454,897	6,965	461,862	466,289	16,660	482,949	(4.4)
Depreciation and amortization	3,437,910	191,527	3,629,437	4,174,509	179,343	4,353,852	(16.6)
Salaries and benefits	3,714,935	552,232	4,267,167	3,325,536	503,679	3,829,215	11.4
Outside services and charges	1,428,984	83,558	1,512,542	1,041,849	115,467	1,157,316	30.7
Office expenses	1,063,831	23,077	1,086,908	1,006,851	26,765	1,033,616	5.2
Cost of sales	2,652,009	27,520	2,679,529	2,186,726	31,107	2,217,833	20.8
Utilities	858,367	44,432	902,799	810,716	42,056	852,772	5.9
Rent	330,796	1,565	332,361	526,230	5,163	531,393	(37.5)
Repairs and maintenance	176,793	6,536	183,329	168,826	12,949	181,775	0.9
Software and hardware maintenance	212,005	10,561	222,567	221,063	3,507	224,570	(0.9)
Communication and transportation	189,533	10,651	200,184	201,371	10,919	212,290	(5.7)
Provision for (reversal of) allowance for doubtful accounts	29,224	(174)	29,050	(32,874)	-	(32,874)	(188.4)
Others	520,921	14,701	535,622	429,393	36,138	465,531	15.1
	26,057,656	**1,038,536**	**27,096,192**	**24,045,160**	**1,049,012**	**25,094,172**	**8.0**
Interest expense	4,564,370	17,557	4,581,927	2,053,899	97,649	2,151,548	113.0
Foreign exchange losses (gains) - net	(738,514)	380,802	(357,712)	(34,649)	(847,586)	(882,235)	(59.5)
Mark-to-market loss (gains)	1,555	-	1,555	157,560	271,574	429,134	(99.6)
Total Expenses	**₱29,885,067**	**₱1,436,895**	**₱31,321,962**	**₱26,221,970**	**₱570,649**	**₱26,792,619**	**16.9**

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*** as defined under PFRS 15*

Operating Costs and Expenses

Total operating costs and expenses increased by 8.0 percent to P27.1 billion.

Philippines
Solaire operating costs and expenses increased by 8.4 percent from P24.0 billion in the prior year to P26.1 billion in 2018 due to higher: a) gaming taxes which is consistent with the increase in gaming revenues b) salaries and wages, c) outside services and charges, and d) cost of sales due to higher food and beverage revenues. These increases were partially offset by the decline in rent and depreciation and amortization.

Korea
Solaire Korea and Jeju Sun's combined operating costs and expenses in 2018 was P1.1 billion slightly lower than in 2017 which was P1.0 billion.

Taxes and licenses
Taxes and licenses consist mainly of licenses fees (inclusive of the franchise tax) paid to PAGCOR. The higher taxes and licenses in 2018 were due to higher gaming revenues.

Advertising and promotions
Advertising and promotions costs consist of expenses relating to property and brand marketing, events and promotions, print and media placements, corporate giveaways, prizes and sponsorship of events, trade shows, exhibits and partnerships and other related expenses.

Depreciation and amortization
Depreciation and amortization pertains to the straight-line depreciation and amortization of property and equipment, including the operating equipment, over the useful lives of these assets which range between 3 years to 40 years.

Salaries and benefits
Salaries and wages increased by 11.4 percent which is attributable to the P389.4 increase in the Philippine operations million mainly attributable to the Stock Incentive Plan (SIP) share grants as well as the increase of its manpower requirements. Korean operations salaries and benefits increased by P48.6 million or 9.6 percent.

Outside services and charges
Outside services and charges increased by 30.7 percent in 2018 as compared to the prior year. This account pertains to the cost of professional and third-party services which include, among others, legal services, consultancy services, marketing services, security services, audit services, landscaping services and maintenance and cleaning services.

Office expenses
Office expenses, consisting mainly of costs of gaming and office supplies, guest supplies, cleaning supplies, insurance, housekeeping supplies and team member expenses, increased by 5.2 percent.

Cost of sales
Cost of sales mainly consists of food and beverage costs and buying costs of retail items. The increase in 2018 is directly attributable to the higher in F&B and Retail revenues. The Philippine operation's cost of sales increased by P465.3 million which was partially offset by Korean operation's P3.6 million decrease in cost of sales.

Utilities
Utilities expenses are composed of electricity cost, water charges, fuel costs, gas, sewerage and cost of air conditioning supplies. Utilities expenses increased by 5.9 percent in 2018.

Rent
Rent consists mainly of lease rentals for the land and other real properties as well as casino, office and other equipment. Rent decreased by 37.5 percent mainly due to the purchase of previously rented land from PAGCOR.

Repairs and maintenance
Repairs and maintenance represents costs associated with the upkeep of the property and equipment, including casino equipment, furniture and fixtures, computer equipment, curtains and drapery, transportation equipment, electrical and mechanical equipment. Repairs and maintenance slightly decreased by 0.9 percent.

Communication and transportation
Communication and transportation represent cost of telephone and data communications, valet services, fleet management services and shuttle services. Costs of business travels are also charged to this account.

Provision for allowance for doubtful accounts
The Group evaluates provision for doubtful accounts based on a specific and collective review of customer accounts as well as experience with collection trends in the gaming industry and current economic and business conditions. In 2018, the Group provided only P29.1 million for doubtful accounts.

Other
Other expenses consist of miscellaneous expenses mainly pertaining to complimentary service charges, representation, dues and subscriptions, freight charges, contract entertainment, trust fees, donations and community service expenses, credit card commissions and bank charges. This account increased by 15.1 percent due to higher representation and entertainment expenses.

Interest Expense

Interest expense represents interest on the Group's Original and Expansion Facilities with BDO, Syndicated Loan Facility, the Corporate Notes and short-term borrowings. Interest expense increased by 113.0 percent mainly due to the P41.1 billion in incremental debt after the Group secured a P73.5 billion Syndicated Loan. The proceeds were used to retire the old debt facilities amounting P32.1 billion and to purchase the land where Solaire is located in Entertainment City from PAGCOR amounting to P40.4 billion, including taxes.

Foreign Exchange Losses (Gains) - Net

The Group recognized a net foreign exchange gain for the year of P357.7 million because of the net favorable result of the depreciation of the Philippine Peso against the US dollar and Hong Kong dollar and depreciation of Korean Won against the US dollar in 2018. The Philippine peso depreciated against the US dollar from P49.930/US$1 as of December 31, 2017 to P52.563/US$1 as of December 31, 2018. The Group reported P882.2 million net foreign exchange gains in 2017.

Others

Others is composed of mark-to-market loss, loss on sale/write-off of property and equipment and impairment loss.

EBITDA

Philippines
In 2018, Solaire generated P15.1 billion of EBITDA, representing a 20.1 percent year-on-year increase from the previous year.

Korea
Solaire Korea and its subsidiary, Jeju Sun, posted P240.0 million negative EBITDA in 2018.

CONSOLIDATED

Below is the comparison of reported consolidated and hold-normalized EBITDA.

	For the Year Ended December 31		Change
In thousands, except % change data	**2018**	**2017**	
Net Revenue	38,361,302	33,087,869	15.9%
EBITDA	14,894,547	12,347,550	20.6%
EBITDA Margin	38.8%	37.3%	151 bps
Hold-Normalized EBITDA*	**16,049,409**	**13,781,666**	**16.5%**
Hold-Normalized EBITDA Margin*	**40.4%**	**39.5%**	**90 bps**

** Hold-normalized EBITDA is based on 2.85% VIP hold.*

The reported VIP hold in 2018 was 2.69 percent, 16 basis points lower than the 2.85 percent normalized hold. This resulted in the reported EBITDA being 7.8 percent lower than hold-normalized EBITDA of P16.0 billion.

PROVISION FOR (BENEFIT FROM) INCOME TAX

In 2018, the Group recognized a P126.5 million benefit from income tax as compared to a P232.6 million provision for income tax recognized in 2017.

NET INCOME (LOSS)

The Group reported consolidated net income of P7.2 billion in 2018 which was an 18.2 percent or P1.1 billion improvement from the P6.1 billion net income in 2017.

EARNINGS PER SHARE

Basic earnings per share of P0.652 in 2018 was 18.3 percent higher than the prior year's earnings per share of P0.551. Diluted earnings per share in 2018 was P0.651 as compared to P0.549 in 2017, after considering the shares granted under the Company's stock incentive plan

There are no other significant elements of income and expense outside the Company's operating results for the year ended December 31, 2018.

OPERATING RESULTS FOR THE YEAR ENDED DECEMBER 31, 2017 COMPARED WITH 2016

REVENUES

Revenues consist of: (1) Gaming; (2) Hotel, food and beverage; (3) Retail and others and (4) Interest income. The table below illustrates the consolidated revenues for the year ended December 31, 2017 and 2016:

	For the Year Ended December 31						% Change 2017 vs. 2016
In thousands, except % change data	2017 (as restated)*			2016 (as restated)*			
	Philippines	**Korea**	**Consolidated**	**Philippines**	**Korea**	**Consolidated**	
Gaming*	₱41,807,488	₱407,075	₱42,214,563	₱36,207,271	₱194,539	₱36,401,810	16.0
Hotel, food and beverage	3,542,609	184,677	3,727,286	2,828,159	195,451	3,023,610	23.3
Retail and others	2,178,643	74,610	2,253,253	1,432,021	15,971	1,447,992	55.6
Interest income	63,759	2,416	66,175	43,742	290	44,032	50.3
Gross revenues**	47,592,499	668,778	48,261,277	40,511,193	406,251	40,917,444	17.9
Less contra revenue accounts	15,115,539	57,869	15,173,408	13,191,757	91,444	13,283,201	14.2
Net revenues	₱32,476,960	₱610,909	₱33,087,869	₱27,319,436	₱314,807	₱27,634,243	19.7

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*** as defined under PFRS 15*

Solaire registered gross gaming revenues of P41.8 billion in 2017, the highest in a year since opening. The non-gaming segment also outperformed its previous year's reported revenues reaching P5.7 billion in 2017, 34.3 percent higher on a year-on-year basis. Jeju Sun on the other hand, showed significant improvement with gaming revenues doubling in 2017 despite operating in a very challenging environment with a 75.5 percent decline in Chinese tourist arrivals in Jeju. Jeju has historically enjoyed the patronage of millions of Chinese tourists.

In 2017, gross gaming revenues, non-gaming revenues (including hotel, food and beverage, retail and other), and interest income represented 87.5 percent, 12.4 percent and 0.1 percent of gross revenues, respectively. In the same period last year, gross gaming revenue was 89.0 percent of gross revenue; hotel, food and beverage accounted for 10.9 percent; and interest income for 0.1 percent. Contra revenue increased to P15.2 billion, up 14.2 percent year-on-year, mainly due to higher rebates to junket operators as a result of higher VIP volume, rebates for VIP guests and other promotional incentives provided to guests.

Gaming

Philippines

Solaire registered robust growth across all segments with record high VIP volume, mass table drop and slot coin-in in 2017. VIP volume, mass table drop and slot coin-in, grew by 11.4 percent, 21.3 percent and 29.0 percent, respectively, for 2017 compared to the same period last year.

Gross gaming revenue in 2017 increased by 15.5 percent or P5.6 billion as compared to 2016. Below is the breakdown of the growth in gross gaming revenue:

amounts in millions	2017			2016			Change in Revenue	
	Volume*	**Revenue**	**Hold**	**Volume***	**Revenue**	**Hold**	**Amount**	**%**
VIP tables	794,825	₱20,712	2.6%	713,691	₱18,613	2.6%	₱2,099	11.3%
Mass tables	36,757	12,059	32.8%	30,305	10,062	33.2%	1,997	19.8%
Slots	184,652	11,748	6.4%	143,159	9,667	6.8%	2,081	21.5%
Total		**44,519**			**38,342**		**6,177**	**16.1%**
PFRS 15 Allocation		(2,712)			(2,135)		(577)	27.0%
Total		**₱41,807**			**₱36,207**		**₱5,600**	**15.5%**

**VIP volume represents rolling chips; Mass volume represents mass drop; Slots volume represents coin-in*

On a hold normalized basis, the VIP revenue would have increased by 11.8 percent. VIP hold stood at 2.61 percent, below the normal hold of 2.85 percent. Mas table revenue and slot revenue reached record highs of P12.1 billion and P11.7 billion, respectively, after both segments registered all-time high volumes.

There were 5,843,686 visitors in 2017, representing growth of 14.0 percent over the previous year.

Korea

Jeju Sun registered P4.1 billion gross gaming revenues in 2017 which was 109.3 percent higher than the previous year. This was achieved against the backdrop of a huge decline in Chinese travelers to Jeju mainly due to the issue of Terminal High Altitude Area Defense (THAAD) deployment (US missile defense system). Chinese tourists account for an estimated 85.0 percent of Jeju tourists. Chinese tourist arrivals to Korea in 2017 fell 48.1 percent to 4.2 million from 8.1 million visitors last year with Jeju Island experiencing a more drastic 75.8 percent drop from 3.1 million to 0.75 million Chinese visitors.

Hotel, Food and Beverage

Philippines

Hotel, food and beverage revenue increased by P714.5 million or 25.3 percent in 2017 versus

last year. Solaire increased its REVPAR by 10.5 percent year-on-year and at the same time, managed to increase its hotel occupancy in 2017 to 90.7 percent from 85.4 percent in the previous year.

Hotel cash revenues were approximately 55.2 percent in 2017 compared to 51.7 percent for the comparative period in 2016, while non-gaming F&B cash revenues accounted for 57.4 percent of F&B revenues in 2017 compared to 57.5 percent in the prior year.

Food and beverage covers in 2017 were approximately 2,103,851 in comparison to approximately 1,808,759 covers for 2016 representing an increase of 16.3 percent. Average check for 2017 increased 6.3 percent to P978.

Korea
The hotel and F&B operation of Jeju Sun generated P184.7 million of revenue in 2017, 5.5 percent lower than the comparative period in 2016. Jeju has historically enjoyed the patronage of millions of Chinese tourists and the decline in the tourist arrivals from China has had an adverse impact on the hotel and F&B revenues of Jeju Sun.

Retails and Others

Philippines
Retail and other revenues increased by 52.1 percent or P746.6 million compared to the prior year primarily as a result of additional rental revenue from new tenants at the Shoppes.

Korea
Retail and other revenues increased to P74.6 million in 2017. The increase was due to higher rental income generated from additional tenants and other income/refund received.

Interest Income

Philippines
Interest income increased by P20.0 million or 45.8 percent from 2016 because of higher average consolidated cash balances in 2017.

Korea
Korean operations contributed P2.4 million or 3.7 percent of the consolidated interest income for the year.

EXPENSES

Total operating cost and expenses consist of: (1) Taxes and licenses; (2) Advertising and promotions; (3) Depreciation and amortization; (4) Salaries and benefits; (5) Outside services and charges; (6) Office expenses; (7) Cost of sales; (8) Utilities; (9) Rent; (10) Repair and maintenance; (11) Communication and transportation; (12) Provision for (reversal of) allowance for doubtful accounts; and (13) Others.

The table below shows the breakdown of total expenses for 2017 and 2016.

	For the Year Ended December 31						% Change
	2017 (as restated)*			2016 (as restated)*			
In thousands, except % change data	**Philippines**	**Korea**	**Consolidated**	**Philippines**	**Korea**	**Consolidated**	**2017 vs. 2016**
Operating costs and expenses:							
Taxes and licenses	₱9,518,676	₱65,259	₱9,583,935	₱6,653,474	₱34,405	₱6,687,879	43.3
Advertising and promotions	466,289	16,660	482,949	380,240	133,941	514,181	(6.1)
Depreciation and amortization	4,174,509	179,343	4,353,852	4,681,365	173,677	4,855,042	(10.3)
Salaries and benefits	3,325,536	503,679	3,829,215	3,154,718	548,316	3,703,034	3.4
Outside services and charges	1,041,849	115,467	1,157,316	934,773	18,815	953,588	21.3
Office expenses	1,006,851	26,765	1,033,616	1,008,274	31,442	1,039,716	(0.6)
Cost of sales	2,186,726	31,107	2,217,833	1,602,574	23,593	1,626,167	36.4
Utilities	810,716	42,056	852,772	782,841	40,845	823,686	3.5
Rent	526,230	5,163	531,393	504,824	5,924	510,748	4.0
Repairs and maintenance	168,826	12,949	181,775	133,670	7,515	141,185	28.7
Software and hardware maintenance	221,063	3,507	224,570	183,161	3,369	186,530	20.4
Communication and transportation	201,371	10,919	212,290	179,229	9,940	189,169	12.2
Provision for (reversal of) allowance for doubtful accounts	(32,874)	-	(32,874)	174,608	29,145	203,753	(116.1)
Others	429,393	36,138	465,531	453,165	2,923	456,088	2.1
	24,045,160	**1,049,012**	**25,094,172**	**20,826,916**	**1,063,850**	**21,890,766**	**14.6**
Interest expense	2,053,899	97,649	2,151,548	2,133,221	90,092	2,223,313	(3.2)
Foreign exchange losses (gains) - net	(34,649)	(847,586)	(882,235)	(692,796)	210,403	(482,393)	82.9
Mark-to-market loss (gains)	157,560	271,574	429,134	20,409	-	20,409	2,002.7
Total Expenses	**₱26,221,970**	**₱570,649**	**₱26,792,619**	**₱22,287,750**	**₱1,364,345**	**₱23,652,095**	**13.3**

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*** as defined under PFRS 15*

Cost and Expenses

Total expenses of the Group in 2017 had increased by 13.3 percent to P26.8 billion. This increase was attributable mainly due to higher volume of business activity both in gaming and non-gaming resulting in higher gaming taxes, outside services and chargers, communication and transportation and, cost of sale. In addition, the Company invested in several renovations to maintain the world class standard of Solaire. However, the increase in total expenses was partially offset by lower depreciation and amortization expenses with the favorable change in the useful economic lives of the building and other fixed assets.

Philippines

Solaire operating costs and expenses increased by 15.5 percent from P20.8 billion to P24.0 billion in 2017 compared to the prior year. This is mainly due to higher volume of business activity both in gaming and non-gaming resulting in higher gaming taxes, advertising and promotions, outside services and charges, communication and transportation and cost of sales (food and beverage cost). In addition, taxes and licenses increased as a result of the reversion to the original gaming tax structure (please refer to the discussion of taxes and licenses below). The increase in total expenses of the Philippine operation was partially offset by the decrease in depreciation and amortization which fell by 10.8 percent due to the change in the useful life of the building from 25 years to 40 years.

In 2017, Solaire recognized a net foreign exchange gain of P34.7 million, which is P658.1 million lower than the net foreign exchange gain of P692.8 million in 2016, as a result of Solaire's accommodation of certain FX transactions with its patrons, vendors and foreign subsidiaries. A certain portion of Solaire's cash is denominated in US and Hong Kong dollars.

Mark-to-market losses presented under "Others" totaled P7.6 million in 2017 compared to P20.4 million loss in 2016.

Korea

Solaire Korea and Jeju Sun combined operating costs and expenses was at P1.0 billion in 2017 which was 1.4 percent lower than the P1.1 billion booked last year.

The Korean operation also registered P847.6 million in foreign exchange gains mainly due to the depreciation of the US Dollar against the Korean Won since the beginning of the year. Solaire Korea and Jeju Sun's liabilities to the Parent Company are US-dollar denominated. An impairment loss on goodwill and its casino license of P271.6 million was also recognized in 2017.

Taxes and licenses

Taxes and licenses consist mainly of licenses fees (inclusive of the franchise tax) paid to PAGCOR. When the new PAGCOR Board assumed office in June 2016, it required the licensees to revert to the original license fee rates provided under the Gaming License. The legal correctness of this decision was confirmed when in a decision dated August 10, 2016, the Supreme Court ruled that BRHI is exempted from corporate income taxes from its gaming operations. This caused an adjustment on the payment of gaming taxes paid to PAGCOR resulting in an increase in operating cost and expenses. Prior to this, PAGCOR had entered into an agreement with the four (4) licensees of Entertainment City for the licensees to meet the corporate income taxes required under BIR Revenue Memorandum Circular 33-2013 even if it was contrary to the tax exemption of the licensees under the PAGCOR Charter. PAGCOR's Guidelines for the 10 percent Income Tax Allocation provided that instead of 15 percent and 25 percent (inclusive of 5 percent franchise tax) license fee rates for high rollers/junket and mass gaming, respectively, prescribed under the Gaming License, the licensees would pay 5 percent and 15 percent rates, respectively. The difference of 10 percentage points for each category was allocated to pay for the corporate income taxes as administrative relief considering the tax exemption provided to the licensees under the PAGCOR Charter and under the Gaming License. The reversion to the original gaming tax structure of 15 percent and 25 percent effective July 1, 2016 caused the increase in gaming taxes during the current period covering the twelve months in 2017.

Advertising and promotions

The Group increased its advertising and promotional activities that helped boost gaming and non-gaming revenues and enhanced its competitiveness with the opening of a new property in Entertainment City. Advertising and promotions costs consist of costs of property and brand marketing, events and promotions, print and media placements, corporate giveaways, prizes and sponsorship of events, trade shows, exhibits and partnerships and other related expenses.

Depreciation and amortization

Depreciation and amortization pertains to the straight-line depreciation and amortization of property and equipment as well as the operating equipment over the useful lives of these assets ranging from 3 to 40 years.

Salaries and benefits

Salaries and wages slightly increased by 3.4 percent which is attributable to the increase in Philippine operations by P170.8 million mainly attributable to the Stock Incentive Plan (SIP) share grants as well as the rationalization of its manpower requirements. This was partially offset by the Korean operation where salaries and benefits decreased by P44.6 million.

Outside services and charges

Outside services and charges increased by 21.3 percent in 2017 as compared to the prior period. This account pertains to the cost of professional and third-party services which include, among others, legal services, consultancy services, marketing services, security services, audit services, landscaping services and maintenance and cleaning services.

Office expenses
Office expenses, consisting mainly of costs of gaming and office supplies, guest supplies, cleaning supplies, insurance, housekeeping supplies and team member expenses, slightly decreased by 0.6 percent.

Cost of sales
Cost of sales consists mainly of food and beverage costs and buying costs of retail items. The increase in 2017 is directly attributable to higher F&B and Retail revenues. The Philippine operation's cost of sales increased by P584.2 million while the Korean operation contributed a P7.5 million increase.

Utilities
Utilities expenses are composed of electricity cost, water charges, fuel costs, gas, sewerage and cost of air conditioning supplies. Utilities expenses for 2017 is slightly higher compared with 2016.

Rent
Rent consists mainly of lease rentals for the land and other real properties as well as casino, office and other equipment.

Repairs and maintenance
The upkeep of the property and equipment is charged to this account, which includes the maintenance of casino equipment, furniture and fixtures, computer equipment, curtains and drapery, transportation equipment, electrical and mechanical equipment. Repairs and maintenance increased by 28.7 percent after standard warranties on the Group's machinery and equipment had lapsed and with the property operating for almost five years to date.

Communication and transportation
Communication and transportation represents cost of telephone and data communications, valet services, fleet management services and shuttle services. Costs of business travels are also charged to this account. The higher expense in 2017 was mainly due to the increase in executive travel related to business and player development.

Provision for (reversal of) allowance for doubtful accounts
The Group evaluates provision for doubtful accounts based on a specific and collective review of customer accounts as well as experience with collection trends in the gaming industry and current economic and business conditions. In 2017, the Group did not make any provisions for doubtful accounts but rather had a reversal of P32.9 million as a result of the collection of certain fully provided doubtful accounts in 2017.

Other
Other expenses consist of miscellaneous expenses mainly pertaining to complimentary service charges, representation, dues and subscriptions, freight charges, contract entertainment, trust fees, donations and community service expenses, credit card commissions and bank charges. This account increased by 2.1 percent due to the rationalization of representation and entertainment expenses.

Interest Expense

Interest expense represents interest on the Group's Original and Expansion Facilities with BDO, the Corporate Notes and short-term borrowings.

Foreign Exchange Losses (Gains) - Net

The Group recognized a net foreign exchange gain for the year of P882.2 million because of the favorable effect of the depreciation of the Philippine Peso against the US dollar and Hong Kong dollar in 2017 and appreciation of Korean Won against the US dollar. The Group also

reported P482.4 million net foreign exchange gains in 2016. The Philippine peso depreciated against the US dollar from P49.720/US$1 as of December 31, 2016 to P49.930/US$1 as of December 31, 2017.

Others

Others is composed of mark-to-market loss, transportation equipment write off of Philippine operations and impairment loss on goodwill and casino license of Korean operations.

Mark-to-market loss was a result of the fair value determination of the embedded derivative in the prepayment option of the Group's loan with BDO as of December 31, 2017. The mark-to-market loss in 2017 is lower by 62.7 percent compared to prior year mainly because of the lower principal repayment of the Original Facility in 2017 in effect of the loan restructuring. In 2017, the Philippine operations wrote off a transportation asset resulting to a loss of P150.0 million. An impairment loss on goodwill and casino license of P271.6 million was also recognized in 2017.

EBITDA

Philippines
In 2017, Solaire generated P12.6 billion EBITDA, the highest annual EBITDA achieved since opening. This represents an 12.8 percent year-on-year increase or P1.4 billion from the previous year. The increase in EBITDA was due to all-time high revenues and continuous implementation of cost containment initiatives.

Korea
The EBITDA registered by Solaire Korea and its subsidiary, Jeju Sun, was reduced to P258.8 million negative EBITDA or 42.4 percent negative EBITDA margin. This was a substantial improvement from the P575.4 million negative EBITDA incurred during the same period last year. Jeju Sun had significantly improved its operations despite the challenging market conditions in Jeju, Korea.

CONSOLIDATED
At the consolidated level, the 2017 EBITDA margin was slightly lower at 37.3 percent compared to 38.4 percent in the same time period last year. On a comparable basis, the EBITDA in 2017 should have increased by 35.4 percent as compared to 2016 as adjusted using the original gaming (final gaming) tax structure as follows:

	For the Year Ended December 31		**% Change**
In thousands, except % change data	**2017**	**2016**	
EBITDA as reported	12,347,550	10,598,519	16.5%
Adjustment*	-	(1,480,614)	n/a
EBITDA using original tax structure	12,347,550	9,117,905	35.4%

**this represents additional gaming taxes (that used to be paid as corporate income tax) using the original tax structure*

Below is the consolidated hold-normalized EBITDA comparison based on PAGCOR table classification of original gaming tax rates (as stated in the Gaming License) effective July 1, 2016, as follows:

a. Junket tables (VIP) - 15 percent of junket revenue
b. High roller tables (VIP) – 15 percent of high roller revenue*
c. Non-high roller tables (Mass tables) – 25 percent of non-high roller revenue*
d. Slots – 25 percent of slots revenue

** BRHI is also required to remit an additional 2 percent of casino revenues generated from non-junket operation tables to a foundation devoted to the restoration of Philippine cultural heritage, as selected by the BRHI and approved by PAGCOR.*

	For the Year Ended December 31		Change
In thousands, except % change data	**2017**	**2016**	
Net Revenue	33,087,869	27,634,243	19.7%
EBITDA	12,347,550	10,598,519	16.5%
EBITDA Margin	37.3%	38.4%	(110 bps)
Hold-Normalized EBITDA*	**13,781,666**	**11,245,044**	**22.6%**
Hold-Normalized EBITDA Margin*	**39.5%**	**38.5%**	**(100 bps)**

** Hold-normalized EBITDA is based on 2.85 percent VIP hold. For 2015, the calculation was based on reduced gaming tax with corporate income tax in the 1st half to be comparable with 2016 applicable gaming tax.*

The reported VIP hold in 2017 was 2.61 percent, 24 basis points lower than the 2.85 percent normalized hold. This resulted in the reported EBITDA being 11.6 percent lower than hold-normalized EBITDA of ₱13.8 billion.

PROVISION FOR INCOME TAX

In 2017, the Group recognized P1.6 million of provision for income tax compared to P1.5 billion for the same period in 2016. The decrease in current provision for income tax is due to the new PAGCOR Board order effective July 1, 2016 to revert back to the original gaming tax structure, which was affirmed by the Supreme Court's decision granting exemption of BRHI from corporate income tax on its gaming operation.

The Group incurred a deferred tax provision of P231.0 million in 2017 and P177.3 million for the same period last year which resulted from changes in net deferred tax liabilities and assets.

NET INCOME (LOSS)

The consolidated net income of P6.1 billion in 2017 was significantly higher as compared to 2016 by 161.0 percent.

Philippine operations registered a net income of P6.3 billion, which was 81.2 percent higher than the same period last year. The annual net income was due to Solaire's higher revenues generated across all revenue segments generating higher EBITDA for the property and further enhanced with lower depreciation and amortization expenses and financing costs. Net income was reduced by the Korean operation which registered a P206.9 million net loss for the year. However, this net loss for 2017 was significantly lower than the net loss registered in 2016 amounting to P1.1 billion.

EARNINGS PER SHARE

The basic earnings per share of P0.551 for twelve months of 2017 was a significant increase from last year's earnings per share of P0.214. The diluted earnings per share for 2017 was P0.549 while for 2016 the diluted loss per shares was P0.214 after considering the shares granted under the Company's stock incentive plan

There are no other significant elements of income and expense outside the Company's operating results for the year ended December 31, 2017.

TRENDS, EVENTS OR UNCERTAINTIES AFFECTING RECURRING REVENUES AND PROFITS

The Group is exposed to a number of trends, events and uncertainties, which affect the recurring revenues and profits of its casino and hotel operations. These include levels of general economic activity, as well as certain cost items, such as labor, fuel and power. The Group collects revenues in various currencies and the appreciation and depreciation of the

US or HK dollar and other major currencies against the Philippine peso, may have a negative impact on the Group's reported levels of revenues and profits.

On January 31, 2020, the World Health Organization (WHO) declared the novel coronavirus acute respiratory disease (2019-nCoV ARD now COVID-19) health event as a public health emergency of international concern after an emergency committee convened on January 30, 2020 in Geneva, Switzerland. On the same day, the Philippines issued a temporary travel ban covering all travelers coming from Hubei Province of China. On February 2, 2020, the Philippines banned all travel to and from China and its two administrative regions, Hong Kong and Macau, to stem the spread of the virus. As of March 3, 2020, the Philippines has 3 confirmed cases of COVID-19. The travel ban and risk of COVID-19 infection will reduce and adversely affect the volume of people coming to the Philippines from China and other countries which in turn will adversely affect the business of the Group.[3]

FINANCIAL CONDITION

The table below shows the consolidated condensed balance sheets as of December 31, 2019, 2018 and 2017:

Table 6.7 Balance Sheets

	As of December 31			% Change	% Change
In thousands, except % change data	**2019**	**2018**	**2017**	**2019 vs 2018**	**2018 vs 2017**
Current assets	₱46,400,104	₱40,253,408	₱25,760,683	15.3	56.3
Total assets	132,694,034	125,648,978	72,786,452	5.6	72.6
Current liabilities	20,175,901	19,000,603	11,974,865	6.2	58.7
Total interest-bearing debt	69,118,770	71,186,920	32,100,820	(2.9)	121.8
Total liabilities	88,663,310	89,087,875	42,501,101	(0.5)	109.6
Total equity*	44,069,049	36,552,125	30,256,435	20.6	20.8

**Total equity attributable to Equity Holders of the Parent Company*

	As of December 31		
In thousands, except % change data	**2019**	**2018**	**2017**
Current assets/total assets	34.97%	32.04%	35.39%
Current ratio	2.30	2.12	2.15
Debt-equity ratio[1]	2.01	2.44	1.40
Net debt-equity ratio[2]	1.06	1.44	0.60

[1]Debt includes all liabilities. Equity includes paid-up capital, equity reserves, share-based payment plan and retained earnings/deficit.
[2]Net Debt includes all liabilities less cash and cash equivalents and restricted cash (current and noncurrent portion).

[3] On March 14, 2020 Philippine President Rodrigo Duterte placed Metro Manila under "Enhanced Community Quarantine" (ECQ). On March 16, 2020, the ECQ was expanded to cover the entire Luzon island. The ECQ, which is effectively a lockdown, restricts the movement of the population but with exceptions, in response to the growing pandemic of COVID-19 in the country. In addition, the ECQ mandated the temporary closure of non-essential shops and businesses.

In line with the declaration of ECQ in Metro Manila, PAGCOR announced on March 15, 2020 that casino operations throughout the region would be suspended for the duration of the quarantine. The temporary closure applied to PAGCOR-operated casinos, all licensed and integrated resort casinos, electronic games (eGames), bingo (traditional and electronic), sports betting, poker, slot machine clubs and other activities regulated by PAGCOR. Accordingly, all gaming operations in Solaire and the other integrated resorts in Entertainment City were suspended to comply with PAGCOR's directive and the ECQ.

The ECQ was originally set to last until April 12, 2020. However, President Duterte accepted the recommendation of the Inter-Agency Task Force on Emerging Infectious Diseases (IATF-EID) to extend the Luzon ECQ up until April 30, 2020. Another two-week extension was announced on April 24, 2020, extending the ECQ to May 15, 2020, particularly for Metro Manila and other high-risk COVID-19 areas in Luzon. A modified ECQ was imposed in Metro Manila from May 16 up to May 31, 2020. During the Modified ECQ, leisure activities including casinos have remained suspended.

As of December 31, 2019, current assets were ₱46.4 billion, which was 15.3 percent higher than current assets of ₱40.3 billion as of December 31, 2018, due to an increase in cash and cash equivalents and prepaid taxes.

The following summarizes the aging of the Group's receivables as of December 31, 2019:

In thousands	
Current	₱2,088,865,148
90 Days	849,144,573
Over 90 Days	558,993,210
Total	₱3,497,002,931

Total assets increased by 5.6 percent to ₱132.7 billion as of December 31, 2019 from ₱125.6 billion as of December 31, 2018. The increase was attributable to higher levels of cash and cash equivalents, increase in prepaid taxes, prepaid debt issue costs recognized related to the new ₱40.0 billion Syndicated Loan Facility and increased advances to contractors. The increase was partially offset by the decrease in intangible assets due to the effect of foreign exchange translation.

The ₱20.2 billion current liabilities as of December 31, 2019 were higher than the previous year mainly because of the increase in customer's deposits.

Total liabilities decreased from ₱89.1 billion as of December 31, 2018 to ₱88.7 billion as of December 31, 2019. This decrease was due to principal payment of the Syndicated Loan Facility.

Total equity as of December 31, 2019 amounted to ₱44.0 billion, 20.4 percent higher than the ₱36.6 billion reported as of December 31, 2018. The increase was due to ₱ 9.9 billion net income generated in 2019 which was partially offset by cash dividends declared in March 2019 amounting to ₱1.7 billion.

MATERIAL VARIANCES AFFECTING THE BALANCE SHEET FOR THE YEAR ENDING DECEMBER 31, 2019

Balance sheet accounts as of December 31, 2019 with variances of plus or minus 5.0 percent against December 31, 2018 balances are discussed, as follows:

Current Assets

9. Cash and cash equivalents increased by 14.8 percent as of December 31, 2019 due to higher cash generated by operations.

10. Receivables increased by 9.6 percent, primarily due to higher casino receivables which is consistent with the increase in gross gaming revenues.

11. Prepaid expenses and other current assets increased by 66.2 percent to P1.1 billion mainly due to the increase in prepaid taxes and input VAT.

Noncurrent Assets

1. Intangible assets decreased by 7.2 percent mainly due to the impact of foreign exchange translation.

2. Other noncurrent assets increased by 123.6 percent to ₱1.6 billion due to higher advances to contractors and the recognition of prepaid debt issue costs related to the ₱40.0 billion Syndicated Loan Facility which has not been drawn as of December 31, 2019.

Current Liabilities

1. Payables and other current liabilities increased by 6.8 percent primarily due to the increase in customer's deposits which was partially offset by the decline in outstanding chips and other gaming liabilities.

2. Income tax payable increased by 63.4 percent to ₱5.9 million due to an increase in non-gaming taxable income.

Noncurrent Liabilities

1. Retirement liability increased by 66.2 percent to P639.6 million due to the accrual of pension costs based on the latest actuarial valuation.

Equity

1. Cost of shares held by a subsidiary decreased by 71.9 percent to ₱2.6 million due to the issuance of BRC shares held by BRHI.

2. Treasury shares increased by 94.9 percent to ₱361.3 million as a result of acquisition of Bloomberry shares from the secondary market to cover future maturing SIP shares, partially offset by the issuance of treasury shares for vested stock awards.

3. Share-based payment plan increased by 25.0 percent due to recognition of current period's compensation expense which was partially offset by issuance of shares for vested stock awards.

4. Other comprehensive loss pertains to the net effect of the translation of the financial statements of the Korean operation and unrealized loss on equity instrument designated at fair value through other comprehensive income.

5. Retained earnings increased by 66.1 percent to ₱20.5 billion mainly due to the net income generated in 2019 amounting to ₱9.9 billion which was partially offset by cash dividends declared in the current year and the remeasurement loss on defined benefit plan.

MATERIAL VARIANCES AFFECTING THE BALANCE SHEET FOR THE YEAR ENDING DECEMBER 31, 2018

Balance sheet accounts as of December 31, 2018 with variances of plus or minus 5.0 percent against December 31, 2017 balances are discussed, as follows:

Current Assets

1. Cash and cash equivalents increased by 66.0 percent to ₱36.5 billion due to higher cash generated by operations and the release of the funds in escrow.

2. Receivables increased by 22.9 percent due to additional credit issued to patrons and independent gaming promoters.

3. Inventories decreased by 9.1 percent mainly due to the lower inventory level of engineering items.

4. Prepaid expenses and other current assets decreased by 42.3 percent mainly due to the acquisition of land which caused the termination of the lease contract with PAGCOR resulting to the closure of the prepaid rent account.

Noncurrent Assets

1. Property and equipment significantly increased by 94.7 percent to ₱82.7 billion with the purchase from PAGCOR of the land where Solaire and its expansion area are located in Entertainment City.

2. Other noncurrent assets increased by 103.6 percent to ₱736.7 due to increases in advances to contractors, noncurrent portion of security deposit and revaluation of AFS.

3. Restricted cash decreased due to the release of funds in escrow held as collateral for the Original and Expansion loan facilities which were fully paid.

Current Liabilities

1. Payables and other current liabilities increased by 83.1 percent primarily from gaming related accounts due to the increase in gaming liabilities across all segments.

2. Current portion of long-term debt decreased because of the full payment of the Corporate Notes and the Original and Expansion loan facilities after the Group secured a new Syndicated Loan Facility that has a longer maturity.

Noncurrent Liabilities

1. Noncurrent portion of long-term debt increased by 135.3 percent due to the full drawdown of the new Syndicated Loan Facility amounting to ₱73.5 billion, part of which financed the full payment of the outstanding principal of the Original Facility, the Expansion Facility and Corporate Notes.

2. Retirement liability decreased by 14.4 percent due to a remeasurement gain recognized as a result of the periodic reevaluation of actuarial assumptions.

3. The movement in other noncurrent liabilities mainly represents the effect of foreign exchange translations and increases in deposits received from tenants.

Equity

1. Treasury shares increased by 48.1 percent due to additional acquisition of Bloomberry shares from the secondary market to cover maturing SIP shares.

2. Share-based payment plan increased by 41.7 percent due to the recognition of current period's expense.

3. Other comprehensive income pertains to the net effect of the translation of the financial statements of the Korean operation and unrealized gain on equity instrument designated at fair value through other comprehensive income.

4. Retained earnings increased by 102.3 percent due to the net income generated in 2018 amounting to ₱7.2 billion which was partially offset by cash dividends declared in 2018.

MATERIAL VARIANCES AFFECTING THE BALANCE SHEET FOR THE YEAR ENDING DECEMBER 31, 2017

Balance sheet accounts as of December 31, 2017 with variances of plus or minus 5.0 percent against December 31, 2016 balances are discussed, as follows:

Current Assets

1. Cash and cash equivalents increased as of December 31, 2017 mainly due to higher cash generated by operations.

2. Receivables decreased because of the collection of receivables aged over 90 days.

3. Inventories increased by 16.1 percent mainly due to the increased inventory level of engineering items.

4. Prepaid expenses and other current assets increased by 40.2 percent mainly due to prepaid promo merchandise.

Noncurrent Assets

1. Deferred tax assets decreased as of December 31, 2017 due to the application of DTA to the recognized DTL in 2017.

2. Intangible and other noncurrent assets decreased as of December 31, 2017 mainly due to the advances to contractors and revaluation of intangible assets due to foreign exchange translations and the impairment of goodwill and Jeju Sun's casino license.

Current Liabilities

1. Payables and other current liabilities increased by 5.4 percent primarily from gaming related accounts due to the increase in gaming liabilities across all segments.

2. Income tax payable increased due to accrual of minimum corporate income tax relative to Parent Company's interest income.

3. Current portion of long-term debt increased because of higher additional principal due within one year pertaining to the Original Facility, Expansion Facility and Corporate Notes.

Noncurrent Liabilities

1. Long-term debt net of current portion, decreased by 8.5 percent to ₱29.4 billion as of December 31, 2017 due to the reclassification to current portion.

2. The increase in deferred tax liability with the equivalent provision for income tax was the tax effect of capitalized rent, interest and unrealized foreign exchange gain for the year.

3. Retirement liability increased to ₱449.6 million due to the accrual of pension cost based on the latest actuarial valuation.

4. Other noncurrent liability pertains to the noncurrent portion of security deposits and unearned revenue paid by tenant.

Equity

1. Treasury shares decreased by 41.7 percent due to the issuance of shares for vested SIP shares.

2. Share-based payment plan increased by 104.0 percent this period because of the recognition of the current period's expense.

3. Other comprehensive loss pertains to the net effect of the translation of the financial statement of Solaire Korea and its subsidiaries, remeasurement loss on defined benefit plan and unrealized gain on AFS investment.

4. Retained earnings increased by 6,926.9 percent due to the net income reported for 2017 amounting to ₱6.1 million.

LIQUIDITY AND CAPITAL RESOURCES

This section discusses the Group's sources and use of funds as well as its debt and equity profile.

Liquidity

The table below shows the Group's consolidated cash flows for the years ended December 31, 2019, 2018 and 2017:

	For the Year Ended December 31			% Change	% Change
In thousands, except % change data	**2019**	**2018**	**2017**	**2019 vs 2018**	**2018 vs 2017**
Net cash provided by operating activities	₱20,689,677	₱22,526,774	₱13,420,214	(8.2)	67.9
Net cash used in investing activities	(5,167,989)	(41,853,753)	(1,832,414)	(87.7)	2,184.1
Net cash provided by (used in) financing activities	(9,830,439)	33,765,585	(3,930,879)	(129.1)	(959.0)
Effect of exchange rate changes on cash and cash equivalents	(285,570)	65,835	(21,026)	(533.8)	(413.1)
Net increase (decrease) in cash and cash equivalents	**5,405,679**	**14,504,441**	**7,635,896**	**(62.7)**	**90.0**
Cash and cash equivalents, beginning	36,465,848	21,961,407	14,325,511	66.0	53.3
Cash and cash equivalents, end	**₱41,871,527**	**₱36,465,848**	**₱21,961,407**	**14.8**	**66.0**

Cash and cash equivalents increased by 14.8 percent as of December 31, 2019 mainly due to the positive cash flows generated by the operations of Solaire, partially offset by the payments made for capital expenditures, cash dividends paid, interest payment and partial principal repayment relating to the ₱73.5 billion Syndicated Loan Facility.

In 2019, the Group registered positive cash flows from operating activities of ₱20.7 billion, 8.1 percent lower than the previous year. As a result of the strong operational performance of Solaire, operating income before working capital changes increased by 32.3 percent.

Cash used in investing activities in 2019 includes payments made for additional acquisition of property and equipment and minor construction projects, and payments for other noncurrent assets such as prepaid debt issue costs and advances to contractors.

Net cash used in financing activities in 2019 consists primarily of scheduled repayments and interest payments on its outstanding loan facility totaling ₱7.6 billion and payment of cash dividends amounting to ₱1.7 billion.

Capital Resources

The table below shows the Group's capital sources as of December 31, 2019, 2018 and 2017:

	As of December 31			% Change	% Change
In thousands, except % change data	**2019**	**2018**	**2017**	**2019 vs 2018**	**2018 vs 2017**
Long-term debt – net	₱69,118,770	₱71,186,920	₱32,100,820	(2.9)	121.8
Equity*	44,069,049	36,552,125	30,256,435	20.6	20.8
Total Capital	**₱113,187,819**	**₱107,739,045**	**₱ 62,357,254**	**5.1**	**72.8**

***Attributable to equity holders of the Parent Company*

Total debt and equity increased by 5.1 percent to ₱113.2 billion as of December 31, 2019 from ₱107.7 billion as of December 31, 2018. The increase was attributed to ₱9.9 billion net income earned in 2019, reduced by ₱2.2 billion partial repayment of ₱73.5 billion Syndicated Loan Facility and ₱1.7 billion cash dividends declared in March 2019.

Please refer to Note 11 of the Notes to Audited Consolidated Financial Statements for the discussion on debt financing, covenants and collaterals.

RISKS

The future operations of the Group shall be exposed to various market risks, particularly foreign exchange risk, interest rate risk and liquidity risk, which movements may materially impact the future financial results and conditions of the Group. The importance of managing these risks has significantly increased in light of the volatility in the Philippine and international financial markets. With a view to managing these risks, the Group has incorporated a financial risk management function in its organization, particularly in the treasury operations.

On January 31, 2020, the WHO declared the novel coronavirus acute respiratory disease (2019-nCoV ARD now COVID-19) health event as a public health emergency of international concern after an emergency committee convened on January 30, 2020 in Geneva, Switzerland. On the same day, the Philippines issued a temporary travel ban covering all travelers coming from Hubei Province of China. On February 2, 2020, the Philippines banned all travel to and from China and its two administrative regions, Hong Kong and Macau, to stem the spread of the virus. As of March 3, 2020, the Philippines has 3 confirmed cases of COVID-19. The travel ban and risk of COVID-19 infection will reduce and adversely affect the volume of people coming to the Philippines from China and other countries which in turn will adversely affect the business of the Group.[4]

[4] On March 14, 2020 Philippine President Rodrigo Duterte placed Metro Manila under "Enhanced Community Quarantine" (ECQ). On March 16, 2020, the ECQ was expanded to cover the entire Luzon island. The ECQ, which is effectively a lockdown, restricts the movement of the population but with exceptions, in response to the growing pandemic of COVID-19 in the country. In addition, the ECQ mandated the temporary closure of non-essential shops and businesses.

In line with the declaration of ECQ in Metro Manila, PAGCOR announced on March 15, 2020 that casino operations throughout the region would be suspended for the duration of the quarantine. The temporary closure applied to PAGCOR-operated casinos, all licensed and integrated resort casinos, electronic games (eGames), bingo (traditional and electronic), sports betting, poker, slot machine clubs and other activities regulated by PAGCOR. Accordingly, all gaming operations in Solaire and the other integrated resorts in Entertainment City were suspended to comply with PAGCOR's directive and the ECQ.

The ECQ was originally set to last until April 12, 2020. However, President Duterte accepted the recommendation of the Inter-Agency Task Force on Emerging Infectious Diseases (IATF-EID) to extend the Luzon ECQ up until April 30, 2020. Another two-week extension was announced on April 24, 2020, extending the ECQ to May 15, 2020, particularly for Metro Manila and other high-risk COVID-19 areas in Luzon. A modified ECQ was imposed in Metro

Please refer to Note 20 of the Notes to Audited Consolidated Financial Statements for the discussion on Financial Assets and Liabilities and Financial Risk Management Objectives and Policies.

Consolidated Financial Statements

The Group's consolidated financial statements and accompanying notes are incorporated herein by reference.

Corporate Governance

The Company, its Board of Directors, officers and employees strive, through good corporate governance, to enhance the value of the Company and optimize over time the returns to its shareholders by:

a. Sound, prudent, and effective management,
b. Efficient and effective management information system,
c. Effective risk management,
d. Reliable financial and operational information,
e. Cost effective and profitable business operations, and
f. Compliance with laws, rules, regulations and contracts.

The following are measures that the Company has undertaken or will undertake to fully comply with the adopted leading practices on good governance:

1. Manual of Corporate Governance
   On May 30, 2017, the Board approved a new Manual of Corporate Governance of the Company. Our Compliance Officer will continue to coordinate with the Philippine SEC with respect to compliance requirements, monitor compliance with the manual and report any governance-related issues to the Board. The Company commits itself to principles and best practices of governance in the attainment of corporate goals.

2. Board of Directors
   Bloomberry's Board has the expertise, professional experience, and background that allow for a thorough examination and deliberation of the various issues and matters affecting the Group. The Board is responsible for the Company's overall management and direction. The Board will meet regularly on a quarterly basis, or more frequently as required, to review and monitor the Company's project development, future results of operations and financial position. Bloomberry's Amended Articles of Incorporation provide that the Board shall consist of seven (7) directors where two (2) members are Independent Directors: Mr. Carlos C. Ejercito and Retired Justice Jose P. Perez and except for Mr. Enrique K. Razon, Jr., Mr. Thomas Arasi, and Mr. Donato C. Almeda, all other members of the Board non-executive Directors.

   Bloomberry's directors are elected at the Annual Stockholders' Meeting. They shall hold office until the next succeeding annual meeting and until their respective successors have been elected and qualified.

   The Attendance of the Directors in the 2019 Board Meetings are as follows:

Manila from May 16 up to May 31, 2020. During the Modified ECQ, leisure activities including casinos have remained suspended.

Name	01 February	04 March	21 March	11 April[1]	14 May	22 May	14 June	26 July	25 September	07 October	31 October	13 December
Enrique K. Razon, Jr	P	P	P	P	P	P	P	P	P	P	P	P
Jose Eduardo J. Alarilla	P	P	P	P	P	P	P	P	P	P	A	A
Donato C. Almeda	P	P	P	P	P	P	P	P	P	P	P	P
Thomas Arasi	P	P	P	P	P	P	P	P	P	P	P	P
Christian R. Gonzalez	P	P	P	P	P	P	P	P	P	P	P	P
Carlos C. Ejercito	P	P	P	P	P	P	P	P	P	P	P	A
Jose P. Perez*	-	P	P	P	P	P	P	P	P	P	P	P

P – Present A – Absent
* Appointed to the Board on 01 February 2019
[1] Organizational Meeting of the BOD

The directors and key officers of the Company attended the corporate governance seminar held on various dates on 9 August 2019, 30 October 2019, and 2 December 2019.

3. Audit Committee

The Company's Audit Committee is responsible for assisting the Board in its fiduciary responsibilities by providing an independent and objective assurance to its management and stockholders of the continuous improvement of its risk management systems, business operations and the proper safeguarding and use of its resources and assets. It provides a general evaluation and assistance in the overall improvement of its risk management, control and governance processes. The Committee is composed of three (3) Board members, including one (1) independent director who serves as the committee chairman. The Committee reports to its Board and is required to meet at least four (4) times a year. As of the date of this report, the Audit Committee Chairman is Mr. Carlos C. Ejercito who serves with Mr. Christian R. Gonzalez and Atty. Jose P. Perez as members.

The 2019 attendance of the audit committee are as follows:

Office	Name	Date of Appointment	No of Meetings Held During the Year	No. of Meetings Attended	%	Length of Service as of 31 December 2019
Chairman	Carlos C. Ejercito	6/5/2018	5	5	100%	71 Months
Member	Christian R. Gonzalez	6/5/2018	5	4	80%	71 months
Member	Jose P. Perez[1]	4/11/2019	5	4	80%	8 months

[1]Appointed to the Board on 01 February 2019.

4. Nomination Committee

The Board organized the Nomination Committee to review and evaluate the qualifications of all persons nominated to the Board and other appointments that require Board approval and to assess the effectiveness of the Board's processes and procedures in the election or replacement of directors. As of the date of this report, the Nomination Committee Chairman is Mr. Enrique K. Razon, Jr. who serves with Mr. Jose Eduardo J. Alarilla and Mr. Christian R. Gonzalez as members.

5. Compensation and Remuneration Committee

A Compensation and Remuneration Committee was organized by the Board to establish a formal and transparent procedure for developing a policy on remuneration of directors and officers to ensure that their compensation is consistent with the Company's culture, strategy and the business environment in which it operates. As of the date of this report, the Compensation and Remuneration Committee Chairman is Mr. Eduardo J. Alarilla, who serves with Mr. Carlos C. Ejercito and Ms. Estella

Tuason-Occeña as members. The Chairman and members of the Compensation and Remuneration Committee are likewise the chairman and members of the Stock Incentive Plan Committee.

6. Executive Officers
   Bloomberry's Management Team in its operating subsidiaries are responsible for the day-to-day management and operations of the casino and hotel. The registered address of the Company's executive officers for the moment is The Executive Offices, Solaire Resort & Casino, Asean Avenue, Entertainment City, Tambo, Parañaque City, Philippines.

7. Independent Audit
   Part of the Company's organizational structure is the Internal Audit Department (IAD). The establishment of IAD is a positive step towards good corporate governance. Its purpose, authority and responsibilities is defined in the Audit Charter, consistent with the definition of Internal Auditing, IIA Code of Ethics and the International Standards for the Professional Practice of Internal Auditing. The Audit Charter will be subject to the approval of the President and the Audit Committee. To ensure its independence, the IAD functionally reports to the Audit Committee of the Board.

8. Management and Reporting Structure
   The Board together with the management has developed a reporting structure based on the approved organizational structure of the hotel and casino operation. The reporting structure, which clearly segregates the different operations and functions, will define the responsibilities of each department and will incorporate the proper check and balance within the organization.

9. Continuing Improvements for Corporate Governance
   Bloomberry will continue to improve its corporate governance, systems and processes to enhance adherence to practices of good corporate governance.

MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Information

Principal Market where Company's shares are traded: Philippine Stock Exchange

As of the latest practicable trading date on April 30, 2020, the share prices of the Company were:

	Price/Share
Opening:	5.60
High:	5.65
Low:	5.36
Closing:	5.60

The high and low share prices for each quarter within the last two years are:

Calendar	Period	High	Low
2018			
	Quarter 1	14.86	10.7
	Quarter 2	14.52	9.52
	Quarter 3	11.12	7.98
	Quarter 4	9.84	7.30
2019			
	Quarter 1	13.14	9.5
	Quarter 2	13.04	10.20
	Quarter 3	12.14	9.80
	Quarter 4	11.52	9.82
2020			
	Quarter 1	11.32	4.03

Holder

The number of stockholders of record as of the latest practicable date on April 30, 2020 was 89 excluding shares under PCD Nominees. Shares outstanding as of the same date were 10,977,969,352 shares which are all listed at the PSE.

The following are the Company's top 20 registered stockholders holding listed and unlisted shares as of April 30, 2020:

	Name	No. of Shares Held	% of Total
1	Prime Metroline Holdings, Inc.	5,935,972,444	53.80%
2	PCD Nominee (Non-Filipino)	2,853,440,597	25.86%
3	PCD Nominee (Filipino)	1,025,058,418	9.29%
4	Quasar Holdings, Inc.	921,184,056	8.35%
5	Razon & Co. Inc.	225,000,000	2.04%
6	Enrique K. Razon, Jr.	35,953,332	0.33%
7	Thomas Arasi	7,818,218	0.07%
8	Cyrus Sherafat	4,347,765	0.04%
9	Estella Tuason-Occeña	3,985,100	0.04%
10	Donato C. Almeda	2,864,529	0.03%
11	Jose Eduardo J. Alarilla	2,726,633	0.02%
12	Lesothea Management Inc.	2,018,256	0.02%
13	Nossahead Management Inc.	2,018,256	0.02%

	Name	No. of Shares Held	% of Total
14	Laurence Upton	1,881,471	0.02%
15	Ondareta Management Inc.	1,651,588	0.01%
16	Real Sociedad Management Inc.	1,651,588	0.01%
17	Hock Seng Yeo	1,500,000	0.01%
18	Chadbrad Management Inc.	833,400	0.01%
19	Croker Island Management Inc	833,300	0.01%
20	Willy O. Dizon or Nene C. Dizon	640,000	0.01%

As of April 30, 2020, the public ownership level of the Company is at 34.94%.

Dividends

On March 06, 2020, the Company declared cash dividend of ₱0.25 per share to stockholders of Record Date 23 March 2020 to be paid on 31 March 2020.

Recent Sales of Unregistered or Exempt Securities/ Exempt Transactions

None.

Annex "B"

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

	A	1	9	9	9	0	4	8	6	4

COMPANY NAME

B	L	O	O	M	B	E	R	R	Y		R	E	S	O	R	T	S		C	O	R	P	O	R	A	T	I	O	N
	A	N	D		S	U	B	S	I	D	I	A	R	I	E	S														

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

T	h	e		E	x	e	c	u	t	i	v	e		O	f	f	i	c	e	s	,		S	o	l	a	i	r	e
R	e	s	o	r	t		&		C	a	s	i	n	o	,		1		A	s	e	a	n		A	v	e	n	u
e	,		E	n	t	e	r	t	a	i	n	m	e	n	t		C	i	t	y	,		T	a	m	b	o	,		
P	a	r	a	ñ	a	q	u	e		C	i	t	y																

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-A	CRMD	-

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
-	8888-8888	-

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
94	Every Third Thursday of April	December 31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Gerard Angelo Emilio J. Festin	gerardfestin@solaireresort.com	8883-8921	-

CONTACT PERSON's ADDRESS

The Executive Offices, Solaire Resort & Casino, 1 Asean Avenue, Entertainment City, Tambo Parañaque 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.*

Bloomberry Resorts Corporation

March 3, 2020

The Securities and Exchange Commission
SEC Building, EDSA, Greenhills
Mandaluyong City

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **BLOOMBERRY RESORTS CORPORATION** is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, as of December 31, 2019 and 2018 and for the three years in the period ended December 31, 2019, 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 the 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 Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

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

SyCip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the consolidated financial statements of the company 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.

Enrique K. Razon, Jr.	**Thomas Arasi**	**Estella Tuason-Occena**
Chairman and Chief Executive Officer	President and Chief Operating Officer	Chief Financial Officer and Treasurer

SUBSCRIBED AND SWORN to before me this 3rd day of March 2020, affiant(s) exhibiting to me their Passports, as follows:

NAMES	PASSPORT. NO.	DATE OF ISSUE	PLACE OF ISSUE
Enrique K. Razon Jr.	P6820100A	19 April 2018	Manila
Thomas Arasi	561534926	23 March 2017	U.S.A
Estella Tuason Occena	P3249678B	17 September 2019	Manila

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Book No. I
Series of ~~2019~~ 2020

KATRINA L. KALAW
NOTARY PUBLIC
ROLL NO. 65779
PARAÑAQUE CITY, PHILIPPINES

KATRINA L. KALAW
Commission No. 282-2019
Notary Public for Parañaque City
Until December 31, 2020
1 Asean Avenue, Entertainment City
Tambo, Parañaque City 1701
Roll no. 65779
PTR No. 2243708/January 10,2020/Parañaque City
IBP No. 109163/January 10, 2020/PPLM Chapter

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 891 0307
Fax: (632) 819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Bloomberry Resorts Corporation
The Executive Offices, Solaire Resort & Casino
1 Asean Avenue, Entertainment City, Tambo
Parañaque City

Opinion

We have audited the consolidated financial statements of Bloomberry Resorts Corporation and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2019 and 2018, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2019, and notes to the 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 December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2019 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's 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 audit 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Adequacy of Allowance for Doubtful Accounts on Gaming Receivables

The Group's application of the expected credit loss (ECL) model in calculating the allowance for doubtful accounts of its gaming receivables is significant to our audit as it involves the exercise of significant management judgment. Key areas of judgment include: segmenting the Group's credit risk exposures; defining default; determining assumptions to be used in the ECL model such as timing and amounts of expected net recoveries from defaulted accounts; and incorporating forward-looking information (called overlays) in calculating ECL.

The disclosures on the allowance for doubtful accounts are included in Notes 3 and 5 to the consolidated financial statements.

Audit Response

We obtained an understanding of the methodologies and models used for the Group's different credit exposures and assessed whether these considered the requirements of PFRS 9 to reflect an unbiased and probability-weighted outcome, the time value of money, and the best available forward-looking information.

We (a) assessed the Group's segmentation of its credit risk exposures based on homogeneity of credit risk characteristics; (b) tested the definition of default against historical analysis of accounts and credit risk management policies and practices in place, (c) tested historical loss rates by inspecting historical recoveries and write-offs; (d) checked the classification of outstanding exposures to their corresponding aging buckets; and (e) checked the forward looking information used for overlay through statistical test and corroboration using publicly available information and our understanding of the Group's receivable portfolios and industry practices.

Further, we checked the data used in the ECL models, such as the historical collection analysis and default and recovery data, by examining the supporting documents for credits granted to patrons and their subsequent settlement and performing an analysis of gaming receivables' aging buckets. We checked subsequent collections and performed inquiry with the Casino Credit and International Marketing representatives on the status of collections.

We recalculated impairment provisions on a sample basis. We reviewed the disclosures made in the financial statements based on the requirements of PFRS 9.

Recoverability of Goodwill and Casino License

The Group's goodwill and casino license, arising from the acquisition of Golden & Luxury Co., Ltd. in 2015 amounted to ₱1,817.6 million as of December 31, 2019. Under PFRSs, the Group is required to annually test goodwill and any intangible asset with an indefinite useful life, specifically the casino license, for impairment. The Group's goodwill and casino license are allocated to a single cash generating unit (CGU), i.e., casino-hotel business in Korea. Management's impairment assessment involved the measurement of the recoverable amount of the Group's casino-hotel business where goodwill and casino license are attributable. The recoverable amount was measured using fair value less costs of disposal (FVLCD) as of reporting date. The exercise requires significant judgment and estimates related to the determination of weighted average prices from comparable transactions and costs of disposal for FVLCD calculation. Given the significance of the key assumptions used in estimating the CGU's recoverable amount where goodwill and casino license are allocated, we considered this as a key audit matter.

The disclosures on goodwill and casino license are included in Notes 3 and 9 to the consolidated financial statements.

Audit response

We involved our valuation specialist to assist in evaluating the methodologies and key assumptions used by the Group in the impairment testing analysis. The inputs and assumptions include the weighted average prices from comparable transactions and costs of disposal for FVLCD calculation. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive, specifically those that have the most significant effect on the determination of the recoverable amount of goodwill and casino license.

Provisions and Contingencies

The Group is involved in certain legal proceedings related to the termination of Management Services Agreement ("MSA") with Global Gaming Philippines LLC ("GGAM"). This matter is significant to our audit because the determination of whether the provision should be recognized and the estimation of the potential liability resulting from these legal proceedings require significant judgment by management. The inherent uncertainty over the outcome of these legal matters is brought about by the differences in the interpretation and implementation of the relevant laws. We considered this as a key audit matter.

The disclosures on contingencies are discussed in Notes 3 and 18 to the consolidated financial statements.

Audit Response

Our audit procedures focused on the evaluation of management's assessment on whether any provision for contingencies should be recognized and the estimation of such amount. We discussed with management the status of the legal proceedings and obtained opinions from the Group's external legal counsels, whose professional qualifications and objectivity were also evaluated. We evaluated the position of the Group by considering the relevant laws and jurisprudence.

Other Information

Management is responsible for the other information. The other information comprises the SEC Form 17-A for the year ended December 31, 2019 but does not include the consolidated financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the SEC Form 20-IS (Definitive Information Statement) and Annual Report for the year ended December 31, 2019, which are expected to be made available to us after that date.

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

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, 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.

Auditor's 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 auditor's 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 PSAs 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 PSAs, 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 audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 auditor's 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 auditor's 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 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 to 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 auditor's 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 of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Christine G. Vallejo.

SYCIP GORRES VELAYO & CO.

Christine G. Vallejo
Partner
CPA Certificate No. 99857
SEC Accreditation No. 1402-AR-2 (Group A),
November 11, 2019, valid until November 10, 2022
Tax Identification No. 206-384-906
BIR Accreditation No. 08-001998-105-2019,
November 7, 2019, valid until November 6, 2022
PTR No. 8125313, January 7, 2020, Makati City

March 3, 2020

BLOOMBERRY RESORTS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2019	2018
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 4 and 20)	**₱41,871,526,847**	₱36,465,847,957
Receivables (Notes 5, 12, 15, 17 and 20)	**3,076,691,749**	2,805,958,496
Inventories (Note 6)	**305,091,597**	291,573,331
Prepayments and other current assets (Notes 7, 17, 18 and 20)	**1,146,793,642**	690,028,302
Total Current Assets	**46,400,103,835**	40,253,408,086
Noncurrent Assets		
Property and equipment (Notes 2, 8, 11 and 17)	**82,828,842,675**	82,699,866,703
Intangible assets (Note 9)	**1,817,628,692**	1,959,046,027
Other noncurrent assets (Notes 9 and 20)	**1,647,459,155**	736,657,576
Total Noncurrent Assets	**86,293,930,522**	85,395,570,306
	₱132,694,034,357	₱125,648,978,392
LIABILITIES AND EQUITY		
Current Liabilities		
Payables and other current liabilities (Notes 10, 15, and 20)	**₱18,087,036,301**	₱16,928,855,982
Current portion of long-term debt (Notes 11 and 20)	**2,063,995,674**	2,068,149,254
Current portion of lease liabilities (Notes 2 and 17)	**18,989,895**	–
Income tax payable	**5,879,294**	3,597,310
Total Current Liabilities	**20,175,901,164**	19,000,602,546
Noncurrent Liabilities		
Long-term debt - net of current portion (Notes 11 and 20)	**67,054,774,758**	69,118,770,432
Lease liabilities - net of current portion (Notes 2 and 17)	**51,409,492**	–
Deferred tax liabilities - net (Note 19)	**411,103,020**	245,160,354
Retirement liability (Note 13)	**639,587,287**	384,884,739
Other noncurrent liabilities (Notes 17 and 20)	**330,533,782**	338,456,494
Total Noncurrent Liabilities	**68,487,408,339**	70,087,272,019
Total Liabilities	**88,663,309,503**	89,087,874,565
Equity Attributable to Equity Holders of the Parent Company		
Capital stock (Note 14)	**11,032,998,225**	11,032,998,225
Additional paid-in capital (Note 14)	**13,153,521,809**	13,166,895,086
Equity reserve (Note 2)	**(27,138,558)**	(27,138,558)
Cost of shares held by a subsidiary (see Note 14)	**(2,601,459)**	(9,269,647)
Treasury shares (Note 14)	**(361,335,424)**	(185,406,175)
Share-based payment plan (Note 14)	**283,010,224**	226,349,792
Other comprehensive income (loss) (Notes 9 and 13)	**(491,876,490)**	18,065,308
Retained earnings (Note 14)	**20,482,470,468**	12,329,630,590
Total Equity Attributable to Equity Holders of the Parent Company	**44,069,048,795**	36,552,124,621
Equity Attributable to Non-controlling Interests	**(38,323,941)**	8,979,206
Total Equity	**44,030,724,854**	36,561,103,827
	₱132,694,034,357	₱125,648,978,392

See accompanying Notes to Consolidated Financial Statements.

BLOOMBERRY RESORTS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2019	2018	2017
REVENUES			
Gaming (Notes 3, 15 and 18)	**₱38,474,239,085**	₱31,605,445,445	₱27,041,155,050
Hotel, food and beverage (Notes 3 and 15)	**4,302,168,511**	3,760,663,461	3,727,286,239
Retail and others (Notes 3, 15 and 17)	**3,560,920,245**	2,854,117,177	2,253,252,537
	46,337,327,841	38,220,226,083	33,021,693,826
OPERATING COSTS AND EXPENSES (Notes 2 and 16)	**30,487,633,077**	27,096,192,238	25,094,171,249
INCOME BEFORE OTHER INCOME (EXPENSES) AND INCOME TAX	**15,849,694,764**	11,124,033,845	7,927,522,577
OTHER INCOME (EXPENSES)			
Interest expense (Notes 10, 11, 16 and 17)	**(5,562,030,773)**	(4,581,927,053)	(2,151,548,585)
Foreign exchange gains (losses) - net (Note 20)	**(320,244,329)**	357,712,255	882,235,472
Interest income (Notes 4, 5 and 16)	**290,927,316**	141,076,096	66,175,264
Others (Notes 8, 9, 11 and 16)	**(149,629,982)**	(1,554,869)	(429,134,443)
	(5,740,977,768)	(4,084,693,571)	(1,632,272,292)
INCOME BEFORE INCOME TAX	**10,108,716,996**	7,039,340,274	6,295,250,285
PROVISION FOR (BENEFIT FROM) INCOME TAX (Notes 18 and 19)	**187,763,323**	(126,489,216)	232,632,503
NET INCOME	**9,920,953,673**	7,165,829,490	6,062,617,782
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that will be reclassified to profit or loss in subsequent years:			
Exchange difference on translation of foreign operations	**(510,641,798)**	30,831,523	(4,953,395)
Unrealized gain on available-for-sale investment (Note 9)	**–**	–	2,850,000
Income tax effect	**–**	–	(855,000)
	(510,641,798)	30,831,523	(2,958,395)
Items that will not be reclassified to profit or loss in subsequent years:			
Remeasurement gain (loss) (Note 13)	**(158,964,728)**	162,626,262	(67,637,458)
Unrealized gain on equity instrument designated at fair value through other comprehensive income (Note 9)	**1,000,000**	8,650,000	–
Income tax effect	**7,223,866**	(11,330,536)	3,049,699
	(150,740,862)	159,945,726	(64,587,759)
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	**(661,382,660)**	190,777,249	(67,546,154)
TOTAL COMPREHENSIVE INCOME	**₱9,259,571,013**	₱7,356,606,739	₱5,995,071,628
Net Income (Loss) Attributable To			
Equity holders of the Parent Company	**₱9,955,058,446**	₱7,188,233,443	₱6,070,718,652
Non-controlling interests	**(34,104,773)**	(22,403,953)	(8,100,870)
	₱9,920,953,673	₱7,165,829,490	₱6,062,617,782
Total Comprehensive Income (Loss) Attributable To			
Equity holders of the Parent Company	**₱9,297,589,322**	₱7,376,543,528	₱6,003,601,750
Non-controlling interests	**(38,018,309)**	(19,936,789)	(8,530,122)
	₱9,259,571,013	₱7,356,606,739	₱5,995,071,628
Earnings Per Share on Net Income Attributable to Equity Holders of the Parent Company (Notes 21)			
Basic	**₱0.903**	₱0.652	₱0.551
Diluted	**₱0.901**	₱0.651	₱0.549

See accompanying Notes to Consolidated Financial Statements.

BLOOMBERRY RESORTS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019, 2018 AND 2017

	Equity Attributable to Equity Holders of the Parent Company										
	Capital Stock	Additional Paid-in Capital	Equity Reserve	Cost of shares held by a subsidiary	Treasury Shares	Share-based Payment Plan	Other Comprehensive Income (Loss)	Retained Earnings	Total	Equity Attributable to Non-controlling Interests	Total Equity
Balances at January 1, 2019, as previously stated	**₱11,032,998,225**	**₱13,166,895,086**	**(₱27,138,558)**	**(₱9,269,647)**	**(₱185,406,175)**	**₱226,349,792**	**₱18,065,308**	**₱12,329,630,590**	**₱36,552,124,621**	**₱8,979,206**	**₱36,561,103,827**
Effect of adoption of PFRS 16 (Note 2)	–	–	–	–	–	–	–	**(718,242)**	**(718,242)**	–	**(718,242)**
Balances at January 1, 2019, as restated	**11,032,998,225**	**13,166,895,086**	**(27,138,558)**	**(9,269,647)**	**(185,406,175)**	**226,349,792**	**18,065,308**	**12,328,912,348**	**36,551,406,379**	**8,979,206**	**36,560,385,585**
Net income	–	–	–	–	–	–	–	**9,955,058,446**	**9,955,058,446**	**(34,104,773)**	**9,920,953,673**
Remeasurement loss on defined benefit plan (Note 13)	–	–	–	–	–	–	**(147,527,326)**	–	**(147,527,326)**	**(3,913,536)**	**(151,440,862)**
Exchange difference on translation of foreign operations	–	–	–	–	–	–	**(510,641,798)**	–	**(510,641,798)**	–	**(510,641,798)**
Unrealized gain on equity instrument designated at fair value through other comprehensive income (Note 9)	–	–	–	–	–	–	**700,000**	–	**700,000**	–	**700,000**
Total comprehensive income (loss)	–	–	–	–	–	–	**(657,469,124)**	**9,955,058,446**	**9,297,589,322**	**(38,018,309)**	**9,259,571,013**
Dividend declaration (Note 14)	–	–	–	–	–	–	–	**(1,653,973,000)**	**(1,653,973,000)**	–	**(1,653,973,000)**
Share-based payments (Note 14)	–	–	–	–	–	**304,927,918**	–	–	**304,927,918**	–	**304,927,918**
Purchase of treasury shares (Note 14)	–	–	–	–	**(437,570,012)**	–	–	–	**(437,570,012)**	–	**(437,570,012)**
Issuance of treasury shares for share-based payments (Note 14)	–	**(13,373,277)**	–	–	**261,640,763**	**(248,267,486)**	–	–	–	–	–
Issuance of Bloomberry shares held by a subsidiary (Note 14)	–	–	–	**6,668,188**	–	–	–	–	**6,668,188**	–	**6,668,188**
Remeasurement loss on defined benefit plan transferred to retained earnings	–	–	–	–	–	–	**147,527,326**	**(147,527,326)**	–	–	–
Purchase of subsidiary's shares from non-controlling interest holder (Note 1)	–	–	–	–	–	–	–	–	–	**(9,284,838)**	**(9,284,838)**
Balances at December 31, 2019	**₱11,032,998,225**	**₱13,153,521,809**	**(₱27,138,558)**	**(₱2,601,459)**	**(₱361,335,424)**	**₱283,010,224**	**(₱491,876,490)**	**₱20,482,470,468**	**₱44,069,048,795**	**(₱38,323,941)**	**₱ 44,030,724,854**
Balances at January 1, 2018	₱11,032,998,225	₱13,141,571,978	(₱27,138,558)	₱–	(₱125,192,149)	₱159,743,028	(₱18,821,215)	₱6,093,273,408	₱30,256,434,717	₱28,915,995	₱30,285,350,712
Net income	–	–	–	–	–	–	–	7,188,233,443	7,188,233,443	(22,403,953)	7,165,829,490
Remeasurement gain on defined benefit plan (Note 13)	–	–	–	–	–	–	151,423,562	–	151,423,562	2,467,164	153,890,726
Exchange difference on translation of foreign operations	–	–	–	–	–	–	30,831,523	–	30,831,523	–	30,831,523
Unrealized gain on equity instrument designated at fair value through other comprehensive income (Note 9)	–	–	–	–	–	–	6,055,000	–	6,055,000	–	6,055,000
Total comprehensive income (loss)	–	–	–	–	–	–	188,310,085	7,188,233,443	7,376,543,528	(19,936,789)	7,356,606,739
Dividend declaration (Note 14)	–	–	–	–	–	–	–	(1,103,299,823)	(1,103,299,823)	–	(1,103,299,823)
Share-based payments (Note 14)	–	–	–	–	–	220,722,540	–	–	220,722,540	–	220,722,540
Purchase of treasury shares (Note 14)	–	–	–	–	(189,006,694)	–	–	–	(189,006,694)	–	(189,006,694)
Issuance of treasury shares for share-based payments (Note 14)	–	25,323,108	–	–	128,792,668	(154,115,776)	–	–	–	–	–
Purchase of Bloomberry shares by a subsidiary (Note 14)	–	–	–	(34,656,827)	–	–	–	–	(34,656,827)	–	(34,656,827)
Issuance of Bloomberry shares held by a subsidiary (Note 14)	–	–	–	25,387,180	–	–	–	–	25,387,180	–	25,387,180
Remeasurement gain on defined benefit plan transferred to retained earnings	–	–	–	–	–	–	(151,423,562)	151,423,562	–	–	–
Balances at December 31, 2018	₱11,032,998,225	₱13,166,895,086	(₱27,138,558)	(₱9,269,647)	(₱185,406,175)	₱226,349,792	₱18,065,308	₱12,329,630,590	₱36,552,124,621	₱8,979,206	₱36,561,103,827

	Equity Attributable to Equity Holders of the Parent Company										
	Capital Stock	Additional Paid-in Capital	Equity Reserve	Cost of shares held by a subsidiary	Treasury Shares	Share-based Payment Plan	Other Comprehensive Income (Loss)	Retained Earnings (Deficit)	Total	Equity Attributable to Non-controlling Interests	Total Equity
Balances at January 1, 2017	₱11,032,998,225	₱13,166,617,236	(₱27,138,558)	₱–	(₱214,589,978)	₱78,291,899	(₱15,862,820)	₱86,713,263	₱24,107,029,267	₱37,446,117	₱24,144,475,384
Net income	–	–	–	–	–	–	–	6,070,718,652	6,070,718,652	(8,100,870)	6,062,617,782
Remeasurement loss on defined benefit plan (Note 13)	–	–	–	–	–	–	(64,158,507)	–	(64,158,507)	(429,252)	(64,587,759)
Exchange difference on translation of foreign operations	–	–	–	–	–	–	(4,953,395)	–	(4,953,395)	–	(4,953,395)
Unrealized gain on equity instrument designated at fair value through other comprehensive income (Note 9)	–	–	–	–	–	–	1,995,000	–	1,995,000	–	1,995,000
Total comprehensive income (loss)	–	–	–	–	–	–	(67,116,902)	6,070,718,652	6,003,601,750	(8,530,122)	5,995,071,628
Share-based payments (Note 14)	–	–	–	–	–	145,803,700	–	–	145,803,700	–	145,803,700
Issuance of treasury shares for share-based payments (Note 14)	–	(25,045,258)	–	–	89,397,829	(64,352,571)	–	–	–	–	–
Remeasurement loss on defined benefit plan transferred to retained earnings	–	–	–	–	–	–	64,158,507	(64,158,507)	–	–	–
Balances at December 31, 2017	₱11,032,998,225	₱13,141,571,978	(₱27,138,558)	₱–	(₱125,192,149)	₱159,743,028	(₱18,821,215)	₱6,093,273,408	₱30,256,434,717	₱28,915,995	₱30,285,350,712

See accompanying Notes to Consolidated Financial Statements.

BLOOMBERRY RESORTS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2019	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱10,108,716,996**	₱7,039,340,274	₱6,295,250,285
Adjustments for:			
Interest expense (Notes 10, 11, 16 and 17)	**5,562,030,773**	4,581,927,053	2,151,548,585
Depreciation and amortization (Notes 8, 9, 16 and 17)	**3,689,805,227**	3,629,437,211	4,353,852,334
Unrealized foreign exchange gains (losses) - net	**318,785,842**	(334,675,921)	(871,109,503)
Share-based payment expense (Note 14)	**304,927,918**	220,722,540	145,803,700
Interest income (Notes 4, 5 and 16)	**(290,927,316)**	(141,076,096)	(66,175,264)
Net change in retirement liability (Note 13)	**109,220,378**	96,244,140	72,260,970
Issuance of Parent Company's shares by a subsidiary (see Note 22)	**6,668,188**	–	–
Loss (gain) on sale/write-off of property and equipment - net (Notes 8 and 16)	**2,701,962**	(5,855,215)	148,849,614
Other expenses (Notes 8, 9, 11 and 16)	**149,629,982**	1,554,869	279,187,362
Operating income before working capital changes	**19,961,559,950**	15,087,618,855	12,509,468,083
Decrease (increase) in:			
Receivables	**(349,346,770)**	(473,918,006)	706,313,442
Inventories	**(13,518,266)**	29,263,035	(44,518,564)
Prepayments and other current assets	**(456,765,340)**	436,579,213	(392,008,645)
Increase (decrease) in:			
Payables and other current liabilities	**1,297,295,338**	7,329,925,919	535,535,300
Other noncurrent liabilities	**(24,507,527)**	36,645,877	40,847,523
Net cash generated from operations	**20,414,717,385**	22,446,114,893	13,355,637,139
Interest received	**307,358,641**	118,975,737	65,778,730
Income taxes paid	**(32,399,112)**	(38,316,865)	(1,201,630)
Net cash provided by operating activities	**20,689,676,914**	22,526,773,765	13,420,214,239
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of:			
Property and equipment (Notes 8 and 22)	**(4,112,548,954)**	(43,801,076,692)	(1,801,912,337)
Subsidiary (Note 1)	**(22,687,000)**	–	–
Purchase of subsidiary's shares from non-controlling interest holder (Note 1)	**(9,284,838)**	–	–
Decrease (increase) in:			
Restricted cash	**–**	2,250,906,354	890,738
Other noncurrent assets	**(1,024,930,567)**	(313,162,938)	(65,521,986)
Proceeds from disposal of property and equipment	**1,462,600**	9,580,561	34,129,611
Net cash used in investing activities	**(5,167,988,759)**	(41,853,752,715)	(1,832,413,974)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from availment of loans (Note 11)	**–**	72,206,053,556	–
Payments of:			
Long-term debt principal (Notes 11 and 22)	**(2,205,000,000)**	(33,455,867,500)	(1,807,002,500)
Lease liabilities principal (Note 17)	**(18,996,100)**	–	–
Interest (Notes 17 and 22)	**(5,439,251,345)**	(3,604,051,545)	(2,048,983,641)
Short-term borrowing (Notes 10 and 22)	**(74,720,879)**	(80,451,753)	(74,892,394)
Dividend payment (Note 14)	**(1,654,901,193)**	(1,101,821,109)	–
Acquisitions of:			
Treasury shares (Note 14)	**(437,570,012)**	(189,006,694)	–
Parent Company's shares by a subsidiary (Note 14)	**–**	(9,269,647)	
Net cash provided by (used in) financing activities	**(9,830,439,529)**	33,765,585,308	(3,930,878,535)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(285,569,736)**	65,834,621	(21,025,919)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**5,405,678,890**	14,504,440,979	7,635,895,811
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR (Note 4)	**36,465,847,957**	21,961,406,978	14,325,511,167
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	**₱41,871,526,847**	₱36,465,847,957	₱21,961,406,978

See accompanying Notes to Consolidated Financial Statements.

1. Organization and Business

a. Corporate Information

Bloomberry Resorts Corporation (referred to as "Bloomberry" or "Parent Company"), was incorporated in the Philippines and registered with the Securities and Exchange Commission ("SEC") on May 3, 1999. The Parent Company's corporate life is 50 years and can be extended for another 50 years on or within five years before the expiration of its term. The Parent Company's primary purpose is to subscribe, acquire, hold, sell, assign or dispose shares of stock and other securities of any corporation, including those engaged in hotel and/or gaming and entertainment business, without engaging in dealership in securities or in the stock brokerage business or in the business of an investment company, to the extent permitted by law, and to be involved in the management and operations of such investee companies; and to guarantee the obligations of its subsidiaries or affiliates or any entity in which the Parent Company has lawful interest.

The Parent Company's registered office address is at The Executive Offices, Solaire Resort & Casino, 1 Asean Avenue, Entertainment City, Tambo, Parañaque City.

Bloomberry's shares of stock are publicly traded in the Philippine Stock Exchange ("PSE") under the ticker BLOOM.

As of December 31, 2019 and 2018, Prime Metroline Holdings, Inc. ("PMHI") is the Group's ultimate parent company.

The consolidated financial statements have been approved and authorized for issuance by the Board of Directors ("BOD") on March 3, 2020.

b. Subsidiaries of Bloomberry

Sureste Properties, Inc. ("Sureste") and Bloomberry Resorts and Hotels Inc. ("BRHI")
On February 6, 2012, Prime Metroline Holdings, Inc. ("PMHI", the ultimate parent company) sold 100% of its ownership interest in Sureste to Bloomberry for ₱5.9 billion. Sureste owns 100% of BRHI.

Sureste was incorporated in the Philippines and was registered with the SEC on April 16, 1993. Its wholly-owned subsidiary, BRHI, was incorporated in the Philippines and registered with the SEC on February 27, 2008. BRHI holds 9.34% of the shares of Sureste. The primary purpose of Sureste and BRHI is to develop and operate tourist facilities, including hotel-casino entertainment complexes with hotel, retail, amusement areas and themed development components.

Solaire Korea Co., Ltd. ("Solaire Korea"), Golden & Luxury Co., Ltd. ("G&L") and Muui Agricultural Corporation ("Muui")
In December 2014, Solaire Korea was established by Bloomberry to hold the Parent Company's investment in the leisure and entertainment business in Republic of Korea. On April 24, 2015, Solaire Korea acquired 77.26% of the outstanding shares of G&L. Subsequently on May 22, 2015, Solaire Korea acquired additional 18.97% of G&L, bringing its ownership in G&L to 96.23%. On August 20, 2015, Bloomberry acquired 10.00% of the outstanding shares of G&L from Solaire Korea. On March 8, 2017, Muui was established with a total capitalization of Korean Won (₩)200.0 million (₱8.2 million). Solaire Korea owns 80% of the outstanding shares

of Muui. In 2019, Solaire Korea acquired additional 10% ownership in Muui for a consideration amounting to ₱9.3 million bringing its ownership in Muui to 90%.

Bloom Capital B.V. and Solaire de Argentina S.A.
On November 21, 2013, Bloomberry subscribed to 60% of the capital stock of Bloom Capital B.V., a financial holding entity incorporated in the Netherlands as a private company with limited liability under the Dutch law. On October 23, 2014, Bloomberry acquired the remaining 40% of the capital stock of Bloom Capital B.V. In 2014, Bloom Capital B.V. acquired 94% ownership interest in Solaire de Argentina S.A. Bloom Capital B.V is currently not in operation. Solaire de Argentina S.A. has started the process of liquidation.

Bloomberry Cruise Terminals, Inc. ("BCTI")
BCTI, a wholly-owned subsidiary of Bloomberry, was incorporated in the Philippines and registered with SEC on July 19, 2019. The primary purpose of BCTI is to establish, operate and manage cruise terminals.

Bloomberry Resorts Japan, Inc. ("BRJ")
In November 2019, BRJ's former shareholders transferred to Bloomberry 100% ownership interest in BRJ pursuant to a deed of assignment for a consideration amounting to ₱22.7 million. The acquisition of BRJ is accounted for as an asset acquisition as BRJ does not qualify as a business. The excess of acquisition cost over fair value of acquired net assets of BRJ at acquisition date amounting to ₱51.2 million is recognized as part of "Others" under other income (expenses) in the 2019 consolidated statement of comprehensive income (see Note 16).

c. Status of Operations

Sureste and BRHI
The Philippine Amusement and Gaming Corporation ("PAGCOR") has granted BRHI the Provisional License on April 8, 2009 to develop an integrated casino, hotel and entertainment complex within Entertainment City (the "Project"). BRHI is one of four licensees for Entertainment City. Prior to the development of integrated resorts in the Philippines, only PAGCOR-operated casinos and six private casinos in special economic zones were allowed to operate in the country. The Provisional License, as well as any regular license to be issued to replace it, is concurrent with PAGCOR's congressional franchise. PAGCOR's franchise will expire on July 11, 2033 and may be renewed when PAGCOR's franchise is renewed by law. On May 5, 2015, BRHI's Provisional License was replaced with a regular casino Gaming License upon full completion of the Project, referred to as "Solaire". The Gaming License has the same terms and conditions as the Provisional License.

Solaire is one of the Philippines' first premium/luxury hotel and gaming resort. The 16-hectare gaming and integrated resort complex along Asean Avenue in Parañaque City is the first casino to operate within Entertainment City. BRHI, as the license holder, operates the casino while Sureste operates the hotel and non-gaming business.

On March 16, 2013, BRHI and Sureste commenced commercial operations, upon completion of Phase 1 of Solaire, now referred to as the Bay Tower, along with the opening of the main gaming area and initial non-gaming amenities, such as Solaire's hotel, food and beverage outlets.

On November 22, 2014, the Group opened the Sky Tower, which was previously referred to as Phase 1A development of Solaire. Contiguous to the existing Solaire Resort and Casino, the Sky Tower consists of a 312 all-suite hotel, additional 10 VIP gaming salons with 66 gaming tables and 223 slot machines, an exclusive House of Zhou Chinese restaurant and The Macallan Whisky and Cigar Bar for VIP gamers, state-of-the art meeting rooms ("The Forum") and a lyrical theater ("The Theatre"). The Sky Tower also features two restaurants, the Waterside Restobar and Oasis Garden Café. The Theatre is a certified 1,760-seat lyric theatre designed to provide a superior audio-visual experience for wide range of theatre plays and musicals, dance performances, concerts, and amplified music and speech events. It is also accessible to a new multi-level parking garage that can accommodate and secure over 3,000 vehicles. The Forum is a 2,000 square meter meeting facility with eight meeting rooms, two boardrooms and a flexible pre-function area. The ballroom is now in the process of being reconfigured into a new gaming area. The Tent at Solaire was established as a temporary versatile function venue with full banquet and catering facilities. The Shoppes in the Sky Tower features retail stores, including premium brands such as Louis Vuitton, Saint Laurent, Bvlgari, Salvatore Ferragamo, Givenchy, Prada, Tumi, and Lukfook Jewelry. In 2019, new outlets were opened including Versace, Cartier, Dior, Chow Tai Fook, Porsche Design, Univers, Marcelo Burlon, Stefano Ricci, Skinive and 88 Gold.

On December 7, 2018, Solaire unveiled The Cigar Bar and Poker Room, a high-end poker area with eight gaming tables. In July 2019, the Cigar Bar and Poker Room was renamed to The Baccarat Room & Bar. On February 11, 2019, Solaire opened the Philippine's first ETG (electronic table games) stadium called "Players Stadium" - an expansive and colorful entertainment space highlighted by a massive 360 square meter surround screen.

A part of the Solaire parking building in the Sky Tower has been reconfigured and leased out as office space for BPO businesses.

In 2015, Sureste purchased from the National Housing Authority (NHA) 15,676 square meters of land in Vertis North, Quezon City Central Business District and was issued Transfer Certificates of the Title on June 24, 2016. This property is the site of BRHI's proposed second integrated resort in the Philippines, "Solaire North", under the same PAGCOR license. The Group started the excavation work for the said project in July 2019.

On June 5, 2018, Sureste acquired two parcels of land in Entertainment City from PAGCOR with a total area of 160,359 square meters where Solaire Resort and Casino is located.

G&L

G&L operated a hotel and casino property in Jeju, Korea under the brand name "T.H.E Hotel" and "LVegas Casino". Upon takeover of operation by Bloomberry in 2015, the property was rebranded as "Jeju Sun Hotel & Casino" ("Jeju Sun"). The property consists of 202-room hotel with 5 Hibiscus rating, 2,000 square meters of gaming operation with 36 tables and 20 electronic gaming machines. The property has four food and beverage outlets to service its hotel guest and casino players. In the fourth quarter of 2018, Jeju Sun embarked on a renovation project covering 164 rooms, restaurants, lobby, building façade, sports bar, gym, sauna, back of the house and a new ballroom for the purpose of securing the 5 Hibiscus rating that is required to keep its gaming license. Renovations were completed in December 2019.

2. Summary of Significant Accounting Policies and Disclosures

Basis of Preparation

The Group's consolidated financial statements have been prepared in conformity with Philippine Financial Reporting Standards ("PFRSs"). PFRS include statements named PFRS and Philippine Accounting Standards ("PAS"), and Philippine Interpretations based on equivalent interpretations of International Financial Reporting Interpretations Committee ("IFRIC") issued by the Philippine Financial Reporting Standards Council ("FRSC").

The consolidated financial statements have been prepared under the historical cost basis except for investment in club shares which have been measured at fair value. The consolidated financial statements are presented in Philippine Peso, the functional currency of the Group, and all values are rounded to the nearest peso, except when otherwise indicated.

Basis of Consolidation

The consolidated financial statements include the financial statements of Bloomberry and its subsidiaries (collectively referred to as the "Group").

As of December 31, 2019 and 2018, direct and indirect subsidiaries of Bloomberry include:

	Effective Percentage of Ownership			
	2019		2018	
	Direct	**Indirect**	Direct	Indirect
Sureste	**91**	**9**	91	9
BRHI (through Sureste)	**–**	**100**	–	100
Bloom Capital B.V.*	**100**	**–**	100	–
Solaire de Argentina S.A.(through Bloom Capital B.V)*	**–**	**94**	–	94
Bloomberry Cruise Terminal, Inc.	**100**	**–**	–	–
Bloomberry Resorts Japan, Inc.	**100**	**–**	–	–
Solaire Korea	**100**	**–**	100	–
G&L (through Solaire Korea)	**10**	**86**	10	86
Muui (through Solaire Korea)*	**–**	**90**	–	80

**has not started commercial operations*

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee, if and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that majority of voting rights results in control. To support this presumption and when the Group has less than majority of voting rights or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, noncontrolling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

Non-Controlling Interests. Non-controlling interests represent the portion of profit or loss and net assets in the subsidiaries not held by the Group and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to equity holders of the Group.

Changes in Accounting Policies and Disclosures

The Group's accounting policies are consistent with those of the previous financial year, except for the adoption of the following new accounting pronouncements effective January 1, 2019.

- PFRS 16, *Leases*

  PFRS 16 supersedes PAS 17, *Leases*, Philippine Interpretation IFRIC 4, *Determining whether an Arrangement contains a Lease*, Philippine Interpretation Standard Interpretations Committee ("SIC") -15, *Operating Leases-Incentives* and Philippine Interpretation SIC-27, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize most leases on the balance sheet.

  Lessor accounting under PFRS 16 is substantially unchanged from today's accounting under PAS 17. Lessors will continue to classify all leases using the same classification principle as in PAS 17 and distinguish between two types of leases: operating and finance leases. Therefore, PFRS 16 did not have an impact for leases where the Group is the lessor.

  The Group adopted PFRS 16 using the modified retrospective approach upon adoption of PFRS 16 in 2019 and elects to apply the standard to contracts that were previously identified as leases applying PAS 17 and Philippine Interpretation IFRIC-4. The Group will therefore not apply the standard to contracts that were not previously identified as containing a lease applying PAS 17 and Philippine Interpretation IFRIC-4.

The effect of adoption of PFRS 16 as of January 1, 2019 is as follows:

	Increase (decrease)
Assets	
Property and equipment	₱28,591,346
Liabilities	
Lease liabilities	31,897,591
Deferred tax liabilities - net	718,242
Trade and other payables	(3,306,245)
Total adjustment on equity -	
Retained earnings	(718,242)

The Group has lease contracts for land, building and gaming equipment. Before the adoption of PFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease.

Upon adoption of PFRS 16, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets.

Leases previously accounted for as operating leases
The Group recognized right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. For most leases, the right-of-use assets were recognized based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognized. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application

Based on the above, as of January 1, 2019:

- Property and equipment were recognized amounting to ₱28.6 million representing the amount of right-of-use assets set up on transition date.
- Lease liabilities of ₱31.9 million were recognized.
- Trade and other payables of ₱3.3 million related to previous operating leases arising from straight lining under PAS 17 were derecognized.
- Net deferred tax liabilities increased by ₱0.7 million because of the deferred tax impact of the changes in assets and liabilities.
- The net effect of these adjustments amounting to ₱0.7 million had been adjusted to retained earnings.

The lease liability as at January 1, 2019 can be reconciled to the operating lease commitments as of December 31, 2018 follows:

Operating lease commitments as at December 31, 2018	₱203,722,836
Weighted average incremental borrowing rate at January 1, 2019	8.04%
Discounted operating lease commitments at January 1, 2019	145,606,131
Less: Commitments relating to short term leases and leases of small assets	113,708,540
Lease liabilities recognized at January 1, 2019	₱31,897,591

Due to the adoption of PFRS 16, the Group's operating profit in 2019 improved, while its interest expense increased. This is due to the change in the accounting for rent expense related to leases that were classified as operating leases under PAS 17.

The adoption of PFRS 16 did not have significant impact on equity in 2019, since the Group elected to measure the right-of-use assets at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the consolidated statement of financial position immediately before the date of initial application.

- Philippine Interpretation IFRIC-23, *Uncertainty over Income Tax Treatments*

  The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of PAS 12, *Income Taxes,* and does not apply to taxes or levies outside the scope of PAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

  The interpretation specifically addresses the following:

  - Whether an entity considers uncertain tax treatments separately
  - The assumptions an entity makes about the examination of tax treatments by taxation authorities
  - How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
  - How an entity considers changes in facts and circumstances

  The entity is required to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and use the approach that better predicts the resolution of the uncertainty. The entity shall assume that the taxation authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the entity concludes that it is not probable that the taxation authority will accept an uncertain tax treatment, it shall reflect the effect of the uncertainty for each uncertain tax treatment using the method the entity expects to better predict the resolution of the uncertainty.

  Based on the Group's assessment, it has no material uncertain tax treatments. Accordingly, the adoption of this Interpretation has no significant impact on the consolidated financial statements.

- Amendments to PFRS 9, *Prepayment Features with Negative Compensation*

  Under PFRS 9, a debt instrument can be measured at amortized cost or at fair value through OCI, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to PFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

  These amendments had no impact on the consolidated financial statements of the Group.

- Amendments to PAS 19, *Employee Benefits, Plan Amendment, Curtailment or Settlement*

  The amendments to PAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

  - Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event

  - Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

  The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognized in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognized in other comprehensive income.

  The amendments had no impact on the consolidated financial statements of the Group as it did not have any plan amendments, curtailment, or settlement during the period.

- Amendments to PAS 28, *Long-term Interests in Associates and Joint Ventures*

  The amendments clarify that an entity applies PFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in PFRS 9 applies to such long-term interests.

  The amendments also clarified that, in applying PFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognized as adjustments to the net investment in the associate or joint venture that arise from applying PAS 28, *Investments in Associates and Joint Ventures*.

  These amendments had no impact on the Group's consolidated financial statements.

- *Annual Improvements to PFRSs* 2015-2017 Cycle

  - Amendments to PFRS 3, *Business Combinations,* and PFRS 11, *Joint Arrangements*, *Previously Held Interest in a Joint Operation*

    The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

    A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in PFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

    An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2019 and to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after January 1, 2019, with early application permitted.

    These amendments had no impact on the consolidated financial statements of the Group as there is no transaction where joint control is obtained.

  - Amendments to PAS 12, *Income Tax Consequences of Payments on Financial Instruments Classified as Equity*

    The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognizes the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

    An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application is permitted.

    These amendments had no impact on the consolidated financial statements of the Group because dividends declared by the Group do not give rise to tax obligations under the current tax laws.

  - Amendments to PAS 23, *Borrowing Costs, Borrowing Costs Eligible for Capitalization*

    The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

    An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application permitted.

Since the Group's current practice is in line with these amendments, these had no impact on the consolidated financial statements of the Group.

Standards Issued But Not Yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2020

- Amendments to PFRS 3, *Definition of a Business*

  The amendments to PFRS 3 clarify the minimum requirements to be a business, remove the assessment of a market participant's ability to replace missing elements, and narrow the definition of outputs. The amendments also add guidance to assess whether an acquired process is substantive and add illustrative examples. An optional fair value concentration test is introduced which permits a simplified assessment of whether an acquired set of activities and assets is not a business.

  An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

  These amendments will apply on future business combinations of the Group.

- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, *Definition of Material*

  The amendments refine the definition of material in PAS 1 and align the definitions used across PFRSs and other pronouncements. They are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgements.

  An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

Effective beginning on or after January 1, 2021

- PFRS 17, *Insurance Contracts*

  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

PFRS 17 is effective for reporting periods beginning on or after January 1, 2021, with comparative figures required. Early application is permitted.

The amendments are not applicable to the Group since none of the entities within the Group have activities that are predominantly connected with insurance or issue insurance contracts.

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2017, the Financial Reporting Standards Council deferred the original effective date of January 1, 2017 of the said amendments until the International Accounting Standards Board (IASB) completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

  These amendments may apply to future transactions of the Group.

Significant Accounting Policies

Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs incurred are recognized as expense and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as equity not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PFRS 9, *Financial Instruments*, is measured at fair value with the changes in fair value recognized in the consolidated statement of comprehensive income in accordance with PFRS 9. Other contingent consideration that is not within the scope of PFRS 9 is measured at fair value at each reporting date with changes in fair value recognized in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired an all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Current versus Noncurrent Classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/noncurrent classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

Fair Value Measurement

The Group measures financial instruments such as derivatives at fair value at each reporting date. Fair value related disclosures for financial instruments that are measured at fair value or where fair values are disclosed are summarized in Note 20.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Financial Instruments - Initial Recognition and Subsequent Measurement
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial Recognition, Subsequent Measurement and Impairment Upon Adoption of PFRS 9

Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through OCI, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under PFRS 15.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost
- Financial assets at fair value through OCI with recycling of cumulative gains and losses
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss

Financial assets at amortized cost
This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's cash and cash equivalents, receivables and security deposits are included in this category as of December 31, 2019 and 2018.

Financial assets at fair value through OCI
The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Group has no debt instruments at fair value through OCI as of December 31, 2019 and 2018.

Financial assets designated at fair value through OCI
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.

The Group's investment in club shares is classified as equity instrument designated at fair value through OCI as of December 31, 2019 and 2018.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognized in profit or loss in the consolidated statement of comprehensive income.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognized as other income in the statement of profit or loss when the right of payment has been established.

The Group has not designated any financial assets at FVPL as of December 31, 2019 and 2018.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristic and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded with a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets
The Group recognizes an ECL for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk 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 (a lifetime ECL).

For cash and cash equivalents, the Group applies a general approach in calculating ECLs. The Group recognizes a loss allowance based on either 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk on its cash and cash equivalents since initial recognition.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Initial Recognition, Subsequent Measurement and Impairment Prior to the Adoption of PFRS 9

Initial Recognition and Measurement
Financial assets are classified as FVPL, loans and receivables, HTM investments, available-for-sale (AFS) financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at FVPL, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement financial assets are classified in four categories: financial assets at FVPL, loans and receivables, HTM investments and AFS financial assets.

The Group has no HTM investments and has not designated any financial assets at FVPL.

Loans and receivables
After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest rate method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in interest income in profit or loss. The losses arising from impairment of receivables are recognized in profit or loss.

AFS financial assets
AFS financial assets are those non-derivative financial assets which are designated as such or do not qualify to be classified in any of the three preceding categories. These are purchased and held indefinitely, and may be sold in response to liquidity requirements or changes in market conditions. AFS financial assets are classified as current assets if management intends to sell these financial assets within 12 months from financial reporting date. Otherwise, these are classified as noncurrent assets.

After initial recognition, AFS financial assets are subsequently measured at fair value, with unrealized gains and losses being recognized as OCI account until the investment is derecognized or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in OCI reserve account is recognized in profit or loss in the consolidated statement of comprehensive income. The Group uses the specific identification method in determining the cost of securities sold. Interest earned on holding AFS debt securities is included under "Interest income" using the EIR method in the consolidated statement of comprehensive income. Dividends earned on holding AFS equity investments are recognized in the consolidated statement of comprehensive income when the right of payment has been established.

Impairment of Financial Assets
The Group assesses, at each financial reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and when observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortized cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognized in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other income in profit or loss.

Financial liabilities

Initial Recognition and Subsequent Measurement Prior to and Upon Adoption of PFRS 9

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include payables and other current liabilities (excluding statutory payables and contract liabilities), long-term debt and tenants' security deposits as of December 31, 2019 and 2018.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the consolidated statement of comprehensive income.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

The Group has no financial liability at FVPL as of December 31, 2019 and 2018.

Loans and borrowings
This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statement of comprehensive income.

This category includes payables and other current liabilities (excluding statutory payables and contract liabilities), long-term debt and tenants' security deposits as of December 31, 2019 and 2018.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of comprehensive income.

Offsetting of Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

Cash and Cash Equivalents
Cash includes cash on hand and in banks, including bank accounts maintained by the Group as collateral for its long-term debt. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from the date of acquisition, and for which there is an insignificant risk of change in value.

Restricted Cash
Restricted cash represents cash in escrow account which are restricted as to withdrawal and use as required by a lending bank of Sureste.

Inventories
Inventories are valued at the lower of cost and net realizable value (NRV). Cost is determined using the moving average method except for table card inventories (presented as part of operating supplies) where the first in, first out method is being utilized. NRV is based on estimated selling prices less estimated costs to be incurred on completion and disposal. NRV of operating and other supplies is the current replacement cost.

Prepayments
Prepayments are carried at cost and are amortized on a straight-line basis, over the period of intended usage, which is equal to or less than 12 months or within the normal operating cycle.

Promo Merchandise
Promo merchandise pertains to items to be provided by the Group to its patrons as giveaways at different marketing events. These are carried at lower of cost and NRV and charged to "Cost of sales" once distributed to the patrons.

Advances to Suppliers
Advances to suppliers primarily represent advance payments made to a service provider for the Group's aircraft operation and management. Advances to Suppliers is presented under the "Prepayments and other current assets" account in the consolidated statement of financial position.

Creditable Withholding Taxes ("CWT")
CWT represents the amount of tax withheld by counterparties from the Group. These are recognized upon collection and are utilized as tax credits against income tax due as allowed by the Philippine taxation laws and regulations. CWT is presented under the "Other noncurrent assets" account in the consolidated statement of financial position. CWT is stated at its estimated NRV.

Property and Equipment
The Group's property and equipment consist of land, building, equipment and right-of-use assets that do not qualify as investment properties.

Property and equipment, except for land, are carried at cost less accumulated depreciation and amortization and any impairment in value. Land is carried at cost less any impairment in value. The initial cost of property and equipment comprises its construction cost or purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use, including borrowing costs. Expenditures incurred after the property and equipment have been put into operations, are normally recognized in profit or loss in the consolidated statement of comprehensive income in the year the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, such expenditures are capitalized as additional costs of property and equipment. When assets are sold or retired, their costs and accumulated depreciation, amortization and impairment losses, if any, are eliminated from the accounts and any gain or loss resulting from their disposal is included in profit or loss in the consolidated statement of comprehensive income of such period.

Effective January 1, 2019, it is the Group's policy to classify right-of-use assets as part of property and equipment. Prior to that date, all of the Group' leases are accounted for as operating leases in accordance with PAS 17, hence, not recorded in the statement of financial position. The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are initially measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The initial cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and lease term. Right-of-use assets are subject to impairment.

The useful lives and depreciation and amortization method are reviewed at least at each financial year-end to ensure that the periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

Depreciation and amortization are computed using the straight-line method over the following estimated useful lives of the assets:

Land improvements	10 years
Building and improvements	40 years
Machineries	10 years
Gaming equipment	5 years
Office furniture and fixtures	5 years
Transportation equipment	5 years
Leasehold improvements	3 years or lease term, whichever is shorter
Office and communication equipment	5 years

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Land	10 to 20 years
Building	3 years
Gaming Equipment	3 years

Property and equipment includes costs incurred in the construction of the hotel and casino entertainment complex classified under “Construction in progress”. These include costs of construction, equipment and other direct costs such as borrowing costs. Upon completion, these costs will be depreciated and amortized over the life of the asset. During the period of construction, construction in progress is carried at cost and is tested for impairment if any impairment indicators are present.

Intangible Assets

Intangible assets, such as the casino license and goodwill, acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the consolidated statement of comprehensive income.

Investment in a Joint Venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries. The Group's investment in a joint venture is accounted for using the equity method.

Under the equity method, the investment in a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The consolidated statement of comprehensive income reflects the Group's share of the results of operations of the joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the joint venture, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the consolidated statement of comprehensive income outside operating revenues and represents income or loss after tax and non-controlling interests in the subsidiaries of the joint venture.

When the Group's accumulated share in net losses of an associate equals or exceeds its interest in the associate (i.e., the carrying amount of the investment, including any long-term interests such as advances intended for equity conversion that, in substance, form part of the Group's net investment in the associate), the Group discontinues the recognition of its share in additional losses and the investment is reported at nil value. If the associate subsequently reports net income, the Group will resume applying the equity method only after its share in that net income equals the share in net losses not recognized during the period the equity method was suspended.

The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in a joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognizes the loss within 'Share in net income of an associate' in the consolidated statement of comprehensive income.

Upon loss of significant influence over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

Operating Equipment
Operating equipment (shown as part of "Other noncurrent assets" account) includes linen, china, glassware, silver, and other kitchen wares, which are carried at cost less accumulated amortization, as applicable. Bulk purchases of items of operating equipment with expected usage period of beyond one year are classified as noncurrent assets and are amortized over two to three years. Subsequent purchases of operating equipment upon start of business operations are recognized in profit or loss in the consolidated statement of comprehensive income.

Impairment of Nonfinancial Assets
The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is determined for an individual asset, unless the asset does not generate inflows that are largely independent of those from other assets or group if assets. When the carrying amount of an asset of CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognized in the consolidated statement of comprehensive income in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognized in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss in the consolidated statement of comprehensive income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

Equity
Capital stock is measured at par value for all shares issued. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction of proceeds, net of tax. Proceeds and/or fair value of considerations received in excess of par value are recognized as additional paid-in capital ("APIC").

Equity reserve pertains to costs incurred in 2011, in connection with the issuance of capital stock such as taxes and legal fees. The account also includes the effect of the reverse acquisition when Bloomberry acquired Sureste from the ultimate parent in 2012.

Treasury shares are the Group's own equity instruments which are reacquired and are recognized at cost and presented as reduction in equity. No gain or loss is recognized in profit or loss in the consolidated statement of comprehensive income on the purchase, sale, reissuance or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration upon reissuance or cancellation of shares is recognized as APIC.

Retained earnings represents the Group's cumulative net earnings (losses), net of dividends declared.

Share-based Payment Plan
Certain qualified officers and employees of the Group and subsidiaries receive remuneration for their services in the form of equity shares of the Group ("equity-settled transactions").

The cost of equity-settled transactions with officers and employees is measured by reference to the fair value of the stock at the date on which these are granted.

The cost of equity-settled transactions is recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('the vesting date').

The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the consolidated statement of comprehensive income for a period represents the movement in cumulative expense recognized at the beginning and end of that period and is recognized as share-based payment expense as part of "Salaries and benefits" under operating costs and expenses.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transaction for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Foreign Currency Transactions and Translations
The Group's financial statements are presented in Philippine Peso. The Philippine Peso is the currency of the primary economic environment in which the Group operates.

Transactions and Balances
Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates prevailing at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation

of monetary items are recognized in profit or loss in the consolidated statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

Group Companies
On consolidation, the assets and liabilities of foreign operations are translated into Philippine peso at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at the average exchange rates for the year. The exchange differences arising on translation for consolidation are recognized in OCI and taken directly to a separate component of equity as translation adjustments. On disposal of these subsidiaries, the amount of deferred cumulative translation adjustments recognized in equity relating to subsidiaries shall be recognized in profit or loss in the consolidated statements of comprehensive income.

Revenue from Contracts with Customers
The Group's revenue from contracts with customers primarily consist of gaming, hotel accommodation services, food and beverage, and retail and other revenue. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements.

Gaming revenue
Gaming revenue is recognized when the control of the service is transferred to the patron upon execution of a gaming play. The Group accounts for its gaming revenue contracts collectively on a portfolio basis versus an individual basis as all patrons have similar characteristics. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. Accordingly, for gaming transactions that include complimentary goods and services provided by the Group to incentivize future gaming, the Group allocates the stand-alone selling price of each goods or services to the appropriate revenue type. In determining the transaction price, gaming revenue is measured by the aggregate net difference between gaming wins and losses and the effect of consideration payable to a patron (if any) is considered. Amounts rebated to junket operators and premium patrons for rolling play, cash discounts and other cash incentives to patrons related to gaming play are recognized as a reduction from gross gaming revenue.

Hotel, food and beverage, retail and other operating revenues
Hotel, food and beverage, retail and other operating revenues are recognized when the control of the goods or service is transferred to the customer, generally when the services are performed or the retail goods are delivered.

Retail and other revenue includes sale of various merchandise, communication and transportation services to Solaire guests and patrons.

Contract Balances

Trade receivables. A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract assets. A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Contract liabilities. A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the patron. If a patron pays consideration before the Group transfers goods or services to the patron, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

The contract liabilities include payments received by the Group from the patrons for which revenue recognition has not yet commenced. Accordingly, funds deposited by patrons before gaming play occurs (customers' deposits) and chips in patrons' possession (outstanding chips liability) are recorded as contract liabilities until services are provided to the patrons.

Customer Loyalty Program
The Group has a loyalty points program which allows customers to accumulate points that can be redeemed for free hotel accommodation, food and beverage, retail goods and other services. The loyalty points give rise to a separate performance obligation as they provide a material right to the customer. The Group's customer is able to use the points as a currency (i.e., currency value has been fixed and can no longer be changed by the Group). A portion of the transaction price is allocated to the loyalty points awarded to customers based on relative stand-alone selling price and recognized as a financial liability until the points are redeemed. The amount of points redeemed through third parties are recognized as reduction in gaming revenue.

Interest Income
Interest income is recognized as it accrues on a time proportion basis taking into account the principal amount outstanding and the EIR. Interest income represents interest earned from cash and cash equivalents and restricted cash comprising of cash in escrow and cash allocated to the Project.

Costs and Expenses
Costs and expenses are recognized in profit or loss in the consolidated statement of comprehensive income upon utilization of the service or at the date they are incurred.

Costs incurred prior to obtaining the license were expensed as incurred.

Gaming Taxes
Being a PAGCOR licensee, BRHI is required to pay license fees on its gross gaming revenues on a monthly basis starting from the date the casino commences operations. These license fees are reported as part of "Taxes and licenses" account under "Operating costs and expenses" in the consolidated statement of comprehensive income.

Retirement expense
The Group has an unfunded, non-contributory defined benefit plan covering all of its regular employees.

The cost of employee benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognizes related restructuring costs

Interest is calculated by applying the discount rate to the defined benefit liability. The Group recognized the change in defined benefit obligation such as service cost and interest costs as part of "Salaries and benefits" account under "Operating costs and expenses" in profit or loss in the consolidated statement of comprehensive income.

Provisions
Provisions are recognized when the Group has present obligations, legal or constructive, as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of comprehensive income, net of any reimbursements. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to passage of time is recognized as interest expense.

Borrowing Costs
Borrowing costs are capitalized if they are directly attributable to the acquisition, construction or production of a qualifying asset. Qualifying assets are assets that necessarily take a substantial period of time to get ready for its intended use or sale. Capitalization of borrowing costs commences when the activities necessary to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the assets are available for their intended use. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized. Borrowing costs include interest charges and other costs incurred in connection with the borrowing of funds, as well as exchange differences arising from foreign currency borrowings used to finance these projects to the extent that they are regarded as an adjustment to interest cost.

All other borrowing costs are expensed as incurred.

Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception date of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset even if that right is not explicitly specified in an arrangement.

Group as a Lessee Upon Adoption of PFRS 16

Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of equipment and other rentals (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Group as a Lessee Prior to Adoption of PFRS 16

Leases where the lessor retains substantially all the risks and benefits of ownership of the assets are classified as operating leases. Operating lease payments are recognized as expense in profit or loss in the consolidated statement of comprehensive income or capitalized in the consolidated statement of financial position (in case of leases directly related to construction) on a straight-line basis over the lease term.

Group as a Lessor Prior to and Upon Adoption of PFRS 16

Leases where the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in "Retail and others" account in the consolidated statement of comprehensive income. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Taxes

Current income tax
Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting period.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the profit or loss.

Deferred income tax
Deferred income tax is provided using the liability method on temporary differences at the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences except: (1) when the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and (2) in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carryforward benefits of unused tax credits from excess minimum corporate income tax ("MCIT") over regular corporate income tax ("RCIT") and unused net operating loss carry-over ("NOLCO") to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carryforward benefit of unused tax credits and unused tax losses can be utilized except: (1) when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and (2) in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting period and reduced 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 assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting period and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting period.

Deferred income tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to offset current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Value-Added Tax ("VAT")
Revenue, expenses and assets are recognized net of the amount of VAT, except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; or
- Receivables and payables that are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of the "Prepayments and other current assets" or "Payables and other current liabilities" accounts in the consolidated statement of financial position.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

Events After the Reporting Period
Post year-end events that provide additional information about the Group's financial position at the end of the reporting period (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

Earnings (Loss) Per Share
The Group presents basic and diluted earnings (loss) per share rate for its shares.

Basic earnings (loss) per share ("EPS") is calculated by dividing net income (loss) for the year attributable to equity holders of the Group by the weighted average number of shares outstanding during the year after giving retroactive effect to any stock dividend declarations.

Diluted earnings (loss) per share is computed in the same manner, adjusted for the effect of the shares issuable to qualified officers and employees under the Group's stock incentive plan which are assumed to be exercised at the date of grant. Where the effect of the vesting of stock under the stock incentive plan is anti-dilutive, basic and diluted earnings per share are stated at the same amount.

Segment Reporting
A segment is a distinguishable component of the Group that is engaged either in providing products or services within a particular economic environment subject to risks and rewards that are different from those of other segments, which operating results are regularly reviewed by the chief operating decision maker to make decisions about how resources are to be allocated to each of the segments and to assess their performances, and for which discrete financial information is available. Management views the hotel and casino business as one integrated business segment, i.e., an integrated resort facility. A single management team for each geographical area reports to the chief operating decision-maker. The Group operates in two geographical areas in 2019, 2018 and 2017 where it derives its revenue. Financial information on segment reporting is presented in Notes 23.

3. Management's Use of Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in conformity with PFRSs requires the Group to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the reporting date. The uncertainties inherent in these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the assets or liabilities affected in the future years.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments apart from those including estimations and assumptions, which has the most significant effect on the amounts recognized in the consolidated financial statements.

Contingencies. The Group is involved in certain legal proceedings. The Group's judgment and estimate of the probable cost for the implication of these matters has been developed in consultation with its legal counsels and is based upon an analysis of potential results. Management and its legal counsels do not believe these will have a material adverse effect on its financial position or performance. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of strategies relating to this matter (see Note 18).

Identification of Contract with Customers under PFRS 15. The Group applied PFRS 15 guidance to a portfolio of contracts with similar characteristics as the Group reasonably expects that the effects on the consolidated financial statements of applying this guidance to the portfolio would not differ materially from applying this guidance to the individual contracts within that portfolio. Hence, the Group viewed a gaming day as one contract.

Identifying Performance Obligations. The Group identifies performance obligations by considering whether the promised goods or services in the contract are distinct goods or services. A good or service is distinct when the customer can benefit from the good or service on its own or together with other resources that are readily available to the customer and the Group's promise to transfer the good or service to the customer is separately identifiable from the other promises in the contract.

The Group provides promotional merchandise items to its patrons as giveaways at different marketing events and grants certain complimentaries in the form of free hotel accommodation; food and beverages; and retail merchandise from outlets to incentivize future gaming. The Group determined that the promotional merchandise items and complimentary incentives given to the patrons are capable of being distinct and therefore considered as separate performance obligations.

Determination and Allocation of the Transaction Price. The Group considers whether there are other promises in the contracts with customers that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price, the Group considers the effect of rebates paid through gaming promoters. As the information necessary for the Group to apply judgment and determine the consideration to which it is entitled are proprietary to the gaming promoters and are not communicated by the gaming promoters to the Group, the Group recognized the full amount paid to gaming promoters as reduction in revenue. In allocating the transaction price, the Group considers the amount at which the entity would sell or purchase the promotional merchandise or complimentary incentives separately as the stand-alone selling price of the performance obligations.

Evaluating Lease Commitments. The evaluation of whether an arrangement contains a lease is based on its substance. An arrangement is, or contains a lease when the fulfilment of the arrangement depends on a specific asset or assets and the arrangement conveys a right to use the asset.

Group as a Lessee Prior to the Adoption of PFRS 16. The Group has entered into various operating lease agreements as a lessee. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that the lessor retains all the significant risks and rewards of ownership of these properties because the lease agreements do not transfer to the Group the ownership over the assets at the end of the lease term and do not provide the Group with a bargain purchase option over the leased assets and so accounts for the contracts as operating leases (see Note 17).

Determination of Casino License's Useful Life. The Group's casino license has been acquired through a business combination. The license has no expiration and renewal is not necessary. Further, it may only be cancelled under specific rare circumstances. Accordingly, management has assessed that the Group's casino license has an indefinite useful life (see Note 9).

Estimates and Assumptions

The key estimates and assumptions concerning the future and other key sources of estimation uncertainty at reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements within the next financial year are discussed as follows:

Definition of Default and Credit-Impaired Financial Assets. Upon adoption of PFRS 9, the Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

- *Quantitative Criteria*. The borrower is more than 90 days past due on its contractual payments, which is consistent with the Group's definition of default.

- *Qualitative Criteria*. The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

    a. The borrower is experiencing financial difficulty or is insolvent;
    b. The borrower is in breach of financial covenant(s);
    c. Concessions have been granted by the Group, for economic or contractual reasons relating to the borrower's financial difficulty; or
    d. It is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the probability of default (PD), loss given default (LGD) and exposure at default (EAD) throughout the Group's ECL calculation.

Simplified Approach for Trade Receivables. The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various patron segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every financial reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

Grouping of instruments for losses measured on collective basis
For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous. The characteristics and any supplementary data used to determine groupings are outlined below.

Trade receivables - Groupings for collective measurement
a. Currency
b. Type of patron

Macro-economic Forecasts and Forward-looking Information. Macro-economic forecasts is determined by evaluating a range of possible outcomes and using reasonable and supportable information that is available without undue cost and effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group takes into consideration using different macro-economic variables to ensure linear relationship between internal rates and outside factors. Regression analysis was used to objectively determine which variables to use.

Predicted relationship between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analyzing historical data over the past 5 years. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

Provision for doubtful accounts recognized in 2019 and 2018 amounted to ₱259.6 million and ₱29.1 million, respectively. The carrying amount of receivables amounted to ₱3,076.7 million and ₱2,806.0 million as of December 31, 2019 and 2018, respectively (see Note 5).

Estimating Allowance for Doubtful Accounts Prior to the Adoption of PFRS 9. The Group reviews its receivables at each reporting date to assess whether an allowance for doubtful accounts should be recorded in the consolidated statement of financial position. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance. In addition to specific allowance against individually significant receivables, the Group also makes a collective impairment allowance against exposures which, although not specifically identified as requiring specific allowance, have a greater risk of default than when originally granted.

Management evaluates the allowance for doubtful accounts based on a specific review of customer accounts as well as experience with collection trends in the casino industry and current economic and business conditions. As customer payment experience evolves, management will continue to refine the estimated allowance for doubtful accounts. Accordingly, the associated doubtful accounts expense charge may fluctuate. Because individual customer account balances can be significant, the allowance and the expense can change significantly between periods, as information about a certain customer becomes known or as changes in a region's economy or legal systems occur.

Reversal of allowance for doubtful accounts for the year ended December 31, 2017 amounted to ₱32.9 million (see Note 16).

Estimating Useful Lives of Property and Equipment. Management determines the estimated useful lives and the related depreciation and amortization charges for its property and equipment based on the period over which the property and equipment are expected to provide economic benefits. Management's estimation of the useful lives of property and equipment is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. These estimations are reviewed periodically and could change significantly due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. Management will increase the depreciation and amortization charges where useful lives are less than the previously estimated useful lives.

The aggregate net book value of the Group's property and equipment (excluding construction in progress) amounted to ₱81,633.4 million and ₱81,969.0 million as of December 31, 2019 and 2018, respectively (see Note 8).

Impairment of Nonfinancial Assets. PFRSs requires that an impairment review be performed when certain impairment indicators are present. In the case of goodwill and intangible assets with indefinite useful life, at a minimum, such assets are subject to an impairment test annually and whenever there is an indication that such assets may be impaired. This requires the determination of fair value less costs of disposal calculation and an estimation of the value in use of the CGU to which these assets are allocated. The value-in-use calculation requires us to make an estimate of the expected future cash flows from the CGU and to choose a suitable discount rate in order to calculate the present value of those cash flows. See Note 9 for the key assumptions used to determine the fair value less costs of disposal and value-in-use of the relevant CGU.

Determining the recoverable amount of property and equipment, advances to contractors, intangible assets, and operating equipment, requires the Group to make estimates and assumptions in the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets. Future events could cause the Group to conclude that property and equipment, intangible assets and other noncurrent assets associated with an acquired business are impaired. Any resulting impairment loss could have a material adverse impact on the Group's financial position and financial performance.

Management is required to make estimates and assumptions to determine the recoverable amounts. While the Group believes that the assumptions used are reasonable and appropriate, these estimates and assumptions can materially affect the consolidated financial statements. Future adverse events may cause the management to conclude that the affected assets are impaired and may have a material impact on the Group's financial condition and results of operations.

The Group has recognized an impairment loss on its goodwill and casino license amounting to ₱271.5 million in 2017 presented as part of "Others" under other income (expenses) in the 2017 consolidated statement of comprehensive income (see Note 16). No further impairment was recognized in 2019 and 2018.

As of December 31, 2019 and 2018, the carrying values of nonfinancial assets subject to impairment review are as follows:

	2019	2018
Property and equipment (see Note 8)	**₱82,828,842,675**	₱82,699,866,703
Casino license and goodwill (see Note 9)	**1,817,628,692**	1,959,046,027
Advances to contractors (see Note 9)	**567,297,580**	269,000,913
Investment in a joint venture (see Note 9)	**122,320,353**	124,949,998
Operating equipment (see Note 9)	**11,292,163**	15,122,692
	₱85,347,381,463	₱85,067,986,333

The Group's lease liabilities amounted to ₱70.4 million as of December 31, 2019 (see Note 17).

Determining Retirement Benefits Liability. The determination of the Group's obligation and cost for retirement benefits is dependent on the selection of certain assumptions used by the Group's actuaries in calculating such amounts. While it is believed that the Group's assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions may materially affect the Group's retirement liabilities.

Retirement liability amounted to ₱639.6 million and ₱384.9 million as of December 31, 2019 and 2018, respectively (see Note 13).

Recognition of Deferred Tax Assets and Liabilities. The Group reviews the carrying amounts at the end of each reporting period and reduced the deferred tax assets to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. The Group's assessment on the recognition of deferred tax assets on NOLCO, MCIT and deductible temporary differences is based on the level and timing of forecasted taxable income of the subsequent reporting periods. The forecast is based on past results and future expectations on revenues and expenses as well as future tax planning strategies. However, there is no assurance that the Group will generate sufficient taxable income to allow all or part of its deferred income tax assets to be utilized.

The Group recognized deferred tax assets amounting to ₱241.6 million and ₱423.3 million as of December 31, 2019 and 2018, respectively (see Note 19). The Group's unused tax losses and MCIT for which no deferred tax assets have been recognized amounted ₱8,935.6 million and ₱10,805.5 million as of December 31, 2019 and 2018, respectively, resulting from the Group's assessment that it will not have sufficient profits in the future in which it could utilize its deferred tax assets (see Note 19).

4. Cash and Cash Equivalents

This account consists of:

	2019	2018
Cash on hand	**₱4,582,915,730**	₱2,181,713,440
Cash in banks	**23,776,292,838**	20,387,668,654
Temporary cash investments	**9,958,926,580**	10,450,472,138
Debt collateral accounts (see Note 11)	**3,553,391,699**	3,445,993,725
	₱41,871,526,847	₱36,465,847,957

Cash in banks earn interest at their prevailing bank deposit rates.

Temporary cash investments are made for varying periods of up to three months depending on the immediate cash requirements of the Group and earn interest at their prevailing short-term investment rates.

Debt collateral accounts are bank accounts maintained by the Group as collateral for its long-term debt (see Note 11).

As of December 31, 2019 and 2018, the Group no longer maintains the escrow account, previously presented as "Restricted cash", as security to Sureste's loan as the said loan was already settled in 2018 prior to the scheduled full settlement in 2026. Accordingly, the restricted cash was reverted to cash in bank. Interest income on the restricted cash amounted to nil, ₱3.1 million and ₱26.6 million in 2019, 2018 and 2017, respectively (see Note 16).

Interest income earned from cash and cash equivalents amounted to ₱289.7 million, ₱136.5 million and ₱37.8 million in 2019, 2018 and 2017, respectively (see Note 16).

5. Receivables

This account consists of:

	2019	2018
Gaming (see Notes 15 and 18)	**₱2,968,098,245**	₱2,776,947,415
Hotel (see Note 15)	**175,721,909**	151,791,746
Receivables from officers and employees (see Note 12)	**136,090,061**	116,750,740
Others (see Notes 12 and 17)	**217,092,716**	75,655,021
	3,497,002,931	3,121,144,922
Less allowance for doubtful accounts	**420,311,182**	315,186,426
	₱3,076,691,749	₱2,805,958,496

Gaming receivables mainly include casino markers issued to gaming promoters and VIP premium casino patrons. Casino markers pertain to credits granted to registered casino patrons. These markers are noninterest-bearing and are normally collected within 90 days.

Hotel receivables pertain to various food, beverage, and hotel service fees receivable from hotel guests which are collected upon check-out. This includes credit card transactions, which are normally collected within one month.

Receivables from officers and employees primarily pertain to cash advances which are normally settled within one year through salary deduction (see Note 12). Interest income earned from receivables from officers and employees amounted to ₱1.2 million, ₱1.5 million and ₱1.8 million in 2019, 2018 and 2017, respectively (see Note 16).

Accrued interest, presented as part of "Others", pertains to interest from temporary cash investments and restricted cash account which are normally received within one year.

Allowance for doubtful accounts pertain to casino markers that the Group assessed as doubtful on an individual and collective basis.

The movements in the allowance for doubtful accounts on gaming receivables are summarized below:

	2019	2018
Balance at beginning of year	**₱315,186,426**	₱340,247,452
Provision (see Note 16)	**259,568,360**	29,050,229
Write-off	**(141,742,474)**	(58,182,882)
Revaluation	**(12,701,130)**	4,071,627
Balance at end of year	**₱420,311,182**	₱315,186,426

6. Inventories

This account consists of:

	2019	2018
At cost:		
Operating supplies	**₱188,333,215**	₱180,184,754
Food and beverage	**107,066,137**	99,974,670
Retail merchandise	**9,692,245**	11,413,907
	₱305,091,597	₱291,573,331

Inventories charged to cost of sales amounted to ₱3,316.7 million, ₱2,679.5 million and ₱2,217.8 million for the years ended December 31, 2019, 2018 and 2017, respectively (see Note 16).

7. Prepayments and Other Current Assets

This account consists of:

	2019	2018
Prepaid taxes	**₱479,590,100**	₱84,148,414
Advances to suppliers (see Note 12)	**238,792,057**	154,158,908
Fund held in trust (see Note 18)	**112,598,297**	110,873,410
Prepaid insurance	**89,860,385**	55,792,169
Security deposits classified as current (see Note 17)	**45,633,347**	31,774,336
Prepaid maintenance	**45,176,312**	75,082,557
Input VAT - net	**34,518,742**	4,347,170
Promo merchandise	**28,355,816**	142,205,500
Prepaid rent	**11,803,850**	18,463,752
Others (see Note 18)	**60,464,736**	13,182,086
	₱1,146,793,642	₱690,028,302

Prepaid taxes represent the advance payments made by the Group for withholding taxes, real property taxes and other taxes.

Advances to suppliers pertain to advance payments made by the Group for goods and services such as table playing cards, events production, guaranteed flight services and aircraft maintenance.

Net input VAT pertains to the amount of indirect taxes for purchase of goods or services in excess of the output VAT from sale of goods or services.

Fund held in trust pertains to the bank account under the freeze order reinstated by the Supreme Court on request of Anti-Money Laundering Council ("AMLC") (see Note 18).

Security deposits mainly pertain to deposits made by the Group for guaranteed flight services. It also includes security deposit for the Group's various lease agreements (see Note 17).

Promo merchandise pertains to items to be provided by the Group to its patrons as giveaways at different marketing events.

8. Property and Equipment

This account consists of:

	2019										
	Land and Land Improvements	Building and Improvements	Machineries	Gaming Equipment	Office Furniture and Fixtures	Transportation Equipment	Leasehold Improvements	Office and Communication Equipment	Right-of-Use Asset (see Note 17)	Construction in Progress	Total
Cost											
Balances at beginning of year, as previously reported	₱47,642,345,736	₱30,562,808,364	₱9,326,525,926	₱3,394,615,364	₱4,346,727,218	₱1,102,330,418	₱206,515,153	₱7,209,020,460	₱–	₱730,894,770	₱104,521,783,409
Effect of adoption of PFRS 16 (see Notes 2 and 17)	–	–	–	–	–	–	–	–	28,591,346	–	28,591,346
Balances at beginning of year, as restated	47,642,345,736	30,562,808,364	9,326,525,926	3,394,615,364	4,346,727,218	1,102,330,418	206,515,153	7,209,020,460	28,591,346	730,894,770	104,550,374,755
Additions	–	1,434,233,676	91,832,409	607,562,680	317,977,719	154,579,189	27,895,485	760,053,459	64,142,487	718,414,337	4,176,691,441
Disposal/retirement	–	(196,330,578)	(8,348,546)	(34,555,694)	(51,000,799)	(21,867,641)	(40,582)	(37,086,881)	–	–	(349,230,721)
Reclassification from construction in progress	–	208,426,491	911,625	–	28,439,088	1,406,250	1,292,453	13,413,312	–	(253,889,219)	–
Translation adjustment	(279,539,338)	(161,535,596)	(14,569,622)	(19,674,799)	(33,352,103)	(1,269,513)	(8,384)	(253,569)	–	–	(510,202,924)
Balances at end of year	47,362,806,398	31,847,602,357	9,396,351,792	3,947,947,551	4,608,791,123	1,235,178,703	235,654,125	7,945,146,781	92,733,833	1,195,419,888	107,867,632,551
Accumulated Depreciation											
Balances at beginning of year	5,468,636	5,888,035,180	4,138,365,429	2,201,047,675	3,582,256,586	392,612,557	135,577,328	5,478,553,315	–	–	21,821,916,706
Depreciation (see Notes 16 and 17)	1,290,333	781,636,632	932,899,771	415,360,414	462,938,585	91,753,365	65,423,220	900,740,434	21,054,259	–	3,673,097,013
Depreciation capitalized to construction in progress (see Note 17)	–	–	–	–	–	–	–	–	1,292,453	–	1,292,453
Disposal/retirement	–	(196,330,578)	(8,348,457)	(34,555,694)	(47,827,119)	(21,514,256)	(40,582)	(36,449,473)	–	–	(345,066,159)
Translation adjustment	–	(60,243,842)	(9,528,490)	(13,359,628)	(28,158,783)	(984,024)	(3,224)	(172,146)	–	–	(112,450,137)
Balances at end of year	6,758,969	6,413,097,392	5,053,388,253	2,568,492,767	3,969,209,269	461,867,642	200,956,742	6,342,672,130	22,346,712	–	25,038,789,876
	₱47,356,047,429	₱25,434,504,965	₱4,342,963,539	₱1,379,454,784	₱639,581,854	₱773,311,061	₱34,697,383	₱1,602,474,651	₱70,387,121	₱1,195,419,888	₱82,828,842,675

	2018									
	Land and Land Improvements	Building and Improvements	Machineries	Gaming Equipment	Office Furniture and Fixtures	Transportation Equipment	Leasehold Improvements	Office and Communication Equipment	Construction in Progress	Total
Cost										
Balances at beginning of year	₱7,119,346,922	₱29,976,925,412	₱8,921,564,515	₱2,972,211,990	₱4,078,630,251	₱1,081,187,096	₱206,791,889	₱6,357,819,094	₱168,294,108	₱60,882,771,277
Additions	40,490,111,834	571,599,834	401,250,141	501,474,083	325,561,836	50,633,657	–	895,315,614	565,129,693	43,801,076,692
Disposal/retirement	–	–	(212,659)	(81,531,953)	(61,160,192)	(29,632,887)	(263,795)	(44,468,371)	–	(217,269,857)
Translation adjustment	32,886,980	14,283,118	3,923,929	2,461,244	3,695,323	142,552	(12,941)	354,123	(2,529,031)	55,205,297
Balances at end of year	47,642,345,736	30,562,808,364	9,326,525,926	3,394,615,364	4,346,727,218	1,102,330,418	206,515,153	7,209,020,460	730,894,770	104,521,783,409
Accumulated Depreciation										
Balances at beginning of year	4,178,304	5,122,601,522	3,240,910,401	1,877,792,157	3,129,167,500	341,385,812	70,490,043	4,625,567,604	–	18,412,093,343
Depreciation (see Note 16)	1,290,332	761,521,413	896,425,586	405,125,106	509,532,632	80,282,398	65,124,686	896,350,627	–	3,615,652,780
Disposal/retirement	–	–	(110,760)	(81,531,953)	(59,061,070)	(29,087,636)	(37,604)	(43,715,488)	–	(213,544,511)
Translation adjustment	–	3,912,245	1,140,202	(337,635)	2,617,524	31,983	203	350,572	–	7,715,094
Balances at end of year	5,468,636	5,888,035,180	4,138,365,429	2,201,047,675	3,582,256,586	392,612,557	135,577,328	5,478,553,315	–	21,821,916,706
	₱47,636,877,100	₱24,674,773,184	₱5,188,160,497	₱1,193,567,689	₱764,470,632	₱709,717,861	₱70,937,825	₱1,730,467,145	₱730,894,770	₱82,699,866,703

Construction in progress represents costs incurred in the improvement of Solaire properties. Costs incurred mainly include raw materials procurement, general construction works, architectural design services, engineering consultancy and construction supervision services, interior design services and excavation costs.

In 2018, Sureste purchased two parcels of land previously being leased from PAGCOR for a total acquisition cost of ₱37,333.1 million (see Note 17).

In 2017, the Group wrote off an aircraft (included in the transportation equipment) and sold the related spare parts, with carrying value of ₱172.2 million. Loss on write-off/sale amounted to ₱149.9 million (see Note 16).

As of December 31, 2019 and 2018, BRHI's and Sureste's property and equipment under mortgage have carrying values of ₱74.9 billion and ₱75.8 billion, respectively (see Note 11).

9. Intangible and Other Noncurrent Assets

a. Intangible Assets

The movements in the goodwill and casino license follow:

	2019	2018
Balance at beginning of year	**₱1,959,046,027**	₱1,942,408,693
Translation adjustment	**(141,417,335)**	16,637,334
Balance at end of year	**₱1,817,628,692**	₱1,959,046,027

Impairment Testing of Goodwill and Casino License with Indefinite Useful Life
The Group's goodwill and casino license with indefinite useful life acquired through a business combination (Solaire Korea's acquisition of G&L in 2015) are allocated to a single CGU, i.e., casino-hotel business in Jeju, Republic of Korea.

The CGU's recoverable amount has been determined based on fair value less costs of disposal ("FVLCD") calculation which is higher than the value-in-use ("VIU") calculation.

FVLCD is determined using market approach. The fair value is calculated by weighted average prices from three comparable transactions over the last five years at the time of the transaction (under level 2 hierarchy). *Comparable transactions* are the business or stock transfer deals including change in corporate ownership with respect to casino businesses that are operating under the approval of the Governor in accordance with the relevant laws and regulations in Jeju, Korea. *Price* is the premium for acquisition of casino business license generated at the time of casino business or stock transfer including change in ownership. *Weighted average* means the weighted recent transactions more heavily to reflect the conditions at the date of measurement. Costs of disposal is assumed to be 2% of the fair value of the CGU taking into account legal advice and disposal fees.

VIU calculation uses pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Management determined the financial budgets based on past performance and its expectations for market development. *Revenue growth* is based on the expected operating results of casino and hotel businesses. Management estimated that revenue will grow at a compounded annual growth rate of 16.0% for the next 5 years. *Weighted average long-term growth rate* of 1% is used to extrapolate cash flows beyond the budget period

which does not exceed the historical trend of the CGUs. A post-tax *discount rate* of 11.17% has been applied to the cash flow projections, the pre-tax equivalent of which is 13.6%. The discount rate reflects specific risks relating to the Group and is derived from its weighted average cost of capital ("WACC"). The WACC takes into account both debt and equity. As casino license is regulated by the government with risk arising with changes in the tourism policy, discount rate is greater than the average business risk.

The Group recognized an impairment loss on its goodwill and casino license in 2017 amounting to ₱271.6 million and is presented as part of "Others" under other income (expenses) in the 2017 consolidated statement of comprehensive income (see Note 16). No further impairment was recognized in 2019 and 2018.

b. Other Noncurrent Assets

This account consists of:

	2019	2018
Advances to contractors	**₱567,297,580**	₱269,000,913
Prepaid debt issue costs (see Note 11)	**565,527,318**	–
Creditable withholding tax	**270,451,477**	212,656,133
Investment in and advances to a joint venture	**122,320,353**	124,949,998
Security deposits classified as noncurrent	**77,109,761**	80,719,348
Investment in club shares	**26,000,000**	25,000,000
Operating equipment	**11,292,163**	15,122,692
Others	**7,460,503**	9,208,492
	₱1,647,459,155	₱736,657,576

Advances to contractors pertain to advance payments to various contractors for gaming equipment, hotel furniture and fixtures, operating equipment and other gaming and hotel equipment related to the development of hotel and gaming facility of Solaire properties.

Prepaid debt issue costs primarily pertain to documentary stamp tax on the undrawn balance of the loan facility. Such amount will be presented in the consolidated statement of financial position as reduction from long-term debt upon drawdown and will be amortized over the term of the loan.

Creditable withholding tax ("CWT") represents the amount withheld in relation to sales. These are recognized upon collection and are utilized as tax credits against income tax due as allowed by the Philippine taxation laws and regulations. In 2019, CWTs previously classified under current assets in 2018 were reclassified to noncurrent assets to conform with the 2019 presentation.

Investment in a joint venture represents the Group's 49% ownership in Falconer Aircraft Management, Inc ("FAMI"). In 2019, the share in the net loss of a joint venture amounting to ₱98.4 million was recorded as part of "Others" under other income (expenses) account in the consolidated statement of comprehensive income (see Note 16). In 2018, the Group's share in the profit or loss and other comprehensive income of the joint venture is not material to the consolidated financial statements.

This account consists of:

	2019	2018
Advances intended for equity subscription*	**₱122,320,353**	₱115,149,998
Investment in shares	**–**	9,800,000
	₱122,320,353	124,949,998

**Excess of share in net loss of FAMI in 2019 amounting to P88.6 million was presented as deduction to the Company's advances intended for equity subscription.*

The movements in this account for the years ended December 31, 2019 and 2018 follow:

	2019	2018
Cost:		
Balance at beginning and end of year	**₱9,800,000**	₱–
Subscription to shares	**–**	9,800,000
	9,800,000	9,800,000
Advances:		
Balance at beginning and end of year	**115,149,998**	
Additional advances	**95,791,129**	115,149,998
	210,941,127	115,149,998
Accumulated equity share:		
Balance at beginning of year	**–**	–
Share in net loss (see Note 16)	**(98,420,774)**	–
	(98,420,774)	–
	₱122,320,353	₱124,949,998

A summary of the financial information of the joint venture follows:

	2019	2018
Total current assets	**₱138,277,222**	₱74,679,459
Total noncurrent assets	**1,149,626,507**	200,123,616
Total current liabilities	**38,527,514**	34,945,693
Total noncurrent liabilities	**1,590,701,494**	319,706,054
Total equity	**(280,707,395)**	(79,848,672)
Net revenue	**64,447,560**	38,186,203
Total comprehensive loss	**(200,858,723)**	(99,848,672)

The following table presents the reconciliation between the share in FAMI's equity and the carrying value of investment in FAMI:

	2019	2018
FAMI's equity	**(₱280,707,395)**	(₱79,848,672)
Effective ownership	**49%**	49%
Equity share in net assets of FAMI	**(137,546,623)**	(39,125,849)
Share in net loss from previous year	**48,925,849**	48,925,849
Excess of share in net loss applied to advances	**88,620,774**	–
Carrying value of investment in a joint venture	**₱–**	₱9,800,000

Security deposits classified as noncurrent primarily pertain to deposits to utility companies which are refundable upon service termination.

Investment in club shares represents the Group's investment in quoted Manila Polo Club shares which is classified as equity instrument designated at FVOCI.

Operating equipment pertains to linen, china, glassware, kitchen wares and uniforms purchased by the Group to be amortized over a period of two to three years. Purchases in 2019, 2018 and 2017, amounted to ₱12.9 million, ₱21.9 million and ₱4.5 million, respectively. Amortization amounted to ₱16.7 million, ₱13.8 million and ₱94.7 million for the years ended December 31, 2019, 2018 and 2017, respectively (see Note 16).

10. Payables and Other Current Liabilities

This account consists of:

	2019	2018
Outstanding chips and other gaming liabilities (see Note 15)	**₱7,781,914,096**	₱8,871,427,933
Customers' deposits (see Note 15)	**4,824,151,916**	2,499,589,332
Payable to contractors and suppliers (see Note 12)	**1,180,571,865**	1,117,261,592
Gaming taxes payable (see Notes 12 and 18)	**970,346,782**	1,093,283,757
Holdback liability (net of indemnification asset)	**318,535,145**	378,225,323
Retention payable	**214,701,565**	476,206,183
Output VAT and other taxes payable	**48,139,932**	64,976,370
Short-term borrowing	**47,633,000**	130,467,000
Tenants' security deposits classified as current (see Note 17)	**39,960,188**	26,423,258
Accrued expenses:		
Interest	**976,122,544**	1,006,778,677
Outside services and charges	**435,904,200**	418,730,943
Advertising and promotions	**429,783,447**	403,683,987
Salaries and benefits (see Note 12)	**101,127,522**	45,469,266
Utilities	**50,306,810**	54,704,288
Repairs and maintenance	**37,425,504**	32,717,590
Rent (see Notes 2 and 17)	**29,611,633**	12,532,490
Communication and transportation	**15,699,842**	12,094,394
Others	**585,100,310**	284,283,599
	₱18,087,036,301	₱16,928,855,982

Outstanding chips and other gaming liabilities include outstanding chips, slot tickets as well as provision for progressive jackpot on slots and for points earned from customer loyalty programs. Outstanding chips as of December 31, 2019 and 2018 amounting to ₱6,395.4 million and ₱7,524.0 million, respectively, pertain to chips purchased by the patrons which are not yet converted into cash (see Note 15). Other gaming liabilities mainly include liability for points earned from customer loyalty programs amounting to ₱382.9 million and ₱452.4 million as of December 31, 2019 and 2018, respectively; junket program rebates amounting to ₱774.1 million and ₱745.6 million as of December 31, 2019 and 2018, respectively; progressive jackpot liability amounting to ₱184.1 million and ₱125.4 million as of December 31, 2019 and 2018, respectively; and slot payout voucher amounting to ₱45.3 million and ₱24.0 million as of December 31, 2019 and 2018, respectively.

Outstanding chips liability represents the collective amounts owed to junket operators and patrons in exchange for gaming chips in their possession. Outstanding chips are expected to be recognized as revenue or redeemed for cash within one year of purchase.

Customers' deposits pertain to casino patrons' funds deposited directly to the casino's bank accounts or over the cage cashier counter for future purchase of chips or redemption of credit markers and advance payments for retail space lease, hotel accommodations and events services. Customers' deposits pertaining to casino patrons' deposit as of December 31, 2019 and 2018 amounted to ₱4,712.6 million and ₱2,401.3 million, respectively (see Note 15). Customer's deposits are expected to be recognized as revenue or refunded to the patrons within one year from the date the deposit was received.

Payable to contractors and suppliers represents obligations of the entity to suppliers or creditors for goods or services received or services performed. These obligations are not secured by liens on assets, security interest, or other collateral unless otherwise indicated. These include payments to contractors, suppliers and purchase of inventory and equipment.

Gaming taxes payable mainly pertains to license fees payable to PAGCOR, which are normally settled within one month.

Holdback liability represents the remaining amount of consideration withheld by Solaire Korea relative to G&L's acquisition in 2015. Solaire Korea also recognized an indemnification asset at acquisition date representing reimbursement of payments that Solaire Korea will eventually make upon settlement of the liabilities of G&L covered by the holdback as G&L's sellers effectively indemnify Solaire Korea for the outcome of G&L's legal contingencies.

Retention payable represents the portion of the contract price that is withheld to ensure completion of service. It is expected to be paid within one year.

Short-term borrowing pertains to unsecured borrowings of G&L from banks payable within a year with interest rate of 6.5% per annum. Interest charges related to this borrowing, recognized as part of "Interest expense" account in the consolidated statements of comprehensive income, amounted to ₱12.2 million, ₱17.6 million and ₱22.9 million in 2019, 2018 and 2017, respectively (see Note 16). Principal amount paid in 2019, 2018 and 2017 amounted to ₱74.7 million, ₱77.3 million and ₱74.9 million, respectively.

Other accrued expenses include accrual for insurance and other expenses.

Payables and other current liabilities are normally settled within one year.

11. Long-term Debt

This account consists of:

	2019	2018
Principal	**₱70,192,500,000**	₱72,397,500,000
Less unamortized debt discount	**1,073,729,568**	1,210,580,314
	69,118,770,432	71,186,919,686
Less current portion of long-term debt*	**2,063,995,674**	2,068,149,254
	₱67,054,774,758	₱69,118,770,432

**Net of unamortized debt discount of ₱141.0 million and ₱136.9 million as of December 31, 2019 and 2018, respectively.*

The movements in unamortized debt discount follow:

	2019	2018
Unamortized debt discount at beginning of year	**₱1,210,580,314**	₱252,547,904
Additions	**–**	1,293,946,444
Amortization	**(136,850,746)**	(335,914,034)
Unamortized debt discount at end of year	**₱1,073,729,568**	₱1,210,580,314

Future repayment of the principal follows:

	2019	2018
Within one year	**₱2,205,000,000**	₱2,205,000,000
After one year but not more than five years	**12,862,500,000**	9,555,000,000
Beyond five years	**55,125,000,000**	60,637,500,000
	₱70,192,500,000	₱72,397,500,000

a. ₱73.5 Billion Syndicated Loan Facility

On April 10, 2018, BRHI (the "Borrower") entered into an aggregate of ₱73.5 billion, ten-year term loan facilities ("Syndicated Loan Facility") with Banco de Oro Unibank, Inc. (BDO), BDO Private Bank, Inc., China Banking Corporation, Philippine National Bank, PNB Savings Bank, Robinsons Bank Corporation and United Coconut Planters Bank (each a "Lender", and collectively, the "Lenders") to: (i) finance the Borrower's advances to Sureste for the latter's investments; (ii) finance the Borrower's working capital requirements; (iii) refinance the principal amount of all the existing outstanding term loans of the Borrower; and (iv) finance the Borrower's advances to Sureste for refinancing of the principal amount of all of Sureste's existing outstanding term loans.

The ₱73.5 billion Syndicated Loan Facility is payable over ten years in 40 consecutive quarterly installments on each repayment date commencing on the 3rd month from the initial drawdown date as follows:

	Amount
Year 1	₱2,205,000,000
Year 2	2,205,000,000
Year 3	2,205,000,000
Year 4	2,205,000,000
Year 5	2,205,000,000
Year 6	3,675,000,000
Year 7	7,350,000,000
Year 8	7,350,000,000
Year 9	22,050,000,000
Year 10	22,050,000,000
	₱73,500,000,000

The interest on the unpaid principal amount shall be paid in quarterly payments from the initial drawdown date.

The loan bears a fixed interest per annum from initial drawdown date to the 60th month from the initial drawdown date of 7.5% divided by 0.99 and from the 61st month from the initial drawdown date up to the final repayment date of 7.5% divided by 0.95. BRHI is obliged to pay,

on each date of drawdown, for the first year of the facilities, a commitment fee equivalent to 0.5% per annum, based on the undrawn portion of the commitment.

The ₱73.5 billion Syndicated Loan Facility provides that BRHI is permitted to make optional prepayments anytime until maturity. In case of prepayment, BRHI shall pay the principal, accrued interest and 0.50% based on the amount prepaid as penalty in the first year. No prepayment penalty shall be imposed after the first year up to the last repayment date.

The embedded prepayment option on the ₱73.5 billion Syndicated Loan Facility was assessed as clearly and closely related to the loan, thus, not subject for bifurcation.

As of December 31, 2019, this facility had been fully drawn. Outstanding long-term debt, net of unamortized debt discount, amounted to ₱69,118.8 million and ₱71,186.9 million as of December 31, 2019 and 2018, respectively. Loan principal amounting to ₱2,205.0 million was paid in 2019.

b. ₱40.0 Billion Syndicated Loan Facility

On February 11, 2019, SPI and BRHI signed an Omnibus Loan and Security Agreement for a 10-year combined loan facility in the principal amount of ₱40.0 billion with Philippine National Bank, BDO Unibank, Inc., Metropolitan Bank & Trust Company, Union Bank of the Philippines, Bank of Commerce, China Banking Corporation, and Robinsons Bank Corporation as lenders. BDO Unibank, Inc. - Trust and Investments Group is the security trustee, facility agent and paying agent for the loan facility, while BDO Capital & Investment Corporation acted as the lead arranger and sole bookrunner. The proceeds of the loan will be used by Sureste and BRHI to partially finance the design, construction and development of an integrated hotel and gaming resort, "Solaire North", located at the Vertis North Complex in Quezon City, Metro Manila.

As of December 31, 2019, this loan facility has not been drawn. Related prepaid debt issue costs representing documentary stamp tax on the undrawn balance of the loan facility, amounting to ₱565.5 million is recorded under "Other noncurrent assets" account in the statement of financial position (see Note 9).

All legal and professional fees, including commitment fee, incurred in relation to the loan totaling ₱1,293.9 million as of December 31, 2019 and 2018 was capitalized. Debt issue costs were amortized using EIR method.

In 2019, 2018 and 2017, borrowing costs related to Group's loan facilities recognized as expense in the consolidated statements of comprehensive income amounted to ₱5,528.2 million, ₱4,553.1 million and ₱2,120.3 million, respectively. This comprises of interest expense amounting to ₱5,391.3 million, ₱4,217.2 million and ₱2,038.4 million and amortization of debt discount (net of interest accretion on the option) amounting to ₱136.9 million, ₱335.9 million and ₱81.9 million in 2019, 2018 and 2017, respectively (see Note 16).

Unamortized debt discount, representing capitalized debt issue costs, is presented as deduction from the Group's long-term debt.

Debt Covenant

The Group's ₱73.5 Syndicated Loan Facility contains certain restrictive covenants that require BRHI to comply with specified financial ratios and other financial tests at quarterly measurement dates. The Group's loan agreements include compliance with certain financial ratios such as debt-to-equity ratio (computed as total liabilities divided by total equity) and debt service coverage ratio (computed

as net income less interest expense; depreciation and amortization and Debt Service Reserve Account ("DSRA") divided by current portion of long-term debt and interest payable).

As of December 31, 2019 and 2018, BRHI is in compliance with these debt covenants.

Collateral
Under the ₱73.5 Syndicated Loan Facility obtained in 2019, collateral includes the following:

i) Assignment of Debt Service Reserve Account

To ensure the payment by BRHI of the Loan, BRHI shall convey, assign, transfer, set over and confirmed unto the Security Trustee the rights, title and interest of BRHI in its Debt Service Reserve Account (DSRA) required to be maintained by BRHI.

The level of funds standing in the DSRA on any date commencing on the initial drawdown date shall be at least the amount of the principal due on the immediately succeeding repayment date and at least twice the amount of the interest due on the immediately succeeding interest payment date.

In case BRHI fails to transfer funds to the Paying Agent, or transfers an amount not sufficient to cover the payment of debt service due, on a payment date, the Security Trustee shall debit from the DSRA such amounts as may be necessary to meet such Debt Service and transfer the same to BDO Unibank, Inc. - Trust and Investment Group (Paying Agent).

In the event the funds in the DSRA fall below the DSRA maintaining balance, the Borrower shall replenish the DSRA from its own funds in order that the DSRA maintaining balance shall be met not later than the five Banking days from the date the funds fell below the DSRA Maintaining Balance.

As of December 31, 2019 and 2018, the Group's debt collateral account related to the ₱73.5 Syndicated Loan Facility amounted to ₱3,553.4 million and ₱3,446.0 million, respectively.

ii) Assignment of Project Agreements

BRHI shall assign, convey, set over and transfer absolutely to the Security Trustee, for the benefit of the Secured parties, all of its rights, title and interest, present and future, in and into the Future Project Agreements, the (a) benefit of all claims for damages for the breach by any Counterparty of any term of any of the Project Agreements and all warranties and indemnities contained therein; (b) right to terminate any of the Project Agreements or agree to the suspension thereof; (c) right to compel performance of any of the Project Agreements; (d) the right to agree to any variation of the terms of any of the Project Agreements; and (e) the right to pursue any action, proceeding, suit or arbitration arising in relation to any of the rights assigned and to enforce such rights in the name of BRHI.

iii) Mortgage

As a security for timely payment, discharge, observance and performance of the loan, Sureste/BRHI (a) establishes in favor of the Security Trustee for the benefit of the Lenders, a first ranking real estate mortgage on the present real assets, i.e. leasehold rights over the phase 1 PAGCOR land covered by the PAGCOR lease, and future real assets, i.e. the hotel and gaming facilities and Land; and (b) establish in favor of the Security Trustee for the benefit of the Lender, a first ranking chattel mortgage on the present and future chattels.

iv) Continuing Suretyship

In consideration of the loan and for other valuable consideration receipt of which the Surety, i.e. Sureste/BRHI, acknowledges, Sureste/BRHI agrees that it shall be solidarily liable with BRHI/Sureste to the Lender and the Security Trustee for the payment of the loan.

v) Pledge

The Pledgor, i.e. BRHI shareholders, shall assign, transfer, deliver, set over and grant to the Security Trustee, a continuing security interest of first priority in, all of its right, title and interest in and to the Pledged Shares, i.e. BRHI shares, and the Additional Pledged Shares, whether now owned or existing or hereafter acquired.

12. **Related Party Transactions**

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. This includes: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Group; (b) subsidiaries; and (c) individuals owning, directly or indirectly, an interest in the voting power of the Group that give them significant influence over the Group and close members of the family of any such individual.

Related party receivables and payables are generally settled in cash.

The Group's related party balances are as follows:

		Transaction Amounts			Outstanding Receivable (Payable)	
Related Party	Nature/Terms of Transaction	**2019**	2018	2017	**2019**	2018
Eaglesight Investments Limited*	Aircraft lease and maintenance reimbursements; payable within 1 month; noninterest-bearing (see Note 10)	**₱228,574,680**	₱228,018,420	₱223,165,380	**₱–**	₱–
Bloomberry Cultural Foundation**	1. 2% of non-junket gaming revenue; unsecured; payable within one year; noninterest-bearing (see Notes 10 and 18)	**538,698,822**	521,434,684	386,172,965	**(35,261,547)**	(49,296,070)
	2. Noninterest-bearing and unsecured advances (to be settled within 1 year); no impairment (see Notes 7 and 18)	**(162,150)**	(13,937,640)	10,529,574	**37,912**	259,195
Officers and employees	Interest-bearing and unsecured cash advances to be settled through salary deduction within 1 year; no impairment (see Note 5)	**2,187,394**	249,020	15,047,809	**8,064,000**	10,251,394
Other affiliates*	1. Aircraft maintenance reimbursements; noninterest-bearing (see Note 5)	**356,721,369**	–	–	**138,019,000**	–
	2. Aircraft maintenance reimbursements; noninterest-bearing (see Note 10)	**181,894,185**	84,333,031	69,981,994	**(146,404,968)**	(159,008,742)
	3. Noninterest-bearing and unsecured cash advances to be settled through liquidation; no impairment (see Note 7)	**–**	(16,477,310)	16,477,310	**1,646,624**	60,355,738
Key management personnel	1. Short-term employee benefits	**236,062,166**	254,591,506	123,401,810	**–**	–
	2. Retirement benefits	**1,265,123**	1,870,645	3,055,947	**(10,069,285)**	(8,804,162)

**Under common control*
***Corporate social responsibility arm of BRHI*

13. Retirement Cost

The Group has an unfunded and noncontributory defined benefit pension plan covering substantially all of its regular employees. The cost of providing benefits is valued every year by a professional qualified independent actuary in compliance with PAS 19. Benefits are dependent on the years of service and the respective employees' compensation and are determined using the projected unit credit method.

The following tables summarize the components of retirement expense recognized in the consolidated statements of comprehensive income and the retirement liability recognized in the consolidated statements of financial position as of and for the years ended December 31, 2019, 2018 and 2017:

	2019	2018	2017
Retirement expense:			
Current service cost	**₱84,722,692**	₱114,406,350	₱80,854,884
Interest cost	**19,383,356**	19,826,985	11,639,906
Past service cost	**16,022,689**	–	–
Balance at end of year	**₱120,128,737**	₱134,233,335	₱92,494,790
Retirement liability:			
Balance at beginning of year	**₱384,884,739**	₱449,557,616	₱289,563,876
Retirement expense	**120,128,737**	134,233,335	92,494,790
Benefits paid	**(10,908,359)**	(37,989,195)	(20,233,820)
Remeasurement loss (gain)	**158,964,728**	(162,626,262)	67,637,458
Translation adjustment	**(13,482,558)**	1,709,245	20,095,312
Balance at end of year	**₱639,587,287**	₱384,884,739	₱449,557,616
Changes in the present value of defined benefit obligation:			
Balance at beginning of year	**₱384,884,739**	₱449,557,616	₱289,563,876
Current service cost	**84,722,692**	114,406,350	80,854,884
Interest cost	**19,383,356**	19,826,985	11,639,906
Past service cost	**16,022,689**	–	–
Benefits paid	**(10,908,359)**	(37,989,195)	(20,233,820)
Remeasurement loss (gain) in other comprehensive income:			
Experience adjustments	**30,154,233**	(90,577,502)	42,995,024
Changes in demographic assumptions	**782,265**	(18,578,370)	26,190,236
Changes in financial assumptions	**128,028,230**	(53,470,390)	(1,547,802)
Translation adjustment	**(13,482,558)**	1,709,245	20,095,312
Balance at end of year	**₱639,587,287**	₱384,884,739	₱449,557,616

The principal assumptions used in determining the Group's retirement liability as of December 31, 2019 and 2018 are shown below:

	2019				2018			
	Sureste	**BRHI**	**G&L**	**Solaire Korea**	Sureste	BRHI	G&L	Solaire Korea
Discount rate	**5.11%**	**5.08%**	**1.95%**	**2.27%**	7.45%	7.43%	2.27%	2.57%
Future salary rate increase	**6.00%**	**6.00%**	**5.00%**	**2.00%**	6.00%	6.00%	5.00%	2.00%
Mortality rate	**2017 PICM**		**KIDI**		2017 PICM		KIDI	
Disability rate	**1952 disability study, period 2, benefit 5**				1952 disability study, period 2, benefit 5			
Turnover rate	**A scale ranging from 13% at age 18 decreasing to 0% at age 60**		**A scale ranging from the age 30 decreasing to retirement**		A scale ranging from 13% at age 18 decreasing to 0% at age 60		A scale ranging from the age 30 decreasing to retirement	

Shown below is the maturity profile of the Group's undiscounted benefit payments:

	Expected Benefit Payments	
Plan Year	**2019**	2018
Less than one year	**₱12,568,248**	₱10,730,706
More than one year to five years	**44,168,961**	23,196,459
More than five years to 10 years	**197,557,404**	143,856,890
More than 10 years to 15 years	**566,647,788**	468,464,282
More than 15 years to 20 years	**723,575,627**	590,930,028
More than 20 years	**4,195,826,849**	3,337,281,758

The average duration of the defined benefit obligation at the end of the reporting period is 23.80 to 24.76 years.

The retirement liability is subject to several key assumptions. To help illustrate the impact of each key assumption, a sensitivity analysis is provided below, which has been determined based on reasonably possible changes of each significant assumption on the retirement benefit obligation as of the end of the reporting period, assuming all other assumptions were held constant:

a. Sureste

	Effect on Present Value of Obligation
Discount rate	
Actual + 1.00%	(₱10,648,437)
Actual - 1.00%	13,225,274
Salary increase rate	
Actual + 1.00%	13,286,444
Actual - 1.00%	(10,884,227)

b. BRHI

	Effect on Present Value of Obligation
Discount rate	
Actual + 1.00%	(₱51,384,680)
Actual - 1.00%	63,312,104
Salary increase rate	
Actual + 1.00%	63,770,767
Actual - 1.00%	(52,674,267)

c. G&L

	Effect on Present Value of Obligation
Discount rate	
Actual + 1.00%	(₱18,687,416)
Actual - 1.00%	22,160,290
Salary increase rate	
Actual + 1.00%	21,469,557
Actual - 1.00%	(18,522,753)

d. Solaire Korea

	Effect on Present Value of Obligation
Discount rate	
Actual + 1.00%	(₱221,221)
Actual - 1.00%	266,429
Salary increase rate	
Actual + 1.00%	264,568
Actual - 1.00%	(223,901)

The latest actuarial valuation report is as of December 31, 2019.

14. Equity

Capital Stock

Capital stock consists of:

	2019		2018	
	Shares	**Amount**	Shares	Amount
Capital stock - ₱1 par value				
Authorized	**15,000,000,000**	**₱15,000,000,000**	15,000,000,000	₱15,000,000,000
Issued	**11,032,998,225**	**11,032,998,225**	11,032,998,225	11,032,998,225
Issued and outstanding	**10,999,346,901**	**10,671,662,801**	11,013,711,155	10,847,592,050

The rollforward of the outstanding number of common shares follows:

	Shares	**Amount**	Shares	Amount
Balance at beginning of year	**11,013,711,155**	**₱10,847,592,050**	11,010,495,000	₱10,907,806,076
Net movement in treasury shares	**(14,364,254)**	**(175,929,249)**	3,216,155	(60,214,026)
Balance at end of year	**10,999,346,901**	**₱10,671,662,801**	11,013,711,155	₱10,847,592,050

Stock Incentive Plan

The Stockholders of the Group approved on June 25, 2012 a Stock Incentive Plan ("SIP") for directors, officers, and employees of the Group, effective for a period of ten years unless extended by the BOD. The Participants to the SIP are: permanent and regular employees of the Group or its affiliates with at least one year tenure; officers and directors of the Group; officers and directors of affiliates of the Group; and other persons who have contributed to the success and profitability of the Group or its affiliates.

The SIP shall be administered by the Stock Incentive Committee ("SIC") composed of three directors or officers to be appointed by the BOD. The SIC shall determine the number of shares to be granted to a participant and other terms and conditions of the grant.

Unissued shares from the authorized capital stock or treasury shares, together with shares already granted under the SIP, which are equivalent to seven percent (7%) of the resulting total outstanding shares of the Group, shall be allocated for the SIP.

The grant of shares under the SIP does not require an exercise price to be paid by the awardee. The shares awarded shall vest in two years: 50% on the first anniversary date of the award; and the other 50% on the second anniversary date of the award. Vesting grants the participant absolute beneficial title and rights over the shares, including full dividend and voting rights.

Unless the SIC determines otherwise, when dividends are declared by Bloomberry, the number of shares subject to an award shall be increased by the number equal in value to the dividends the awardee would have received in respect of an award had the shares awarded to the awardee vested at the time of the dividend declaration. This is designated as the Dividend Re-investment Plan (DRIP). On March 31, 2019, upon the declaration of cash dividend by Bloomberry, 736,311 additional shares were granted under the SIP as a result of the DRIP. The number of shares granted was determined by multiplying the total unvested shares at the time of declaration of 58,732,450 by the cash dividends of ₱0.15 per share to arrive at the total value of the cash dividends. The total value of the cash dividend is then divided by the opening price of Bloomberry shares at the time of dividend payout of ₱11.96 per share. The resulting number of shares is added to the unvested shares and will vest based on the original vesting schedule.

Stock awards, including DRIP shares, granted by the SIC to officers and employees of the Group are shown below:

	Number of Shares Granted	Fair Value per Share at Grant Date
April 18, 2017*	26,914,402	8.38
May 16, 2018*	22,273,374	12.66
June 8, 2018*	89,147	11.40
August 1, 2018*	103,751	9.00
March 18, 2019*	24,933,792	11.62

** includes DRIP shares*

Fair value per share was based on the market price of stock at the date of grant.

Movements in the stock awards granted (number of shares) follow:

	2019	2018	2017
Balance at beginning of year	**35,578,643**	36,520,911	21,885,389
Stock awards granted	**25,361,561**	22,204,383	26,748,522
Stock awards vested	**(24,166,621)**	(22,756,055)	(11,396,590)
Stock awards of resigned/terminated employees	**(818,029)**	(390,596)	(716,410)
	35,955,554	35,578,643	36,520,911

Total compensation expense on the stock awards recognized in 2019, 2018 and 2017 as part of "Salaries and benefits" under "Operating costs and expenses" in the consolidated statements of comprehensive income amounted to ₱304.9 million, ₱220.7 million and ₱145.8 million, respectively. Reduction in share-based payment plan and treasury shares arising from the issuance of treasury shares for vested stock awards amounted to ₱248.3 million and ₱261.6 million, respectively, in 2019; ₱154.1 million and ₱128.8 million, respectively, in 2018; and ₱64.4 million and ₱89.4 million, respectively, in 2017. Such issuance of treasury shares resulted to decrease in APIC amounting to ₱13.4 million and ₱25.0 million in 2019 and 2017, respectively; and increase in APIC amounting to ₱25.3 million in 2018.

The stock incentive obligation recognized as "Share-based payment plan" in the consolidated statements of financial position amounted to ₱283.0 million and ₱226.3 million as of December 31, 2019 and 2018, respectively.

Treasury Shares

The movement in treasury shares follows:

	2019		2018		2017	
	Shares	**Amount**	Shares	Amount	Shares	Amount
Balance at beginning of year	**19,287,070**	**₱185,406,175**	22,503,225	₱125,192,149	33,899,815	₱214,589,978
Acquisition	**38,530,875**	**437,570,012**	19,539,900	189,006,694	–	–
Issuance for share-based payments	**(24,166,621)**	**(261,640,763)**	(22,756,055)	(128,792,668)	(11,396,590)	(89,397,829)
Balance at end of year	**33,651,324**	**₱361,335,424**	19,287,070	₱185,406,175	22,503,225	₱125,192,149

In 2019, 2018 and 2017, a total of 24,166,622, 22,756,055 and 11,396,590 treasury shares, respectively, were reissued for vested stock awards.

Set out below is Bloomberry's track record of issuance of its securities:

	Number of Shares		
Date of Approval	Authorized	Issued/ Subscribed	Issue/ Offer Price
May 3, 1999*	120,000,000	80,000,000	₱1.00
February 27, 2012**	15,000,000,000	9,211,840,556	1.00
May 2, 2012**	15,000,000,000	1,179,963,700	7.50
May 31, 2012***	15,000,000,000	117,996,300	7.50
November 10, 2014****	15,000,000,000	435,000,000	13.00
December 18, 2014****	15,000,000,000	8,197,669	12.60

**Date when the registration statement covering such securities was rendered effective by the SEC*
***SEC approval of the increase in the authorized capital stock; Offer Shares sold at ₱7.50 on May 2, 2012*
****Transaction date per SEC Form 23-B; Includes Offer Shares and Over-Allotment Option*
*****Transaction date per SEC Form 17-C*

As of December 31, 2019 and 2018, Bloomberry has total shareholders of 94 and 98, respectively, on record. For this purpose, public shares held under PCD Nominee are counted as two (one for PCD Nominee - Filipino and another for PCD Nominee - Foreign).

Cost of Shares Held by a Subsidiary

This account includes 242,900 and 863,900 Bloomberry shares owned by BRHI amounting to ₱2.6 million and ₱9.3 million as of December 31, 2019 and 2018, respectively. In 2018, BRHI purchased a total of 3,229,900 shares at ₱10.73 per share and issued 621,000 and 2,366,000 shares in 2019 and 2018, respectively, as a reward to Solaire's loyal patrons and as part of Solaire's marketing program.

Dividend Declaration

On March 21, 2019, the Parent Company's BOD approved the declaration of cash dividend of ₱0.15 per share or an aggregate amount of ₱1,654.0 million to stockholders on record as of April 5, 2019 and was paid on April 16, 2019. As of December 31, 2019, outstanding dividends payable amounted to ₱0.6 million.

On April 10, 2018, the Parent Company's BOD approved the declaration of cash dividend of ₱0.10 per share or an aggregate amount of ₱1,103.3 million to stockholders on record date of April 24, 2018 and was paid on April 30, 2018. As of December 31, 2018, outstanding dividends payable amounted to ₱1.5 million.

15. **Revenues**

Disaggregated Revenue Information

The table below shows the disaggregation of revenues of the Group by major sources for the years ended December 31:

	2019	2018	2017
Types of goods or services:			
Gaming	**₱38,474,239,085**	₱31,605,445,445	₱27,041,155,050
Hotel, food and beverage	**4,302,168,511**	3,760,663,461	3,727,286,239
Retail and others*	**2,963,240,044**	2,325,260,940	1,867,872,059
Total revenue from contracts with customers	**₱45,739,647,640**	₱37,691,369,846	₱32,636,313,348

**Excluding rent income amounting to ₱597.7 million, ₱528.9 million and ₱385.4 million in 2019, 2018 and 2017, respectively.*

	2019	2018	2017
Geographical segments:			
Philippines	**₱45,299,531,531**	₱37,084,376,237	₱32,027,820,318
Korea	**440,116,109**	606,993,609	608,493,030
Total revenue from contracts with customers	**₱45,739,647,640**	₱37,691,369,846	₱32,636,313,348

Performance Obligations

Information about the Group's performance obligations are summarized below:

Gaming revenue

The performance obligation to provide gaming services is satisfied at a point in time which is upon the conclusion of the play and usually occur within a single gaming day.

Hotel, food and beverage, retail and other operating revenues

Hotel, food and beverage, retail and other operating revenues are recognized when services are performed or the retail goods are sold.

Contract Balances

	2019	2018
Trade receivables:		
Gaming (see Note 5)	**₱2,968,098,245**	₱2,776,947,415
Hotel (see Note 5)	**175,721,909**	151,791,746
Contract liabilities:		
Outstanding chips liabilities (see Note 10)	**6,395,416,210**	7,524,020,175
Customers' deposits (see Note 10)	**4,712,565,777**	2,401,292,297

Gaming receivables are noninterest-bearing and are normally collected within 90 days.

Hotel receivables are noninterest-bearing and are normally collected within one month.

The Group has no contract assets as of December 31, 2019 and 2018.

The Group identified its outstanding chips liabilities and customers' deposits as contract liabilities as of December 31, 2019 and 2018. These represent the Group's obligation to provide gaming services to the patrons for which the Group has received consideration from the patrons. Outstanding chips are expected to be recognized as revenue or redeemed for cash within one year of purchase. Customers' deposits are expected to be recognized as revenue or refunded to the patrons within one year from the date the deposit was received.

The following table summarizes the liability activity related to contracts with customers:

	Outstanding chips liabilities	Customers' deposits	Total
December 31, 2019	₱6,395,416,210	₱4,712,565,777	₱11,107,981,987
December 31, 2018	7,524,020,175	2,401,292,297	9,925,312,472
	(₱1,128,603,965)	₱2,311,273,480	₱1,182,669,515

	Outstanding chips liabilities	Customers' deposits	Total
December 31, 2018	₱7,524,020,175	₱2,401,292,297	₱9,925,312,472
December 31, 2017	2,501,532,525	1,958,429,353	4,459,961,878
	₱5,022,487,650	₱442,862,944	₱5,465,350,594

16. **Income and Expenses**

a. Operating Costs and Expenses

This account consists of:

	2019	2018	2017
Taxes and licenses (see Notes 12 and 18)	**₱12,895,490,434**	₱11,052,836,019	₱9,583,935,124
Salaries and benefits (see Notes 13 and 14)	**4,564,812,712**	4,267,167,292	3,829,214,503
Depreciation and amortization (see Notes 8, 9 and 17)	**3,689,805,227**	3,629,437,211	4,353,852,334
Cost of sales (see Note 6)	**3,316,669,538**	2,679,529,314	2,217,833,501
Outside services and charges	**1,832,009,360**	1,512,541,760	1,157,315,940
Office expenses	**1,148,916,267**	1,086,908,423	1,033,615,386
Utilities	**819,599,187**	902,798,592	852,772,486
Advertising and promotions (see Notes 17 and 18)	**573,015,484**	461,862,589	482,947,632
Provision for (reversal of) allowance for doubtful accounts (see Note 5)	**259,568,360**	29,050,229	(32,873,711)
Repairs and maintenance	**244,706,207**	183,329,375	181,774,671
Software and hardware maintenance	**244,687,001**	222,566,612	224,569,916
Communication and transportation (see Note 12)	**202,859,007**	200,183,581	212,290,929
Rent (see Note 17)	**146,703,921**	332,361,060	531,393,781
Others	**548,790,372**	535,620,181	465,528,757
	₱30,487,633,077	₱27,096,192,238	₱25,094,171,249

Office expenses mainly consist of supplies amounting to ₱565.2 million, ₱545.4 million and ₱550.7 million; team member expenses amounting to ₱356.0 million, ₱332.6 million and ₱309.8 million; and insurance expense amounting to ₱99.0 million, ₱90.5 million and ₱88.4 million in 2019, 2018 and 2017, respectively.

b. Interest Expense

Sources of the Group's interest expense are as follows:

	2019	2018	2017
Long-term debt (see Note 11)	**₱5,528,177,637**	₱4,553,093,008	₱2,120,251,416
Amortization of tenants' security deposit (see Note 17)	**16,584,815**	11,277,081	8,359,154
Short-term borrowing (see Note 10)	**12,181,366**	17,556,964	22,938,015
Accretion of interest on lease liabilities (see Note 17)	**5,086,955**	–	–
	₱5,562,030,773	₱4,581,927,053	₱2,151,548,585

c. Interest Income

Sources of the Group's interest income are as follows:

	2019	2018	2017
Cash and cash equivalents (see Note 4)	**₱289,734,354**	₱136,477,340	₱37,758,430
Receivables from officers and employees (see Note 5)	**1,192,962**	1,509,153	1,832,566
Restricted cash (see Note 4)	**–**	3,089,603	26,584,268
	₱290,927,316	₱141,076,096	₱66,175,264

d. Other Income (Expenses) - Others

This account consists of:

	2019	2018	2017
Share in net loss of a joint venture (see Note 9)	**₱98,420,774**	₱–	₱–
Excess of acquisition cost over fair value of net assets acquired (see Note 1)	**51,209,208**	–	–
Loss on sale/write-off of property and equipment (see Note 8)	**–**	–	149,947,080
Mark-to-market loss	**–**	1,554,869	7,613,277
Impairment loss (see Note 9)	**–**	–	271,574,086
	₱149,629,982	₱1,554,869	₱429,134,443

17. **Lease Agreements**

As a Lessee

The Group has lease contracts related to its land, building and gaming equipment. The following are the lease terms of the leases:

Land	10 to 20 years
Building	3 years
Gaming equipment	3 years

The Group's obligations under these leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets. Extension and termination options are normally mutually agreed by lessor and lessee.

The Group also has certain leases of equipment and other assets with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognized in the consolidated statement of financial position and the movements during the year:

	Land	Building	Gaming Equipment	Total
Cost				
Balances at January 1, 2019, as previously stated	₱–	₱–	₱–	₱–
Effect of adoption of PFRS 16 (see Note 2)	17,376,393	3,164,058	8,050,895	28,591,346
Balances at January 1, 2019, as restated	17,376,393	3,164,058	8,050,895	28,591,346
Additions	19,386,793	44,755,694	–	64,142,487
Balances at December 31, 2019	36,763,186	47,919,752	8,050,895	92,733,833
Accumulated Depreciation				
Balances at January 1, 2019	–	–	–	–
Depreciation	1,528,479	14,685,658	4,840,122	21,054,259
Depreciation capitalized to construction in progress	1,292,453	–	–	1,292,453
Balances at December 31, 2019	2,820,932	14,685,658	4,840,122	22,346,712
	₱33,942,254	₱33,234,094	₱3,210,773	₱70,387,121

The rollforward analysis of lease liabilities follows:

	2019
As at January 1, 2019, as previously reported	₱–
Effect of adoption of PFRS 16 (see Note 2)	31,897,591
At January 1, 2019, as restated	31,897,591
Additions	57,497,896
Interest expense (see Note 16)	5,086,955
Payments	(24,083,055)
As at December 31, 2019	70,399,387
Less current portion	18,989,895
	₱51,409,492

The Group has no lease contracts that contain variable payments.

The following are the amounts recognized in the consolidated statement of comprehensive income:

	2019
Depreciation expense of right-of-use assets included in property and equipment (see Notes 8 and 16)	₱21,054,259
Interest expense on lease liabilities (see Note 16)	5,086,955
Expenses relating to short-term leases and low-value assets (see Note 16)	165,703,921
	₱191,845,135

Shown below is the maturity analysis of the undiscounted lease payments:

	Amount
1 year	₱24,141,526
more than 1 years to 2 years	21,275,587
more than 2 years to 3 years	6,045,291
more than 3 years to 4 years	6,089,207
more than 5 years	32,462,685

On May 7, 2010, BRHI entered into a contract of lease with PAGCOR to lease 83,084 square meters of land for the construction of the hotel, gaming and entertainment facility. The lease period was for 23 years which shall commence upon the execution of the contract and shall be co-terminus with the term of lessor as provided in the PAGCOR charter which will expire on July 11, 2033, unless sooner revoked, rescinded or cancelled. The annual lease rental is based on the schedule provided for in the agreement.

On May 20, 2011, BRHI and Sureste entered into a deed of assignment whereby BRHI assigned to Sureste all its rights and interest as a lessee under the contract of lease with PAGCOR. Such deed of assignment was approved by PAGCOR on May 26, 2011. BRHI remained solidarily liable to PAGCOR for Sureste's compliance with all the obligations and liabilities of the lessee under the contract of lease.

In December 2012, BRHI and Sureste amended the above deed of assignment. Under the amended deed of assignment, BRHI assigned 89% of its leasehold rights over the leased land to Sureste and retained the 11% of such rights. In 2013, an addendum to the contract of lease covering an additional 3,733 square meters of PAGCOR land, was executed. In December 2014, a second addendum to the contract of lease covering an additional 73,542 square meters of PAGCOR land was also executed.

In 2018, Sureste purchased from PAGCOR the 16 hectare land in Entertainment City where Solaire and its expansion area is located for a purchase price of ₱37,333.1 million. Sureste fully paid the purchase price and PAGCOR signed the Deed of Absolute Sale on June 4, 2018 for the two parcels of land with an area of 3,733 square meters and 156,626 square meters. Title to the two parcels of land were issued to Sureste on August 15, 2018.

Rent expense amounting to ₱221.5 million and ₱462.8 million was recognized as part of "Rent expense" account under operating costs and expenses in the 2018 and 2017 consolidated statements of comprehensive income, respectively (see Note 16).

As of December 31, 2019 and 2018, accrued rent on PAGCOR lease contract arising from straight-line amortization amounted to nil and ₱3.3 million, respectively (see Note 10).

Prior to adoption of PFRS 16 as of December 31, 2018, future minimum lease payments under this operating lease with PAGCOR follow:

	Amount
Within one year	₱2,647,707
Beyond one year but not later than five years	11,982,537
Beyond five years	14,564,853
	₱29,195,097

In 2012, BRHI entered into a lease contract for suites in the SM Arena for three years commencing May 21, 2012 until May 21, 2015 renewable upon the joint written agreement of the parties under terms and conditions mutually agreed by the parties. BRHI renews the contract annually. Rent expense related to this lease, which was primarily used to provide additional incentive to casino patrons, amounting to ₱19.0 million, ₱19.0 million and ₱21.6 million in 2019, 2018 and 2017, respectively, was recognized as part of "Advertising and promotions" account under operating costs and expenses in the statements of comprehensive income, respectively (see Note 16).

Future minimum lease payment under this operating lease which is due within one year amounted to ₱19.0 million as of December 31, 2019 and 2018.

The Group also entered into other various lease contracts for a period of one year renewable annually upon mutual agreement of both parties.

Rental charges related to these leases, presented as part of "Rent expense" account under operating costs and expenses in the consolidated statements of comprehensive income amounted to ₱146.7 million, ₱110.9 million and ₱68.6 million in 2019, 2018 and 2017, respectively (see Note 16).

Security deposits related to the leases discussed above amounted to ₱17.6 million and ₱16.6 million as of December 31, 2019 and 2018, respectively (see Note 7).

As a Lessor

The Group entered into operating leases with various premium brand boutiques in The Shoppes (see Note 1). These leases have terms between 1 to 6 years. Rent income amounting to ₱597.7 million, ₱528.9 million and ₱385.4 million in 2019, 2018 and 2017, respectively, was recognized as part of "Retail and others" account in the consolidated statements of comprehensive income.

Rent receivable on these operating leases arising from straight-line amortization amounting to ₱6.8 million and ₱8.0 million as of December 31, 2019 and 2018, respectively (see Note 5).

Tenants' security deposits classified as noncurrent, presented under "Other noncurrent liabilities", amounted to ₱300.8 million and ₱327.5 million as of December 31, 2019 and 2018. These are carried at amortized cost using the EIR method. Discount amortization, included as part of the "Interest expense" account in the consolidated statement of comprehensive income, amounted to ₱16.6 million, ₱11.3 million and ₱8.4 million in 2019, 2018 and 2017, respectively (see Note 16). Tenants' security deposit classified as current amounting to ₱40.0 million and ₱26.4 million as of December 31, 2019 and 2018, respectively, is presented under "Payables and other current liabilities" in the consolidated statements of financial position (see Note 10).

Unearned rent amounting to ₱29.4 million and ₱11.0 million as of December 31, 2019 and 2018, respectively, presented under "Other noncurrent liabilities", represents the excess of the principal amount of the deposit over its fair value and will be amortized on a straight-line basis over the lease term. Amortization of unearned rent amounting to ₱19.3 million, ₱11.1 million and ₱9.1 million in 2019, 2018 and 2017, respectively, was recognized as part of "Retail and others" account in the consolidated statements of comprehensive income.

Future minimum lease receivables under these operating leases as of December 31, 2019 and 2018 are as follows:

	2019	2018
Within one year	**₱540,206,438**	₱535,964,618
Beyond one year but not later than five years	**1,198,845,111**	2,370,813,692
Beyond five years	**–**	331,500
	₱1,739,051,549	₱2,907,109,810

18. **Commitments and Contingencies**

a. Under the license agreement with PAGCOR, BRHI has the following commitments, among others:

- Seven days prior to commencement of operation of the Casino, to secure a surety bond in favor of PAGCOR in the amount of ₱100.0 million to ensure prompt and punctual remittance/payment of all license fees.

- License fees must be remitted on a monthly basis, in lieu of all taxes with reference to the income component of the Gross Gaming Revenues: (a) 15% of the gross gaming revenues generated by high roller tables; (b) 25% of the gross gaming revenues generated by non-high roller tables; (c) 25% of the gross gaming revenues generated by slot machines and electronic gaming machines; and (d) 15% of the gross gaming revenues generated by junket operation. PAGCOR agreed to the temporary reduction of these license fees effective April 1, 2014 to 5% (from 15%) and 15% (from 25%) on application by BRHI and other licensees during the pendency of the resolution of the issue on the validity of BIR's imposition of income tax on PAGCOR's licensees under RMC 13-2013. The parties agree to revert to the original license fee structure under the Provisional License in the event the BIR action to collect income tax from PAGCOR licensees is permanently restrained, corrected or withdrawn by order of the BIR or the courts or under a new law. The parties reverted to the original license fee structure in July 2016 on instruction by PAGCOR. The Supreme Court nullified the questioned provision of RMC No. 33-2013 in 2016. The license fees are inclusive of the 5% franchise tax under the PAGCOR Charter. On September 5, 2016, the Supreme Court released a decision dated August 10, 2016 which ordered the BIR to cease and desist from imposing corporate income tax on income from gaming operations of BRHI as a casino duly licensed by the PAGCOR. The High Court granted the certiorari petition of BRHI against the BIR. Accordingly, effective July 1, 2016, the license fees being charged by PAGCOR reverted to its original rate. On November 28, 2016, the Supreme Court denied the BIR's motion for reconsideration with finality.

- In addition to the above license fees, BRHI is required to remit 2% of gaming revenues generated from non-junket operation tables to a foundation devoted to the restoration of Philippine cultural heritage, as selected by the BRHI and approved by PAGCOR. BRHI has established Bloomberry Cultural Foundation Inc. ("BCF") for this purpose. Amount due to

BCF, recognized as part of "Taxes and licenses" account amounted to ₱538.7 million, ₱521.4 million, ₱386.2 million in 2019, 2018, and 2017, respectively. Outstanding amount payable to BCF as of December 31, 2019 and 2018, presented as part of "Gaming taxes payable", amounted to ₱35.3 million and ₱49.3 million, respectively. Furthermore, the Group has made advances to BCF amounting to ₱0.1 million and ₱0.3 million as of December 31, 2019 and 2018, respectively, presented as part of "Others" under "Prepayments and other current assets" account in the consolidated statements of financial position (see Note 7).

- PAGCOR may collect a 5% fee of non-gaming revenue received from food and beverage, retail and entertainment outlets. All revenues of hotel operations should not be subject to the 5% except rental income received from retail concessionaires.

- Grounds for revocation of the license, among others, are as follows: (a) failure to comply with material provision of this license; (b) failure to remit license fees within 30 days from receipt of notice of default; (c) bankruptcy or insolvency; (d) delay in construction of more than 50% of the schedule; and (e) if debt-to-equity ratio is more than 70:30. As of December 31, 2019 and 2018, BRHI has complied with the required debt-to-equity ratio.

Total PAGCOR license fee recognized (including the amount due to BCF), shown as part of "Taxes and licenses" account, amounted to ₱12,698.8 million, ₱10,873.4 million and ₱9,396.1 million for the years ended December 31, 2019, 2018 and 2017, respectively (see Note 16). Outstanding amount payable to PAGCOR and BCF, presented as "Gaming taxes payable", amounted to ₱954.1 million and ₱1,074.8 million as of December 31, 2019 and 2018 (see Note 10).

b. BRHI and G&L entered into junket operator agreements with junket operators who have the primary responsibility of directing gaming patrons to the casino. Based on these agreements, these junket operators are compensated based on a certain percentage of the wins or rolling chips. Gaming promoters' expense for the years ended December 31, 2019, 2018 and 2017 amounted to ₱10,028.9 million, ₱9,873.9 million and ₱9,045.8 million, respectively. Receivable from junket operators as of December 31, 2019 and 2018 amounted to ₱2,230.2 million and ₱2,075.6 million, respectively (see Note 5).

c. On September 9, 2011, Sureste and BRHI jointly entered into a Management Services Agreement ("MSA") with Global Gaming Philippines LLC ("GGAM") for technical assistance on all aspects of planning, design, layout, and construction of an integrated casino, hotel and entertainment complex (the "Project") within Entertainment City and for services related to recruitment, selection, and hiring of employees for the Project. GGAM through the Management Team shall also provide management and other related services upon commencement of the Project's commercial operations. Fees per contract amounts to US$100,000 per month for the technical assistance and US$75,000 monthly for services related to the preopening operations. Upon commencement of the commercial operations and five years thereafter, the Group will pay GGAM annual fees equivalent to certain percentages of Sureste's and BRHI's earnings before interest, taxes, depreciation and amortization.

Sureste and BRHI terminated the MSA effective September 12, 2013 because of material breach of the MSA by GGAM after prior notice and failure of discussions to settle their dispute. Accordingly, the Group has accrued annual fees due to GGAM up to September 12, 2013 only. GGAM denies having breached the MSA and alleges that it is BRHI and Sureste who breached the MSA. The parties have submitted their dispute to arbitration before a 3-member arbitral

tribunal in Singapore under the arbitration rules of the United Nations Commission on International Trade Law ("UNCITRAL") using Philippine law as the governing law.

Under the MSA, GGAM was granted an option, over the shares of BRHI and Sureste. After the backdoor listing of Bloomberry, the option was granted to purchase up to 921.2 million shares, equivalent to 9.91% of Bloomberry's outstanding shares (prior to Bloomberry's top-up equity offering) from PMHI at a purchase price equivalent to ₱1.00 per share plus US$15 million. On December 21, 2012, GGAM exercised its option to purchase 921.2 million shares of Bloomberry from PMHI at the agreed option strike price of ₱1.67 per share and was crossed through the Philippine Stock Exchange on December 28, 2012. On February 25, 2014, the Makati Regional Trial Court ("MRTC") granted the application of BRHI, Sureste and PMHI for measures of protection in the form of writs of preliminary attachment and preliminary injunction to restrain GGAM from disposing the Bloomberry shares in order to maintain the status quo. GGAM filed a petition for review on certiorari with the Court of Appeals against the decision of the MRTC.

On December 9, 2014, the tribunal issued its Order in Respect of Claimants' Interim Measures of Protection, declaring among others, that the February 25 Order of MRTC is superseded and that parties are restored to their status quo ante as of January 15, 2014 and allowed GGAM to sell the shares.

GGAM filed a Manifestation with the MRTC concerning the order of the arbitral tribunal and seeking assistance in the enforcement thereof. BRHI, Sureste and PMHI filed a Counter-Manifestation on impropriety of GGAM Manifestation given its non-compliance with requirements of the Special Rules of Court and Alternative Dispute Resolution (Special ADR Rules) for enforcement of judgment/interim measures of protection. GGAM also filed a Manifestation and Motion with the Court of Appeals seeking the same relief as that filed with the MRTC. BRHI, Sureste and PMHI filed a Comment/Opposition arguing against the grant of the Motion with the Court of Appeals for non-compliance with the Special ADR Rules as well as for forum-shopping. In a resolution dated May 29, 2015 and affirmed on November 27, 2015, the Court of Appeals remanded back the case to the MRTC for further proceedings.

On September 20, 2016, the arbitral tribunal issued a partial award on liability. It declared that 1) GGAM has not misled BRHI/Sureste (Respondents) into signing the MSA, and the Respondents were not justified to terminate the MSA because the services rendered by the Respondent's Management Team should be considered as services rendered by GGAM under the MSA, 2) rejected GGAM's claim that GGAM was defamed by the publicized statements of the Chairman of BRHI/Sureste, 3) that there is no basis for Respondents to challenge GGAM's title to the 921,184,056 Bloomberry shares because the grounds for termination were not substantial and fundamental, thus GGAM can exercise its rights in relation to those shares, including the right to sell them, 4) reserved its decision on reliefs, remedies and costs to the Remedies Phase which is to be organized in consultation with the Parties, 5) reserved for another order its resolution on the request of GGAM: (a) for the Award to be made public, (b) to be allowed to provide a copy of the Award to Philippine courts, government agencies and persons involved in the sale of the shares, and (c) to require BRHI/Sureste and Bloomberry to inform Deutsche Bank AG that they have no objection to the immediate release of all dividends paid by Bloomberry to GGAM.

On August 31, 2017, BRHI and Sureste filed a request for reconsideration of the partial award in the light of U.S. DOJ and SEC findings of violations of the Foreign Corrupt Practices Act by certain GGAM officers, and for false statements and fraudulent concealment by GGAM in the arbitration. GGAM opposed the request on September 29, 2017. In a decision dated November 22, 2017, the tribunal denied the request for reconsideration saying it has no authority

to reconsider the partial award under Singapore law. The tribunal said that the courts might be the better forum to look into the allegations of fraud.

On December 21, 2017, BRHI and Sureste filed a petition in the High Court of Singapore to set aside the June 20, 2017 judgment of the Court and to either remit the partial award to the tribunal for correction, or otherwise set aside the partial award based the fraud allegations previously raised in the request for reconsideration. This is case is still pending in the Singapore court.

In a resolution dated November 23, 2017, the MRTC affirmed the continuing validity of its February 25, 2014 order and the writ of preliminary injunction and attachment issued pursuant thereto. GGAM filed a petition for review with the Court of Appeals to question this MRTC order. The Court of Appeals denied this petition, and GGAM has filed a petition in the Supreme Court to question the decision of the Court of Appeals.

The hearing on the petition of BRHI and SPI in the Singapore High Court was heard in September and November 2018, and further hearings were held on May 21-23, 2019.

On September 27, 2019, BRHI and Sureste received the Final Remedies Award of the arbitration tribunal in the case filed. The Final Award awarded less than half of the damages sought by GGAM. It provides that:

a) Respondents pay US$85.2 million as damages for lost management fees to Claimants;
b) Respondents pay US$391,224 as pre-termination fees and expense to Claimants;
c) Respondents pay Php10,169,871,978.24 for the (921,184,056) GGAM shares in Bloomberry Resorts Corporation (BRC) in exchange for Claimants turning over the Shares after the payment. If Respondents do not pay for the Shares, GGAM may sell the Shares in the market and Respondents are directed to take all steps necessary to facilitate this sale. Respondents will be liable for the difference in the selling price if it is less than the awarded price;
d) Respondents to take all steps necessary to release to GGAM the cash dividends on the Shares (currently subject of the injunction of the RTC Makati);
e) Respondents to pay Claimants Cost of US$14,998,052.
f) Post-award interest at the annual rate of 6%, compounded annually, or 50 basis per month for the pre-termination expenses in (b), beginning 30 days after the Award.

On November 5, 2019, BRHI and Sureste filed in the Singapore High Court an application to set aside the Final Award on the grounds of fraud and fraudulent concealment among others. This case is pending in Singapore.

BRHI and Sureste received a decision of the Singapore High Court dated January 3, 2020 in OS 1432 dismissing their petition to vacate and oppose the enforcement of the Partial Award of the Arbitration Tribunal dated 20 September 2016. The Court said that the FCPA Findings (referring to the U.S. Department of Justice non-prosecution agreement with Las Vegas Sands and the U.S. SEC order on Foreign Corrupt Practices Act involving Weidner and Chiu while they were with Las Vegas Sands) “do not constitute strong and cogent evidence of any species of fraud” raised by SPI and BRHI against GGAM. BRHI and Sureste appealed this decision to the Court of Appeals in Singapore on February 3, 2020.

BRHI and Sureste were advised by Philippine counsel that an award of the Arbitral Tribunal can only be enforced in the Philippines through an order of a Philippine court of proper jurisdiction after appropriate proceedings taking into account applicable Philippine law and public policy.

As of March 3, 2020, GGAM has not filed an application for enforcement and recognitions of the final award with the Philippine court.

No further details were provided as required under PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, because these may prejudice the Group's position in relation to this matter.

Management, in consultation with its legal counsel, believes that no provision should be recognized as of December 31, 2019 and 2018 as the Partial Award and Final Award cannot be enforced in the Philippines (where assets of BRHI and SPI are located) because: there are pending appeals in Singapore courts on the cases to set aside the Awards; no action for their enforcement has been filed before Regional Trial Court that is required under the Special Rules of Court on Alternative Dispute Resolution that governs enforcement of arbitral awards in the Philippines; and if GGAM files such action to enforce the Partial Award and Final Award, BRHI and SPI have the right to oppose the enforcement because it will violate Philippine public policy and because the arbitration proceedings were tainted by fraud, concealment and deception foisted by GGAM and its lawyers on the Arbitral Tribunal and BRHI and SPI which prevented BRHI and SPI from presenting their case.

d. Section 13(2)(a) of PD No. 1869 ("the PAGCOR Charter") grants PAGCOR an exemption for tax, income or otherwise, as well as exemption from any form of charges, fees, levies, except a 5% franchise tax on the gross revenue or earnings derived by PAGCOR on its operations.

   On April 23, 2013, the BIR issued RMC No.33-2013, declaring that PAGCOR and its contractees and licensees are subject to 30% RCIT on their gaming and non-gaming revenues.

   On June 4, 2014, BRHI filed with the Supreme Court a Petition for Certiorari and Prohibition under Rule 65 of the Rules of Court. The petition sought to annul the issuance by the BIR of an unlawful governmental regulation, specifically the provision in RMC 33-2013 dated April 17, 2013 subjecting the contractees and licensees of PAGCOR to income tax under the NIRC, as it violates the tax exemption granted to contractees of PAGCOR under Section 13(2)(b) of P.D. 1869.

   On August 10, 2016, the Supreme Court granted BRHI's petition against the BIR (G.R. No. 212530) which ordered the BIR to cease and desist from imposing corporate income tax on the gaming operations of BRHI as a licensee of PAGCOR. The same decision confirmed that PAGCOR's tax exemption extends to its contractees and licensees. Hence, BRHI's income from gaming operations is subject to 5% franchise tax only and its income from other related services, if any, is subject to corporate income tax. Accordingly, BRHI paid income tax only up to June 2016.

e. On March 15, 2016, the Court of Appeals ("CA") issued a 30-day freeze order on one of BRHI's bank accounts upon the petition filed by AMLC in relation to their ongoing investigation. The freeze order of the CA on the bank account was lifted on April 14, 2016. Subsequently, on request of the AMLC, the Supreme Court reinstated the freeze order on the account, which contained the amount of ₱109.3 million that was frozen from the accounts of those patrons subject to the investigation. BRHI has moved for the lifting of the freeze order. This motion is still pending with the Supreme Court. As of December 31, 2019 and 2018, the balance of this bank account amounting to ₱112.6 million and ₱110.9 million, respectively, is presented as "Fund held in trust" under the "Prepayments and other current assets" account in the statements of financial position (see Note 7).

In February 2019, BRHI received the summons and complaint as one of 17 Philippine companies and individuals that the Bangladesh Bank impleaded in the civil suit that it filed in the US District Court in New York against RCBC for recovery of the US$81 million allegedly stolen from Bangladesh Bank account with the Federal Reserve Bank in New York that were allegedly laundered through Philippine casinos. BRHI through counsel has filed a motion to dismiss the case for lack of subject matter jurisdiction and *for forum non-conveniens* which is still pending.

19. Income Taxes

a. Provision for income tax consists of:

	2019	2018	2017
Current	**₱34,681,096**	₱40,317,130	₱1,597,045
Deferred	**153,082,227**	(166,806,346)	231,035,458
	₱187,763,323	(₱126,489,216)	₱232,632,503

In 2019 and 2018, provision for current income tax represents Bloomberry's MCIT and Sureste's 5% Gross Income Tax ("GIT"). The provision for current income tax in 2017 pertains to Bloomberry's MCIT.

The reconciliation of provision for income tax computed at the statutory income tax rate to provision for (benefit from) income tax as shown in the consolidated statements of comprehensive income is summarized as follows:

	2019	2018	2017
Provision for tax at statutory tax rate of 30%	**₱3,032,615,099**	₱2,111,802,082	₱1,888,575,086
Tax effects of:			
Income subject to final tax, non-taxable income and non-deductible expenses	**2,503,745,246**	641,069,033	253,398,788
Net movement in unrecognized deferred income tax assets and other adjustments	**(5,348,597,022)**	(2,879,360,331)	(1,909,341,371)
	₱187,763,323	(₱126,489,216)	₱232,632,503

b. The components of the Group's recognized net deferred tax liabilities are as follows:

	2019	2018
Deferred tax assets:		
NOLCO	**₱212,457,132**	₱409,537,621
Retirement liability	**20,118,159**	9,704,235
MCIT	**5,389,740**	–
Capitalized interest on option	**1,813,047**	2,022,559
Points accrual	**1,578,288**	1,311,482
Unrealized foreign exchange loss	**216,911**	–
Accrued rent under PAS 17	–	718,240
Total *(Carried Forward)*	**241,573,277**	423,294,137

	2019	2018
Total *(Brought Forward)*	**₱241,573,277**	₱423,294,137
Deferred tax liabilities:		
Excess of fair value over carrying value of net assets acquired in business combination	**(521,740,439)**	(528,453,427)
Capitalized rent	**(82,038,771)**	(87,636,500)
Capitalized interest	**(45,147,087)**	(48,533,119)
Unrealized gain on investment in club shares	**(3,750,000)**	(3,450,000)
Unrealized forex exchange gain	–	(381,445)
	(₱411,103,020)	(₱245,160,354)

c. Temporary differences arising from NOLCO and carryforward benefits of excess MCIT for which no deferred tax assets have been recognized since management believes that it is not probable that sufficient future taxable income will be available against which these can be utilized are summarized as follows:

	2019	2018
NOLCO	**₱8,935,629,417**	₱10,800,769,819
MCIT	**5,634,125**	4,739,579
	₱8,941,263,542	₱10,805,509,398

d. As of December 31, 2019, the NOLCO of Bloomberry and Sureste that can be carried forward and claimed as deduction from regular taxable income are as follows:

Year Incurred	Expiry Year	Amount	Applied	Expired	Balance
2019	2022	₱1,146,553,046	₱–	₱–	₱1,146,543,046
2018	2021	1,685,038,040	–	–	1,685,038,040
2017	2020	2,635,726,995	–	–	2,635,726,995
2016	2019	3,091,221,294	–	3,091,221,294	–
		₱8,558,539,375	₱–	₱3,091,221,294	₱5,467,308,081

As of December 31, 2019, the NOLCO of Solaire Korea and G&L that can be carried forward and claimed as deduction from regular taxable income are as follows:

Year Incurred	Expiry Year	Amount	Applied	Expired	Balance
2019	2029	₱174,093,429	₱–	₱–	₱174,093,429
2018	2028	645,352,097	–	–	645,352,097
2017	2027	293,716,033	–	–	293,716,033
2016	2026	1,102,752,645	56,488,809	–	1,046,263,836
2015	2025	1,513,859,923	529,013,227	–	984,846,696
2013	2023	4,297,310	–	–	4,297,310
2011	2021	648,983,178	–	–	648,983,178
2010	2020	636,482,993	–	–	636,482,993
		₱5,019,537,608	₱585,502,036	₱–	₱4,434,035,572

e. As of December 31, 2019 and 2018, the Group's unused MCIT that can be carried forward and used as deduction from income tax due are as follows:

Year Incurred	Expiry Year	Amount	Applied	Expired	Balance
2019	2022	₱2,096,176	₱–	₱–	₱2,096,176
2018	2021	1,940,904	–	–	1,940,904
2017	2020	1,597,045	–	–	1,597,045
2016	2019	1,201,630	–	1,201,630	–
		₱6,835,755	₱–	₱1,201,630	₱5,634,125

f. Sureste is registered with the PEZA as an Ecozone Tourism Enterprise. The scope of registered activity is limited to the construction, development, management and operation of a hotel and entertainment complex at the Bagong Nayong Pilipino – Entertainment City Manila, to take over and undertake the project originally approved by the PEZA Board for BRHI and the importation of raw materials, machinery, equipment, tools, goods, wares, articles or merchandise directly used in its registered operations.

Under the PEZA Registration Agreement, Sureste is entitled to:

- Four-year income tax holiday ("ITH") on income solely derived from servicing foreign clients for its operations limited to accommodation and other special interest and attraction activities/ establishments. Upon expiry of the ITH period, Sureste shall pay 5% Gross Income Tax ("GIT"), in lieu of all national and local taxes; and

- Tax and duty-free importation of capital equipment required for the technical viability and operation of the registered facilities/activities.

Any income from activities of Sureste outside of the PEZA-registered activities is subject to regular corporate income tax.

On December 6, 2013, Sureste decided to waive the ITH incentive and be subjected instead to GIT (with exemption from real property tax). Sureste has obtained confirmation of the said waiver with PEZA and therefore now subject to GIT.

20. Financial Assets and Liabilities and Financial Risk Management Objectives and Policies

Fair Value

The carrying values of cash and cash equivalents, receivables, security deposits classified as current and payables and other current liabilities (except statutory payables) approximate their fair values at reporting date due to the relatively short-term nature of the transactions.

The table below set forth the carrying values and the estimated fair values of the Group's financial assets and liabilities for which fair values are determined for measurement and/or disclosure as of December 31, 2019 and 2018:

	2019		2018	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
Financial assets at amortized cost -				
Security deposits classified as noncurrent [(1)]	**₱77,109,761**	**₱76,662,438**	₱80,719,348	₱79,301,430
Equity instrument designated at fair value through OCI -				
Investment in club shares	**26,000,000**	**26,000,000**	25,000,000	25,000,000
	103,109,761	**102,662,438**	105,719,348	104,301,430
Financial Liabilities				
Other financial liabilities:				
Long-term debt	**69,118,770,432**	**81,650,732,657**	71,186,919,686	75,051,397,711
Tenants' security deposit [(2)]	**300,795,023**	**320,860,719**	327,455,374	316,865,580
	69,419,565,455	**81,971,593,376**	71,514,375,060	75,368,263,291
	(₱69,316,455,694)	**(₱81,868,930,938)**	(₱71,408,655,712)	(₱75,263,961,861)

[(1)] Presented under "Intangible asset and other noncurrent assets" account.
[(2)] Included under "Other noncurrent liabilities" account.

Security Deposits classified as Noncurrent. The fair value of security deposit is the estimated future cash flows, discounted to present value using a credit-adjusted discount rate.

Fixed Rate Long-term Debt. The estimated fair value is based on the discounted value of future cash flows using the applicable BVAL rate of 4.4% and of 7.07% as of December 31, 2019 and 2018, respectively.

Tenants' Security Deposits. The estimated fair value is based on the discounted value of future cash flows using the applicable BVAL rates ranging from 3.0% to 7.2% and 5.4% to 7.5% as of December 31, 2019 and 2018, respectively.

Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by source of inputs:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 - Unobservable inputs for the asset or liability.

The table below summarizes the classification of the Group's financial assets and liabilities as of December 31, 2019 and 2018 based on fair value measurement hierarchy.

		Level 1	Level 2	Level 3	Total
Asset measured at fair value -					
Investment in club shares	**2019**	**₱26,000,000**	**₱–**	**₱–**	**₱26,000,000**
	2018	25,000,000	–	–	25,000,000
Assets and liabilities for which fair value is disclosed:					
Security deposits classified as noncurrent	**2019**	**–**	**76,662,438**	**–**	**76,662,438**
	2018	–	79,301,430	–	79,301,430
Long-term debt	**2019**	**–**	**–**	**81,650,732,657**	**81,650,732,657**
	2018	–	–	75,051,397,711	75,051,397,711
Tenants' security deposits	**2019**	**–**	**–**	**320,860,719**	**320,860,719**
	2018	–	–	316,865,580	316,865,580

In 2019 and 2018, there were no transfers between Level 1 and Level 2 fair value measurements and transfers into and out of the Level 3 fair value measurement.

Financial Risk Management Objectives and Policies

The Group's principal financial instruments consist mainly of borrowings from local financial institutions, proceeds of which were used for financing the Group's capital expenditures and operations. The Group has other financial assets and financial liabilities such as cash and cash equivalents, receivables, restricted cash, payables and other accrued liabilities which arise directly from the Group's operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign exchange risk, liquidity risk and credit risk. The BOD reviews and approves policies for managing each of these risks and they are summarized below.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to market risk for changes in interest rates relates primarily to its long-term debt with floating interest rates.

Variable or floating rate debt is subject to cash flow interest rate risk. Repricing of variable rate debt is done on quarterly intervals.

The following table demonstrates the sensitivity of the Group's income (loss) before income tax (through the impact on floating rate borrowings) in 2019, 2018 and 2017 to a reasonably possible change in interest rates, with all other variables held constant.

There is no impact on the Group's equity other than those already affecting the net income (loss).

	2019	2018	2017
Increase by 2%	**₱111,138,876**	₱92,064,829	₱43,030,972
Decrease by 2%	**(111,138,876)**	(92,064,829)	(43,030,972)

Foreign Exchange Risk

Foreign exchange risk is the risk that the value of the Group's financial instrument will fluctuate due to changes in foreign exchange rates. The Group has recognized in the consolidated statements of comprehensive income net foreign exchange gains (loss) of (₱320.2 million), ₱357.7 million and ₱882.2 million in 2019, 2018 and 2017, respectively, on the revaluation of its foreign currency-denominated cash and cash equivalents, receivables, restricted cash, payables and accrued expenses.

In the revaluation of its foreign currency-denominated financial assets and liabilities, the Group used the following exchange rates as of December 31, 2019, 2018 and 2017:

Currency	**2019**	2018	2017
USD	**50.635**	52.600	49.930
HKD	**6.516**	6.734	6.388
EUR	**56.351**	60.311	59.613
SGD	**37.491**	38.471	37.323
AUD	**35.257**	37.070	38.905
JPY	**0.463**	0.475	0.442
GBP	**65.993**	66.733	–

The Group's foreign currency-denominated monetary assets and liabilities as of December 31, 2019, 2018 and 2017, and their Philippine peso equivalent follow:

	Original Currency							**Peso**
	USD	**HKD**	**EUR**	**SGD**	**AUD**	**JPY**	**GBP**	**Equivalent**
December 31, 2019								
Financial assets:								
Cash and cash equivalents	**56,680,639**	**855,197,514**	**575,738**	**15,222,579**	**24,055**	**1,735,207,646**	**–**	**₱9,849,893,534**
Receivables	**–**	**61,818,832**	**–**	**–**	**–**	**–**	**–**	**402,811,507**
Financial liabilities -								
Payables and other current liabilities	**(2,743,298)**	**(78,001,332)**	**(27,569)**	**(11,673)**	**–**	**–**	**–**	**(649,154,719)**
Net foreign currency - denominated financial assets	**53,937,341**	**839,015,014**	**548,169**	**15,210,906**	**24,055**	**1,735,207,646**	**–**	**₱9,603,550,322**
December 31, 2018								
Financial assets:								
Cash and cash equivalents	7,100,027	803,484,385	287,892	13,818,156	21,220	1,704,063,646	–	₱7,143,303,460
Receivables	–	54,039,162	–	–	–	–	–	363,899,715
Financial liabilities -								
Payables and other current liabilities	(1,192,317)	(83,534,185)	(2,999)	(12,631)	–	–	(76,900)	(631,033,644)
Net foreign currency - denominated financial assets	5,907,710	773,989,362	284,893	13,805,525	21,220	1,704,063,646	(76,900)	₱6,876,169,531
December 31, 2017								
Financial assets:								
Cash and cash equivalents	6,303,409	882,829,379	49,293	12,898,692	534,838	1,648,409,146	–	₱7,188,004,384
Receivables	–	34,295,170	–	–	–	–	–	219,077,546
Financial liabilities -								
Payables and other current liabilities	(1,284,759)	(78,142,868)	–	–	(1,125)	–	–	(563,368,426)
Net foreign currency - denominated financial assets	5,018,650	838,981,681	49,293	12,898,692	533,713	1,648,409,146	–	₱6,843,713,504

The following table demonstrates the sensitivity to a reasonably possible change in the foreign exchange rates, with all other variables held constant, of the Group's income or loss before income tax at December 31, 2019, 2018 and 2017. There is no other impact on the Group's equity other than those affecting other income or loss before income tax.

	USD	**HKD**	**EUR**	**SGD**	**AUD**	**JPY**	**GBP**
December 31, 2019							
Increase by 3%	**₱81,933,519**	**₱164,010,655**	**₱926,696**	**₱17,108,162**	**₱25,443**	**₱24,102,034**	**₱–**
Decrease by 3%	**(81,933,519)**	**(164,010,655)**	**(926,696)**	**(17,108,162)**	**(25,443)**	**(24,102,034)**	**–**
December 31, 2018							
Increase by 3%	₱9,322,366	₱156,361,331	₱515,465	₱15,933,371	₱23,599	₱24,282,907	(₱153,953)
Decrease by 3%	(9,322,366)	(156,361,331)	(515,465)	(15,933,371)	(23,599)	(24,282,907)	153,953
December 31, 2017							
Increase by 3%	₱7,517,436	₱160,782,449	₱88,155	₱14,442,536	₱622,923	₱21,857,905	₱–
Decrease by 3%	(7,517,436)	(160,782,449)	(88,155)	(14,442,536)	(622,923)	(21,857,905)	–

The change in currency rate is based on the Group's best estimate of expected change considering historical trends and experiences. Positive change in currency reflects a stronger peso against foreign currency. On the other hand, a negative change in currency rate reflects a weaker peso against foreign currency.

Liquidity Risk

Liquidity risk is the potential of not meeting obligations as they become due because of an inability to liquidate assets or obtain funding. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans.

As part of its liquidity strategy, the Group will set aside cash to ensure that financial obligations will be met as they fall due. The Group has cash and cash equivalents amounting to ₱41,872.9 million and ₱36,465.8 million as of December 31, 2019 and 2018, respectively, that are allocated to meet the Group's liquidity needs.

The table below summarizes the maturity profile of the Group's financial assets and liabilities as of December 31, 2019 and 2018 based on contractual undiscounted payments:

	2019					
	Within 1 Year	1–2 Years	2–3 Years	3–4 Years	More than 4 Years	Total
Financial assets:						
Cash and cash equivalents:						
Cash on hand	**₱4,582,915,730**	**₱–**	**₱–**	**₱–**	**₱–**	**₱4,582,915,730**
Cash in banks	**23,776,292,838**	**–**	**–**	**–**	**–**	**23,776,292,838**
Temporary cash investments	**9,958,926,580**	**–**	**–**	**–**	**–**	**9,958,926,580**
Debt collateral accounts	**3,553,391,699**	**–**	**–**	**–**	**–**	**3,553,391,699**
Receivables:						
Gaming	**2,968,098,245**	**–**	**–**	**–**	**–**	**2,968,098,245**
Hotel	**175,721,909**	**–**	**–**	**–**	**–**	**175,721,909**
Receivables from officers and employees	**136,090,061**	**–**	**–**	**–**	**–**	**136,090,061**
Others	**217,092,716**	**–**	**–**	**–**	**–**	**217,092,716**
Security deposits	**45,633,347**	**77,109,761**	**–**	**–**	**–**	**122,743,108**
	₱45,414,163,125	**₱77,109,761**	**₱–**	**₱–**	**₱–**	**₱45,491,272,886**
Financial liabilities:						
Other gaming liabilities:						
Junket program rebates	**₱774,071,007**	**₱–**	**₱–**	**₱–**	**₱–**	**₱774,071,007**
Liability for customer loyalty	**382,940,111**	**–**	**–**	**–**	**–**	**382,940,111**
Progressive jackpot liability	**184,144,881**	**–**	**–**	**–**	**–**	**184,144,881**
Slot payout voucher and tickets liability	**45,341,887**	**–**	**–**	**–**	**–**	**45,341,887**
Customers' deposits	**111,586,139**	**–**	**–**	**–**	**–**	**111,586,139**
Payable to contractors and suppliers	**1,180,571,865**	**–**	**–**	**–**	**–**	**1,180,571,865**
Holdback liability	**318,535,145**	**–**	**–**	**–**	**–**	**318,535,145**
Retention payable	**214,701,565**	**–**	**–**	**–**	**–**	**214,701,565**
Short-term borrowing	**47,633,000**	**–**	**–**	**–**	**–**	**47,633,000**
Accrued expenses:						
Interest	**976,122,544**	**–**	**–**	**–**	**–**	**976,122,544**
Outside services and charges	**435,904,200**	**–**	**–**	**–**	**–**	**435,904,200**
Advertising and promotions	**429,783,447**	**–**	**–**	**–**	**–**	**429,783,447**
Salaries and benefits	**101,127,522**	**–**	**–**	**–**	**–**	**101,127,522**
Utilities	**50,306,810**	**–**	**–**	**–**	**–**	**50,306,810**
Repairs and maintenance	**37,425,504**	**–**	**–**	**–**	**–**	**37,425,504**
Rent	**29,611,633**	**–**	**–**	**–**	**–**	**29,611,633**
Communication and transportation	**15,699,842**	**–**	**–**	**–**	**–**	**15,699,842**
Others	**585,100,310**	**–**	**–**	**–**	**–**	**585,100,310**
Tenants' security deposits	**39,960,188**	**300,795,023**	**–**	**–**	**–**	**340,755,211**
Long-term debt						
Principal	**2,205,000,000**	**2,205,000,000**	**2,205,000,000**	**2,205,000,000**	**61,372,500,000**	**70,192,500,000**
Interest	**5,231,438,014**	**5,023,246,747**	**4,871,615,240**	**4,699,292,979**	**13,866,014,127**	**33,691,607,107**
	₱13,397,005,614	**₱7,529,041,770**	**₱7,076,615,240**	**₱6,904,292,979**	**₱75,238,514,127**	**₱110,145,469,730**

	2018					
	Within 1 Year	1–2 Years	2–3 Years	3–4 Years	More than 4 Years	Total
Financial assets:						
Cash and cash equivalents:						
Cash on hand	₱2,181,713,440	₱–	₱–	₱–	₱–	₱2,181,713,440
Cash in banks	20,387,668,654	–	–	–	–	20,387,668,654
Temporary cash investments	10,450,472,138	–	–	–	–	10,450,472,138
Debt collateral accounts	3,445,993,725	–	–	–	–	3,445,993,725
Receivables:						
Gaming	2,776,947,415	–	–	–	–	2,776,947,415
Hotel	151,791,746	–	–	–	–	151,791,746
Receivables from officers and employees	116,750,740	–	–	–	–	116,750,740
Others	75,655,021	–	–	–	–	75,655,021
Security deposits	31,774,336	80,719,348	–	–	–	112,493,684
	₱39,618,767,215	₱80,719,348	₱–	₱–	₱–	₱39,699,486,563
Financial liabilities:						
Other gaming liabilities:						
Junket program rebates	₱745,601,800	₱–	₱–	₱–	₱–	₱745,601,800
Liability for customer loyalty	452,417,537	–	–	–	–	452,417,537
Progressive jackpot liability	125,375,223	–	–	–	–	125,375,223
Slot payout voucher and tickets liability	24,013,198	–	–	–	–	24,013,198
Customers' deposits	98,297,035	–	–	–	–	98,297,035
Payable to contractors and suppliers	1,117,261,592	–	–	–	–	1,117,261,592
Retention payable	476,206,183	–	–	–	–	476,206,183
Holdback liability	378,225,323	–	–	–	–	378,225,323
Short-term borrowing	130,467,000	–	–	–	–	130,467,000
Accrued expenses:						
Interest	1,006,857,315	–	–	–	–	1,006,857,315
Outside services and charges	418,730,943	–	–	–	–	418,730,943
Advertising and promotions	403,683,987	–	–	–	–	403,683,987
Utilities	54,704,288	–	–	–	–	54,704,288
Salaries and benefits	45,469,266	–	–	–	–	45,469,266
Repairs and maintenance	32,717,590	–	–	–	–	32,717,590
Rent	12,532,490	–	–	–	–	12,532,490
Communication and transportation	12,094,394	–	–	–	–	12,094,394
Others	284,283,599	–	–	–	–	284,283,599
Tenants' security deposits	26,423,258	327,455,374	–	–	–	358,878,632
Long-term debt						
Principal	2,205,000,000	2,205,000,000	2,205,000,000	2,205,000,000	63,577,500,000	72,397,500,000
Interest	5,421,990,201	5,284,310,414	5,074,015,027	4,920,851,031	18,752,940,477	39,454,107,150
	₱13,472,352,222	₱7,816,765,788	₱7,279,015,027	₱7,125,851,031	₱82,330,440,477	₱118,029,424,545

Credit Risk

Credit risk is the risk that the Group will incur a loss arising from customers, clients or counterparties that fail to discharge their contracted obligations. The Group manages and controls credit risk by setting limits on the amount of risk that the Group is willing to accept for individual counterparties and by monitoring exposures in relation to such limits.

The Group's maximum exposure to credit risk is equal to the carrying amount of its financial instruments. The Group has no concentration of credit risk.

The table below shows the maximum exposure to credit risk for the components of the consolidated statements of financial position as of December 31, 2019 and 2018 for which the net maximum exposure is not equal to the gross maximum exposure.

	Gross Maximum Exposure		Net Maximum Exposure*	
	2019	2018	**2019**	2018
Cash and cash equivalents:				
Cash in banks	**₱23,777,660,922**	₱20,387,668,654	**₱20,926,097,675**	₱20,340,965,812
Temporary cash investments	**9,958,926,580**	10,450,472,138	**9,957,926,580**	10,449,472,138
Debt collateral accounts	**3,553,391,699**	3,445,993,725	**1,743,433,432**	3,443,241,936
	₱37,289,979,201	₱34,284,134,517	**₱32,627,457,687**	₱34,233,679,886

** Net financial assets after taking into account insurance on bank deposits.*

Set out below is the information about the credit risk exposure on the Group's gaming receivables using a provision matrix as at December 31, 2019:

	Premium HKD	Casual Junket HKD	Premium PHP	Casual Junket PHP	Fixed Junket PHP	Total
ECL rate	**0.41%**	**4.82%**	**7.19%**	**13.56%**	**2.36%**	
Estimated total gross carrying amount at default	**₱179,007,755**	**₱467,057,797**	**₱664,352,991**	**₱468,548,604**	**₱1,071,193,411**	**₱2,850,160,558**

The table below shows gross maximum exposure to the Group's credit risk without considering the effects of collateral, credit enhancements and other credit risk mitigation techniques as of December 31, 2019 and 2018.

	2018	2017
Cash and cash equivalents:		
Cash in banks	**₱23,776,292,838**	₱20,387,668,654
Temporary cash investments	**9,958,926,580**	10,450,472,138
Debt collateral accounts	**3,553,391,699**	3,445,993,725
Receivables:		
Gaming	**2,968,098,245**	2,776,947,415
Hotel	**175,721,909**	151,791,746
Receivables from officers and employees	**136,090,061**	116,750,740
Others	**217,092,716**	75,655,021
Security deposits	**122,029,924**	112,493,684
	₱40,907,643,972	₱37,517,773,123

The tables below show the credit quality of the Group's financial assets based on their historical experience with the corresponding third parties:

	2019			
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Credit Impaired**	**Total**
High	**₱37,939,545,727**	**₱–**	**₱–**	**₱37,939,545,727**
Moderate	**–**	**2,547,787,063**	**–**	**2,547,787,063**
Low	**–**	**–**	**420,311,182**	**420,311,182**
Gross carrying amount	**37,939,545,727**	**2,547,787,063**	**420,311,182**	**40,907,643,972**
ECL	**–**	**–**	**420,311,182**	**420,311,182**
Carrying amount	**₱37,939,545,727**	**₱2,547,787,063**	**₱–**	**₱40,487,332,790**

	2018			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Credit Impaired	Total
High	₱34,740,825,708	₱–	₱–	₱34,740,825,708
Moderate	–	2,461,760,989	–	2,461,760,989
Low	–	–	315,186,426	315,186,426
Gross carrying amount	34,740,825,708	2,461,760,989	315,186,426	37,517,773,123
ECL	–	–	315,186,426	315,186,426
Carrying amount	₱34,740,825,708	₱2,461,760,989	₱–	₱37,202,586,697

As of December 31, 2019 and 2018, all financial assets are viewed by management as 'high grade', except for impaired financial assets, considering the collectability of the receivables and the credit history of the counterparties.

Capital Management

The primary objective of the Group's capital management is to ensure that the Group has sufficient funds in order to support its business, pay existing obligations and maximize shareholder value. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To manage or adjust the capital structure, the Group may obtain advances from stockholders, return capital to shareholders or issue new shares.

The Group considers equity attributable to equity holders of the Parent Company as its capital, which amounted to ₱44,069.0 million and ₱36,552.1 million as of December 31, 2019 and 2018, respectively.

The Group monitors capital on the basis of debt-to-equity ratio in order to comply with PAGCOR requirement and loan debt covenant (see Notes 11 and 18).

The Group's strategy is to maintain a sustainable debt-to-equity ratio.

21. Basic/Diluted Earnings Per Share on Net Income Attributable to Equity Holders of the Group

The following table presents information necessary to calculate earnings per share:

		2019	2018	2017
(a)	Net income attributable to equity holders of the Parent Company	**₱9,955,058,446**	₱7,188,233,443	₱6,070,718,652
(b)	Weighted average number of issued shares	**11,032,998,225**	11,032,998,225	11,032,998,225
	Treasury shares at beginning of year	**(19,287,070)**	(22,503,225)	(33,899,815)
	Weighted average number of:			
	Treasury shares acquired in 2019	**(11,006,223)**	–	–
	Treasury shares issued for vested stock awards in 2019	**16,132,000**	–	–
	Treasury shares acquired in 2018	**–**	(7,085,484)	–
	Treasury shares issued for vested stock awards in 2018	**–**	17,559,043	–
	Treasury shares issued for vested stock awards in 2017	**–**	–	10,699,867
(c)	Weighted average number of treasury shares	**(14,161,293)**	(12,029,666)	(23,199,948)
(d)	Weighted average number of issued shares, net of treasury shares [(b)+(c)]	**11,018,836,932**	11,020,968,559	11,009,798,277
	Unvested stock awards at beginning of year	**10,593,992**	13,374,260	22,949,388
	Weighted average number of:			
	Stock awards granted in 2019	**20,011,314**	–	–
	Stock awards granted in 2018	**–**	13,903,805	–
	Stock awards granted in 2017	**–**	–	17,832,368
(e)	Weighted average number of stock awards granted	**30,605,306**	27,278,065	40,781,756
Basic earnings per share (a)/(d)		**₱0.903**	₱0.652	₱0.551
Diluted earnings per share (a)/[(d)+(e)]		**₱0.901**	₱0.651	₱0.549

22. Note to Consolidated Statements of Cash Flows

The Group had no material non-cash investing nor non-cash financing activity-related transactions for the years ended December 31, 2019, 2018 and 2017, except for the following:

a. The Group recognized share-based payment accruals amounting to ₱304.9 million, ₱220.7 million and ₱145.8 million in 2019, 2018 and 2017, respectively (see Note 14).

b. Treasury shares were reissued for vested stock awards amounting to ₱261.6 million, ₱128.8 million and ₱89.4 million in 2019, 2018 and 2017, respectively (see Note 14).

c. In 2019, 621,000 Bloomberry shares held by a subsidiary with a carrying value of ₱6.7 million were reissued to non-controlling interest holders (see Note 14).

d. In 2019, the Group recognized right-of-use assets at initial recognition of the lease at commencement amounting to ₱64.1 million (see Note 8).

The changes in the Group's liabilities arising from financing activities are as follows:

	January 1, 2019	**Cash Flows**	**Reclassification from Current to Non-current**	**Additions**	**Interest Expense***	**Translation Adjustment**	**December 31, 2019**
Current portion of long-term debt	**₱2,068,149,254**	**(₱2,205,000,000)**	**₱2,205,000,000**	**₱–**	**(₱4,153,580)**	**₱**	**₱2,063,995,674**
Long-term debt - net of current portion	**69,118,770,432**		**(2,205,000,000)**	**–**	**141,004,326**		**67,054,774,758**
Lease liabilities	**31,897,591**	**(24,083,055)**	**–**	**57,497,896**	**5,086,955**		**70,399,387**
Interest payable	**1,006,778,677**	**(5,434,164,390)**	**–**	**–**	**5,403,508,257**	**–**	**976,122,544**
Short-term borrowing	**130,467,000**	**(74,720,879)**	**–**	**–**	**–**	**(8,113,121)**	**47,633,000**
Total liabilities from financing activities	**₱72,356,062,954**	**(₱7,737,968,324)**	**₱–**	**₱57,497,896**	**₱5,545,445,958**	**(₱8,113,121)**	**₱70,212,925,363**

	January 1, 2018	Cash Flows	Reclassification from Current to Non-current	Additions	Interest Expense	Translation Adjustment	December 31, 2018
Current portion of long-term debt	₱2,727,330,526	(₱3,034,909,783)	₱2,205,000,000	₱–	₱170,728,511	₱–	₱2,068,149,254
Long-term debt - net of current portion	29,373,489,070	41,830,095,839	(2,205,000,000)	–	165,185,523	–	69,118,770,432
Interest payable	364,817,203	(3,604,051,545)	–	–	4,246,013,019	–	1,006,778,677
Short-term borrowing	207,815,000	(80,451,753)	–	–	–	3,103,753	130,467,000
Total liabilities from financing activities	₱32,673,451,799	₱35,110,682,758	₱–	₱–	₱4,581,927,053	₱3,103,753	₱72,324,165,363

	January 1, 2017	Cash Flows	Reclassification from Current to Non-current	Additions	Interest Expense	Translation Adjustment	December 31, 2017
Current portion of long-term debt	₱1,713,578,275	(₱1,807,002,500)	₱2,815,152,500	₱–	₱5,602,251	₱–	₱2,727,330,526
Long-term debt - net of current portion	32,112,401,811	–	(2,815,152,500)	–	76,239,759	–	29,373,489,070
Interest payable	343,708,469	(2,048,597,842)	–	–	2,069,706,575	–	364,817,203
Short-term borrowing	251,943,000	(74,892,394)	–	–	–	30,764,394	207,815,000
Total liabilities from financing activities	₱34,421,631,555	(₱3,930,492,736)	₱–	₱–	₱2,151,548,585	₱30,764,394	₱32,673,451,799

23. Segment Information

For management purposes, the Group is organized into two geographical segments (i.e., Philippines and Korea). Both segments derive its revenues from operating a casino-hotel business.

Management monitors the operating results of its geographical segment separately for making decisions about resource allocation and performance assessment. The Group evaluates segment performance based on contributions to EBITDA, which is not a measure of operating performance or liquidity defined by PFRS and may not be comparable to similarly titled measures presented by other entities. The Group's EBITA is computed as the Group's consolidated net income/loss before interest expense, provision for/benefit from income tax, net foreign exchange gains/losses, share in net loss of a joint venture, mark-to-market gain/loss, depreciation and amortization and non-recurring expenses.

The results of the Group's reportable geographical segments for the years ended December 31, 2019, 2018 and 2017 are as follows:

	Philippines			Korea			Eliminations			Consolidated		
	2019	2018	2017	**2019**	2018	2017	**2019**	2018	2017	**2019**	2018	2017
Consolidated EBITDA	**₱20,294,354,532**	₱15,229,735,360	₱12,681,384,898	**(₱463,927,225)**	(₱240,015,782)	(₱258,759,794)	**₱–**	(₱95,172,426)	(₱75,074,929)	**₱19,830,427,307**	₱14,894,547,152	₱12,347,550,175
Depreciation and amortization (see Note 16)	**(3,490,475,939)**	(3,437,910,407)	(4,174,509,563)	**(199,329,288)**	(191,526,804)	(179,342,771)	**–**	–	–	**(3,689,805,227)**	(3,629,437,211)	(4,353,852,334)
Interest expense (see Note 16)	**(5,564,899,605)**	(4,564,370,089)	(2,128,610,570)	**(115,986,413)**	(112,711,094)	(97,649,314)	**118,855,245**	95,154,130	74,711,299	**(5,562,030,773)**	(4,581,927,053)	(2,151,548,585)
Foreign exchange gains (losses) - net (see Note 20)	**(330,400,835)**	738,513,857	34,649,063	**10,156,506**	(380,801,602)	847,586,409	**–**	–	–	**(320,244,329)**	357,712,255	882,235,472
Other income (expenses) (see Note 16)	**(149,629,982)**	(1,554,869)	(157,560,357)	**–**	–	(271,574,086)	**–**	–	–	**(149,629,982)**	(1,554,869)	(429,134,443)
Benefit from (provision for) income tax (see Note 19)	**(23,572,344)**	89,227,666	14,491,274	**(164,190,979)**	37,261,550	(247,123,777)	**–**	–	–	**(187,763,323)**	126,489,216	(232,632,503)
Consolidated net income (loss)	**₱10,735,375,827**	₱8,053,641,518	₱6,269,844,745	**(₱933,277,399)**	(₱887,793,732)	(₱206,863,333)	**₱118,855,245**	(₱18,296)	(₱363,630)	**₱9,920,953,673**	₱7,165,829,490	₱6,062,617,782

	Philippines			Korea			Eliminations			Consolidated		
	2019	2018	2017	**2019**	2018	2017	**2019**	2018	2017	**2019**	2018	2017
Revenue	**₱45,793,595,880**	₱37,613,303,605	₱32,413,200,796	**₱440,116,109**	₱606,922,478	₱608,493,030	**₱103,615,852**	₱–	₱–	**₱46,337,327,841**	₱38,220,226,083	₱33,021,693,826
Operating costs and expenses	**(29,384,128,292)**	(26,057,656,043)	(24,045,159,774)	**(1,103,504,785)**	(1,038,536,195)	(1,049,011,475)	**–**	–	–	**(30,487,633,077)**	(27,096,192,238)	(25,094,171,249)
Other income (expenses):												
Interest expense	**(5,564,899,605)**	(4,564,370,089)	(2,128,610,570)	**(115,986,413)**	(112,711,094)	(97,649,314)	**118,855,245**	95,154,130	74,711,299	**(5,562,030,773)**	(4,581,927,053)	(2,151,548,585)
Foreign exchange gains (losses) - net	**(330,400,835)**	738,513,857	34,649,063	**10,156,506**	(380,801,602)	847,586,409	**–**	–	–	**(320,244,329)**	357,712,255	882,235,472
Interest income	**394,411,005**	236,177,391	138,834,313	**132,163**	71,131	2,415,880	**(103,615,852)**	(95,172,426)	(75,074,929)	**290,927,316**	141,076,096	66,175,264
Others	**(149,629,982)**	(1,554,869)	(157,560,357)	**–**	–	(271,574,086)	**–**	–	–	**(149,629,982)**	(1,554,869)	(429,134,443)
Benefit from (provision for) income tax	**(23,572,344)**	89,227,666	14,491,274	**(164,190,979)**	37,261,550	(247,123,777)	**–**	–	–	**(187,763,323)**	126,489,216	(232,632,503)
Consolidated net income (loss)	**₱10,735,375,827**	₱8,053,641,518	₱6,269,844,745	**(₱933,277,399)**	(₱887,793,732)	(₱206,863,333)	**₱118,855,245**	(₱18,296)	(₱363,630)	**₱9,920,953,673**	₱7,165,829,490	₱6,062,617,782

The assets and liabilities of the Group's reportable geographical segments as of December 31, 2019 and 2018 are as follows:

	Philippines		Korea		Total		Eliminations		Consolidated	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
Assets:										
Segment assets	**₱302,908,705,156**	₱292,205,666,782	**₱7,510,876,411**	₱7,568,496,225	**₱300,374,525,602**	₱299,774,163,007	**(₱177,725,547,210)**	(₱174,125,184,615)	**₱132,694,034,357**	₱125,648,978,392
Deferred tax assets - net	**–**	–	**125,865,836**	309,557,804	**125,865,836**	309,557,804	**(125,865,836)**	(309,557,804)	**–**	–
Total assets	**₱302,908,705,156**	₱292,205,666,782	**₱7,636,742,247**	₱7,878,054,029	**₱300,500,391,438**	₱300,083,720,811	**(₱177,851,413,046)**	(₱174,434,742,419)	**₱132,694,034,357**	₱125,648,978,392
Liabilities:										
Segment liabilities	**₱95,594,206,658**	₱94,214,120,662	**₱9,923,266,222**	₱9,036,702,475	**₱105,517,472,880**	₱103,250,823,137	**(₱17,265,266,397)**	(₱14,408,108,926)	**₱88,252,206,483**	₱88,842,714,211
Deferred tax liabilities - net	**56,672,664**	71,035,934	**–**	–	**56,672,664**	71,035,934	**354,430,356**	174,124,420	**411,103,020**	245,160,354
Total liabilities	**₱95,650,879,322**	₱94,285,156,596	**₱9,923,266,222**	₱9,036,702,475	**₱105,574,145,544**	₱103,321,859,071	**(₱16,910,836,041)**	(₱14,233,984,506)	**₱88,663,309,503**	₱89,087,874,565

SGV
Building a better working world

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1226 Makati City
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ey.com/ph

BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Bloomberry Resorts Corporation
The Executive Offices, Solaire Resort & Casino
1 Asean Avenue, Entertainment City, Tambo
Parañaque City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Bloomberry Resorts Corporation and its subsidiaries as at December 31, 2019 and 2018 and for each of the three years in the period ended December 31, 2019, included in this Form 17-A, and have issued our report thereon dated March 3, 2020. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with Revised Securities Regulation Code Rule 68, and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Christine G. Vallejo
Partner
CPA Certificate No. 99857
SEC Accreditation No. 1402-AR-2 (Group A),
November 11, 2019, valid until November 10, 2022
Tax Identification No. 206-384-906
BIR Accreditation No. 08-001998-105-2019,
November 7, 2019, valid until November 6, 2022
PTR No. 8125313, January 7, 2020, Makati City

March 3, 2020

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BLOOMBERRY RESORTS CORPORATION
Schedule A. Financial Assets
December 31, 2019

Name of Issuing Entity and Description of Each Issue	Name of Issuing Entity and Association of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Balance Sheet	Value Based on Market Quotations at Balance Sheet Date	Unrealized mark-to-market gain
		Not Applicable			

BLOOMBERRY RESORTS CORPORATION

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
For the Year Ended December 31, 2019

Name and Designation of Debtor	Beginning Balance	Additions	Deductions			Current	Non-current	Ending Balance
			Amount Collected	Amount Written-Off	Others			
Bloomberry Resorts Corporation	₱51,480,294	₱1,280,462	(₱17,133,390)	₱-	₱3,098,943	₱38,726,309	₱-	₱38,726,309
Sureste Properties, Inc.	22,971,882	57,344,141	(45,678,159)	-	-	34,637,864	-	34,637,864
Bloomberry Resorts and Hotels Inc.	42,298,564	90,922,334	(70,495,010)	-	-	62,725,888	-	62,725,888
	₱116,750,740	₱149,546,937	(₱116,039,779)	₱-	₱3,098,943	₱98,090,061	-	₱136,090,061

BLOOMBERRY RESORTS CORPORATION

Schedule C. Amounts of Receivable from Related Parties, which are Eliminated During the Consolidation of Financial Statements
For the Year Ended December 31, 2019

Name and Designation of Debtor	Beginning Balance	Additions	Deductions			Current	Non-current	Ending Balance
			Amount Collected	Amount Written-Off	Others			
Solaire Korea Co., Ltd.	₱6,521,727,191	₱84,764,421	₱-	₱-	(₱243,407,228)	₱5,121,193,160	₱1,241,891,224	₱6,363,084,384
G&L Co., Ltd.	1,495,056,828	1,328,235,015	-	-	(91,097,227)	2,732,194,616	-	2,732,194,616
Bloomberry Capital B.V	10,814,908		-	-	(417,055)	10,397,853	-	10,397,853
	₱8,027,598,927	₱1,412,999,436	₱-	₱-	(₱334,921,510)	₱7,863,785,629	₱1,241,891,224	₱9.105,676,853

BLOOMBERRY RESORTS CORPORATION
Schedule D. Long-term Debt
December 31, 2019

Name of Issuer and Type of Obligation	Amount Authorized by Indenture	Amount Shown as Current	Amount Shown as Long-term	Remarks
BRHI - Philippine peso-denominated term loans	₱70,192,500,000	₱2,205,000,000	₱67,987,500,000	See Note 11 to the Audited
Less: Unamortized Debt Issue Cost	(1,073,729,568)	(141,004,326)	(932,725,242)	Consolidated Financial Statements
	₱69,118,770,432	₱2,063,995,674	₱67,054,774,758	

BLOOMBERRY RESORTS CORPORATION

Schedule E. Indebtedness to Related Parties (Long-term Loans from Related Companies)
December 31, 2019

Name of Related Party	Beginning Balance	Ending Balance
NONE		

BLOOMBERRY RESORTS CORPORATION
Schedule F. Guarantees of Securities of Other Issuers
December 31, 2019

Name of Issuing Entity of Securities Guaranteed by the Company for which Statement is Filed	Title of Issue of Each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owned by the Company for which Statement is Filed	Nature of Guarantee
		NONE		

BLOOMBERRY RESORTS CORPORATION
Schedule G. Capital Stock
December 31, 2019

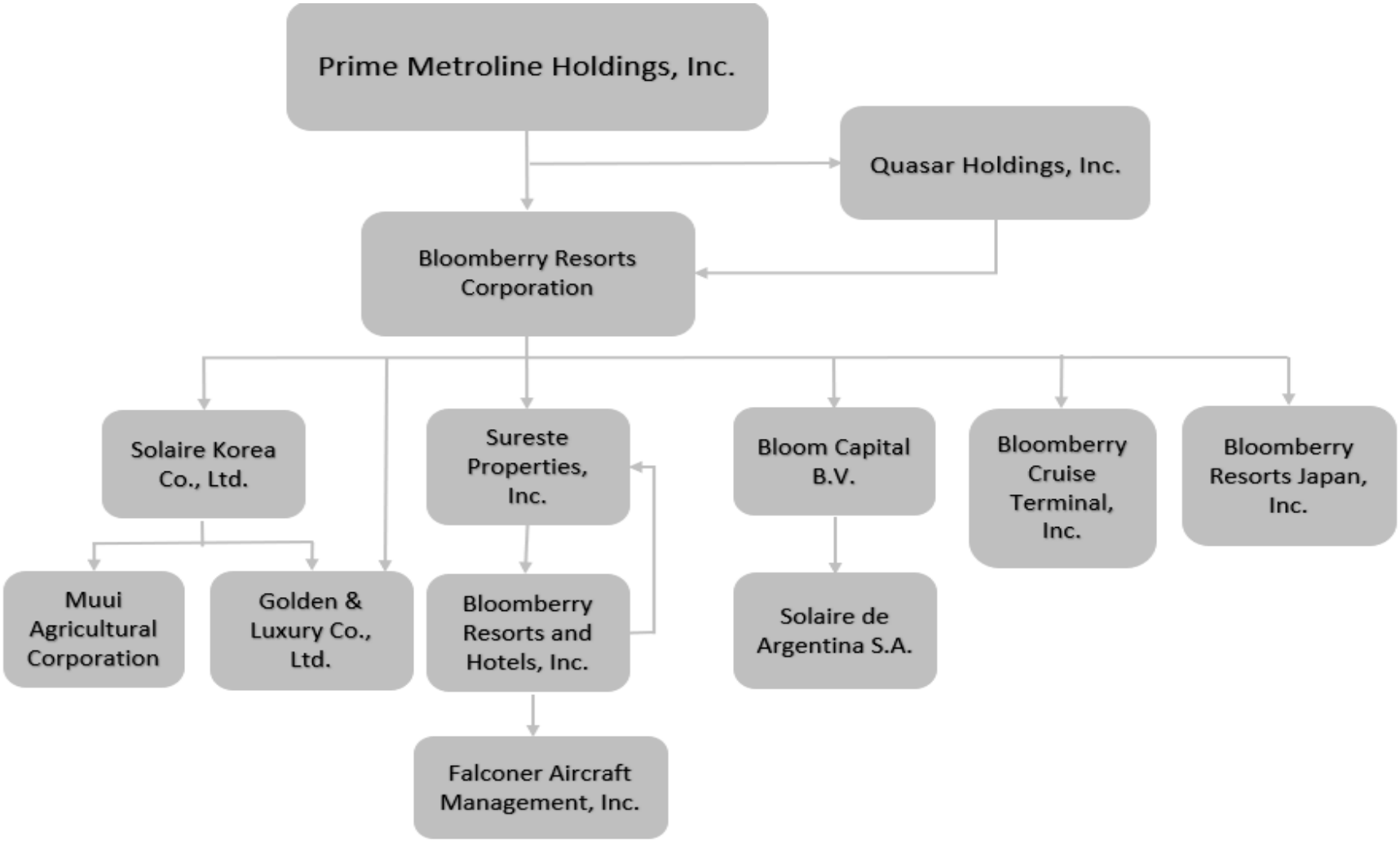
Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding	Number of Share Reserved for Options, Warrants, Conversions and Other Rights	Number of Shares Held By		
				Parent and Affiliates	Directors, Officers and Employees	Others
Shares	15,000,000,000	10,999,346,901*	-	7,082,156,500	47,549,193	3,869,641,208

**Net of treasury shares.*

BLOOMBERRY RESORTS CORPORATION
Schedule H. Reconciliation of Retained Earnings Available for Dividend Declaration
December 31, 2019

		Amount
Unappropriated retained earnings, beginning		₱3,172,919,103
Adjustments: (see adjustments in previous years' reconciliation)		(1,122,785,891)
Unappropriated retained earnings, as adjusted to available for dividend distribution, beginning		₱2,050,133,212
Add: Net income actually earned/realized during the period		
Net income during the year closed to retained earnings	4,865,364,166	
Net income actually earned/realized during the period		4,865,364,166
Add: Treasury Shares (acquisition and issuance during the year)		(175,929,249)
Less: Dividend declaration		(1,653,973,000)
Unappropriated retained earnings available for dividend, as adjusted, ending		₱5,085,595,129

BLOOMBERRY RESORTS CORPORATION
Schedule I. Map of Relationships
December 31, 2019



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SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
Bloomberry Resorts Corporation
The Executive Offices, Solaire Resort & Casino
1 Asean Avenue, Entertainment City, Tambo
Parañaque City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Bloomberry Resorts Corporation and its subsidiaries as at December 31, 2019 and 2018 and for each of the three years in the period ended December 31, 2019, included in this Form 17-A, and have issued our report thereon dated March 3, 2020. Our audits were made for the purpose of forming an opinion on the basic 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 Company'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 purpose 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 financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Company's financial statements as at December 31, 2019 and 2018 and for each of the three years in the period ended December 31, 2019 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Christine G. Vallejo
Partner
CPA Certificate No. 99857
SEC Accreditation No. 1402-AR-2 (Group A),
November 11, 2019, valid until November 10, 2022
Tax Identification No. 206-384-906
BIR Accreditation No. 08-001998-105-2019,
November 7, 2019, valid until November 6, 2022
PTR No. 8125313, January 7, 2020, Makati City

March 3, 2020

BLOOMBERRY RESORTS CORPORATION
Schedule J. Financial Soundness Indicators
December 31, 2019

Ratio	Formula	Current Year	Prior Year
Current ratio	Current Assets/Current Liabilities	2.30	2.12
Quick ratio	Liquid Assets*/Current Liabilities	2.23	2.07
Solvency ratios	Total Assets/Total Liabilities	1.50	1.41
Debt ratio	Total Debt/Total Assets	0.67	0.71
Debt-to-equity ratio	Total Liabilities/Total Equity	2.01	2.44
Interest Coverage	Earnings Before Interest and Taxes (EBIT) / Interest Charges	2.82	2.54
Asset-to-equity ratio	Total Assets/Total Equity	3.01	3.44
Net Profit Margin	Net Profit / Sales	21.4%	18.7%
Return on assets	Net Income/Total Assets	7.5%	5.7%
Return on Equity	Net Income / Total Stockholders' Equity	22.5%	19.6%
Price/Earnings Ratio	Price Per Share / Earnings Per Common Share	12.5	14.4

** Cash and cash equivalents plus receivables*

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

	A	1	9	9	0	4	8	6	4

COMPANY NAME

BLOOMBERRY RESORTS CORPORATION AND SUBSIDIARIES

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

The Executive Offices, Solaire Resort & Casino, 1 Asean Avenue, Entertainment City, Tambo, Parañaque City

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-Q	CRMD	NA

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
investorrelations@bloomberry.ph	8888-8888	-

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
95	Every Third Thursday of April	December 31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Gerard Angelo Emilio J. Festin	gerardfestin@solaireresort.com	8883-8921	-

CONTACT PERSON's ADDRESS

The Executive Offices, Solaire Manila Resort & Casino, 1 Asean Avenue, Entertainment City, Tambo Parañaque City

NOTE1 : *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.*

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 quarter ended **31 March 2020**

2. SEC Identification Number **A1999-04864** 3. BIR Tax Identification No. **204-636-102-000**

4. Exact name of issuer as specified in its charter **BLOOMBERRY RESORTS CORPORATION**

5. **Philippines** 6. (SEC Use Only)
Province, Country or other jurisdiction of incorporation or organization
Industry Classification Code:

7. **The Executive Offices, Solaire Resort & Casino, 1 Asean Avenue, Entertainment City, Tambo Parañaque City** **1701**
Address of principal office Postal Code

8. **(02) 8883-8921**
Issuer's telephone number, including area code

9. **N/A**
Former name, former address, and former fiscal year, if changed since last report.

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

Title of Each Class	Number of Shares Outstanding
Unclassified Shares, P1.00 par value	**10,977,969,352 Shares**

11. Are any or all of these securities listed on a Stock Exchange.

Yes [x] No [ ]

If yes, state the name of such stock exchange and the classes of securities listed therein:

Philippine Stock Exchange Unclassified Shares =

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 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 twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes [x] No [ ]

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

Yes [x] No [ ]

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

The unaudited condensed consolidated financial statements as of March 31, 2020 and for the three months ended March 31, 2020 and 2019 and the audited consolidated statement of financial position as of December 31, 2019 and the related notes to unaudited condensed consolidated financial statements of Bloomberry Resorts Corporation and Subsidiaries (collectively referred to as “the Group”) are filed as part of this Form 17-Q on pages 5 to 57.

There are no other material events subsequent to the end of this interim period that had not been reflected in the unaudited condensed consolidated financial statements filed as part of this report.

Bloomberry Resorts Corporation and Subsidiaries

Condensed Consolidated Financial Statements
March 31, 2020 (Unaudited) and December 31, 2019 (Audited)
and for the Three Months Ended March 31, 2020 and 2019 (Unaudited)

BLOOMBERRY RESORTS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2020 AND DECEMBER 31, 2019

	March 31, 2020 ***(Unaudited)***	December 31, 2019 *(Audited)*
ASSETS		
Current Assets		
Cash and cash equivalents	**₱37,774,018,047**	₱41,871,526,847
Receivables	**2,391,304,463**	3,076,691,749
Inventories	**349,598,010**	305,091,597
Prepayments and other current assets	**1,122,095,292**	1,146,793,642
Total Current Assets	**41,637,015,812**	46,400,103,835
Noncurrent Assets		
Property and equipment	**82,511,979,346**	82,828,842,675
Intangible assets	**1,734,442,023**	1,817,628,692
Other noncurrent assets	**2,449,167,033**	1,647,459,155
Total Noncurrent Assets	**86,695,588,402**	86,293,930,522
	₱128,332,604,214	₱132,694,034,357
LIABILITIES AND EQUITY		
Current Liabilities		
Payables and other current liabilities	**₱16,117,616,556**	₱18,087,036,301
Current portion of long-term debt	**2,063,348,159**	2,063,995,674
Current portion of lease liabilities	**19,527,356**	18,989,895
Income tax payable	**5,932,252**	5,879,294
Total Current Liabilities	**18,206,424,323**	20,175,901,164
Noncurrent Liabilities		
Long-term debt - net of current portion	**66,538,874,486**	67,054,774,758
Lease liability - net of current portion	**45,071,766**	51,409,492
Deferred tax liabilities - net	**415,998,962**	411,103,020
Retirement liability	**654,349,932**	639,587,287
Other noncurrent liabilities	**331,793,757**	330,533,782
Total Noncurrent Liabilities	**67,986,088,903**	68,487,408,339
Total Liabilities	**86,192,513,226**	88,663,309,503
Equity Attributable to Equity Holders of the Parent Company		
Capital stock	**11,032,998,225**	11,032,998,225
Additional paid-in capital	**13,162,936,018**	13,153,521,809
Equity reserve	**(27,138,558)**	(27,138,558)
Cost of shares held by a subsidiary	**(653,457)**	(2,601,459)
Treasury shares	**(515,355,502)**	(361,335,424)
Share-based payment plan	**206,158,571**	283,010,224
Other comprehensive loss	**(771,701,736)**	(491,876,490)
Retained earnings	**19,100,767,712**	20,482,470,468
Total Equity Attributable to Equity Holders of the Parent Company	**42,188,011,273**	44,069,048,795
Equity Attributable to Non-controlling Interests	**(47,920,285)**	(38,323,941)
Total Equity	**42,140,090,988**	44,030,724,854
	₱128,332,604,214	₱132,694,034,357

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

BLOOMBERRY RESORTS CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019

	2020	2019
REVENUES		
Gaming	**₱7,693,770,639**	₱8,848,509,786
Hotel, food and beverage	**854,296,952**	972,178,783
Retail and others	**810,870,885**	870,622,069
	9,358,938,476	10,691,310,638
OPERATING COSTS AND EXPENSES	**6,775,514,044**	7,188,551,290
INCOME BEFORE OTHER INCOME (EXPENSES) AND INCOME TAX	**2,583,424,432**	3,502,759,348
OTHER INCOME (EXPENSES)		
Interest expense	**(1,365,409,380)**	(1,385,017,730)
Foreign exchange gains - net	**34,543,833**	8,276,292
Interest income	**53,900,388**	76,367,347
Others	**64,296,808**	(703)
	(1,212,668,351)	(1,300,374,794)
INCOME BEFORE INCOME TAX	**1,370,756,081**	2,202,384,554
PROVISION FOR (BENEFIT FROM) INCOME TAX	**3,805,626**	(517,440)
NET INCOME	**1,366,950,455**	2,202,901,994
OTHER COMPREHENSIVE INCOME (LOSS)		
Items that will be reclassified to profit or loss in subsequent period:		
Exchange difference on translation of foreign operations	**(281,225,246)**	(79,126,260)
Items that will not be reclassified to profit or loss in subsequent period:		
Unrealized gain (loss) on equity instrument designated at fair value through other comprehensive income	**2,000,000**	(1,000,000)
Income tax effect	**(600,000)**	300,000
	1,400,000	(700,000)
TOTAL OTHER COMPREHENSIVE LOSS	**(279,825,246)**	(79,826,260)
TOTAL COMPREHENSIVE INCOME	**₱1,087,125,209**	₱2,123,075,734
Net Income (Loss) Attributable To		
Equity holders of the Parent Company	**₱1,376,546,799**	₱2,211,193,653
Non-controlling interests	**(9,596,344)**	(8,291,659)
	₱1,366,950,455	₱2,202,901,994
Total Comprehensive Income (Loss) Attributable To		
Equity holders of the Parent Company	**₱1,096,721,553**	₱2,131,367,393
Non-controlling interests	**(9,596,344)**	(8,291,659)
	₱1,087,125,209	₱2,123,075,734
Earnings Per Share on Net Income Attributable to Equity Holders of the Parent Company		
Basic	**₱0.125**	₱0.201
Diluted	**₱0.125**	₱0.200

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

BLOOMBERRY RESORTS CORPORATION AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019

	Equity Attributable to Equity Holders of the Parent Company									Equity Attributable to Non-controlling Interests	Total Equity
	Capital Stock	Additional Paid-in Capital	Equity Reserve	Cost of shares held by a subsidiary	Treasury Shares	Share-based Payment Plan	Other Comprehensive Income (Loss)	Retained Earnings	Total		
Balances at January 1, 2020 (Audited)	**₱11,032,998,225**	**₱13,153,521,809**	**(₱27,138,558)**	**(₱2,601,459)**	**(₱361,335,424)**	**₱283,010,224**	**(₱491,876,490)**	**₱20,482,470,468**	**₱44,069,048,795**	**(₱38,323,941)**	**₱44,030,724,854**
Net income	–	–	–	–	–	–	–	1,376,546,799	1,376,546,799	(9,596,344)	1,366,950,455
Exchange difference on translation of foreign operations	–	–	–	–	–	–	(281,225,246)	–	(281,225,246)	–	(281,225,246)
Unrealized loss on equity instrument designated at fair value through other comprehensive income	–	–	–	–	–	–	1,400,000	–	1,400,000	–	1,400,000
Total comprehensive income (loss)	–	–	–	–	–	–	(279,825,246)	1,376,546,799	1,096,721,553	(9,596,344)	1,087,125,209
Dividend declaration	–	–	–	–	–	–	–	(2,758,249,555)	(2,758,249,555)	–	(2,758,249,555)
Share-based payments	–	–	–	–	–	66,567,627	–	–	66,567,627	–	66,567,627
Purchase of treasury shares	–	–	–	–	(288,025,149)	–	–	–	(288,025,149)	–	(288,025,149)
Issuance of treasury shares for share-based payments	–	9,414,209	–	–	134,005,071	(143,419,280)	–	–	–	–	–
Issuance of Bloomberry shares held by a subsidiary	–	–	–	1,948,002	–	–	–	–	1,948,002	–	1,948,002
Balances at March 31, 2020 (Unaudited)	**₱11,032,998,225**	**₱13,162,936,018**	**(₱27,138,558)**	**(₱653,457)**	**(₱515,355,502)**	**₱206,158,571**	**(₱771,701,736)**	**₱19,100,767,712**	**₱42,188,011,273**	**(₱47,920,285)**	**₱42,140,090,988**
Balances at January 1, 2019 (Audited)	₱11,032,998,225	₱13,166,895,086	(₱27,138,558)	(₱9,269,647)	(₱185,406,175)	₱226,349,792	₱18,065,308	₱12,329,630,590	₱36,552,124,621	₱8,979,206	₱36,561,103,827
Net income	–	–	–	–	–	–	–	2,211,193,653	2,211,193,653	(8,291,659)	2,202,901,994
Exchange difference on translation of foreign operations	–	–	–	–	–	–	(79,126,260)	–	(79,126,260)	–	(79,126,260)
Unrealized loss on equity instrument designated at fair value through other comprehensive income	–	–	–	–	–	–	(700,000)	–	(700,000)	–	(700,000)
Total comprehensive income (loss)	–	–	–	–	–	–	(79,826,260)	2,211,193,653	2,131,367,393	(8,291,659)	2,123,075,734
Dividend declaration	–	–	–	–	–	–	–	(1,654,949,734)	(1,654,949,734)	–	(1,654,949,734)
Share-based payments	–	–	–	–	–	74,125,755	–	–	74,125,755	–	74,125,755
Issuance of Bloomberry shares held by a subsidiary	–	–	–	3,744,930	–	–	–	–	3,744,930	–	3,744,930
Balances at March 31, 2019 (Unaudited)	₱11,032,998,225	₱13,166,895,086	(₱27,138,558)	(₱5,524,717)	(₱185,406,175)	₱300,475,547	(₱61,760,952)	₱12,885,874,509	₱37,106,412,965	₱687,547	₱37,107,100,512

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

BLOOMBERRY RESORTS CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱1,370,756,081**	₱2,202,384,554
Adjustments for:		
Interest expense	**1,365,409,380**	1,385,017,730
Depreciation and amortization	**822,974,403**	922,186,919
Interest income	**(53,900,388)**	(76,367,347)
Share-based payment expense	**66,567,627**	74,125,755
Net change in retirement liability	**14,762,645**	22,037,676
Unrealized foreign exchange gains - net	**(36,955,096)**	(8,276,292)
Issuance of parent Company's shares by a subsidiary	**1,948,002**	–
Loss on sale/write-off of property and equipment - net	**9,342,946**	3,744,930
Other expenses	**24,605,194**	–
Operating income before working capital changes	**3,585,510,794**	4,524,853,925
Decrease (increase) in:		
Receivables	**677,510,548**	(114,597,695)
Inventories	**(44,506,413)**	(25,943,543)
Prepayments and other current assets	**19,900,429**	58,787,713
Increase (decrease) in:		
Payables and other current liabilities	**(2,525,631,104)**	(476,927,784)
Other noncurrent liabilities	**1,259,975**	4,117,842
Net cash generated from operations	**1,714,044,229**	3,970,290,458
Interest received	**70,495,636**	91,906,025
Net cash provided by operating activities	**1,784,539,865**	4,062,196,483
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	**(1,022,874,460)**	(695,980,979)
Increase in other noncurrent assets	**(826,736,185)**	(798,501,164)
Cash used in investing activities	**(1,849,610,645)**	(1,494,482,143)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of:		
Interest	**(1,380,321,533)**	(1,331,729,265)
Long-term debt principal	**(551,250,000)**	(551,250,000)
Short-term borrowing	**(17,918,624)**	–
Lease liabilities principal	**(7,258,766)**	–
Dividend payment	**(1,825,354,447)**	–
Purchase of treasury shares	**(288,025,149)**	(19,553,211)
Cash used in financing activities	**(4,070,128,519)**	(1,902,532,476)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**37,690,499**	12,356,740
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(4,097,508,800)**	677,538,604
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**41,871,526,847**	36,465,847,957
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**₱37,774,018,047**	₱37,143,386,561

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

1. Organization and Business

a. Corporate Information

Bloomberry Resorts Corporation (referred to as "Bloomberry" or "Parent Company"), was incorporated in the Philippines and registered with the Securities and Exchange Commission ("SEC") on May 3, 1999. The Parent Company's corporate life is 50 years which was extended to in perpetuity under the Revised Corporation Code (R.A. No. 11232). The Parent Company's primary purpose is to subscribe, hold, or dispose shares of stock and other securities of any corporation, including those engaged in hotel and/or gaming and entertainment business, and to be involved in the management and operations of such investee companies; and to guarantee the obligations of its subsidiaries or affiliates or any entity in which the Parent Company has lawful interest.

The Parent Company's registered office address is at The Executive Offices, Solaire Resort & Casino, 1 Asean Avenue, Entertainment City, Tambo, Parañaque City.

Bloomberry's shares of stock are publicly traded in the Philippine Stock Exchange (PSE) under the ticker BLOOM.

As of March 31, 2020, Prime Metroline Holdings, Inc. ("PMHI") is the Group's ultimate parent company.

b. Subsidiaries of Bloomberry

Sureste Properties, Inc. ("Sureste") and Bloomberry Resorts and Hotels Inc. ("BRHI")
On February 6, 2012, PMHI sold 100% of its ownership interest in Sureste to Bloomberry for ₱5.9 billion. Sureste owns 100% of BRHI.

Sureste was incorporated in the Philippines and was registered with the SEC on April 16, 1993. Its wholly-owned subsidiary, BRHI, was incorporated in the Philippines and registered with the SEC on February 27, 2008. The primary purpose of Sureste and BRHI is to develop and operate tourist facilities, including hotel-casino entertainment complexes with hotel, retail, amusement areas and themed development components.

Solaire Korea Co., Ltd. ("Solaire Korea"), Golden & Luxury Co., Ltd. ("G&L") and Muui Agricultural Corporation ("Muui")
In December 2014, Solaire Korea was established by Bloomberry to hold the Parent Company's investment in the leisure and entertainment business in the Republic of Korea. On April 24, 2015, Solaire Korea acquired 77.26% of the outstanding shares of G&L. Subsequently on May 22, 2015, Solaire Korea acquired an additional 18.97% of G&L, bringing its ownership in G&L to 96.23%. On August 20, 2015, Bloomberry acquired 10.00% of the outstanding shares of G&L from Solaire Korea. On March 8, 2016, Muui was established with a total capitalization of Korean Won (₩)200.0 million (₱8.2 million). Solaire Korea owns 80% of the outstanding shares of Muui.

Bloom Capital B.V. and Solaire de Argentina S.A.
Bloomberry subscribed to 60% of the capital stock of Bloom Capital B.V., a financial holding entity incorporated in the Netherlands as a private company with limited liability under Dutch law on November 21, 2013. On October 23, 2014, Bloomberry acquired the remaining 40% of the capital stock of Bloom Capital B.V. In 2014, Bloom Capital B.V. acquired a 94% stake in Solaire de Argentina S.A. Bloom Capital B.V is currently not in operation. Solaire de Argentina S.A. has started the process of liquidation. Such process requires the filing of corporate documents and financial statements with different authorities in Argentina. The procedure also includes the publishing of notices and clearances from the authorities.

Bloomberry Cruise Terminals, Inc. ("BCTI")
Bloomberry established a new company named BCTI to manage and operate the proposed Solaire Cruise Center and Yacht Harbor, a two-berth luxury cruise terminal attached to Solaire and fronting Manila Bay, and a cruise tender terminal in the Port of Salomague, Cabugao, Ilocos Sur in the northern Philippines. The proposed Solaire Cruise Center and Yacht Harbor were designated by the Tourism Infrastructure and Enterprise Zone Authority as a Tourism Enterprise Zone.

Sureste was awarded a 10-year lease from the Philippine Ports Authority which gives Sureste the right to construct, develop, manage and operate cruise passenger facilities at the Port of Salomague. Operations commenced last December 2019.

The construction of the proposed Solaire Cruise Center and Yacht Harbor will commence once all relevant regulatory approvals are secured. BCTI has suspended its port operations in Salomague, Ilocos Sur as cruise ships have stopped operations due to the COVID-19 pandemic.

Bloomberry Resorts Japan, Inc. ("BRJI")
In November 2019, Bloomberry acquired 100% of the capital stock of BRJI. The primary purpose of BRJI is to engage in the business of Integrated Resorts in Japan including planning, construction and operation as well as other related activities.

c. Status of Operations

Sureste and BRHI
The Philippine Amusement and Gaming Corporation ("PAGCOR") granted BRHI the Provisional License on April 8, 2009 to develop an integrated casino, hotel and entertainment complex within Entertainment City (the "Project"). BRHI is one of four licensees for Entertainment City. The Provisional License, as well as the regular license issued to replace it, is concurrent with PAGCOR's congressional franchise. PAGCOR's franchise will expire on July 11, 2033 and may be renewed by law. On May 7, 2015, BRHI's Provisional License was replaced with a regular casino Gaming License upon full completion of the Project, referred to as "Solaire". The Gaming License has the same terms and conditions as the Provisional License.

Solaire is one of the Philippines' first premium/luxury hotel and gaming resort. The gaming and integrated resort complex on 16-hectare land along Asean Avenue in Parañaque City is the first casino to operate within Entertainment City. BRHI, as the license holder, owns and operates the casino while Sureste owns and operates the hotel and non-gaming business.

On March 16, 2013, BRHI and Sureste commenced commercial operations upon completion of Phase 1 of Solaire, now referred to as the Bay Tower, along with the opening of the main gaming area and initial non-gaming amenities, such as Solaire's hotel, food and beverage outlets.

On November 22, 2014, Bloomberry opened the Sky Tower, which was previously referred to as Phase 1A development of Solaire. Contiguous to the existing Solaire Resort and Casino,

the Sky Tower consists of a 312 all-suite hotel, additional ten VIP gaming salons with 66 gaming tables and 230 slot machines, an exclusive House of Zhou Chinese restaurant and The Macallan Whisky and Cigar Bar for VIP gamers, state-of-the art meeting rooms ("The Forum"), and a lyrical theater ("The Theatre"). The Sky Tower also features two restaurants, the Waterside Restobar and Oasis Garden Café. The Theatre is a certified 1,760-seat theatre designed to provide a superior audio-visual experience for a wide range of theatre plays and musicals, dance performances, concerts, amplified music and speech events. The Forum is a 2,000 square-meter meeting facility with eight meeting rooms, two boardrooms and a flexible pre-function area. The ballroom is now in the process of being reconfigured into a new gaming area. The Tent at Solaire was established as a temporary versatile function venue with full banquet and catering facilities. Sky Tower also features the Sky Range Shooting Club with 5 rifle shooting bays and 15 pistol bays. Sky Tower is accessible through a multi-level parking garage that, to date, can accommodate and secure over 1,050 vehicles. The Shoppes in the Sky Tower features retail stores, including premium brands such as Louis Vuitton, Saint Laurent, Bvlgari, Salvatore Ferragamo, Givenchy, Prada, and Lukfook Jewelry. In 2019, new outlets were opened including Versace, Cartier, Dior, Chow Tai Fook, Porsche Design, Univers, Marcelo Burlon, Stefano Ricci, Skinive and 88 Gold.

On December 7, 2018, Solaire unveiled The Cigar Bar and Poker Room, a high-end poker area with eight gaming tables. In July 2019, The Cigar Bar and Poker Room was renamed to The Baccarat Room & Bar. On February 11, 2019, Solaire opened the Philippine's first electronic table games ("ETG") stadium called "Players Stadium" - an expansive and colorful entertainment space highlighted by a massive 360 square meter surround screen.

A part of the Solaire parking building in the Sky Tower has been reconfigured and leased out as office space for BPO businesses.

On January 31, 2020, the World Health Organization (WHO) declared the novel coronavirus acute respiratory disease (2019-nCoV ARD now COVID-19) health event as a public health emergency of international concern after an emergency committee convened on January 30, 2020 in Geneva, Switzerland. On the same day, the Philippines issued a temporary travel ban covering all travelers coming from Hubei Province of China. On February 2, 2020, the Philippines banned all travel to and from China and its two administrative regions, Hong Kong and Macau, to stem the spread of the virus.

On March 14, 2020 Philippine President Rodrigo Duterte placed Metro Manila under "Enhanced Community Quarantine" (ECQ). On March 16, 2020, the ECQ was expanded to cover the entire Luzon island. The ECQ, which is effectively a lockdown, restricts the movement of the population but with exceptions, in response to the growing pandemic of COVID-19 in the country. In addition, the ECQ mandated the temporary closure of non-essential shops and businesses.

In line with the declaration of ECQ in Metro Manila, PAGCOR announced on March 15, 2020 that casino operations throughout the region would be suspended for the duration of the quarantine. The temporary closure applied to PAGCOR-operated casinos, all licensed and integrated resort casinos, electronic games (eGames), bingo (traditional and electronic), sports betting, poker, slot machine clubs and other activities regulated by PAGCOR. Accordingly, all gaming operations in Solaire and the other integrated resorts in Entertainment City were suspended to comply with PAGCOR's directive and the ECQ.

The ECQ was originally set to last until April 12, 2020. However, President Duterte accepted the recommendation of the Inter-Agency Task Force on Emerging Infectious Diseases (IATF-EID) to extend the Luzon ECQ up until April 30, 2020. Another two-week extension was announced on April 24, 2020, extending the ECQ to May 15, 2020, particularly for Metro

Manila and other high-risk COVID-19 areas in Luzon.

Solaire North
In 2015, Sureste purchased from the National Housing Authority (NHA) 15,676 square meters of land in Vertis North, Quezon City Central Business District and was issued Transfer Certificates of the Title on June 24, 2016. This property is the site of BRHI's proposed second integrated resort in the Philippines, "Solaire North", under the same PAGCOR license. The Group started the excavation work for the said project in July 2019. In line with the ECQ, construction work at the site has been temporarily halted.

G&L
G&L operated a hotel and casino property in Jeju, Korea under the brand name "T.H.E Hotel" and "LVegas Casino". Upon takeover of operation by Bloomberry, the property was rebranded as "Jeju Sun Hotel & Casino" ("Jeju Sun"). The property consists of a 202-room hotel with 5 Hibiscus rating, 2,000 square meters of gaming operations with 36 tables and 20 electronic gaming machines. The property has four food and beverage outlets to service its hotel guest and casino players. In 2018, a reorganization was implemented separating hotel and casino operations. Jeju Sun appointed a Hotel Operations Officer and a Casino Operations Officer, in January and July, respectively. In the fourth quarter of 2018, Jeju Sun embarked on a renovation project covering 164 rooms, a new ballroom, restaurants, lobby, building facade and back of the house.

In response to the COVID-19 situation in South Korea, Jeju Sun began a phased suspension of operations on March 6, 2020 with full suspension achieved by March 21, 2020. The suspension was originally set to last until April 21, 2020 but was extended up to June 6, 2020.

2. Summary of Significant Accounting Policies and Disclosures

Basis of Preparation
The unaudited condensed consolidated financial statements have been prepared in accordance with Philippine Accounting Standards (PAS) 34, Interim Financial Reporting. Accordingly, the unaudited condensed consolidated financial statements do not include all of the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as of and for the year ended December 31, 2019.

The unaudited condensed consolidated financial statements have been prepared under the historical cost basis except for investment in club shares which have been measured at fair value. The unaudited condensed consolidated financial statements are presented in Philippine Peso, the functional currency of the Group, and all values are rounded to the nearest peso, except when otherwise indicated.

Basis of Consolidation

The unaudited consolidated financial statements include the financial statements of Bloomberry and its subsidiaries (collectively referred to as the "Group").

As of March 31, 2020 and December 31, 2019, subsidiaries of Bloomberry include:

	Effective Percentage of Ownership			
	March 31, 2020 ***(Unaudited)***		December 31, 2019 *(Audited)*	
	Direct	**Indirect**	Direct	Indirect
Sureste	**91**	**9**	91	9
BRHI (through Sureste)	**–**	**100**	–	100
Bloom Capital B.V.*	**100**	**–**	100	–
Solaire de Argentina S.A. (through Bloom Capital B.V)*	**–**	**94**	–	94
Bloomberry Cruise Terminal, Inc.	**100**	**–**	100	–
Bloomberrry Resorts Japan, Inc.	**100**	**–**	100	–
Solaire Korea	**100**	**–**	100	–
G&L (through Solaire Korea)	**10**	**86**	10	86
Muui (through Solaire Korea)*	**–**	**90**	–	80

**has not started commercial operations*

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Parent Company controls an investee, if and only if, the Parent Company has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee),
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that majority of voting rights results in control. To support this presumption and when the Group has less than majority of voting rights or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, noncontrolling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

Non-controlling Interests. Non-controlling interests represent the portion of profit or loss and net assets in the subsidiaries not held by the Group and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to equity holders of the Group.

Changes in Accounting Policies and Disclosures
The Group's accounting policies are consistent with those of the previous financial year, except for the adoption of the following new accounting pronouncements effective January 1, 2020.

- Amendments to PFRS 9, *Prepayment Features with Negative Compensation*

  Under PFRS 9, a debt instrument can be measured at amortized cost or at fair value through OCI, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to PFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. The amendments should be applied retrospectively and are effective from January 1, 2019, with earlier application permitted.

  These amendments have no impact on the consolidated financial statements of the Group.

- PFRS 16, *Leases*

  PFRS 16 supersedes PAS 17, *Leases*, Philippine Interpretation IFRIC 4, *Determining whether an Arrangement contains a Lease*, Philippine Interpretation Standard Interpretations Committee ("SIC") -15, *Operating Leases-Incentives* and Philippine Interpretation SIC-27, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize most leases on the balance sheet.

  Lessor accounting under PFRS 16 is substantially unchanged from today's accounting under PAS 17. Lessors will continue to classify all leases using the same classification principle as in PAS 17 and distinguish between two types of leases: operating and finance leases. Therefore, PFRS 16 did not have an impact for leases where the Group is the lessor.

  The Group adopted PFRS 16 using the modified retrospective approach upon adoption of PFRS 16 in 2019 and elects to apply the standard to contracts that were previously identified as leases applying PAS 17 and Philippine Interpretation IFRIC-4. The Group will therefore not apply the standard to contracts that were not previously identified as containing a lease applying PAS 17 and Philippine Interpretation IFRIC-4.

  The Group has lease contracts for land, building and gaming equipment. Before the adoption of PFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease.

  Upon adoption of PFRS 16, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets.

  Leases previously accounted for as operating leases
  The Group recognized right-of-use assets and lease liabilities for those leases previously

classified as operating leases, except for short-term leases and leases of low-value assets. For most leases, the right-of-use assets were recognized based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognized. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application

Due to the adoption of PFRS 16, the Group's operating profit in 2019 improved, while its interest expense increased. This is due to the change in the accounting for rent expense related to leases that were classified as operating leases under PAS 17.

The adoption of PFRS 16 did not have significant impact on equity in 2019, since the Group elected to measure the right-of-use assets at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the consolidated statement of financial position immediately before the date of initial application.

- Amendments to PAS 19, *Employee Benefits, Plan Amendment, Curtailment or Settlement*

  The amendments to PAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

  - Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event

  - Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

  The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognized in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognized in other comprehensive income.

  The amendments had no impact on the consolidated financial statements of the Group as it did not have any plan amendments, curtailment, or settlement during the period.

- Amendments to PAS 28, *Long-term Interests in Associates and Joint Ventures*

  The amendments clarify that an entity applies PFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in PFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying PFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognized as adjustments to the net investment in the associate or joint venture that arise from applying PAS 28, *Investments in Associates and Joint Ventures*.

These amendments had no impact on the Group's consolidated financial statements.

- Philippine Interpretation IFRIC 23, *Uncertainty over Income Tax Treatments*

  The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of PAS 12, *Income Taxes,* and does not apply to taxes or levies outside the scope of PAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

  The interpretation specifically addresses the following:

  - Whether an entity considers uncertain tax treatments separately
  - The assumptions an entity makes about the examination of tax treatments by taxation authorities
  - How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
  - How an entity considers changes in facts and circumstances

  The entity is required to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and use the approach that better predicts the resolution of the uncertainty. The entity shall assume that the taxation authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the entity concludes that it is not probable that the taxation authority will accept an uncertain tax treatment, it shall reflect the effect of the uncertainty for each uncertain tax treatment using the method the entity expects to better predict the resolution of the uncertainty.

  Based on the Group's assessment, it has no material uncertain tax treatments. Accordingly, the adoption of this Interpretation has no significant impact on the consolidated financial statements.

- Amendments to PFRS 3, *Definition of a Business*

  The amendments to PFRS 3 clarify the minimum requirements to be a business, remove the assessment of a market participant's ability to replace missing elements, and narrow the definition of outputs. The amendments also add guidance to assess whether an acquired process is substantive and add illustrative examples. An optional fair value concentration test is introduced which permits a simplified assessment of whether an acquired set of activities and assets is not a business.

  An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

  These amendments will apply on future business combinations of the Group.

- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, *Definition of Material*

  The amendments refine the definition of material in PAS 1 and align the definitions used across PFRSs and other pronouncements. They are intended to improve the understanding

of the existing requirements rather than to significantly impact an entity's materiality judgements.

An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

- *Annual Improvements to PFRSs* 2015-2017 Cycle

  - Amendments to PFRS 3, *Business Combinations,* and PFRS 11, *Joint Arrangements*, *Previously Held Interest in a Joint Operation*

    The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

    A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in PFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

    An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2019 and to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after January 1, 2019, with early application permitted.
    These amendments had no impact on the consolidated financial statements of the Group as there is no transaction where joint control is obtained.

  - Amendments to PAS 12, *Income Tax Consequences of Payments on Financial Instruments Classified as Equity*

    The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognizes the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

    An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application is permitted.

    These amendments had no impact on the consolidated financial statements of the Group because dividends declared by the Group do not give rise to tax obligations under the current tax laws.

  - Amendments to PAS 23, *Borrowing Costs, Borrowing Costs Eligible for Capitalization*
    The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

    An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application permitted.

Since the Group's current practice is in line with these amendments, these had no impact on the consolidated financial statements of the Group.

Standards Issued But Not Yet Effective

The Group will adopt the following new pronouncements when these become effective. Except as otherwise indicated, the Group does not expect the adoption of these new pronouncements to have a significant impact on the consolidated financial statements.

Effective beginning on or after January 1, 2020

- Amendments to PFRS 3, *Definition of a Business*

  The amendments to PFRS 3 clarify the minimum requirements to be a business, remove the assessment of a market participant's ability to replace missing elements, and narrow the definition of outputs. The amendments also add guidance to assess whether an acquired process is substantive and add illustrative examples. An optional fair value concentration test is introduced which permits a simplified assessment of whether an acquired set of activities and assets is not a business.

  An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

  These amendments will apply on future business combinations of the Group.

- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, *Definition of Material*

  The amendments refine the definition of material in PAS 1 and align the definitions used across PFRSs and other pronouncements. They are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgements.

  An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

Effective beginning on or after January 1, 2021

- PFRS 17, *Insurance Contracts*

  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

  The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

  - A specific adaptation for contracts with direct participation features (the variable fee approach)

- o A simplified approach (the premium allocation approach) mainly for short-duration contracts

PFRS 17 is effective for reporting periods beginning on or after January 1, 2021, with comparative figures required. Early application is permitted.

The amendments are not applicable to the Group since none of the entities within the Group have activities that are predominantly connected with insurance or issue insurance contracts.

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (IASB) completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

These amendments may apply to future transactions of the Group.

Significant Accounting Policies

Business Combinations and Goodwill
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs incurred are recognized as expense and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as equity not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PFRS 9, *Financial Instruments*, is measured at fair value with the changes in fair value recognized in the consolidated statement of comprehensive income in accordance with PFRS 9. Other contingent consideration that is not within the scope of PFRS 9 is measured at fair value at each reporting date with changes in fair value recognized in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held

over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired an all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Current versus Noncurrent Classification
The Group presents assets and liabilities in the consolidated statement of financial position based on current/noncurrent classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

Fair Value Measurement
The Group measures financial instruments such as derivatives at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Financial Instruments - Initial Recognition and Subsequent Measurement
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through OCI, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under PFRS 15.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortized cost (debt instruments)
This category is the most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's cash and cash equivalents, receivables and security deposits are included in this category as of March 31, 2020 and December 31, 2019.

Financial assets at fair value through OCI (debt instruments)
The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Group has no debt instruments at fair value through OCI as of March 31, 2020 and December 31, 2019.

Financial assets designated at fair value through OCI (equity instruments)
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been

established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group's investment in club shares is classified as equity instrument designated at fair value through OCI as of March 31, 2020 and December 31, 2019.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognized in the consolidated statement of comprehensive income.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognized as other income in the statement of profit or loss when the right of payment has been established.

The Group has not designated any financial assets at FVPL as of March 31, 2020 and December 31, 2019.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristic and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded with a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

The Group has no derivative asset as of March 31, 2020 and December 31, 2019.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks

and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets
The Group recognizes an expected credit loss (ECL) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk 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 (a lifetime ECL).

For cash and cash equivalents, the Group applies a general approach in calculating ECLs. The Group recognizes a loss allowance based on ether 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk on its cash and cash equivalents since initial recognition.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include payables and other current liabilities (excluding statutory payables and contract liabilities), long-term debt, lease liabilities and tenants' security deposits as of March 31, 2020 and December 31, 2019.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the consolidated statement of comprehensive income.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

The Group has no financial liability at FVPL as of March 31, 2020 and December 31, 2019.

Loans and borrowings
This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statement of comprehensive income.

This category includes payables and other current liabilities (excluding statutory payables and contract liabilities), long-term debt, lease liabilities and tenants' security deposits as of March 31, 2020 and December 31, 2019.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of comprehensive income.

Offsetting of Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously. The Group assesses that it has a currently enforceable

right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

Cash and Cash Equivalents
Cash includes cash on hand and in banks, including bank accounts maintained by the Group as collateral for its long-term debt. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from the date of acquisition, and for which there is an insignificant risk of change in value.

Inventories
Inventories are valued at the lower of cost or Net Realizable Value (NRV). Cost is determined using the moving average method except for table card inventories (presented as part of operating supplies) where the first in, first out method is being utilized. NRV is based on estimated selling prices less estimated costs to be incurred on completion and disposal. NRV of operating and other supplies is the current replacement cost.

Prepayments
Prepayments are carried at cost and are amortized on a straight-line basis, over the period of intended usage, which is equal to or less than 12 months or within the normal operating cycle.

Promo Merchandise
Promo merchandise pertains to items to be provided by the Group to its patrons as giveaways at different marketing events. These are carried at lower of cost and NRV and charged to “Cost of sales” once distributed to the patrons.

Advances to Suppliers
Advances to suppliers primarily represent advance payments made to a service provider for the Group’s aircraft operation and management. Advances to suppliers is presented under the “Prepayments and other current assets” account in the consolidated statement of financial position.

Creditable Withholding Taxes (CWT)
CWT represents the amount of tax withheld by counterparties from the Group. These are recognized upon collection and are utilized as tax credits against income tax due as allowed by the Philippine taxation laws and regulations. CWT is presented under the “Other noncurrent assets” account in the consolidated statement of financial position. CWT is stated at its estimated NRV.

Property and Equipment
The Group’s property and equipment consist of land, building, equipment and right-of-use assets that do not qualify as investment properties.

Property and equipment, except for land, are carried at cost less accumulated depreciation and amortization and any impairment in value. Land is carried at cost less any impairment in value. The initial cost of property and equipment comprises its construction cost or purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use, including borrowing costs. Expenditures incurred after the property and equipment have been put into operations, are normally recognized in profit or loss in the consolidated statement of comprehensive income in the year the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, such expenditures are capitalized as additional costs of property and equipment. When assets are sold or retired, their costs and accumulated depreciation, amortization and impairment losses, if any, are eliminated from the accounts and any gain or loss resulting from their disposal is included in profit or loss in the consolidated statement of comprehensive income of such period.

Effective January 1, 2019, it is the Group's policy to classify right-of-use assets as part of property and equipment. Prior to that date, all of the Group' leases are accounted for as operating leases in accordance with PAS 17, hence, not recorded in the statement of financial position. The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are initially measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The initial cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and lease term. Right-of-use assets are subject to impairment.

The useful lives and depreciation and amortization method are reviewed at least at each financial year-end to ensure that the periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

Depreciation and amortization are computed using the straight-line method over the following estimated useful lives of the assets:

Land improvements	10 years
Building and improvements	40 years
Machineries	10 years
Gaming equipment	5 years
Office furniture and fixtures	5 years
Transportation equipment	5 years
Leasehold improvements	3 years or lease term, whichever is shorter
Office and communication equipment	5 years

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Land	10 to 20 years
Building	3 years
Gaming Equipment	3 years

Property and equipment includes costs incurred in the construction of the hotel and casino entertainment complex classified under "Construction in progress". These include costs of construction, equipment and other direct costs such as borrowing costs. Upon completion, these costs will be depreciated and amortized over the life of the asset. During the period of construction, construction in progress is carried at cost and is tested for impairment if any impairment indicators are present.

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of comprehensive income.

Investment in a Joint Venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries. The Group's investment in a joint venture is accounted for using the equity method.

Under the equity method, the investment in a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The consolidated statement of comprehensive income reflects the Group's share of the results of operations of the joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the joint venture, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the consolidated statement of comprehensive income outside operating revenues and represents income or loss after tax and non-controlling interests in the subsidiaries of the joint venture.

When the Group's accumulated share in net losses of an associate equals or exceeds its interest in the associate (i.e., the carrying amount of the investment, including any long-term interests such as advances intended for equity conversion that, in substance, form part of the Group's net investment in the associate), the Group discontinues the recognition of its share in additional losses and the investment is reported at nil value. If the associate subsequently reports net income, the Group will resume applying the equity method only after its share in that net income equals the share in net losses not recognized during the period the equity method was suspended.

The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in a joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognizes the loss within 'Share in net income of an associate' in the consolidated statement of comprehensive income.

Upon loss of significant influence over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

Operating Equipment
Operating equipment (shown as part of "Other noncurrent assets" account) includes linen, china, glassware, silver, and other kitchen wares, which are carried at cost less accumulated amortization, as applicable. Bulk purchases of items of operating equipment with expected usage period of beyond one year are classified as noncurrent assets and are amortized over two to three years. Subsequent purchases of operating equipment upon start of business operations are recognized in profit or loss in the consolidated statement of comprehensive income.

Impairment of Nonfinancial Assets
The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is determined for an individual asset, unless the asset does not generate inflows that are largely independent of those from other assets or group if assets. When the carrying amount of an asset of CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognized in the consolidated statement of comprehensive income in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognized in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss in the consolidated statement of comprehensive income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of CGU is less than

its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

Equity

Capital stock is measured at par value for all shares issued. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction of proceeds, net of tax. Proceeds and/or fair value of considerations received in excess of par value are recognized as additional paid-in capital (APIC).

Equity reserve pertains to costs incurred in 2011, in connection with the issuance of capital stock such as taxes and legal fees. The account also includes the effect of the reverse acquisition when Bloomberry acquired Sureste from the ultimate parent in 2012.

Treasury shares are the Parent Company's own equity instruments which are reacquired and are recognized at cost and presented as reduction in equity. No gain or loss is recognized in the consolidated statement of comprehensive income on the purchase, sale, reissuance or cancellation of the Parent Company's own equity instruments. Any difference between the carrying amount and the consideration upon reissuance or cancellation of shares is recognized as APIC.

Retained earnings represents the Group's cumulative net earnings/losses, net of dividends declared.

Share-based Payment Plan

Certain qualified officers and employees of the Group and subsidiaries receive remuneration for their services in the form of equity shares of the Group ("equity-settled transactions").

The cost of equity-settled transactions with officers and employees is measured by reference to the fair value of the stock at the date on which these are granted.

The cost of equity-settled transactions is recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('the vesting date').

The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the consolidated statement of comprehensive income for a period represents the movement in cumulative expense recognized at the beginning and end of that period and is recognized as share-based payment expense as part of "Salaries and benefits" under operating costs and expenses.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transaction for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Foreign Currency Transactions and Translations

The Group's financial statements are presented in Philippine Peso. The Philippine Peso is the currency of the primary economic environment in which the Group operates.

Transactions and Balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates prevailing at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognized in profit or loss in the consolidated statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

Group Companies
On consolidation, the assets and liabilities of foreign operations are translated into Philippine peso at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at the average exchange rates for the year. The exchange differences arising on translation for consolidation are recognized in OCI and taken directly to a separate component of equity as translation adjustments. On disposal of these subsidiaries, the amount of deferred cumulative translation adjustments recognized in equity relating to subsidiaries shall be recognized in profit or loss in the consolidated statements of comprehensive income.

Revenue from Contracts with Customers
The Group's revenue from contracts with customers primarily consist of gaming, hotel accommodation services, food and beverage, and retail and other revenue. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements.

Gaming revenue
Gaming revenue is recognized when the control of the service is transferred to the patron upon execution of a gaming play. The Group accounts for its gaming revenue contracts collectively on a portfolio basis versus an individual basis as all patrons have similar characteristics. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. Accordingly, for gaming transactions that include complimentary goods and services provided by the Group to incentivize future gaming, the Group allocates the stand alone selling price of each goods or services to the appropriate revenue type. In determining the transaction price, gaming revenue is measured by the aggregate net difference between gaming wins and losses and the effect of consideration payable to a patron (if any) is considered. Amounts rebated to junket operators and premium patrons for rolling play, cash discounts and other cash incentives to patrons related to gaming play are recognized as a reduction from gross gaming revenue.

Hotel, food and beverage, retail and other operating revenues
Hotel, food and beverage, retail and other operating revenues are recognized when the control of the goods or service is transferred to the customer, generally when the services are performed or the retail goods are delivered.

Retail and other revenue includes sale of various merchandise, communication and transportation services to Solaire guests and patrons.

Contract Balances

Trade receivables. A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract assets. A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Contract liabilities. A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the patron. If a patron pays consideration before the Group transfers goods or services to the patron, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

The contract liabilities include payments received by the Group from the patrons for which revenue recognition has not yet commenced. Accordingly, funds deposited by patrons before gaming play occurs (customers' deposits) and chips in patrons' possession (outstanding chips liability) are recorded as contract liabilities until services are provided to the patrons.

Customer Loyalty Program
The Group has a loyalty points program which allows customers to accumulate points that can be redeemed for free hotel accommodation, food and beverage, retail goods and other services. The loyalty points give rise to a separate performance obligation as they provide a material right to the customer. The Group's customer is able to use the points as a currency (i.e., currency value has been fixed and can no longer be changed by the Group). A portion of the transaction price is allocated to the loyalty points awarded to customers based on relative stand-alone selling price and recognized as a financial liability until the points are redeemed. The amount of points redeemed through third parties are recognized as reduction in gaming revenue.

Interest Income
Interest income is recognized as it accrues on a time proportion basis taking into account the principal amount outstanding and the EIR. Interest income represents interest earned from cash and cash equivalents.

Cost and Expenses
Costs and expenses are recognized in the consolidated statement of comprehensive income upon utilization of the service or at the date they are incurred.

Costs incurred prior to obtaining the license were expensed as incurred.

Gaming Taxes
Being a PAGCOR licensee, BRHI is required to pay license fees on its gross gaming revenues on a monthly basis starting from the date the casino commences operations. The license fee is inclusive of the 5% franchise tax on gross gaming revenue.These license fees are reported under "Operating costs and expenses" in the consolidated statements of comprehensive income.

Retirement expense
The Group has an unfunded, non-contributory defined benefit plan covering all of its regular employees.

The cost of employee benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognizes related restructuring costs

Interest is calculated by applying the discount rate to the defined benefit liability. The Group recognized the change in defined benefit obligation such as service cost and interest costs as part of "Salaries and benefits" account under "Operating costs and expenses" in profit or loss in the consolidated statement of comprehensive income.

Provisions

Provisions are recognized when the Group has present obligations, legal or constructive, as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of comprehensive income, net of any reimbursements. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to passage of time is recognized as interest expense.

Borrowing Costs

Borrowing costs are capitalized if they are directly attributable to the acquisition, construction or production of a qualifying asset. Qualifying assets are assets that necessarily take a substantial period of time to get ready for its intended use or sale. Capitalization of borrowing costs commences when the activities necessary to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the assets are available for their intended use. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized. Borrowing costs include interest charges and other costs incurred in connection with the borrowing of funds, as well as exchange differences arising from foreign currency borrowings used to finance these projects to the extent that they are regarded as an adjustment to interest cost.

All other borrowing costs are expensed as incurred.

Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception date of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset even if that right is not explicitly specified in an arrangement.

Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying

amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of equipment and other rentals (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Group as a Lessee Prior to Adoption of PFRS 16
Leases where the lessor retains substantially all the risks and benefits of ownership of the assets are classified as operating leases. Operating lease payments are recognized as expense in profit or loss in the consolidated statement of comprehensive income or capitalized in the consolidated statement of financial position (in case of leases directly related to construction) on a straight-line basis over the lease term.

Group as a Lessor Prior to and Upon Adoption of PFRS 16
Leases where the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in “Retail and others” account in the consolidated statement of comprehensive income. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Taxes

Current income tax
Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting period.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the profit or loss.

Deferred income tax
Deferred income tax is provided using the liability method on temporary differences at the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences except: (1) when the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and (2) in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carryforward benefits of unused tax credits from excess minimum corporate income tax (“MCIT”) over regular corporate income tax (“RCIT”) and unused net operating loss carry-over (“NOLCO”) to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carryforward benefit of unused tax credits and unused tax losses can be

utilized except: (1) when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and (2) in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting period and reduced 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 assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting period and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting period.

Deferred income tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to offset current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Value-Added Tax ("VAT")
Revenue, expenses and assets are recognized net of the amount of VAT, except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; or
- Receivables and payables that are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of the "Prepayments and other current assets" or "Payables and other current liabilities" accounts in the consolidated statements of financial position.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

Events After the Reporting Period
Post year-end events that provide additional information about the Group's financial position at the end of the reporting period (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

Earnings Per Share
The Group presents basic and diluted earnings per share rate for its shares.

Basic earnings per share ("EPS") is calculated by dividing net income for the year attributable to equity holders of the Group by the weighted average number of shares outstanding during the year after giving retroactive effect to any stock dividend declarations.

Diluted earnings per share is computed in the same manner, adjusted for the effect of the shares issuable to qualified officers and employees under the Group's stock incentive plan which are assumed to be exercised at the date of grant. Where the effect of the vesting of stock under the stock incentive plan is anti-dilutive, basic and diluted earnings per share are stated at the same amount.

Segment Reporting
A segment is a distinguishable component of the Group that is engaged either in providing products or services within a particular economic environment subject to risks and rewards that are different from those of other segments, which operating results are regularly reviewed by the chief operating decision maker to make decisions about how resources are to be allocated to each of the segments and to assess their performances, and for which discrete financial information is available. Management views the hotel and casino business as one integrated business segment, i.e., an integrated resort facility. A single management team for each geographical area reports to the chief operating decision-maker. The Group operates in two geographical areas in 2020 and 2019 where it derives its revenue.

Management's Use of Judgments, Estimates and Assumptions

Judgments
In the process of applying the Group's accounting policies, management has made the following judgments apart from those including estimations and assumptions, which has the most significant effect on the amounts recognized in the consolidated financial statements.

Contingencies. The Group is involved in certain legal proceedings. The Group's judgment and estimate of the probable cost for the implication of these matters has been developed in consultation with its legal counsels and is based upon an analysis of potential results. Management and its legal counsels do not believe these will have a material adverse effect on its financial position or performance. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of strategies relating to this matter.

Identification of Contract with Customers under PFRS 15. The Group applied PFRS 15 guidance to a portfolio of contracts with similar characteristics as the Group reasonably expects that the effects on the consolidated financial statements of applying this guidance to the portfolio would not differ materially from applying this guidance to the individual contracts within that portfolio. Hence, the Group viewed a gaming day as one contract.

Identifying Performance Obligations. The Group identifies performance obligations by considering whether the promised goods or services in the contract are distinct goods or services. A good or service is distinct when the customer can benefit from the good or service on its own or together with other resources that are readily available to the customer and the Group's promise to transfer the good or service to the customer is separately identifiable from the other promises in the contract.

The Group provides promotional merchandise items to its patrons as giveaways at different marketing events and grants certain complimentaries in the form of free hotel accommodation; food and beverages; and retail merchandise from outlets to incentivize future gaming. The Group determined that the promotional merchandise items and complimentary incentives given to the patrons are capable of being distinct and therefore considered as separate performance obligations.

Evaluating Lease Commitments. The evaluation of whether an arrangement contains a lease is based on its substance. An arrangement is, or contains a lease when the fulfilment of the arrangement depends on a specific asset or assets and the arrangement conveys a right to use the asset.

Group as a Lessee Prior to the Adoption of PFRS 16. The Group has entered into various operating lease agreements as a lessee. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that the lessor retains all the significant risks and rewards of ownership of these properties because the lease agreements do not transfer to the Group the ownership over the assets at the end of the lease term and do not provide the Group with a bargain purchase option over the leased assets and so accounts for the contracts as operating leases.

Deermination of Casino License's Useful Life. The Group's casino license has been acquired through a business combination. The license has no expiration and renewal is not necessary. Further, it may only be cancelled under specific rare circumstances. Accordingly, management has assessed that the Group's casino license has an indefinite useful life.

Estimates and Assumptions

The key estimates and assumptions concerning the future and other key sources of estimation uncertainty at reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements within the next financial year are discussed as follows:

Definition of Default and Credit-Impaired Financial Assets. Upon adoption of PFRS 9, the Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

- *Quantitative Criteria*. The borrower is more than 90 days past due on its contractual payments, which is consistent with the Group's definition of default.

- *Qualitative Criteria*. The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

    a. The borrower is experiencing financial difficulty or is insolvent;
    b. The borrower is in breach of financial covenant(s);
    c. Concessions have been granted by the Group, for economic or contractual reasons relating to the borrower's financial difficulty; or
    d. It is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the PD, LGD and EAD throughout the Group's ECL calculation.

Simplified Approach for Trade Receivables. The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various patron segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every financial reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

Grouping of instruments for losses measured on collective basis. For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous. The characteristics and any supplementary data used to determine groupings are outlined below.

Trade receivables - Groupings for collective measurement

a. Currency
b. Type of patron

Macro-economic Forecasts and Forward-looking Information. Macro-economic forecasts is determined by evaluating a range of possible outcomes and using reasonable and supportable information that is available without undue cost and effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group takes into consideration using different macro-economic variables to ensure linear relationship between internal rates and outside factors. Regression analysis was used to objectively determine which variables to use.

Predicted relationship between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analyzing historical data over the past 4 years. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

Provision for doubtful accounts recognized for the three months ended March 31, 2020 and 2019 amounted to ₱155.6 million and ₱29.1 million, respectively. The carrying amount of receivables amounted to ₱2.4 billion and ₱3.1 billion as at March 31, 2020 and December 31, 2019, respectively.

Estimates and Assumptions
The key estimates and assumptions concerning the future and other key sources of estimation uncertainty at reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements within the next financial year are discussed as follows:

Determination and Allocation of the Transaction Price. The Group considers whether there are other promises in the contracts with customers that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price, the Group considers the effect of rebates paid through gaming promoters. As the information necessary for the Group to apply judgment and determine the consideration to which it is entitled are proprietary to the gaming promoters and are not communicated by the gaming promoters to the Group, the Group recognized the full amount paid to gaming promoters as reduction in revenue. In allocating the transaction price, the Group considers the amount at which the entity would sell or purchase the promotional merchandise or complimentary incentives separately as the stand-alone selling price of the performance obligations.

Estimating Useful Lives of Property and Equipment. Management determines the estimated useful lives and the related depreciation and amortization charges for its property and equipment based on the period over which the property and equipment are expected to provide economic benefits. Management's estimation of the useful lives of property and equipment is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. These estimations are reviewed periodically and could change significantly due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. Management will increase the depreciation and amortization charges where useful lives are less than the previously estimated useful lives.

The aggregate net book value of the Group's property and equipment (excluding construction in progress) amounted to ₱81.2 billion and ₱81.6 billion as of March 31, 2020 and December 31, 2019, respectively.

Impairment of Nonfinancial Assets. PFRS requires that an impairment review be performed when certain impairment indicators are present. In the case of goodwill and intangible assets with

indefinite useful life, at a minimum, such assets are subject to an impairment test annually and whenever there is an indication that such assets may be impaired. This requires the determination of fair value less costs of disposal calculation and an estimation of the value in use of the CGU to which these assets are allocated. The value-in-use calculation requires us to make an estimate of the expected future cash flows from the CGU and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Determining the recoverable amount of property and equipment, advances to contractors, intangible assets, and operating equipment, requires the Group to make estimates and assumptions in the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets. Future events could cause the Group to conclude that property and equipment, intangible assets and other noncurrent assets associated with an acquired business are impaired. Any resulting impairment loss could have a material adverse impact on the Group's financial position and financial performance.

Management is required to make estimates and assumptions to determine the recoverable amounts. While the Group believes that the assumptions used are reasonable and appropriate, these estimates and assumptions can materially affect the consolidated financial statements. Future adverse events may cause the management to conclude that the affected assets are impaired and may have a material impact on the Group's financial condition and results of operations.

There was no impairment loss recognized for the three months ended March 31, 2020, and 2019.

The carrying values of nonfinancial assets subject to impairment review are as follows:

	March 31, 2020 ***(Unaudited)***	December 31, 2019 *(Audited)*
Property and equipment	**₱82,511,979,346**	₱82,828,842,675
Casino license and goodwill	**1,734,442,023**	1,817,628,692
Advances to contractors	**1,391,332,387**	567,297,580
Creditable withholding tax	**286,231,258**	270,451,477
Investment in a joint venture	**98,715,160**	122,320,353
Operating equipment	**12,011,283**	11,292,163
	₱86,034,711,457	₱85,617,832,940

Determining Retirement Benefits Liability. The determination of the Group's obligation and cost for retirement benefits is dependent on the selection of certain assumptions used by the Group's actuaries in calculating such amounts. While it is believed that the Group's assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions may materially affect the Group's retirement liabilities.

Retirement liability amounted to ₱654.3 million and ₱639.6 million as of March 31, 2020 and December 31, 2019, respectively.

Recognition of Deferred Tax Assets and Liabilities. The Group reviews the carrying amounts at the end of each reporting period and reduced the deferred tax assets to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. The Group's assessment on the recognition of deferred tax assets on NOLCO, MCIT and deductible temporary differences is based on the level and timing of forecasted taxable income of the subsequent reporting periods. The forecast is based on past results and future expectations on revenues and expenses as well as future tax planning strategies. However, there is no assurance that the Group will generate sufficient taxable income to allow all or part of its deferred income tax assets to be utilized.

The Group has no net deferred tax assets balance as of March 31, 2020 and December 31, 2019.

3. Cash and Cash Equivalents

This account consists of:

	March 31, 2020 *(Unaudited)*	December 31, 2019 *(Audited)*
Cash on hand	**₱3,833,709,716**	₱4,582,915,730
Cash in banks	**21,518,950,546**	23,776,292,838
Temporary cash investments	**8,847,952,783**	9,958,926,580
Debt collateral accounts	**3,573,405,002**	3,553,391,699
	₱37,774,018,047	₱41,871,526,847

Cash in banks earn interest at the prevailing bank deposit rates.

Temporary cash investments are made for varying periods of up to three months depending on the immediate cash requirements of the Group and earn interest at the prevailing short-term investment rates.

Debt collateral accounts are bank accounts maintained by the Group as collateral for its long-term debt.

4. Receivables

This account consists of:

	March 31, 2020 *(Unaudited)*	December 31, 2019 *(Audited)*
Gaming	**₱2,460,214,420**	₱2,968,098,245
Hotel	**106,143,424**	175,721,909
Receivables from officers and employees	**132,709,113**	136,090,061
Others	**268,075,377**	217,092,716
	2,967,142,334	3,497,002,931
Less allowance for doubtful accounts	**575,837,871**	420,311,182
	₱2,391,304,463	₱3,076,691,749

Gaming receivables mainly include casino markers issued to gaming promoters and VIP premium casino patrons. Casino markers pertain to credits granted to registered casino patrons. These markers are noninterest-bearing and are normally collected within 90 days.

Hotel receivables pertain to various food, beverage, and hotel service fees receivable from hotel guests which are collected upon check-out. This includes credit card transactions, which are normally collected within one month.

Receivables from officers and employees primarily pertain to cash advances which are normally settled within one year through salary deduction.

Accrued interest, presented as part of “Others”, pertains to interest from temporary cash investments which is normally received within one year.

Allowance for doubtful accounts pertain to casino markers that the Group has assessed as doubtful on an individual and collective basis.

5. Property and Equipment

Construction in progress represents costs incurred relating to ongoing developments. Costs incurred mainly include raw materials procurement, general construction works, architectural design services, engineering consultancy and construction supervision services and interior design services. As of March 31, 2020 and December 31, 2019, property and equipment includes construction in progress pertaining to the costs related to ongoing construction at Solaire North as well as improvements in Solaire and Jeju Sun property.

Bloomberry through Solaire Korea has purchased a 12.2 hectare property in Muui Island and the entire 20.96 hectare Silmi Island in the Republic of Korea. Muui Island and Silmi Island are within the coverage of the Incheon Free Economic Zone. They are intended to be developed into a leisure and tourism complex with entertainment facilities and mixed-used developments.

In April 2018, the Group purchased two parcels of land where Solaire Resort & Casino and its expansion area is located, previously being leased from PAGCOR for a total acquisition cost of ₱37.3 billion.

The Group has no idle property and equipment as of March 31, 2020 and December 31, 2019.

As of March 31, 2020 and December 31, 2019, BRHI's property and equipment under mortgage has a carrying value of ₱74.9 billion.

There were no major disposals or write-downs of property and equipment for the three months ended March 31, 2020. Additions for the period amounted to ₱1.0 billion. As of March 31, 2020 and December 31, 2019, property and equipment amounted to ₱82.5 billion and ₱82.8 billion, respectively.

6. Intangible and Other Noncurrent Assets

a. Intangible Assets

The movements in the goodwill and casino license follow:

	March 31, 2020 ***(Unaudited)***	December 31,2019 *(Audited)*
Balance at beginning of year	**₱1,817,628,692**	₱1,959,046,027
Translation adjustment	**(83,186,669)**	(141,417,335)
Balance at the end of the period	**₱1,734,442,023**	₱1,817,628,692

Casino license pertains to G&L's license to operate a casino business in Jeju, South Korea.

b. Other Noncurrent Assets

	March 31, 2020 ***(Unaudited)***	December 31, 2019 *(Audited)*
Advances to contractors	**₱1,391,332,387**	₱567,297,580
Prepaid debt issue costs	**565,527,318**	565,527,318
Creditable withholding tax	**286,231,258**	270,451,477
Investment in a joint venture	**98,715,160**	122,320,353
Security deposits classified as noncurrent	**59,070,568**	77,109,761
Investment in club shares	**29,000,000**	26,000,000
Operating equipment	**12,011,283**	11,292,163
Others	**7,279,059**	7,460,503
	₱2,449,167,033	₱1,647,459,155

Advances to contractors pertain to advance payments to various contractors for gaming equipment, hotel furniture and fixtures, operating equipment and other gaming and hotel equipment related to the development of the hotel and gaming facilities of Sureste and BRHI.

Prepaid debt issue costs primarily pertain to documentary stamp tax on the undrawn balance of the loan facility. Such amount will be presented as reduction from long-term debt upon drawdown and will be amortized over the term of the loan.

Creditable withholding tax ("CWT") represents the amount withheld in relation to sales. These are recognized upon collection and are utilized as tax credits against income tax due as allowed by the Philippine taxation laws and regulations.

Investment in a joint venture represents the Group's 49% ownership in Falconer Aircraft Management, Inc. In 2020, the share in the net loss of a joint venture amounting to ₱24.6 million was recorded as part of "Others" under other income (expenses) account in the consolidated statement of comprehensive income.

Security deposits classified as noncurrent primarily pertain to deposits to utility companies which are refundable upon service termination.

Investment in club shares represents the Group's investment in quoted Manila Polo Club shares which is classified as equity instrument designated at FVOCI.

Operating equipment pertains to lien, china, glassware, kitchen wares and uniforms purchased by the Group to be amortized over a period of two to three years.

7. Payables and Other Current Liabilities

This account consists of outstanding chips and other gaming liabilities, customers' deposits, payable to contractors and suppliers, gaming taxes payable, retention payable, holdback liability, short-term borrowing, output VAT and other taxes payable, tenants' security deposits classified as current, dividends payable and accrued expense payable.

As of March 31, 2020 and December 31, 2019, payables and other current liabilities amounted to ₱16.1 billion and ₱18.1 billion, respectively.

8. Long-term Debt

This account consists of:

	March 31, 2020 ***(Unaudited)***	December 31, 2019 *(Audited)*
Principal	**₱69,641,250,000**	₱70,192,500,000
Less unamortized debt discount	**1,039,027,355**	1,073,729,568
	68,602,222,645	69,118,770,432
Less current portion of long-term debt	**2,063,348,159**	2,063,995,674
	₱66,538,874,486	₱67,054,774,758

Future repayment of the principal follows:

	March 31, 2020 ***(Unaudited)***	December 31, 2019 *(Audited)*
Within one year	**₱2,205,000,000**	₱2,205,000,000
After one year but not more than five years	**14,148,750,000**	12,862,500,000
Beyond five years	**53,287,500,000**	55,125,000,000
	₱69,641,250,000	₱70,192,500,000

a. ₱73.5 Billion Syndicated Loan Facility

On April 10, 2018, BRHI (the "Borrower") entered into an aggregate of ₱73.5 billion, ten-year term loan Syndicated Loan Facility with Banco de Oro Unibank, Inc. (BDO), BDO Private Bank, Inc., China Banking Corporation, Philippine National Bank, PNB Savings Bank, Robinsons Bank Corporation and United Coconut Planters Bank (each a "Lender", and collectively, the "Lenders") to: (i) finance the Borrower's advances to Sureste for the latter's investments; (ii) finance the Borrower's working capital requirements; (iii) refinance the principal amount of all the existing outstanding term loans of the Borrower; and (iv) finance the Borrower's advances to Sureste for refinancing of the principal amount of all of Sureste's existing outstanding term loans.

The ₱73.5 billion Syndicated Loan Facility is payable over ten years in 40 consecutive quarterly installments on each repayment date commencing on the 3rd month from the initial drawdown date as follows:

	Amount
Year 1	₱2,205,000,000
Year 2	2,205,000,000
Year 3	2,205,000,000
Year 4	2,205,000,000
Year 5	2,205,000,000
Year 6	3,675,000,000
Year 7	7,350,000,000
Year 8	7,350,000,000
Year 9	22,050,000,000
Year 10	22,050,000,000
	₱73,500,000,000

The interest on the unpaid principal amount shall be paid in quarterly payments from the initial drawdown date.

The loan bears a fixed interest per annum from initial drawdown date to the 60th month from the initial drawdown date of 7.5% divided by 0.99 and from the 61st month from the initial drawdown date up to the final repayment date of 7.5% divided by 0.95. BRHI is obliged to pay, on each date of drawdown, for the first year of the facilities, a commitment fee equivalent to 0.5% per annum, based on the undrawn portion of the commitment.

The ₱73.5 billion Syndicated Loan Facility provides that BRHI is permitted to make optional prepayments anytime until maturity. In case of prepayment, BRHI shall pay the principal, accrued interest and 0.50% based on the amount prepaid as penalty in the first year. No prepayment penalty shall be imposed after the first year up to the last repayment date.

The embedded prepayment option on the ₱73.5 billion Syndicated Loan Facility was assessed as clearly and closely related to the loan, thus, not subject for bifurcation.

Outstanding long-term debt, net of unamortized debt discount, amounted to ₱68.6 billion and ₱69.1 billion as of March 31, 2020 and December 31, 2019, respectively.

b. ₱40.0 Billion Syndicated Loan Facility

On February 11, 2019, Sureste and BRHI signed an Omnibus Loan and Security Agreement for a 10-year combined loan facility in the principal amount of ₱40.0 billion with the following Lenders: Philippine National Bank, BDO Unibank, Inc., Metropolitan Bank & Trust Company, Union Bank of the Philippines, Bank of Commerce, China Banking Corporation, and Robinsons Bank Corporation. BDO Unibank, Inc. - Trust and Investments Group is the security trustee, facility agent and paying agent for the loan facility, while BDO Capital & Investment Corporation acted as the lead arranger and sole bookrunner. The proceeds of the loan will be used by Sureste and BRHI to partially finance the design, construction and development of an integrated hotel and gaming resort located at the Vertis North Complex in Quezon City, Metro Manila.

As of March 31, 2020, this loan facility has not been drawn. Related prepaid debt issue costs representing documentary stamp tax on undrawn balance of the loan facility, amounting to ₱565.5 million, is recorded under "Other noncurrent assets" account in the statement of financial position.

All legal and professional fees, including commitment fee, incurred in relation to the loans were capitalized. Debt issue costs were amortized using EIR method.

Unamortized debt discount, representing capitalized debt issue costs, is presented as deduction from the Group's long-term debt.

Debt Covenants
The Group's ₱73.5 billion Syndicated Loan Facility contains certain restrictive covenants that require the Group's subsidiaries, BRHI, to comply with specified financial ratios and other financial tests at quarterly measurement dates. The Group's loan agreement includes compliance with certain financial ratios such as debt-to-equity ratio (computed as total liabilities, net of liabilities backed by cash divided by total equity) and debt service coverage ratio (computed as net income plus interest expense; depreciation and amortization and Debt Service Reserve Account ("DSRA") divided by current portion of long-term debt and interest payable).

As of March 31, 2020 and December 31, 2019, BRHI is in compliance with these debt covenants.

Collateral
Under the syndicated loan facility obtained in 2018, collateral includes the following:

(i) Assignment of DSRA

To ensure the payment by BRHI of the Loan, BRHI shall convey, assign, transfer, set over and confirmed unto the Security Trustee the rights, title and interest of BRHI in its DSRA required to be maintained by BRHI.

The level of funds standing in the DSRA on any date commencing on the initial drawdown date shall be at least the amount of the principal due on the immediately succeeding repayment date and at least twice the amount of the interest due on the immediately succeeding interest payment date.

In case BRHI fails to transfer funds to the Paying Agent, or transfers an amount not sufficient to cover the payment of debt service due, on a payment date, the Security Trustee shall debit from the DSRA such amounts as may be necessary to meet such Debt Service and transfer the same to BDO Unibank, Inc. - Trust and Investment Group (Paying Agent).

In the event the funds in the DSRA fall below the DSRA maintaining balance, the Borrower shall replenish the DSRA from its own funds in order that the DSRA maintaining balance shall be met not later than the five Banking days from the date the funds fell below the DSRA Maintaining Balance.

As of March 31, 2020 and December 31, 2019, the Group's debt collateral account related to the Syndicated Loan Facility amounted to ₱3.6 billion.

(ii) Assignment of Project Agreements

BRHI shall assign, convey, set over and transfer absolutely to the Security Trustee, for the benefit of the Secured parties, all of its rights, title and interest, present and future, in and into the Future Project Agreements, the (a) benefit of all claims for damages for the breach by any Counterparty of any term of any of the Project Agreements and all warranties and indemnities contained therein; (b) right to terminate any of the Project Agreements or agree to the suspension thereof; (c) right to compel performance of any of the Project Agreements; (d) the right to agree to any variation of the terms of any of the Project Agreements; and (e) the right to pursue any action, proceeding, suit or arbitration arising in relation to any of the rights assigned and to enforce such rights in the name of BRHI.

(iii) Mortgage

As a security for timely payment, discharge, observance and performance of the loan, Sureste/BRHI (a) establishes in favor of the Security Trustee for the benefit of the Lenders, a first ranking real estate mortgage on the present real assets, i.e. leasehold rights over the phase 1 PAGCOR land covered by the PAGCOR lease, and future real assets, i.e. the hotel and gaming facilities and Land; and (b) establish in favor of the Security Trustee for the benefit of the Lender, a first ranking chattel mortgage on the present and future chattels.

(iv) Continuing Suretyship

In consideration of the loan and for other valuable consideration receipt of which the Surety, i.e. Sureste/BRHI, acknowledges, Sureste/BRHI agrees that they shall be solidarily liable with BRHI/Sureste to the Lender and the Security Trustee for the payment of the loan.

(v) Pledge

The Pledgor, i.e. BRHI shareholders, shall assign, transfer, deliver, set over and grant to the Security Trustee, a continuing security interest of first priority in, all of its right, title and interest in and to the Pledged Shares, i.e. BRHI shares, and the Additional Pledged Shares, whether now owned or existing or hereafter acquired.

9. **Related Party Transactions**

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. This includes: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Group; (b) subsidiaries; and (c) individuals owning, directly or indirectly, an interest in the voting power of the Group that give them significant influence over the Group and close members of the family of any such individual.

The Group has a contractual arrangement with a related party for the use of aircrafts. Other related party transactions include contribution to the Bloomberry Cultural Foundation, advances to officers and employees and short-term and long-term employee benefits to key management officers.

10. **Equity**

Capital Stock

Capital stock consists of:

	March 31, 2020 *(Unaudited)*		December 31, 2019 *(Audited)*	
	Shares	**Amount**	Shares	Amount
Capital Stock - ₱1 par value				
Authorized	**15,000,000,000**	**₱15,000,000,000**	15,000,000,000	₱15,000,000,000
Issued	**11,032,998,225**	**11,032,998,225**	11,032,998,225	11,032,998,225
Issued and outstanding	**10,977,969,352**	**10,517,642,723**	10,999,346,901	10,671,662,801

Stock Incentive Plan

The Stockholders of the Parent Company approved on June 25, 2012 a Stock Incentive Plan (SIP) for directors, officers, and employees of the Group, effective for a period of ten years unless extended by the BOD. The Participants to the SIP are: permanent and regular employees of the Group or its affiliates with at least one year tenure; officers and directors of the Group; officers and directors of affiliates of the Group; and other persons who have contributed to the success and profitability of the Group or its affiliates.

The SIP shall be administered by the Stock Incentive Committee ("SIC") composed of three directors or officers to be appointed by the BOD. The SIC shall determine the number of shares to be granted to a participant and other terms and conditions of the grant.

Unissued shares from the authorized capital stock or treasury shares, together with shares already granted under the SIP, which are equivalent to seven percent (7%) of the resulting total outstanding shares of the Group, shall be allocated for the SIP.

The grant of shares under the SIP does not require an exercise price to be paid by the awardee. The shares awarded shall vest in two years: 50% on the first anniversary date of the award; and the other 50% on the second anniversary date of the award. Vesting grants the participant absolute beneficial title and rights over the shares, including full dividend and voting rights.

Unless the SIC determines otherwise, when dividends are declared by Bloomberry, the number of shares subject to an award shall be increased by the number equal in value to the dividends the awardee would have received in respect of an award had the shares awarded to the awardee vested at the time of the dividend declaration. This is designated as the Dividend Re-investment Plan (DRIP).

Stock awards, including DRIP shares, granted by the SIC to officers and employees of then Group are shown below:

Grant Date	Number of Shares Granted	Fair Value per Share at Grant Date
May 16, 2018*	22,273,374	12.66
June 8, 2018*	89,147	11.40
August 1, 2018*	103,751	9.00
March 18, 2019*	24,933,792	11.62

** includes DRIP shares*

Fair value per share was based on the market price of stock at the date of grant.

Movements in the stock awards granted (number of shares) in March 31, 2020 and December 31, 2019 follow:

	March 31, 2020 *(Unaudited)*	December 31, 2019 *(Audited)*
Balance at beginning of period	**35,955,554**	35,578,643
Stock awards granted	**–**	25,361,561
Stock awards vested	**(12,342,451)**	(24,166,621)
Stock awards of resigned/terminated employees	**(50,728)**	(818,029)
Balance at end of period	**23,562,375**	35,955,554

Total compensation expense on the stock awards recognized in the first quarter of 2020 and 2019 as part of "Operating costs and expenses" in the unaudited consolidated statements of comprehensive income amounted to ₱66.6 million and ₱74.1 million, respectively. The stock incentive obligation recognized as "Share-based payment plan" in the unaudited consolidated statements of financial position amounted to ₱206.2 million and ₱283.0 million as of March 31, 2020 and December 31, 2019, respectively.

Treasury Shares

The movement in treasury shares follows:

	March 31, 2020 *(Unaudited)*		December 31, 2019 *(Audited)*	
	Shares	**Amount**	Shares	Amount
Balance at beginning of period	**33,651,324**	**₱361,335,424**	19,287,070	₱185,406,175
Acquisition	**33,720,000**	**288,025,149**	38,530,875	437,570,012
Issuance for share-based payments	**(12,342,451)**	**(134,005,071)**	(24,166,621)	(261,640,763)
Balance at end of period	**55,028,873**	**₱515,355,502**	33,651,324	₱361,335,424

Set out below is Bloomberry's track record of issuance of its securities:

	Number of Shares		
Date of Approval	Authorized	Issued/ Subscribed	Issue/ Offer Price
May 3, 1999*	120,000,000	80,000,000	₱1.00
February 27, 2012**	15,000,000,000	9,211,840,556	1.00
May 2, 2012***	15,000,000,000	1,179,963,700	7.50
May 31, 2012***	15,000,000,000	117,996,300	7.50
November 10, 2014****	15,000,000,000	435,000,000	13.00
December 18, 2014****	15,000,000,000	8,197,669	12.60

**Date when the registration statement covering such securities was rendered effective by the SEC*
***SEC approval of the increase in the authorized capital stock; Offer Shares sold at ₱7.50 on May 2, 2012*
****Transaction date per SEC Form 23-B; Includes Offer Shares and Over-Allotment Option*
*****Transaction date per SEC Form 17-C*

As of March 31, 2020 and December 31, 2019, Bloomberry has total shareholders of 95 on record. For this purpose, public shares held under PCD Nominee are counted as two (one for PCD Nominee - Filipino and another for PCD Nominee - Foreign).

Cost of Shares Held by a Subsidiary

This account pertains to Bloomberry shares owned by BRHI amounting to ₱0.7 million and ₱2.6 million as of March 31, 2020 and December 31, 2019, respectively.

Dividend Declaration
On March 6, 2020, the Parent Company's BOD approved the declaration of cash dividend of ₱0.25 per share or an aggregate amount of ₱2.8 billion to stockholders on record as of March 23, 2019 and was paid on March 31, 2020. Outstanding dividend payable as of March 31, 2020 and December 31, 2019 amounted to ₱933.4 million and ₱0.6 million.

11. **Costs and Expenses**

This account consists of:

	Three Months Ended March 31	
	2020	2019
	(Unaudited)	*(Unaudited)*
Operating costs and expenses	**₱6,775,514,044**	₱7,188,551,290
Interest expense	**1,365,409,380**	1,385,017,730
Foreign exchange gains - net	**(34,543,833)**	(8,276,292)
Others	**(64,296,808)**	703
	₱8,042,082,783	₱8,565,293,431

12. **Lease Agreements**

As a Lessee
The Group has lease contracts related to its land, building and gaming equipment. The following are the lease terms of the leases:

Land	10 to 20 years
Building	3 years
Gaming equipment	3 years

The Group's obligations under these leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets. Extension and termination options are normally mutually agreed by lessor and lessee.

The Group also has certain leases of equipment and other assets with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

The Group has no lease contracts that contain variable payments.

Shown below is the maturity analysis of the undiscounted lease payments:

	Amount
1 year	₱24,234,612
more than 1 years to 2 years	17,855,477
more than 2 years to 3 years	5,985,572
more than 3 years to 4 years	6,284,859
more than 5 years	28,354,161

On May 7, 2010, BRHI entered into a contract of lease with PAGCOR to lease 83,084 square meters of land for the construction of the hotel, gaming and entertainment facility. The lease period was for about 23 years, and was co-terminus with the term of lessor as provided in the PAGCOR charter which will expire on July 11, 2033, unless sooner revoked, rescinded or cancelled. The schedule of the annual lease rental was provided for in the agreement.

On May 20, 2011, BRHI and Sureste entered into a deed of assignment whereby BRHI assigned to Sureste all its rights and interest as a lessee under the contract of lease with PAGCOR. Such deed of assignment was approved by PAGCOR on May 26, 2011. BRHI remained solidarily liable to PAGCOR for Sureste's compliance with all the obligations and liabilities of the lessee under the contract of lease.

In December 2012, BRHI and Sureste amended the deed of assignment with the consent of PAGCOR. Under the amended deed of assignment BRHI assigned 89% of its leasehold rights over the leased land to Sureste and retained the 11% of such rights. In 2013, an addendum to the contract of lease covering an additional 3,733 square meters of PAGCOR land, was executed. In December 2014, a second addendum to the contract of lease covering and additional 73,542 square meters of PAGCOR land was also executed.

In 2018, Sureste purchased from PAGCOR the 16 hectares land in Entertainment City where Solaire and its expansion area is located. The purchase price was ₱37.3 billion. Sureste fully paid the purchase price and PAGCOR signed the Deed of Absolute Sale on June 4, 2018 for the two parcels of land with an area of 3,733 square meters and 156,626 square meters, respectively. Title to the two parcels of land were issued to Sureste on August 15, 2018.

Rent expense amounting to nil and ₱13.3 million was recognized under operating costs and expenses in the three months ended March 31, 2020 and 2019 consolidated statements of comprehensive income.

In 2012, BRHI entered into a lease contract for suites in the SM Arena for three years commencing May 21, 2012 until May 21, 2015 renewable upon the joint written agreement of the parties under terms and conditions mutually agreed by the parties. BRHI renews the contract annually. Rent expense related to this lease amounting to ₱4.8 million, which was primarily used to provide additional incentive to casino players, was recognized under "Operating costs and expenses" in the 2020 and 2019 statements of comprehensive income.

Future minimum lease payment under this operating lease which is due within one year amounted to ₱19.0 million as of March 31, 2020 and December 31, 2019.

The Group also entered into other various lease contracts for a period of one year renewable annually. Rental charges related to these leases, presented under "Operating costs and expenses" in the consolidated statements of comprehensive income for the three months ended March 31, 2020 and 2019 amounted to ₱25.4 million and ₱42.5 million, respectively.

Security deposits related to the leases discussed above amounted to ₱17.5 million and ₱17.6 million as of March 31, 2020 and December 31, 2019, respectively.

As a Lessor

The Group entered into operating leases with various premium brand boutiques in The Shoppes (see Note 1). These leases have terms between 1 to 6 years. Rent income amounting to ₱160.5 million and ₱148 million was recognized as part of "Retail and others" account in the 2020 and 2019 statements of comprehensive income.

Rent receivable on these operating leases arising from straight-line amortization amounting to ₱6.6 million and ₱6.8 million as of March 31, 2020 and December 31, 2019 is presented under "Other receivables", respectively.

Tenants' security deposits classified as noncurrent, presented under "Other noncurrent liabilities", amounted to ₱304.2 million and ₱300.8 million as of March 31, 2020 and December 31, 2019, respectively. These are carried at amortized cost using the EIR method. Discount amortization, included as part of the "Interest expense" account in the 2020 and 2019 consolidated statements of comprehensive income, amounted to ₱3.7 million and ₱3.1 million, respectively. Tenants' security deposit classified as current amounting to ₱42.8 million and ₱40.0 million is presented

under “Payables and other current liabilities” in the consolidated statements of financial position as of March 31, 2020 and December 31, 2019.

Unearned rent amounting to ₱27.3 million and ₱29.4 million as of March 31, 2020 and December 31, 2019, presented under “Other noncurrent liabilities”, represents the excess of the principal amount of the deposit over its fair value and will be amortized on a straight-line basis over the lease term. Amortization of unearned rent amounting to ₱3.2 million and ₱2.5 million was recognized as part of “Retail and others” account in the 2020 and 2019 consolidated statement of comprehensive income, respectively.

Future minimum lease payments under these operating leases as of March 31, 2020 are as follows:

	Amount
Within one year	₱534,134,967
Beyond one year but not later than five years	1,069,994,390
	₱1,604,129,358

13. **Commitments and Contingencies**

a. Under the license agreement with PAGCOR, BRHI has the following commitments, among others:

- Seven days prior to commencement of operation of the Casino, to secure a surety bond in favor of PAGCOR in the amount of ₱100.0 million to ensure prompt and punctual remittance/payment of all license fees.

- License fees must be remitted on a monthly basis, in lieu of all taxes with reference to the income component of the Gross Gaming Revenues: (a) 15% of the gross gaming revenues generated by high roller tables; (b) 25% of the gross gaming revenues generated by non-high roller tables; (c) 25% of the gross gaming revenues generated by slot machines and electronic gaming machines; and (d) 15% of the gross gaming revenues generated by junket operation.

- In addition to the above license fees, BRHI is required to remit 2% of gaming revenues generated from non-junket operation tables to a foundation devoted to the restoration of Philippine cultural heritage, as selected by the BRHI and approved by PAGCOR. BRHI has established Bloomberry Cultural Foundation Inc. (“BCF”) for this purpose. Amount due to BCF, recognized as part of “Operating costs and expenses” for the three months ended March 31, 2020 and 2019, amounted to ₱123.8 million and ₱115.6 million, respectively. Outstanding amount payable to BCF as of March 31, 2020 and December 31, 2019, presented as part of “Payable and other current liabilities”, amounted to ₱24.6 million and ₱35.3 million, respectively. Furthermore, the Group has made advances to BCF amounting to ₱132.4 million and ₱0.1 million as of March 31, 2020 and December 31, 2019, respectively, presented as part of “Prepayments and other current assets” account in the consolidated statements of financial position.

- PAGCOR may collect a 5% fee of non-gaming revenue received from food and beverage, retail and entertainment outlets. All revenues of hotel operations should not be subject to the 5% except rental income received from retail concessionaires.

- Grounds for revocation of the license, among others, are as follows: (a) failure to comply with material provision of this license; (b) failure to remit license fees within 30 days from receipt of notice of default; (c) bankruptcy or insolvency; (d) delay in construction of more than 50% of the schedule; and (e) if debt-to-equity ratio is more than 70:30. As of March

31, 2020 and December 31, 2019, BRHI has complied with the required debt-to-equity ratio.

Total PAGCOR license fee recognized, shown under "Operating costs and expenses", amounted to ₱2.7 billion and ₱2.9 billion for the three months ended March 31, 2020 and 2019, respectively. Outstanding amount payable to PAGCOR and BCF, presented as part of "Gaming taxes payable", amounted to ₱9.5 million and ₱954.1 million as of March 31, 2020 and December 31, 2019, respectively.

b. BRHI and G&L entered into junket operator agreements with junket operators who have the primary responsibility of directing gaming patrons to the casino. Based on these agreements, these junket operators are compensated based on a certain percentage of wins or rolling chips. Gaming promoters' expense for the three months ended March 31, 2020 and 2019 amounted to ₱1.9 billion and ₱2.3 billion, respectively. Receivable from junket operators as of March 31, 2020 and December 31, 2019 amounted to ₱1.6 billion and ₱2.2 billion, respectively.

c. On September 9, 2011, Sureste and BRHI jointly entered into a Management Services Agreement ("MSA") with Global Gaming Philippines LLC ("GGAM") for technical assistance on all aspects of planning, design, layout, and construction of the Project within Entertainment City and for services related to recruitment, selection, and hiring of employees for the Project. GGAM through the Management Team shall also provide management and other related services upon commencement of the Project's commercial operations. Fees per contract amounts to US$100,000 per month for the technical assistance and US$75,000 monthly for services related to the preopening operations. Upon commencement of the commercial operations and five years thereafter, the Group will pay GGAM annual fees equivalent to certain percentages of Sureste's and BRHI's earnings before interest, taxes, depreciation and amortization.

Sureste and BRHI terminated the MSA effective September 12, 2013 because of material breach of the MSA by GGAM after prior notice and failure of discussions to settle their dispute. Accordingly, the Group has accrued annual fees due to GGAM up to September 12, 2013 only. GGAM denies having breached the MSA and alleges that it is BRHI and Sureste who breached the MSA. The parties have submitted their dispute to arbitration before a 3-member arbitral tribunal in Singapore under the arbitration rules of the United Nations Commission on International Trade Law ("UNCITRAL") using Philippine law as the governing law.

Under the MSA, GGAM was granted an option, over the shares of BRHI and Sureste. After the backdoor listing of Bloomberry, the option was granted to purchase up to 921.2 million shares, equivalent to 9.91% of Bloomberry's outstanding shares (prior to Bloomberry's top-up equity offering) from PMHI at a purchase price equivalent to ₱1.00 per share plus US$15 million. On December 21, 2012, GGAM exercised its option to purchase 921.2 million shares of Bloomberry from PMHI at the agreed option strike price of ₱1.67 per share and was crossed through the Philippine Stock Exchange on December 28, 2012. On February 25, 2014, the Makati Regional Trial Court ("MRTC") granted the application of BRHI, Sureste and PMHI for measures of protection in the form of writs of preliminary attachment and preliminary injunction to restrain GGAM from disposing the Bloomberry shares in order to maintain the status quo. GGAM filed a petition for review on certiorari with the Court of Appeals against the decision of the MRTC.

On December 9, 2014, the tribunal issued its Order in Respect of Claimants' Interim Measures of Protection, declaring among others, that the February 25 Order of MRTC is superseded and that parties are restored to their status quo ante as of January 15, 2014 and allowed GGAM to sell the shares.

GGAM filed a Manifestation with the MRTC concerning the order of the arbitral tribunal and seeking assistance in the enforcement thereof. BRHI, Sureste and PMHI filed a Counter-Manifestation on impropriety of GGAM Manifestation given its non-compliance with requirements of the Special Rules of Court on Alternative Dispute Resolution (Special ADR Rules) for enforcement of judgment/interim measures of protection. GGAM also filed a Manifestation and Motion with the Court of Appeals seeking the same relief as that filed with the MRTC. BRHI, Sureste and PMHI filed a Comment/Opposition arguing against the grant of the Motion with the Court of Appeals for non-compliance with the Special ADR Rules as well as for forum-shopping. In a resolution dated May 29, 2015 and affirmed on November 27, 2015, the Court of Appeals remanded back the case to the MRTC for further proceedings.

On September 20, 2016, the arbitral tribunal issued a partial award on liability. It declared that 1) GGAM has not misled BRHI/Sureste (Respondents) into signing the MSA, and the Respondents were not justified to terminate the MSA because the services rendered by the Respondent's Management Team should be considered as services rendered by GGAM under the MSA, 2) rejected GGAM's claim that GGAM was defamed by the publicized statements of the Chairman of BRHI/Sureste, 3) that there is no basis for Respondents to challenge GGAM's title to the 921,184,056 Bloomberry shares because the grounds for termination were not substantial and fundamental, thus GGAM can exercise its rights in relation to those shares, including the right to sell them, 4) reserved its decision on reliefs, remedies and costs to the Remedies Phase which is to be organized in consultation with the Parties, 5) reserved for another order its resolution on the request of GGAM: (a) for the Award to be made public, (b) to be allowed to provide a copy of the Award to Philippine courts, government agencies and persons involved in the sale of the shares, and (c) to require BRHI/Sureste and Bloomberry to inform Deutsche Bank AG that they have no objection to the immediate release of all dividends paid by Bloomberry to GGAM.

On August 31, 2017, BRHI and Sureste filed a request for reconsideration of the partial award in the light of U.S. DOJ and SEC findings of violations of the Foreign Corrupt Practices Act by certain GGAM officers, and for false statements and fraudulent concealment by GGAM in the arbitration. GGAM opposed the request on September 29, 2017. In a decision dated November 22, 2017, the tribunal denied the request for reconsideration saying it has no authority to reconsider the partial award under Singapore law. The tribunal said that the courts might be the better forum to look into the allegations of fraud.

On December 21, 2017, BRHI and Sureste filed a petition in the High Court of Singapore to set aside the June 20, 2017 judgment of the Court and to either remit the partial award to the tribunal for correction, or otherwise set aside the partial award based the fraud allegations previously raised in the request for reconsideration.

In a resolution dated November 23, 2017, the MRTC affirmed the continuing validity of its February 25, 2014 order and the writ of preliminary injunction and attachment issued pursuant thereto. GGAM filed a petition for review with the Court of Appeals to question this MRTC order. The Court of Appeals denied this petition, and GGAM has filed a petition in the Supreme Court to question the decision of the Court of Appeals.

On September 27, 2019, BRHI and Sureste received the Final Remedies Award of the arbitration tribunal in the case filed. The Final Award awarded less than half of the damages sought by GGAM. It provides that:

a) Respondents pay US$85.2 million as damages for lost management fees to Claimants;
b) Respondents pay US$391,224 as pre-termination fees and expense to Claimants;
c) Respondents pay Php10,169,871,978.24 for the (921,184,056) GGAM shares in Bloomberry Resorts Corporation (BRC) in exchange for Claimants turning over the Shares after the payment. If Respondents do not pay for the Shares, GGAM may sell

the Shares in the market and Respondents are directed to take all steps necessary to facilitate this sale. Respondents will be liable for the difference in the selling price if it is less than the awarded price;

d) Respondents to take all steps necessary to release to GGAM the cash dividends on the Shares (currently subject of the injunction of the RTC Makati);
e) Respondents to pay Claimants Cost of US$14,998,052.
f) Post-award interest at the annual rate of 6%, compounded annually, or 50 basis per month for the pre-termination expenses in (b), beginning 30 days after the Award.

On November 5, 2019, BRHI and Sureste filed in the Singapore High Court an application to set aside the Final Award on the grounds of fraud and fraudulent concealment among others. This case is pending in Singapore.

BRHI and Sureste received a decision of the Singapore High Court dated January 3, 2020 in OS 1432 dismissing their petition to vacate and oppose the enforcement of the Partial Award of the Arbitration Tribunal dated 20 September 2016. The Court said that the FCPA Findings (referring to the U.S. Department of Justice non-prosecution agreement with Las Vegas Sands and the U.S. SEC order on Foreign Corrupt Practices Act involving Weidner and Chiu while they were with Las Vegas Sands) "do not constitute strong and cogent evidence of any species of fraud" raised by Sureste and BRHI against GGAM. BRHI and Sureste appealed this decision to the Court of Appeals in Singapore on February 3, 2020.

BRHI and Sureste were advised by Philippine counsel that an award of the Arbitral Tribunal can only be enforced in the Philippines through an order of a Philippine court of proper jurisdiction after appropriate proceedings taking into account applicable Philippine law and public policy.

No further details were provided as required under PAS 37, Provisions, Contingent Liabilities and Contingent Assets, because these may prejudice the Group's position in relation to this matter.

Management, in consultation with legal counsel, believes that no provision should be recognized as of March 31, 2020 and December 31, 2019.

d. On March 15, 2016, the Court of Appeals ("CA") issued a 30-day freeze order on one of BRHI's bank accounts upon the petition filed by AMLC in relation to their ongoing investigation. The freeze order of the CA on the bank account was lifted on April 14, 2016. Subsequently, on request of the AMLC, the Supreme Court reinstated the freeze order on the account, which contained the amount of ₱109.3 million that was frozen from the accounts of those patrons subject to the investigation. BRHI has moved for the lifting of the freeze order. This motion is still pending with the Supreme Court. As of March 31, 2020 and December 31, 2019, the balance of this bank account amounting to ₱112.6 million is presented as "Fund held in trust" under the "Prepayments and other current assets" account in the statement of financial position.

In February 2019, BRHI received the summons and complaint as one of 17 Philippine companies and individuals that the Bangladesh Bank impleaded in the civil suit that it filed in the US District Court in New York against RCBC for recovery of the US$81 million allegedly stolen from Bangladesh Bank account with the Federal Reserve Bank in New York that were allegedly laundered through Philippine casinos. BRHI through counsel has filed a motion to dismiss the case for lack of subject matterjurisdiction and *for forum non-conveniens.* On March 20, 2020, the Federal Court of New York granted the motion to dismiss the case. Bangladesh Bank has filed an appeal of the dismissal with the U.S. Court of Appeals.

14. Basic/Diluted Earnings Per Share on Net Income Attributable to Equity Holders of the Parent Company

		Three Months Ended March 31	
		2020	2019
(a)	Net income attributable to equity holders of the Parent Company	**₱1,376,546,799**	₱2,211,193,653
(b)	Weighted average of issued shares	**11,032,998,225**	11,032,998,225
(c)	Weighted average number of treasury shares	**(48,947,664)**	(19,287,070)
(d)	Weighted average number of issued shares, net of treasury shares	**10,984,050,561**	11,013,711,155
	Unvested stock awards at beginning of year	**23,562,375**	35,578,642
	24,259,962 stock awards granted on March 18 2019	**–**	864,053
(e)	Weighted average stock awards granted	**23,562,375**	36,442,695
(f)	Weighted average number of shares, net of treasury shares adjusted for dilution	**11,007,612,936**	11,050,153,850
	Basic earnings per share (a)/(d)	**₱0.125**	₱0.201
	Diluted earnings per share (a)/(f)	**₱0.125**	₱0.200

15. Segment Information

The results of the Group's reportable business segment for the three months ended March 31, 2020 and 2019 are as follows:

	Philippines	**Korea**	**Eliminations**	**2020**	2019
Consolidated EBITDA	**₱3,544,135,330**	**(₱109,881,412)**	**₱26,045,305**	**₱3,460,299,223**	₱4,501,313,614
Depreciation and amortization	**(770,333,598)**	**(52,640,805)**	**–**	**(822,974,403)**	(922,186,919)
Interest expense	**(1,358,295,991)**	**(28,880,620)**	**21,767,231**	**(1,365,409,380)**	(1,385,017,730)
Foreign exchange gains (losses) - net	**137,352,852**	**(501,461,127)**	**398,652,108**	**34,543,833**	8,276,292
Others	**(24,605,193)**	**88,902,001**	**–**	**64,296,808**	(703)
Benefit from (provision for) income tax)	**(3,805,626)**	**–**	**–**	**(3,805,626)**	517,440
Consolidated net income	**₱1,524,447,774**	**(₱603,961,963)**	**₱446,464,644**	**₱1,366,950,455**	₱2,202,901,994

The assets and liabilities of the Group's reportable business segment as of March 31, 2020 and December 31, 2019 are as follows:

	Philippines	**Korea**	**Total**	**Eliminations**	**2020**	2019
Assets:						
Segment assets	**₱306,080,711,993**	**₱6,849,921,609**	**₱312,930,633,602**	**(₱184,598,029,388)**	**₱128,332,604,214**	₱132,694,034,357
Deferred tax assets - net	**–**	**120,105,386**	**120,105,386**	**(120,105,386)**	**–**	–
Total assets	**₱306,080,711,993**	**₱6,970,026,995**	**₱313,050,738,988**	**(₱184,718,134,774)**	**₱128,332,604,214**	₱132,694,034,357
Liabilities:						
Segment liabilities	**₱100,001,539,161**	**₱9,742,228,334**	**₱109,743,767,495**	**(₱23,967,253,231)**	**₱85,776,514,264**	₱88,252,206,483
Deferred tax liabilities - net	**59,194,188**	**–**	**59,194,188**	**356,783,477**	**415,977,665**	411,103,020
Total liabilities	**₱100,060,733,349**	**₱9,742,228,334**	**₱109,802,961,683**	**(₱23,610,469,754)**	**₱86,192,491,929**	₱88,663,309,503

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

The following discussion and analysis relate to the consolidated financial condition and operating results of the Group and should be read in conjunction with the accompanying unaudited condensed consolidated financial statements and related notes as of March 31, 2020 and for the three months ended March 31, 2020 and 2019 and as of December 31, 2019.

OVERVIEW

The Parent Company was engaged in the manufacture of printed circuit boards up to 2003. It ceased commercial operations in December 2003 up until 2011. On February 27, 2012, the SEC approved the change in its primary purpose to that of a holding company. The Company now has Sureste, BRHI, Bloom Capital B.V., Solaire de Argentina S.A., Solaire Korea, G&L, Muui, BCTI and BRJI as its subsidiaries. BRHI has 49% shareholdings in Falconer Aircraft Management Inc., a company engaged in aircraft management.

Sureste Properties, Inc.
Sureste was incorporated in 1993 as a property holding company. On July 2, 2010, Sureste amended its primary purpose to develop and operate tourist facilities including hotel - casino entertainment complexes. Sureste is registered with the Philippine Economic Zone Authority ("PEZA") as developer of a hotel project in a PEZA Tourism Economic Zone. As such, Sureste enjoys certain incentives granted by the government in relation to the hotel component of Solaire Resorts & Casino, including reduced tax rates. In 2011, in compliance with the requirements of PEZA, Sureste divested itself of all its non-hotel assets including its ownership in Monte Oro Resources and Energy Inc. ("MORE") and various prime real estate properties. Sureste acquired all the shares of BRHI on January 12, 2011.

Bloomberry Resorts and Hotels Inc.
On February 27, 2008, BRHI was incorporated as Bloombury Investments Holdings Inc. ("BIHI") for the purpose of developing and operating tourist facilities, including casino-entertainment complexes with casino, hotel, retail and amusement areas and themed development components. On April 8, 2009, BRHI was granted a Provisional License by PAGCOR to establish and operate integrated casino, hotel and entertainment complex at the Entertainment City in Paranaque City. On September 21, 2010, the SEC approved the change of BIHI's name to BRHI. On May 7, 2015, BRHI's Provisional License was replaced with a regular casino Gaming License upon full completion of the Project, referred to as "Solaire". The Gaming License has the same terms and conditions as the Provisional License.

Bloomberry Cruise Terminals Inc.
Bloomberry established a new company named BCTI to manage and operate the proposed Solaire Cruise Center and Yacht Harbor, a two-berth luxury cruise terminal attached to Solaire and fronting Manila Bay, and a cruise tender terminal being developed in the Port of Salomague, Cabugao, Ilocos Sur in the northern Philippines. The proposed Solaire Cruise Center and Yacht Harbor were designated by the Tourism Infrastructure and Enterprise Zone Authority as a Tourism Enterprise Zone.

Sureste was awarded a 10-year lease from the Philippine Ports Authority which gives Sureste the right to construct, develop, manage and operate cruise passenger facilities at the Port of Salomague.

The construction of the proposed Solaire Cruise Center and Yacht Harbor will commence once all relevant regulatory approvals are secured. BCTI has suspended its port operations in Salomague, Ilocos Sur as cruise ships have stopped operations due to the COVID-19 pandemic.

Bloom Capital B.V.
In 2013, Bloomberry subscribed to 60% of the capital stock of Bloom Capital B.V., a financial holding entity incorporated in the Netherlands as a private company with limited liability under the Dutch law on November 21, 2013. On October 23, 2014, Bloomberry acquired the remaining 40% capital stock of Bloom Capital B.V. In 2014, Bloom Capital B.V. acquired a 94% stake in Solaire de Argentina S.A.

Bloom Capital B.V is currently not in operation. Solaire de Argentina S.A. has started the process of liquidation. Such process requires the filing of corporate documents and financial statements with different authorities in Argentina. The procedure also includes the publishing of notices and clearances from the authorities.

Solaire Korea Co., Ltd.
On December 28, 2014 Bloomberry established, through a nominee, a new company named Solaire Korea Co., Ltd. (Solaire Korea), to hold the Group's investment interest in the Republic of Korea. After a series of stock subscriptions, Bloomberry now owns 100% of Solaire Korea.

Golden & Luxury Co., Ltd.
On April 24, 2015, Solaire Korea acquired 77.26% of the outstanding shares of Golden & Luxury Co., Ltd. (G&L). Subsequently on May 22, 2015, it acquired an additional 18.98% of G&L, bringing Solaire Korea's ownership in G&L to 96.23%. On August 20, 2015, Bloomberry acquired 10.00% of the outstanding shares of G&L from Solaire Korea. G&L is a hotel and casino operator in Jeju Island in the Republic of Korea.

Muui Agricultural Corporation
On March 8, 2016, Solaire Korea established a new company Muui Agricultural Corporation (Muui) to hold Solaire Korea's investment interest in agricultural land in Muui and Silmi pending its conversion. Solaire Korea owns 80% of Muui.

Bloomberry Resorts Japan, Inc.
In November 2019, Bloomberry acquired 100% of the capital stock of BRJI. The primary purpose of BRJI is to engage in the business of Integrated Resorts in Japan including planning, construction and operation as well as other related activities.

Solaire Resort & Casino
Solaire Resort & Casino ("Solaire"), is the first premium/luxury hotel and gaming resort in Entertainment City. BRHI, as the license holder, owns and operates the casino while Sureste owns and operates the hotel and other non-gaming business.

Upon completion of Phase 1 of Solaire, now referred to as the Bay Tower, BRHI and Sureste commenced commercial operations on March 16, 2013. Solaire opened with its main gaming area and initial non-gaming amenities, which included hotel, food and beverage outlets.

Phase 1 of Solaire consists of a casino with an aggregate gaming floor area of approximately 18,500 square meters (including approximately 6,000 square meters of exclusive VIP gaming areas), with approximately 1,653 slot machines, 295 gaming tables and 88 electronic table games. Phase 1 has 488 hotel rooms, suites and bayside villas, and 15 specialty restaurants and F&B outlets including (the number of seats are approximations): a 240-seat Chinese restaurant, a 182-seat Korean restaurant (operated by a third party), a 150-seat Japanese restaurant, a 120-seat Italian restaurant, a 322-seat international buffet/coffee shop, a 170-seat noodle shop, a 150-seat live entertainment lounge, a 406-seat food court, a 20 seat lobby bar, and a 50-seat lounge area. It has a spa and fitness center, a bayview promenade, and multilevel parking building with approximately 1,500 parking slots.

On November 22, 2014, Bloomberry opened the Sky Tower, which was previously referred to as Phase 1A development of Solaire. Contiguous to the existing Solaire Resort and Casino, the Sky Tower consists of a 312 all-suite hotel, additional ten VIP gaming salons with 66 gaming tables and 230 slot machines, an exclusive House of Zhou Chinese restaurant and The Macallan Whisky and Cigar Bar for VIP gamers, state-of-the art meeting rooms ("The Forum"), and a lyrical theater ("The Theatre"). The Sky Tower also features two restaurants, the Waterside Restobar and Oasis Garden Café. The Theatre is a certified 1,760-seat theatre designed to provide a superior audio-visual experience for a wide range of theatre plays and musicals, dance performances, concerts, amplified music and speech events. The Forum is a 2,000 square-meter meeting facility with eight meeting rooms, two boardrooms and a flexible pre-function area. The ballroom is now in the process of being reconfigured into a new gaming area. The Tent at Solaire was established as a temporary

versatile function venue with full banquet and catering facilities. Sky Tower also features the Sky Range Shooting Club with 5 rifle shooting bays and 15 pistol bays. Sky Tower is accessible through a multi-level parking garage that, to date, can accommodate and secure over 1,050 vehicles. The Shoppes in the Sky Tower features retail stores, including premium brands such as Louis Vuitton, Saint Laurent, Bvlgari, Salvatore Ferragamo, Givenchy, Prada, and Lukfook Jewelry. In 2019, new outlets were opened including Versace, Cartier, Dior, Chow Tai Fook, Porsche Design, Univers, Marcelo Burlon, Stefano Ricci, Skinive and 88 Gold.

On December 7, 2018, Solaire unveiled The Cigar Bar and Poker Room, a high-end poker area with eight gaming tables. In July 2019, The Cigar Bar and Poker Room was renamed to The Baccarat Room & Bar. On February 11, 2019, Solaire opened the Philippine's first electronic table games ("ETG") stadium called "Players Stadium" - an expansive and colorful entertainment space highlighted by a massive 360 square meter surround screen.

A part of the Solaire parking building in the Sky Tower has been reconfigured and leased out as office space for BPO businesses.

On January 31, 2020, the World Health Organization (WHO) declared the novel coronavirus acute respiratory disease (2019-nCoV ARD now COVID-19) health event as a public health emergency of international concern after an emergency committee convened on January 30, 2020 in Geneva, Switzerland. On the same day, the Philippines issued a temporary travel ban covering all travelers coming from Hubei Province of China. On February 2, 2020, the Philippines banned all travel to and from China and its two administrative regions, Hong Kong and Macau, to stem the spread of the virus.

On March 14, 2020 Philippine President Rodrigo Duterte placed Metro Manila under "Enhanced Community Quarantine" (ECQ). On March 16, 2020, the ECQ was expanded to cover the entire Luzon island. The ECQ, which is effectively a lockdown, restricts the movement of the population but with exceptions, in response to the growing pandemic of COVID-19 in the country. In addition, the ECQ mandated the temporary closure of non-essential shops and businesses.

In line with the declaration of ECQ in Metro Manila, PAGCOR announced on March 15, 2020 that casino operations throughout the region would be suspended for the duration of the quarantine. The temporary closure applied to PAGCOR-operated casinos, all licensed and integrated resort casinos, electronic games (eGames), bingo (traditional and electronic), sports betting, poker, slot machine clubs and other activities regulated by PAGCOR. Accordingly, all gaming operations in Solaire and the other integrated resorts in Entertainment City were suspended to comply with PAGCOR's directive and the ECQ.

The ECQ was originally set to last until April 12, 2020. However, President Duterte accepted the recommendation of the Inter-Agency Task Force on Emerging Infectious Diseases (IATF-EID) to extend the Luzon ECQ up until April 30, 2020. Another two-week extension was announced on April 24, 2020, extending the ECQ to May 15, 2020, particularly for Metro Manila and other high-risk COVID-19 areas in Luzon.

Solaire North

In 2015, Sureste purchased from the NHA 15,676 square meters of land in Vertis North, Quezon City Central Business District and was issued Transfer Certificates of the Title on June 24, 2016. This property is the site of BRHI's proposed second integrated resort in the Philippines, "Solaire North", under the same PAGCOR license. The Group started the excavation work for the said project in July 2019. In line with the ECQ, construction work at the site has been temporarily halted.

Jeju Sun Hotel & Casino

On April 24, 2015 and subsequently on May 22, 2015, Bloomberry, through its wholly-owned subsidiary, Solaire Korea, acquired majority ownership of G&L. G&L operated a hotel and casino property in Jeju, Korea under the brand name "T.H.E Hotel" and "LVegas Casino". Upon takeover of operations by Bloomberry, the property was rebranded as "Jeju Sun Hotel & Casino" ("Jeju Sun"). The property consists of a 202-room hotel with 5 Hibiscus rating, 2,000 square meters of gaming

operations with 36 tables and 20 electronic gaming machines. The property has four food and beverage outlets to service its hotel guests and casino players. In 2018, a reorganization was implemented separating hotel and casino operations. Jeju Sun appointed a Hotel Operations Officer and a Casino Operations Officer, in January and July, respectively. In the fourth quarter of 2018, Jeju Sun embarked on a renovation project covering 164 rooms, restaurants, lobby, building façade, sports bar, gym, sauna, back of the house and a new ballroom for the purpose of securing the 5 Hibiscus rating that is required to keep its gaming license. Renovations were completed in December 2019.

In response to the COVID-19 situation in South Korea, Jeju Sun began a phased suspension of operations on March 6, 2020 with full suspension achieved by March 21, 2020. The suspension was originally set to last until April 21, 2020 but was extended up to June 6, 2020.

OPERATING RESULTS

The following are the key performance indicators of the Group in the first quarter of 2020 with comparison for 2019:

Table 2.0 Key Performance Indicators

	For The Three Months Ended March 31	
In thousands, except for ratios	**2020**	2019
EBITDA	**₱3,460,300**	₱4,501,314
Net Debt to Equity (D/E) Ratio	**1.15**	1.42
Current Ratio	**2.29**	2.04
Total Assets	**128,332,604**	126,855,715
Return on Equity (ROE)	**3.24%**	5.94%

EBITDA is earnings before interest, taxes, depreciation and amortization.
Net D/E Ratio is the ratio of the borrower's total liabilities net of cash to total shareholder's equity.
Current Ratio is a liquidity ratio that measures the company's ability to pay short-term obligations.
ROE is calculated by dividing the Company's annual earnings by shareholders' equity

The following table shows a summary of the operating results of the Group for the three months ended March 31, 2020, 2019, 2018 and 2017 as derived from the accompanying unaudited condensed consolidated financial statements.

	For the Three Months Ended March 31												% Change		
	2020			2019			2018			2017 (as restated)*			2020 vs. 2019	2019 vs. 2018	2018 vs. 2017
In thousands, except % change data	Philippines	Korea	Consolidated	Philippines	Korea	Consolidated	Philippines	Korea	Consolidated	Philippines	Korea	Consolidated			
Gross gaming revenues**	₱12,212,732	₱93,090	₱12,305,822	₱13,615,159	₱253,608	₱13,868,767	₱13,695,470	₱51,187	₱13,746,657	₱10,656,578	₱58,915	₱10,715,493	(11.3)	0.9	28.3
PFRS 15 allocation	(906,292)	–	(906,292)	(1,019,302)	–	(1,019,302)	(721,426)	–	(721,426)	(586,789)	-	(586,789)	(11.1)	41.3	22.9
Contra revenue accounts	(3,662,420)	(43,340)	(3,705,760)	(3,885,919)	(115,036)	(4,000,955)	(4,255,138)	(2,873)	(4,258,011)	(3,642,785)	(12,564)	(3,655,349)	(7.4)	(6.0)	16.5
Net gaming revenues	**7,644,020**	**49,750**	**7,693,770**	**8,709,938**	**138,572**	**8,848,510**	**8,718,906**	**48,314**	**8,767,220**	**6,427,004**	**46,351**	**6,473,355**	**(13.1)**	**0.9**	**35.4**
Non-gaming & other revenues***	1,701,124	17,945	1,719,069	1,906,565	12,603	1,919,168	1,495,452	41,763	1,537,215	1,318,370	54,211	1,372,581	(10.4)	24.8	12.0
Net revenues	**9,345,144**	**67,695**	**9,412,839**	**10,616,503**	**151,175**	**10,767,678**	**10,214,358**	**90,077**	**10,304,435**	**7,745,374**	**100,562**	**7,845,936**	**(12.6)**	**4.5**	**31.3**
Cash operating expenses	(5,619,356)	(177,576)	(5,796,932)	(5,954,854)	(282,399)	(6,237,253)	(5,552,794)	(215,098)	(5,767,892)	(4,488,145)	(201,143)	(4,689,288)	(7.1)	8.1	23.0
Provision for doubtful accounts	(155,607)	–	(155,607)	(29,111)	–	(29,111)	–	–	–	–	–	–	434.5	–	–
EBITDA	**3,570,181**	**(109,881)**	**3,460,300**	**4,632,538**	**(131,224)**	**4,501,314**	**4,661,564**	**(125,021)**	**4,536,543**	**3,257,229**	**(100,581)**	**3,156,647**	**(23.1)**	**(0.8)**	**43.7**
Depreciation and amortization	(770,334)	(52,641)	(822,975)	(869,167)	(53,020)	(922,187)	(1,018,872)	(54,750)	(1,073,622)	(1,041,570)	(38,857)	(1,080,427)	(10.8)	(14.1)	(0.6)
Interest, foreign exchange loss & others	(1,335,125)	68,556	(1,266,569)	(1,336,669)	(40,073)	(1,376,742)	199,355	24,755	224,110	(387,767)	463,032	75,265	(8.0)	(714.3)	197.8
Benefit from (provision for) income tax	(3,806)	–	(3,806)	517	–	517	3,611	–	3,611	1,852	–	1,852	(835.5)	(85.7)	95.0
Net Income (Loss)	**₱1,460,916**	**(₱93,966)**	**₱1,366,950**	**₱2,427,219**	**(₱224,317)**	**₱2,202,902**	**₱3,845,658**	**(₱155,016)**	**₱3,690,642**	**₱1,829,744**	**₱323,594**	**₱2,153,338**	**(37.9)**	**(40.3)**	**71.4**
Basic Earnings Per Share			₱0.125			₱0.201			₱0.336			₱0.195			
Diluted Earnings Per Share			₱0.125			₱0.201			₱0.335			₱0.194			

** Operating results for the year ended March 31, 2017 were restated in compliance with PFRS 15. For a detailed explanation of PFRS 15 adjustments, please refer to the Notes section of the 2018 Audited Financial Statements published last March 5, 2019.*

*** before PFRS 15 allocation*

**** includes Interest income*

OPERATING RESULTS FOR THE THREE MONTHS ENDED MARCH 31, 2020 COMPARED WITH 2019

The following table shows the geographical segments of the operating results of the Group for the three months ended March 31, 2020 and 2019.

REVENUES

Revenues consist of: (1) Gaming; (2) Hotel, food and beverage; (3) Retail and others; and (4) Interest income. The table below illustrates the consolidated revenues for the three months ended March 31, 2020 and 2019:

In thousands, except % change data	For the Three Months Ended March 31						% Change 2020 vs. 2019
	2020			2019			
	Philippines	Korea	Consolidated	Philippines	Korea	Consolidated	
Gaming	₱11,306,440	₱93,090	₱11,399,530	₱12,595,857	₱253,608	₱12,849,465	(11.3)
Hotel, food and beverage	839,316	14,981	854,297	961,273	10,906	972,179	(12.1)
Retail and others	808,113	2,759	810,872	868,959	1,663	870,622	(6.9)
Interest income	53,695	205	53,900	76,333	34	76,367	(29.4)
Gross revenues*	**13,007,564**	**111,035**	**13,118,599**	**14,502,422**	**266,211**	**14,768,633**	**(11.2)**
Less contra revenue accounts	3,662,420	43,340	3,705,760	3,885,919	115,036	4,000,955	(7.4)
Net revenues	**₱9,345,144**	**₱67,695**	**₱9,412,839**	**₱10,616,503**	**₱151,175**	**₱10,767,678**	**(12.6)**

** as defined under PFRS 15*

Revenues in the first quarter of 2020 have been impacted by the COVID-19 pandemic which has had negative implications on the global economy and tourism.

During the quarter, consolidated gross gaming, non-gaming revenues (including hotel, food and beverage, retail and others), and interest income represented 86.9 percent, 12.7 percent and 0.4 percent of gross revenues, respectively. Gross gaming, non-gaming revenues and interest income in the same period last year accounted for 87.0 percent, 12.5 percent and 0.5 percent of gross revenues, respectively. Contra revenue decreased to ₱3.7 billion, down 7.4 percent year-on-year, mainly due to lower rebates to junket operators and VIP patrons as a result of lower VIP volume and gaming revenue.

Gaming

Philippines

In the first quarter of 2020, VIP volumes, mass table drop and slot coin-in posted a decline of 18.9 percent, 14.7 percent and 1.2 percent, respectively, compared to the same period last year. Note that gaming operations have been suspended since March 16, 2020 to comply with PAGCOR's directive and the ECQ.

Gaming revenues after PFRS 15 allocation in the first quarter of 2020 decreased by 10.2 percent or ₱1.3 billion as compared to the same period last year.

Below is the breakdown of gross gaming revenue:

Amounts in millions	2020			2019			Change in Revenue	
	Volume*	Revenue	Hold	Volume*	Revenue	Hold	Amount	%
VIP tables	150,829	₱4,728	3.13%	185,900	₱5,980	3.22%	(₱1,251)	(20.9)
Mass tables	9,707	3,928	40.5%	11,379	3,997	35.1%	(68)	(1.7)
Slots	54,012	3,556	6.6%	54,664	3,639	6.7%	(83)	(2.3)
		12,213			**13,615**		**(1,402)**	**(10.3)**
PFRS 15 Allocation		(906)			(1,019)		113	(11.1)
Total		**₱11,306**			**₱12,596**		**(₱1,289)**	**(10.2)**

**VIP volume represents rolling chips; Mass volume represents mass drop; Slots volume represents coin in.*

VIP revenue amounted to ₱4.7 billion, representing a decrease of 20.9 percent as a result of lower VIP volume and hold rate. The VIP hold rate was 3.13 percent, lower than the 3.22 percent last year but above the normal hold of 2.85 percent. On a hold normalized basis, VIP revenue would have decreased by 18.9 percent.

Following the performance of mass table drop and slot coin-in, mass table and slot revenues declined by 1.7 percent and 2.3 percent, to ₱3.9 billion and ₱3.6 billion, respectively.

There were 1,242,244 visitors for the first quarter of 2020, representing a decline of 21.6 percent over the same period last year.

Korea
Jeju Sun registered ₱93.1 million of gross gaming revenue in the first quarter of 2020, representing a decrease of 63.3 percent compared to the same period last year. Lower gross gaming revenue was attributed to the decreased level of play in VIP and mass segments as a result of the COVID 19 pandemic.

Hotel, Food and Beverage

Philippines
Hotel, food and beverage revenue amounted to ₱839.3 million in the first quarter of 2020, representing a decrease of ₱122.0 million or 12.7 percent versus the same quarter last year. The decrease was due to lower REVPAR and decreased F&B covers. Hotel occupancy rate was 67.3 percent in the first quarter of 2020.

Hotel cash revenues were approximately 46.5 percent in the first quarter of 2020 compared to 52.4 percent for the comparative period in 2019, while Solaire F&B cash revenues accounted for 50.3 percent of F&B revenues compared to 51.7 percent last year.

Solaire F&B revenue decreased by ₱19.3 million or 4.4 percent. Solaire F&B outlets served 460,434 covers as compared to 480,396 covers for the comparable period in 2019, a decrease of 4.2 percent. Average checks decreased by 18.8 percent to ₱914.

Korea
The hotel and F&B operations of Jeju Sun generated ₱15.0 million of revenue in the first quarter of 2020, representing an increase of 37.4 percent compared to the same period in 2019. The increase was due to the soft reopening of the property's hotel and F&B outlets before management decided to temporarily cease all operations in response to the COVID-19 pandemic.

Retail and Others

Philippines
Retail and other revenues amounted to ₱808.1 million in the first quarter of 2020, a decrease of ₱60.8 million or 7.0 percent compared to the same period last year.

Korea
The retail and other revenues of Jeju Sun grew by 65.8 percent year-on-year to ₱2.8 million, as a result of the soft reopening of Jeju Sun's other non-gaming amenities.

Interest Income

Consolidated interest income decreased by 29.4 percent, from ₱76.4 million in 2019 to ₱53.9 million mainly due to lower average consolidated cash balances in the first three months of 2020.

EXPENSES

Total expenses include: (1) Operating costs and expenses; (2) Interest expense; (3) Foreign exchange gains - net; and (4) Others.

In the first quarter of 2020, total consolidated expenses decreased by 6.1 percent to ₱8.0 billion.

The table below shows the breakdown of total expenses for 2020 and 2019.

	For the Three Months Ended March 31,						% Change 2020 vs. 2019
	2020			2019			
In thousands, except % change data	**Philippines**	**Korea**	**Consolidated**	**Philippines**	**Korea**	**Consolidated**	
Operating costs and expenses	₱6,545,297	₱230,217	₱6,775,514	₱6,853,132	₱335,419	₱7,188,551	(5.7)
Interest expense	1,358,296	7,113	1,365,409	1,381,437	3,581	1,385,018	(1.4)
Foreign exchange losses (gains) - net	(47,776)	13,233	(34,543)	(44,768)	36,492	(8,276)	317.4
Others	24,605	(88,902)	(64,297)	–	1	1	(6,429,800.0)
Total Expenses	**₱7,880,422**	**₱161,661**	**₱8,042,083**	**₱8,189,801**	**₱375,493**	**₱8,565,294**	**(6.1)**

Operating Costs and Expenses

Philippines
Solaire operating costs and expenses decreased by 4.5 percent from ₱6.9 billion to ₱6.5 billion due to lower: a) gaming taxes which is consistent with the decrease in gaming revenues, b) depreciation and amortization and c) others. The decrease was partially offset by higher salaries and benefits that resulted from increased salary rates and additional manpower hired prior to the cessation of gaming operations on March 16, 2020.

Korea
Solaire Korea registered ₱230.2 million operating costs and expenses in the first quarter of 2020 which was a decline of ₱105.2 million from the same period last year. The decrease was mainly due to lower gaming promotions expense.

Foreign Exchange Losses (Gains) – Net

Solaire registered a net foreign exchange gain of ₱47.8 million in the first quarter of 2020 as the Philippine Peso depreciated against the US dollar and the Hong Kong dollar. The Philippine peso depreciated from ₱50.635/US$1 as of December 31, 2019 to ₱51.044/US$1 as of March 31, 2020.

Solaire Korea recognized a ₱13.2 million foreign exchange loss in the first quarter of 2020 as the Korean won depreciated against the US dollar.

Others

Others pertains to the share in net loss of Falconer Aircraft Management, Inc. and gain as a result of the compromise agreement with the previous owner of Jeju Sun.

EBITDA

Philippines
In the first quarter of 2020, Solaire's EBITDA of ₱3.6 billion was lower by 22.9 percent, or ₱1.1 billion, compared to the first quarter of 2019. EBITDA margin for the first quarter of 2020 was 38.2 percent compared to 43.6 percent in the same quarter last year.

Korea
Solaire Korea posted ₱109.9 million negative EBITDA for the quarter, representing an improvement from the ₱131.2 million negative EBITDA in the same quarter last year.

Consolidated
Below is a comparison of reported consolidated EBITDA and hold-normalized consolidated EBITDA:

	For the Three Months Ended March 31		Change
In thousands, except % change data	**2020**	**2019**	
Net Revenue	9,412,839	10,767,678	(12.6%)
EBITDA	3,460,300	4,501,314	(23.1%)
EBITDA Margin	36.8%	41.8%	(500 bps)
Hold-Normalized EBITDA*	3,171,488	4,086,350	(22.4%)
Hold-Normalized EBITDA Margin*	35.0%	41.6%	(660 bps)

** Hold-normalized EBITDA is based on 2.85% VIP hold.*

The reported VIP hold in the first quarter of 2020 was 3.13 percent, 28 basis points higher than the 2.85 percent normalized hold. This resulted in the reported EBITDA being 9.1 percent higher than hold-normalized EBITDA of ₱3.2 billion.

Provision for (Benefit from) Income Tax

In the first quarter of 2020, Solaire recognized ₱3.8 million of provision for income tax compared to ₱0.5 million benefit from income tax.

Net Income

The Group posted consolidated net income of ₱1.4 billion in the first three months of 2020, a decrease of 37.9 percent from previous year's consolidated net income of ₱2.2 billion.

Solaire registered net income of ₱1.5 billion, lower by 39.8 percent from net income of ₱2.4 billion in the first quarter of 2019.

Earnings Per Share

Basic earnings per share of ₱0.125 in the first quarter 2020 was lower than earnings per share of ₱0.201 in the same period last year. Diluted earnings per share, after considering the shares granted under the stock incentive plan, was ₱0.125 compared to ₱0.200 in the first quarter of 2019.

OPERATING RESULTS FOR THE THREE MONTHS ENDED MARCH 31, 2019 COMPARED WITH 2018

The following table shows the geographical segments of the operating results of the Group for the three months ended March 31, 2019 and 2018.

REVENUES

Revenues consist of: (1) Gaming; (2) Hotel, food and beverage; (3) Retail and others; and (4) Interest income. The table below illustrates the consolidated revenues for the three months ended March 31, 2019 and 2018:

Table 2.4 Revenues

In thousands, except % change data	For the Three Months Ended March 31						% Change 2019 vs. 2018
	2019			2018*			
	Philippines	Korea	Consolidated	Philippines	Korea	Consolidated	
Gaming	₱12,595,857	₱253,608	₱12,849,465	₱12,974,044	₱51,187	₱ 13,025,231	(1.3)
Hotel, food and beverage	961,273	10,906	972,179	871,404	32,629	904,033	7.5
Retail and others	868,959	1,663	870,622	610,264	9,014	619,278	40.6
Interest income	76,333	34	76,367	13,784	120	13,904	449.2
Gross revenues**	**14,502,422**	**266,211**	**14,768,633**	**14,469,496**	**92,950**	**14,562,446**	**1.4**
Less contra revenue accounts	3,885,919	115,036	4,000,955	4,255,138	2,873	4,258,011	(6.0)
Net revenues	**₱10,616,503**	**₱151,175**	**₱10,767,678**	**₱10,214,358**	**₱90,077**	**₱10,304,435**	**4.5**

** Operating results for the three months ended March 31, 2018 were restated in compliance with PFRS 15. For a detailed explanation of PFRS 15 adjustments, please refer to the notes section of the 2018 Audited Financial Statements published last March 5, 2019.*
*** as defined under PFRS 15*

In the first quarter of 2019, gross gaming revenues, non-gaming revenues (including hotel, food and beverage, retail and other), and interest income represented 87.0 percent, 12.5 percent and 0.5 percent of gross revenues, respectively. In the same period last year, gross gaming revenue was 89.4 percent of gross revenue; hotel, food and beverage accounted for 10.5 percent; and interest income for 0.1 percent. Contra revenue decreased to ₱4.0 billion, down 6.0 percent year-on-year, mainly due to lower rebates to junket operators as a result of lower VIP volume.

Gaming

Philippines
Solaire registered robust growth in mass table drop and slot coin-in in the first quarter of 2019. Mass table drop and slot coin-in, grew by 16.7 percent and 5.1 percent, respectively, for 2019 compared to the same period in the prior year. VIP volumes, on the other hand, posted a decline of 5.6 percent in volume.

Gaming revenue after PFRS 15 allocation in the first quarter of 2019 decreased by 2.9 percent or ₱378.2 million as compared to the same period last year.

Below is the breakdown of gross gaming revenue:

Amounts in millions	2019			2018			Change in Revenue	
	Volume*	Revenue	Hold	Volume*	Revenue	Hold	Amount	%
VIP tables	185,900	₱5,980	3.22%	197,019	₱7,110	3.61%	(₱1,130)	(15.9)
Mass tables	11,379	3,997	35.1%	9,749	3,237	33.2%	760	23.5
Slots	54,664	3,639	6.7%	52,026	3,349	6.4%	290	8.7
		13,615			**13,695**		**(80)**	**(0.6)**
PFRS 15 Allocation		(1,019)			(721)		(298)	(41.3)
Total		**₱12,596**			**₱12,974**		**(₱378)**	**(2.9)**

**VIP volume represents rolling chips; Mass volume represents mass drop; Slots volume represents coin in.*

On a hold normalized basis, the VIP revenue would have decreased by 11.4 percent. The VIP hold rate stood at 3.22 percent, above the normal hold of 2.85 percent. The current quarter showed strong results in mass table gaming revenues as reflected by a P759.9 million or 23.5 percent increase in

revenue. Slot revenue also increased by P290.0 million or 8.7 percent as compared to the first quarter of last year.

There were 1,584,496 visitors for the first quarter of 2019, representing growth of 1.6 percent over the same period last year.

Korea
Jeju Sun registered ₱253.6 million in gross gaming revenue in the first quarter of 2019 which was 395.5 percent higher than the same period last year. The significant increase in gross gaming revenue was attributed to the increased level of play in VIP and mass segments as a result of the highly competitive marketing programs of Jeju Sun.

Hotel, Food and Beverage

Philippines
Hotel, food and beverage revenue increased by ₱89.9 million or 10.3 percent in the first quarter of 2019 versus the same quarter last year. Solaire increased its REVPAR by 13.3 percent year-on-year and at the same time. Hotel occupancy rate was 87.8 percent in the first quarter of 2019.

Hotel cash revenues were approximately 52.4 percent in the first quarter of 2019 compared to 56.6 percent for the comparative period in 2018, while non-gaming F&B cash revenues accounted for 51.7 percent of F&B revenues for the first quarter of 2019 compared to 61.3 percent in the prior year.

Food and beverage covers in the first quarter of 2019 were 480,396 in comparison to 497,728 covers for the comparable period in 2018, representing a decrease of 3.5 percent. Average check for the first quarter of 2019 increased by 2.6 percent to ₱1,125.

Korea
The hotel and F&B operation of Jeju Sun generated ₱10.9 million of revenue in the first quarter of 2019, 66.6 percent lower than the comparative period in 2018 due to ongoing renovations in 80% of the property's hotel rooms and all four of its F&B outlets. Renovation works are anticipated to be completed by the fourth quarter of 2019.

Retail and Others

Philippines
Retail and other revenues increased by 42.4 percent to ₱869.0 million compared to the prior year due to additional rental revenue from new tenants at the Shoppes.

Korea
The retail and other revenues of Jeju Sun generated ₱1.7 million for this quarter which is lower by 81.6 percent compared to same period in 2018. The retail area was also impacted by renovation works.

Interest Income

Consolidated interest income increased by 449.2 percent, from ₱13.8 million in 2018 to ₱76.4 million because of higher average consolidated cash balances in 2019.

EXPENSES

Total expenses include: (1) Operating costs and expenses; (2) Interest expense; (3) Foreign exchange gains - net; and (4) Others.

The table below shows the breakdown of total expenses for 2019 and 2018.

	For the Three Months Ended March 31,						% Change 2019 vs. 2018
	2019			2018*			
In thousands, except % change data	Philippines	Korea	Consolidated	Philippines	Korea	Consolidated	
Operating costs and expenses	₱6,853,132	₱335,419	₱7,188,551	₱6,571,666	₱269,848	₱6,841,514	5.1
Interest expense	1,381,437	3,581	1,385,018	508,058	4,533	512,591	170.2
Foreign exchange gains - net	(44,768)	36,492	(8,276)	(708,962)	(29,288)	(738,250)	(98.9)
Others	-	1	1	1,549	-	1,549	(100.0)
Total Expenses	**₱8,189,801**	**₱375,493**	**₱8,565,294**	**₱6,372,311**	**₱245,093**	**₱6,617,404**	**29.4**

** Operating results for the three months ended March 31, 2018 were restated in compliance with PFRS 15. For a detailed explanation of PFRS 15 adjustments, please refer to the notes section of the 2018 Audited Financial Statements published last March 5, 2019.*

Total expenses of the Group in the first quarter of 2019 increased by 29.4 percent to P8.6 billion due to higher: a) interest expense b) gaming promotions to boost VIP and mass gaming activities in South Korea, c) cost of sales and d) outside service and charges.

Philippines
Solaire operating costs and expenses increased by 4.3 percent from P6.6 billion to P6.9 billion.

Interest expense increased by 171.9 percent from ₱508.1 million to ₱1.4 billion due to the ₱73.5 billion Syndicated Loan Facility secured by the Group in the second quarter of 2018.

The Philippine peso depreciated against the US dollar and other foreign currencies resulting in net foreign exchange gain of ₱44.8 million in the first quarter of 2019 as compared to the net foreign exchange gain of ₱709.0 million for the same period last year. The Company maintains foreign currency deposits mainly denominated in US and Hong Kong dollars.

Korea
Solaire Korea and Jeju Sun registered ₱335.4 million in combined operating costs and expenses which was ₱65.6 million higher than the first quarter of 2018. The increase was mainly due to higher gaming promotions expense that resulted from ₱202.4 million of incremental gaming revenue. The Korean operation also registered ₱36.5 million in foreign exchange loss mainly due to the continued depreciation of the Korean Won against the US Dollar. Solaire Korea and Jeju Sun's liabilities to the Parent Company are US dollar denominated.

EBITDA

Philippines
In first quarter of 2019, Solaire's EBITDA of ₱4.6 billion was 0.6 percent or ₱29.0 million lower as compared to the same quarter last year. EBITDA margin for the quarter was 43.6 percent as compared to 45.6 percent the same period last year.

Korea
Solaire Korea and its subsidiary, Jeju Sun posted ₱131.2 million negative EBITDA or 86.8 percent negative EBITDA margin in the first quarter of 2019 due to an increase in advertising and promotions expense to boost gaming operations.

Consolidated

Below is a comparison of reported consolidated EBITDA and hold-normalized consolidated EBITDA:

	For the Three Months Ended March 31		Change
In thousands, except % change data	**2019**	**2018**	
Net Revenue	10,767,678	10,304,435	4.50%
EBITDA	4,501,314	4,536,543	(0.78%)
EBITDA Margin	41.80%	44.03%	(222 bps)
Hold-Normalized EBITDA*	4,086,350	3,477,443	17.5%
Hold-Normalized EBITDA Margin*	41.61%	41.59%	2.4 bps

** Hold-normalized EBITDA is based on 2.85% VIP hold.*

The reported VIP hold in the first quarter of 2019 was 3.22 percent, 37 basis points higher than the 2.85 percent normalized hold. This resulted in the reported EBITDA being 9.2 percent higher than hold-normalized EBITDA of ₱4.1 billion.

Benefit from Income Tax

In the first quarter of 2019, Solaire recognized ₱0.5 million of benefit from income tax, 85.7 percent lower from the prior year's ₱3.6 million in benefit from income tax.

Net Income

Solaire registered a net income of ₱2.4 billion, which was 36.9 percent lower as compared to net income recorded for the same quarter last year mainly due to higher interest expense and lower foreign exchange gain.

The basic earnings per share of ₱0.201 for first quarter 2019 was lower than last year's earnings per share of ₱0.336. The diluted earnings per share for the first quarter of 2019, after considering the shares granted under the stock incentive plan, was ₱0.200 compared to diluted earnings per share for first quarter 2018 of ₱0.335.

OPERATING RESULTS FOR THE THREE MONTHS ENDED MARCH 31, 2018 COMPARED WITH 2017

The following table shows the geographical segments of the operating results of the Group for the three months ended March 31, 2018 and 2017.

REVENUES

Revenues consist of: (1) Gaming; (2) Hotel, food and beverage; (3) Retail and others; and (4) Interest income. The table below illustrates the consolidated revenues for the three months ended March 31, 2018 and 2017:

	For the Three Months Ended March 31						% Change
In thousands, except % change data	2018			2017			2018 vs. 2017
	Philippines	**Korea**	**Consolidated**	**Philippines**	**Korea**	**Consolidated**	
Gaming	₱12,974,044	₱51,187	₱ 13,025,231	₱10,069,789	₱ 58,915	₱10,128,704	28.6
Hotel, food and beverage	871,404	32,629	904,033	836,979	41,813	878,792	2.9
Retail and others	610,264	9,014	619,278	467,983	12,394	480,377	28.9
Interest income	13,784	120	13,904	13,408	4	13,412	3.7
Gross revenues	**14,469,496**	**92,950**	**14,562,446**	**11,388,159**	**113,126**	**11,501,285**	**26.6**
Less contra revenue accounts	4,255,138	2,873	4,258,011	3,642,785	12,564	3,655,349	16.5
Net revenues	**₱10,214,358**	**₱90,077**	**₱10,304,435**	**₱7,745,374**	**₱100,562**	**₱7,845,936**	**31.3**

In the first quarter of 2018, gross gaming revenue accounted for 89.4 percent and non-gaming (including hotel, food and beverage, retail and other) contributed 10.5 percent of gross revenues while the balance of 0.1 percent represented interest income. For the same period last year, gross gaming revenue was 88.1 percent of total revenue; hotel, food and beverage accounted 11.8 percent; and interest income for 0.1 percent. Contra revenue increased to ₱4.3 billion, up 16.5 percent year-on-year, mainly due to promotional incentives provided to guests resulting to higher mass table and slot revenues for the quarter.

Gaming

Philippines
Solaire continued to register robust growth in mass table drop and slot coin-in for the first quarter of 2018. Mass table drop and slot coin-in, grew by 16.6 percent and 22.8 percent, respectively, for 2018 compared to the same period in the prior year. The VIP segment, on the other hand, posted a decline of 11.5 percent in volume but achieved the highest reported VIP gross gaming revenue of ₱7.11 billion, a 39 percent year-on-year growth.

Gaming revenue in the first quarter of 2018 increased by 28.5 percent or ₱3.0 billion as compared to the same period last year.

Below is the breakdown of gross gaming revenue:

amounts in millions	2018		2017		Change in Revenue	
	Revenue	Hold	Revenue	Hold	Amount	Percentage
VIP tables	₱7,110	3.61%	₱5,132	2.31%	₱1,978	38.5%
Mass tables	3,237	33.1%	2,773	33.2%	463	16.7%
Slots	3,349	6.4%	2,751	6.5%	598	21.7%
Total	₱13,696		₱10,656		₱3,039	28.5%

On a hold normalized basis, the VIP revenue would have decreased by 14.7 percent. VIP hold stood at 3.61 percent, way above the normal hold of 2.85 percent. The mass table revenue reached ₱3.2 billion due to record high volume and better hold percentage by 880 bps. Slot revenue also reached ₱3.4 billion owing to highest ever slot coin-in.

Total visitation for the first quarter of 2018 was 1,559,635 which was 8.4 percent higher than the same period last year.

Korea
Jeju Sun continued to feel the effects of competition and was also negatively affected by the decline in Chinese tourist arrivals in Jeju, Korea. Notwithstanding these challenges, Jeju Sun managed to generate ₱51.2 million of GGR, down 13% from last year.

Hotel, Food and Beverage

Philippines
Hotel and food and beverage revenue increased by ₱34.4 million or 4.1 percent in the first quarter of 2018 versus the same quarter last year. Solaire increased its REVPAR by 5.6 percent year-on-year and at the same time, managed to increase its hotel occupancy for the first quarter of 2018 to 93.6 percent from 92.6 percent in the previous year.

Hotel cash revenues were approximately 56.6 percent in the first quarter of 2018 compared to 54.5 percent for the comparative period in 2017, while non-gaming F&B cash revenues accounted for 61.3 percent of F&B revenues for the first quarter of 2018 compared to 61.4 percent in prior year.

Food and beverage covers in the first quarter of 2018 were 497,728 in comparison to 507,649 covers for comparative period in 2017 representing a decrease of 2.0 percent. Average check for the first quarter of 2018 increased 11.8 percent to ₱1,097 over the same quarter in 2017.

Korea
The hotel and F&B operation of Jeju Sun generated ₱32.6 million of revenue for this quarter which is lower by 22.0 percent in comparative period in 2017. Jeju has historically enjoyed the patronage of millions of Chinese tourists and the decline in the tourist arrivals from China has an adverse impact on the hotel and F&B revenues of Jeju Sun. Chinese tourist arrivals in Korea declined by 30.5 percent in the first quarter of 2018 compared with prior year.

Retail and Others

Philippines
Retail and other revenues increased by 30.4 percent to ₱610.3 million compared to the same quarter in the prior year primarily as a result of additional rental revenue from new tenants at the Shoppes.

Korea
The retail and other revenues of Jeju Sun generated ₱9.0 million for this quarter which is lower by 27.3 percent compared to prior period in 2017.

Interest Income

Consolidated interest income increased by 3.7 percent, from ₱13.4 million in 2017 to ₱13.9 million because of higher average consolidated cash balances in 2018.

EXPENSES

Total expenses include: (1) Operating costs and expenses; (2) Interest expense; (3) Foreign exchange gains - net; and (4) Others.

The table below shows the breakdown of total expenses for 2018 and 2017.

	For The Three Months Ended March 31,						% Change
	2018			2017			2018 vs. 2017
In thousands, except % change data	**Philippines**	**Korea**	**Consolidated**	**Philippines**	**Korea**	**Consolidated**	
Operating costs and expenses	**₱6,571,666**	**₱269,848**	**₱6,841,514**	₱5,529,715	₱240,000	₱5,769,715	18.6%
Interest expense	**508,058**	**4,533**	**512,592**	531,318	26,459	557,777	(8.1%)
Foreign exchange gains – net	**(708,962)**	**(29,288)**	**(738,250)**	(147,841)	(489,492)	(637,333)	(15.8%)
Others	**1,549**	**-**	**1,549**	4,290	-	4,290	(63.9%)
Total Expenses	**₱6,372,311**	**₱245,093**	**₱6,617,404**	₱5,917,482	(₱223,033)	₱5,694,450	16.2%

Total expenses of the Group for the three months ended March 31, 2018 increased by 16.2 percent to ₱6.6 billion due to higher: a) gaming taxes as a result of record GGRs across all segments; b) advertising and promotions to boost mass gaming activity, and c) employee related expenses coming from Solaire's Stock Incentive Plan (SIP) and bonus schemes.

Philippines
Solaire operating costs and expenses increased by 18.8 percent from ₱5.5 billion to ₱6.6 billion.

The Philippine peso depreciated against the US dollar and other foreign currencies resulting in net foreign exchange gain of ₱708.9 million in the first quarter of 2018 as compared to the net foreign exchange gain of ₱147.8 million for the same period last year. The Company maintains foreign currency deposits mainly denominated in US and Hong Kong dollars.

Korea
Solaire Korea and Jeju Sun registered ₱269.8 million in combined operating costs and expenses which was ₱29.9 million higher than the first quarter of 2017. The Korean operation also registered ₱29.3 million in foreign exchange gains mainly due to the continued appreciation of the Korean Won against the US Dollar. Solaire Korea and Jeju Sun's liabilities to the Parent Company are US dollar denominated.

Cash Operating Expenses

Consolidated cash operating expenses for the quarter increased by 23.0 percent from ₱4.7 billion in 2017 to ₱5.8 billion in 2018. Excluding the cash operating expenses of Jeju Sun and Solaire Korea, cash operating expenses of the Philippine operation increased by 23.7 percent. This increase was mainly due to the ₱591.1 million increase in gaming taxes as a result of higher gaming revenues. In addition, Solaire posted higher advertising and promotional expenses due to new creative programs and campaigns that were rolled out in the quarter.

EBITDA

Philippines
In the first quarter of 2018, Solaire's EBITDA of ₱4.7 billion was 43.1 percent or ₱1.4 billion higher than the same quarter last year. This quarter's EBITDA was the highest posted by Solaire.

Korea
Solaire Korea and its subsidiary, Jeju Sun posted ₱125.0 million negative EBITDA or 138.8 percent negative EBITDA margin in the first quarter of 2018 due to lower gaming revenues.

Consolidated
Below is the consolidated hold-normalized EBITDA comparison based on PAGCOR table classification of original gaming tax rates (as stated in the Gaming License) effective July 1, 2016, as follows:

a. Junket tables (VIP) - 15 percent of junket revenue
b. High roller tables (VIP) – 15 percent of high roller revenue*
c. Non-high roller tables (Mass tables) – 25 percent of non-high roller revenue*
d. Slots – 25 percent of slots revenue

** BRHI is also required to remit an additional 2 percent of casino revenues generated from non-junket operation tables to a foundation devoted to the restoration of Philippine cultural heritage, as selected by the BRHI and approved by PAGCOR.*

	For the Year Ended March 31		Change
In thousands, except % change data	**2018**	**2017**	
Net Revenue	10,304,435	7,845,936	31.3%
EBITDA	4,536,543	3,156,647	43.7%
EBITDA Margin	44.0%	40.2%	380 bps
Hold-Normalized EBITDA*	3,477,443	3,892,446	(10.7%)
Hold-Normalized EBITDA Margin*	36.3%	40.6%	121.5 bps

** Hold-normalized EBITDA is based on 2.85% VIP hold.*

Provision for (Benefit From) Income Tax

In the first quarter of 2018, Solaire recognized ₱3.6 million of benefit from income tax, a 94.9 percent increase from the prior year's ₱1.9 million in benefit from income tax.

Net Income

Solaire registered a net income of ₱3.9 billion, which was ₱2.0 billion higher from the net income recorded for the same quarter in prior year.

The basic earnings per share of ₱0.336 for first quarter 2018 was higher from last year's earnings per share of ₱0.195. The diluted earnings for share for 2018 was ₱0.335 while for 2017 the diluted earnings per shares was ₱0.194 after considering the shares granted under the stock incentive plan.

TRENDS, EVENTS OR UNCERTAINTIES AFFECTING RECURRING REVENUES AND PROFITS

The Group is exposed to a number of trends, events, and uncertainties which affect recurring revenues and profits of its casino and hotel operations. These include levels of general economic activity, as well as certain cost items, such as labor, fuel, and power.

The Group collects revenues in various currencies and the appreciation and depreciation of the US or HK dollar and other major currencies against the Philippine peso, may have a negative impact on the Group's reported levels of revenues and profits.

On January 31, 2020, the World Health Organization (WHO) declared the novel coronavirus acute respiratory disease (2019-nCoV ARD now COVID-19) health event as a public health emergency of international concern after an emergency committee convened on January 30, 2020 in Geneva, Switzerland. On the same day, the Philippines issued a temporary travel ban covering all travelers coming from Hubei Province of China. On February 2, 2020, the Philippines banned all travel to and from China and its two administrative regions, Hong Kong and Macau, to stem the spread of the virus.

On March 14, 2020 Philippine President Rodrigo Duterte declared the Metro Manila under "Enhanced Community Quarantine" (ECQ). On March 16, 2020, the ECQ was expanded to cover the entire Luzon island. The ECQ, which is effectively a lockdown, restricts the movement of the population but with exceptions, in response to the growing pandemic of COVID-19 in the country. In addition, the ECQ mandated the temporary closure of non-essential shops and businesses which include the operation of Solaire.

The ECQ was originally set to last until April 12, 2020, but was extended up until April 30, 2020. On April 24, the ECQ was extended for another two weeks to May 15, 2020, but only for Metro Manila as well as other areas in Luzon that are considered COVID-19 high-risk areas.

The COVID-19 pandemic presents an uncertainty on the Group's future operations in the absence of a viable cure or vaccine against the virus. At the moment, management cannot quantify the overall impact of COVID-19 on the Group's operations for 2020 and for the coming years.

FINANCIAL CONDITION

The table below shows the consolidated condensed balance sheets as of March 31, 2020, December 31, 2019 and 2018:

In thousands, except % change data	March 31, 2020	December 31, 2019	December 31, 2018	% Change 2020 vs. 2019	% Change 2019 vs 2018
Current assets	41,637,016	₱46,400,104	₱40,253,408	(10.3)	15.3
Total assets	128,332,604	132,694,034	125,648,978	(3.3)	5.6
Current liabilities	18,206,424	20,175,901	19,000,603	(9.8)	6.2
Total interest-bearing debt	68,602,223	69,118,770	71,186,920	(0.7)	(2.9)
Total liabilities	86,192,513	88,663,310	89,087,875	(2.8)	(0.5)
Equity[2]	42,188,011	44,069,049	36,552,125	(4.3)	20.6
Current assets/total assets	32.44	34.97	32.04		
Current ratio	2.29	2.30	2.12		
Debt-equity ratio[1]	2.04	2.01	2.44		
Net debt-equity ratio[2]	1.15	1.06	1.44		

[1] *Debt includes total liabilities. Equity includes total equity.*
[2] *Net debt includes all liabilities less cash and cash equivalents*

Current assets decreased by 10.3 percent to ₱41.6 billion as of March 31, 2020 from ₱46.4 billion as of December 31, 2019. The decline was due to the ₱4.1 billion and ₱685.4 million decrease in cash and cash equivalents and receivables, respectively.

The following summarizes the aging of the Group's receivables as of March 31, 2020:

In thousands	
Current	₱1,847,632,765
90 Days	534,434,817
Over 90 Days	585,074,752
Total	₱2,967,142,334

Total assets decreased by 3.3 percent to ₱128.3 billion as of March 31, 2020 from ₱132.7 billion as of December 31, 2019. The decline was attributable to lower level of cash and cash equivalents and decreased casino receivables. This was partially offset by the increase in advances to contractors.

Current liabilities as of March 31, 2020 amounted ₱18.2 billion, representing a decrease of 9.8 percent due to the lower levels of gaming taxes payable, outstanding chips and other gaming liabilities. The decrease was partially offset by the increase in customers' deposits.

Total liabilities decreased by 2.8 percent from ₱88.7 billion as of December 31, 2019 to ₱86.2 billion as of March 31, 2020 due to lower level of current liabilities as mentioned above. This was further reduced by the decrease in long-term debt resulting from the scheduled principal repayments.

Total equity as of March 31, 2020 amounted to ₱42.2 billion, representing a decrease of 4.3 percent from ₱44.1 billion as of December 31, 2019. The decline was mainly attributed to the ₱2.8 billion cash dividends declared in March 2020, partially offset by the ₱1.4 billion net income generated in the first quarter of 2020.

MATERIAL VARIANCES AFFECTING THE BALANCE SHEET FOR THE PERIOD ENDED MARCH 31, 2020

Balance sheet accounts as of March 31, 2020 with variances of plus or minus 5.0 percent against December 31, 2019 balances are discussed, as follows:

Current Assets

1. Cash and cash equivalents decreased by 9.8 percent due to payment of cash dividends and lower cash flows generated by the operations in Solaire.

2. Receivables decreased by 22.3 percent due to a lower level of casino receivables which is consistent with the decrease in gross gaming revenues.

3. Inventories increased by 14.6 percent due to higher inventory levels of retail merchandise, food and beverage.

Noncurrent Assets

4. Other noncurrent assets increased by 48.7 percent due to higher advances to contractors.

Current Liabilities

5. Payables and other current liabilities decreased by 10.9 percent due to lower levels of gaming taxes payable, outstanding chips and other gaming liabilities. This was partially offset by the increase in customers' deposits.

Noncurrent Liabilities

6. Noncurrent portion of lease liabilities decreased by 12.3 percent mainly due to lease payments, partially offset by the accretion of interest.

Equity

7. Cost of shares held by a subsidiary decreased by 74.9 percent due to the issuance of Bloomberry shares held by BRHI.

8. Treasury shares increased by 42.6 percent as a result of the acquisition of Bloomberry shares from the secondary market, partially offset by the issuance of treasury shares for vested stock awards.

9. Share-based payment plan decreased by 27.2 percent due to the issuance of shares for vested stock awards, partially offset by the recognition of current period's compensation expense.

10. Other comprehensive loss pertains to the net effect of the translation of the financial statements of Solaire Korea and its subsidiaries.

11. Retained earnings decreased by 6.7 percent mainly due to the ₱2.8 billion cash dividends declared in March 2020, partially offset by ₱1.4 billion net income earned in the first three months of 2020.

MATERIAL VARIANCES AFFECTING THE BALANCE SHEET FOR THE PERIOD ENDED MARCH 31, 2019

Balance sheet accounts as of March 31, 2019 with variances of plus or minus 5.0 percent against December 31, 2018 balances are discussed, as follows:

Current Assets

1. Inventories increased by 8.9 percent due to the increased inventory level of operating supplies.

2. Prepaid expenses and other current assets decreased by 7.2 percent mainly due to reduction in advances to suppliers and prepaid promotional merchandise.

Noncurrent Assets

3. Other noncurrent assets increased by 151.2 percent due to the recognition of prepaid debt issue costs related to the ₱40.0 billion Syndicated Loan Facility which has not been drawn as of March 31, 2019.

Current Liabilities

4. Payables and other current liabilities were higher by 6.8 percent due to unpaid cash dividends declared in March 2019 and higher outstanding chip and other gaming liabilities.

Noncurrent Liabilities

5. Retirement liability increased by 5.7 percent to ₱406.9 million due to the accrual of normal cost for the first quarter of 2019.

Equity

6. Share-based payment plan increased by 32.7 percent due to the recognition of current period's expense.

7. Other comprehensive income pertains to the net effect of the translation of the financial statements of Solaire Korea and its subsidiaries.

8. Retained earnings increased by 4.5 percent due to the net income reported for the first three months of 2019 amounting to ₱2.2 billion which was partially offset by cash dividends declared in March 2019 amounting to ₱1.7 billion.

MATERIAL VARIANCES AFFECTING THE BALANCE SHEET FOR THE PERIOD ENDED MARH 31, 2018

Balance sheet accounts as of March 31, 2018 with variances of plus or minus 5.0 percent against December 31, 2017 balances are discussed, as follows:

Current Assets

1. Cash and cash equivalents increased as of March 31, 2018 mainly due to higher cash generated by operations.

2. Inventories decreased due to lower inventories held by the Company as a result of higher cost of sale.

Noncurrent Assets

3. Other noncurrent assets decreased by 17.8 percent as of March 31, 2018 mainly due to lower advances to contractors and security deposits.

Current Liabilities

4. Payables and other current liabilities were higher by 17.5 percent as of March 31, 2018 mainly due to higher outstanding chip and other gaming liabilities, gaming taxes payable and customer deposits.

5. Current portion of long-term debt increased because of the additional principal due within one year pertaining to the Original Facility, Expansion Facility and Corporate Notes.

Noncurrent Liabilities

6. Retirement liability increased by 7.0 percent to ₱481.1 million due to the accrual of normal cost for the quarter.

Equity

7. Treasury shares decreased by 41.3 percent because of issuance of shares for vested SIP shares.

8. Other comprehensive income pertains to the net effect of the translation of the financial statements of Solaire Korea and its subsidiaries.

9. Retained earnings increased by 60.7 percent due to the net income reported for the first three months of 2018 amounting to ₱3,690.6 million.

LIQUIDITY AND CAPITAL RESOURCES

This section discusses the Group's sources and uses of funds as well as its debt and equity capital profile.

Liquidity

The table below shows the Group's consolidated cash flows for the three months ended March 31, 2020 and 2019:

	For the Three Months Ended March 31		% Change
In thousands, except % change data	**2020**	**2019**	**2020 vs. 2019**
Net cash provided by operating activities	₱1,784,540	₱4,062,196	(56.1)
Cash used in investing activities	(1,849,610)	(1,494,482)	23.8
Cash used in financing activities	(4,070,129)	(1,902,532)	113.9
Effect of exchange rate changes on cash	37,690	12,357	205.0
Net increase (decrease) in cash and cash equivalents	(4,097,509)	677,539	(704.8)
Cash and cash equivalents, beginning	41,871,527	36,465,848	14.8
Cash and cash equivalents, end	₱37,774,018	₱37,143,387	1.7

Cash and cash equivalents decreased due to the payment of cash dividends and lower cash flows generated by the operations in Solaire.

In the first quarter of 2020, the Group registered positive cash flows from operating activities of ₱1.8 billion, 56.1 lower compared to the same period last year due to higher net working capital and lower cash flows generated by Solaire operations. Cash flows generated by Solaire have been impacted by the COVID-19 pandemic.

Cash used in investing activities in the first quarter of 2020 includes payments made for additional acquisition of property and equipment and minor construction projects, and advances made to contractors.

In the first quarter of 2020, cash used in financing activities consists of scheduled repayments and interest payments on its outstanding loan facility totaling ₱1.9 billion and payment of cash dividends amounting to ₱1.8 billion.

Capital Resources

The table below shows the Group's capital sources as of March 31, 2020 and December 31, 2019:

In thousands, except % change data	**March 31, 2020**	**December 31, 2019**	**% Change 2020 vs. 2019**
Long-term debt	₱68,602,223	₱69,118,770	(0.7)
Equity*	42,188,011	44,069,049	(4.3)
	₱110,790,234	₱113,187,819	(2.1)

**Attributable to equity holders of the Parent Company*

Total debt and equity decreased by 2.1 percent to ₱110.8 billion as of March 31, 2020 from ₱113.2 billion as of December 31, 2019. The decrease was attributed to the ₱2.8 billion cash dividends declared in March 2020 and ₱516.5 million partial repayment of ₱73.5 billion Syndicated Loan Facility. This was partially offset by the ₱1.4 billion net income earned in the first quarter of 2020.

Please refer to Note 8 of the Notes to Unaudited Condensed Consolidated Financial Statements for the discussion on debt financing.

RISKS

The future operations of the Group shall be exposed to various market risks, particularly foreign exchange risk, liquidity risk and credit risk, which movements may materially impact the future financial results and conditions of the Group. The importance of managing these risks has significantly increased in light of the volatility in the Philippine and international financial markets. With a view to managing these risks, the Group has incorporated a financial risk management function in its organization, particularly in the treasury operations.

The COVID-19 pandemic presents an uncertainty on the Group's future operations in the absence of a viable cure or vaccine against the virus and the current ECQ in effect over Metro Manila and other areas in Luzon.

Foreign Exchange Risk

Foreign exchange risk is the risk that the value of the Group's financial instruments will fluctuate due to changes in foreign exchange rates. The Group has recognized in the consolidated statements of comprehensive income net foreign exchange gains of ₱34.5 million and ₱8.3 million in the first quarter of 2020 and 2019, respectively, on the revaluation of its foreign currency denominated cash and cash equivalents, receivables and payables and other current liabilities for the three months ended March 31, 2020 and 2019, respectively.

Liquidity Risk

Liquidity risk is the risk of not meeting obligations as they become due because of an inability to liquidate assets or obtain funding. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans.

As part of its liquidity strategy, the Group will set aside cash to ensure that financial obligations will be met as they fall due. The Group has cash and cash equivalents amounting to ₱37.8 billion and ₱41.9 billion as of March 31, 2020 and December 31, 2019, respectively that are allocated to meet the Group's liquidity needs. The Group's liquidity for 2020 and beyond will be impacted by COVID-19 pandemic with the current ECQ and the absence of a viable cure or vaccine to counter the virus.

Credit Risk

Credit risk is the risk that the Group will incur a loss arising from customers, clients or counterparties that fail to discharge their contracted obligations. The Group manages and controls credit risk by setting limits on the amount of risk that the Group is willing to accept for individual counterparties and by monitoring exposures in relation to such limits.

The Group's maximum exposure to credit risk is equal to the carrying amount of its financial instruments. The Group has no concentration of credit risk.

PART II – OTHER INFORMATION

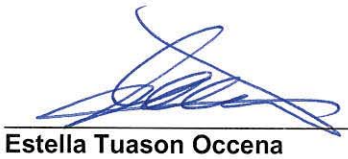
There is no other information not previously reported in SEC Form 17-C that need to be reported in this section.

SIGNATURES

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

Registrant: **Bloomberry Resorts Corporation**

By:



Estella Tuason Occena
Chief Finance Officer and Treasurer

May 13, 2020

Gerard Angelo Emilio J. Festin
Vice-President - Corporate Controller

May 13, 2020