

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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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	,
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P	a	r	a	ñ	a	q	u	e	C	i	t	y														

Form Type

1	7	-	A
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Department requiring the report

C	R	M	D
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Secondary License Type, If Applicable

N	A
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COMPANY INFORMATION

Company's Email Address

investorrelations@bloomberry.ph

Company's Telephone Number

8888-8888

Mobile Number

-

No. of Stockholders

95

Annual Meeting (Month / Day)

Every Third Thursday of April

Fiscal Year (Month / Day)

December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person

Gerard Angelo Emilio J. Festin

Email Address

gerardfestin@solairesort.com

Telephone Number/s

8883-8921

Mobile Number

-

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.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended **31 December 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** Province, Country or other jurisdiction of incorporation or organization
6. (SEC Use Only) 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 Unclassified Shares Outstanding
Unclassified Shares, P1.00 par value	10,959,746,900 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 []

13. The aggregate market value of the voting stock held by non-affiliates of the registrant as of January 31, 2021 are follows:

(a) Total number of shares held by non-affiliates as of January 31, 2021 is 3,811,180,423 shares.

(b) Closing price of the Registrant's share on the exchange as of January 31, 2021 is ₱7.97.

(c) Aggregate market price of (a) as of January 31, 2021 is ₱30,375,107,971.

SEC FORM 17-A

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PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

1.1 Business Development

Bloomberry Resorts Corporation (formerly Active Alliance, Incorporated), referred to as “Bloomberry” or Parent Company, is incorporated in the Philippines and was registered with the Securities and Exchange Commission (SEC) on May 3, 1999. Bloomberry was mainly engaged in the manufacture and distribution of consumer communication and electronic equipment and operated within the Subic Bay Freeport Zone (SBFZ) until 2003. Effective December 14, 2009, the lease agreement between Bloomberry and Subic Bay Metropolitan Authority was mutually rescinded. Bloomberry’s primary purpose is to subscribe, acquire, hold, sell, assign or dispose of 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.

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

As of December 31, 2011, the Parent Company was a majority-owned subsidiary of Wespac Holdings Incorporated (WHI). On January 26, 2012, Prime Strategic Holdings, Inc. (PSHI, formerly Prime Metroline Holdings, Inc) acquired 60,000,000 shares of Bloomberry, constituting 75% of the outstanding capital stock, from WHI and other stockholders through a cross sale transaction in the PSE.

On February 6, 2012, PSHI sold 100% of its ownership interest in Sureste Properties, Inc. (“Sureste”), to Bloomberry for ₱5.9 billion. As of December 31, 2020, Bloomberry’s subsidiaries include Sureste and its wholly-owned subsidiary, Bloomberry Resorts and Hotels, Inc. (BRHI), Bloom Capital B.V and its subsidiary Solaire de Argentina S.A., Solaire Korea Co., Ltd (“Solaire Korea”) and its subsidiaries Golden & Luxury Co., Ltd (“G&L”) and Muui Agricultural Corporation (“Muui”), Bloomberry Cruise Terminal, Inc. (“BCTI”) and Bloomberry Resorts Japan, Inc. (“BRJI”) (collectively referred to as “the Group”).

On February 27, 2012, the SEC approved the increase in the authorized capital stock of the Company to ₱15 billion pesos divided into 15 billion shares and the following amendments in its articles of incorporation, among others: change in the corporate name to Bloomberry Resorts Corporation; change in the primary purpose to that of a holding company; and change in the Parent Company’s registered office address to Unit 601, 6/F Ecoplaza Building, Chino Roces Avenue Extension, Makati City. This was further amended to its present address at the Executive Offices of Solaire Resort & Casino in June 2014.

For the increase in the authorized capital stock, PSHI subscribed to additional 7,265,656,500 shares of Bloomberry.

In May 2012, Bloomberry and its parent company, PSHI, completed a Placing and Subscription Transaction under which PSHI first sold in a private placement to various institutional investors 1,179,963,700 shares of stock in Bloomberry at ₱7.50 per share. The transaction was crossed through the Philippine Stock Exchange on May 5, 2012. PSHI then used the proceeds of the placing transaction to subscribe to an equivalent number of shares in Bloomberry at the same subscription price of ₱7.50 per share.

On May 28, 2012, CLSA Limited as the stabilizing agent exercised the over-allotment option to purchase 117,996,300 shares of stock in Bloomberry from PSHI at the same purchase price of ₱7.50 per share. The net proceeds of this exercise was used by PSHI to subscribe to the equivalent number of new shares in Bloomberry at the same subscription price of ₱7.50 per share.

A total of 1,297,960,000 new shares were subscribed by PSHI as a result of the foregoing Placing and Subscription Transaction, including the exercise of the over-allotment option by the stabilizing agent. These shares were listed in the Philippine Stock Exchange on December 7, 2012. On December 18, 2012, PSHI purchased an additional 3,000,000 Bloomberry shares from the market. As a result, PSHI directly owns 53.80% and indirectly owns 8.35% (through Quasar Holdings Inc.) equity stake in Bloomberry.

In November 2014, Bloomberry and its parent company, PSHI, completed a Placing and Subscription Transaction under which PSHI first sold in a private placement to various institutional investors 435,000,000 shares of stock in Bloomberry at ₱13.00 per share. The net proceeds of the private placement were used by PSHI to subscribe to the equivalent number of new shares in Bloomberry at the same subscription price of ₱13.00 per share.

On September 9, 2011, Sureste and BRHI jointly entered into a Management Services Agreement (MSA) with Global Gaming Philippines, LLC (GGAM) for the technical assistance on all aspects of planning, design, layout, and construction of the Project 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 pre-opening 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 the 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 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 PSHI at a purchase price equivalent to ₱1.00 per share plus US\$15 million. On December 21, 2012, GGAM exercised its option to purchase 921,184,056 shares in Bloomberry from PSHI 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 PSHI 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 PSHI filed a Counter-Manifestation on impropriety of the 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 PSHI 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 on 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 P10,169,871,978.24 for the (921,184,056) GGAM shares in Bloomberry 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.

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. On February 3, 2020, BRHI and Sureste appealed this decision to the Court of Appeals in Singapore. In a decision dated February 16, 2021, the Singapore Court of Appeals denied the appeal of BRHI and Sureste.

On May 29, 2020, Singapore High Court issued a decision dismissing Sureste and BRHI’s petition to set aside/resist enforcement of the Final Award of the Arbitration Tribunal dated September 27, 2019. This case is docketed as OS 1385 in the High Court in Singapore.

The Singapore High Court ruled that the “Constructive Remedy,” which requires Sureste and BRHI to either (1) pay for the Bloomberry shares held by GGAM in exchange for the Bloomberry shares, or (2) take steps to facilitate GGAM’s sale of the Bloomberry shares, was not outside the scope of the parties’ arbitration agreement. The Singapore High Court also rejected the challenges based on the FCPA Findings (referring to the findings of the U.S. Department of Justice and the U.S. Securities and Exchange Commission regarding conduct by two of GGAM’s four executives during their tenure at Las Vegas Sands that violated the U.S. Foreign Corrupt Practices Act) and GGAM’s fraudulent concealment of evidence during the Arbitration. The Singapore High Court likewise denied the argument that GGAM Netherlands, to which the MSA was assigned, was a sham entity established solely to evade U.S. and Philippine taxes, because the Arbitration Tribunal rejected the same argument, and thus, the High Court found that the grant of damages to GGAM Netherlands is not contrary to Singapore public policy. Costs were charged against Sureste and BRHI.

On June 29, 2020, Sureste and BRHI filed a Notice of Appeal to the Singapore Court of Appeal to appeal the Singapore High Court’s decision dated May 29, 2020 in case number OS 1385 dismissing Sureste and BRHI’s petition to set aside/resist enforcement of the Final Award of the Arbitration Tribunal dated September 27, 2019.

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.

The Company has marketing offices in the Asian region. Currently, the Company has marketing presence in Korea, Macau, Singapore, Malaysia, Indonesia, Thailand, Taiwan and Japan.

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 was temporarily halted. Construction resumed when Metro Manila was placed under GCQ. Work commenced with limited construction capacity last June 15, 2020.

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 (₱27.0 billion for BRHI and

₱13.0 billion for Sureste) 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, “Solaire North”, located at the Vertis North Complex in Quezon City, Metro Manila. The initial drawdown amounting to ₱1.9 billion (₱1.3 billion for BRHI and ₱617.5 million for Sureste) was made on November 6, 2020.

Bloomberg is continually exploring potential projects both in the Philippines and other parts of the world.

1.2 Business of Issuer

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 for its subsidiaries Sureste, BRHI, Bloom Capital B.V., Solaire de Argentina S.A., Solaire Korea and its subsidiaries G&L and Muui, BCTI, and BRJI. 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 its port terminal assets including the proposed Solaire Cruise Center and Yacht Harbor, and a cruise tender including 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. Operations commenced last December 2019. In February 2020, operations in the Port of Salomague were suspended and the lease was given up due to the onset of the COVID-19 pandemic which caused cruise ships to halt operations.

BCTI has terminated the lease with PPA and suspended its port operations in Salomague, Ilocos Sur as cruise ships have temporarily halted 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 company named 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 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 Muui Agricultural Corporation (Muui) to hold Solaire Korea's investment interest in agricultural land in Muui and Silmi pending its conversion. Solaire Korea owns 90% 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 1,740-seat theatre designed to provide a superior audio-visual experience for a wide range of theatre plays and musicals, concerts, shows and performing

arts. 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, Versace, Cartier, Dior, Yves Saint Laurent, Bvlgari, Salvatore Ferragamo, Givenchy, Prada, Porsche Design, Stefano Ricci, Lukfook Jewelry, and Chow Tai Fook.

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 Philippines' 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 (now COVID-19) health event as a public health emergency of international concern. 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 to contain the pandemic. 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 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.

The ECQ was originally set to last until April 12, 2020 but was extended three (3) times up to May 15, 2020, particularly for Metro Manila and other high-risk COVID-19 areas in Luzon. On May 16, 2020, the government transitioned Metro Manila from ECQ to "Modified Enhanced Community Quarantine" (MECQ). On June 1, 2020, MECQ in Metro Manila and other areas was relaxed to the "General Community Quarantine" (GCQ). On August 4, 2020, Metro Manila and other areas in Luzon were placed under MECQ and were reverted to GCQ on August 19, 2020.

Last June 2020, relevant authorities allowed Solaire and other integrated resorts in Entertainment City to commence limited dry run gaming operations under GCQ. Such dry run operations, which involve only in-house and select invited guests, are a means for operators to fine tune their services in accordance with new normal protocols. Capital expenditures made related to health, safety, and sanitation totaled over ₱400 million. Solaire is currently not open to the public and maintains an invite-only policy.

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 was temporarily halted.

Construction resumed when Metro Manila was placed under GCQ. Work commenced with limited construction capacity last June 15, 2020.

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. To date, Jeju Sun has not resumed operations and due to the absence of foreign tourists in Jeju Island, management decided to delay the planned reopening to 2021.

Competition

As an integrated gaming resort designed, planned and developed according to world-class industry standards, Solaire competes with integrated tourism resorts and casinos domestically in the Philippines, as well as in Macau, Malaysia and Singapore and other casinos and resort developments that operate in Asia. Solaire Resort & Casino competes against facilities in the world’s other major gaming centers, including Las Vegas and Australia. In particular, with respect to VIP customers, the Company competes primarily with Macau, Malaysia, Cambodia, Vietnam and Australia for customers of independent junket promoters, while Singapore is a strong competition for Premium Direct customers.

The Company competes effectively because of its well-designed facilities and targeted gaming offerings, as well as the expertise of its current management team in effectively managing gaming and non-gaming operations, developing events and promotions for the mass market and procuring business from junket operators throughout the region.

In the Philippine gaming market, the Company is one of only four private gaming operators in Entertainment City, along with Travellers International Hotel Group, Inc. (“Travellers”), Melco Resorts and Entertainment (Philippines) Corporation (“Melco Philippines”) and Tiger Resort Leisure & Entertainment, Inc. (“Tiger”). The Company is not aware of any other potential new private applicants for additional licenses from PAGCOR in Entertainment City.

In 2018, Landing Resorts Philippines Development Corporation was granted a provisional license by PAGCOR but it was suspended after the lease contract over its project site was cancelled on instruction of President Rodrigo Duterte for violation of Philippine Build-Operate-Transfer (“BOT”) Law.

In terms of its integrated tourism resort and tourism business, the Company competes domestically with both Philippine and foreign-owned hotels and resorts.

With respect to its gaming business in particular, Solaire competes domestically with PAGCOR gaming facilities, existing privately owned casinos and the facilities, built and operated by the three other developers in Entertainment City. As of end-2020, there are 9 casino branches and 31 satellite casinos throughout the Philippines owned and/or operated by PAGCOR. In addition,

outside of Entertainment City and Metro Manila, PAGCOR has licensed private casino operators in special economic zones, including four in Clark Ecozone, one in Poro Point, La Union, and one in Binangonan, Rizal. PAGCOR has granted provisional licenses for two integrated casino resorts in Mactan and Boracay. Other competitors licensed by government agencies include companies specializing in horse racing, cockfighting, lotteries, sweepstakes and other smaller-scale gaming operators.

Travellers opened Resorts World Manila in August 2009, the first PAGCOR-licensed integrated tourism resort located in the Newport City Cybertourism Zone ("Newport City") in the vicinity of Manila's international airport. Travellers is a joint venture between Genting Hong Kong Limited ("Genting HK"), a Hong Kong-based gaming operator and a part of the Genting Group that has facilities worldwide, and Alliance Global Group, Inc. ("AGI"), a Philippine conglomerate that owns Megaworld Corporation, a large Philippine property developer. Travellers has commenced construction on the first phase of its second integrated resort, Westside City Resorts World Bayshore, located in Entertainment City. In October 2019, Travellers and its subsidiary, Westside City Resorts World, entered into a co-development agreement with SunTrust Home Developers, Inc. ("SunTrust") to develop a Hotel Casino within Entertainment City. SunTrust is 51% owned by Suncity Group Holdings Limited.

City of Dreams Manila ("COD") is a project of Hong Kong-based Melco Resorts Philippines (previously known as Melco Crown Philippines) and Belle Corporation thru its subsidiary, Premium Leisure Corp. COD is an integrated tourism resort near Entertainment City on an approximately 6.2-hectare site, which initially opened its doors to the public in December 2014. COD, which is solely operated and managed by Melco Resorts Philippines, includes gaming, hotel, retail, dining and entertainment facilities.

Okada Manila ("Okada") is a project of Japan-based Universal Entertainment, through its domestic subsidiary, Tiger Resort Leisure & Entertainment Inc. Okada is also an integrated tourism resort which occupies an area of 44 hectares in New Seaside Drive, Entertainment City. On December 21, 2016, the casino complex was opened for preview and officially commenced casino operations on December 30, 2016.

The Company believes that Solaire can continue to compete effectively against its competitors with its captured mass and VIP customers in the Philippines and across Asia, as well as through its superior product and excellent service. These appeal to the preferences of all segments of the Philippine gaming market, which are expected to grow significantly over the next few years.

Principal Suppliers/ Service Providers

Sureste and BRHI retain various suppliers including Bluefire LPG Marketing Inc., RGB Ltd., Cache Global LLC, Filairco Inc., Green Amenities Supply Corporation, Maxicare Healthcare Corporation, Pilipinas Shell Petroleum Corporation, PLDT, Angel Singapore PTE Ltd., Royal Country Marketing, MERALCO M-Power and Maynilad Water Services Inc.

Customers

The Company expects that each area of Solaire and its respective facilities and gaming offerings will meet the needs of each category of customer. Solaire's world-class facilities are complemented by extensively trained employees with skillsets tailored to the customer base that they will be serving, allowing Solaire to offer them the best possible gaming experience.

VIP Players

Solaire's VIP customers are players who are on a rolling chip or revenue share program at Solaire. These VIP players may come to Solaire directly without any agent or independent gaming

promoter intermediary, or they may be sourced from independent gaming promoters operating in the Philippines and across Asia.

Mass Market

Solaire's table and slot machine customers who do not fall under the VIP customer segments mentioned above are classified under Mass Market.

Related Parties

The Company and its subsidiaries, in their ordinary course of business, engage in transactions with affiliates. The Company's policy with respect to related party transactions is to ensure that these transactions are entered into at arm's length terms comparable to those available from unrelated third parties.

In considering each possible related entity relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Intellectual Property, Licenses, Contract and Agreements

Sureste and BRHI, have registered or applied to register trademarks in connection with the Company's properties, facilities and development projects. The following trademarks are duly registered: "Solaire Manila", "Solaire Resort & Casino Manila", "Solaire Resort & Casino Manila", "Solaire Resort & Casino", "Finestra", "Red Lantern", "Yakumi", "Lucky Noodles", "Sabong Cards", "Fresh" and "Food Court". These are brand names under which Sureste and BRHI market its properties and services. The Company considers these brand names to be important to its business since they have the effect of developing brand identification and awareness. The Company expects to apply to register additional trademarks for its logos, club names, restaurants and other property as needed to protect its brand names.

Sureste and BRHI also possess copyrights for certain proprietary software systems, whose remaining useful lives range from one to five years. The Group sees to it that its rights for the use of these software systems are secured at all times to ensure continued use and support from vendors.

Insurance

Sureste and BRHI maintain insurance which covers incidents such as damage to property; the transport of gaming chips, playing cards and equipment; monetary loss due to third party and/or employee theft or fraud; damage to third party property and injury / death to persons; and life, accident and medical insurance for employees. Each policy has exclusions customary in the Philippines. Sureste and BRHI also maintain business interruption insurance for Solaire.

Notwithstanding the insurance coverage, damage to its facilities, equipment, machinery, buildings or other properties as a result of occurrences such as fire, explosion, intentional unlawful act or natural disaster could nevertheless materially and adversely affect the Company's financial condition and results of operations to the extent that such occurrences disrupt the Company's normal operations. In addition, there are certain types of risks that are not covered by the Company's insurance policies, including acts of war and acts of terrorism.

The Company maintains a director and officers liability insurance, which covers directors and officers for errors and omissions. The Company does not maintain key personnel insurance for any of its directors or other members of senior management.

Government License and Regulatory

Provisional License/Gaming License

PAGCOR issued to BRHI a provisional license ("Provisional License") for the development of an integrated casino, hotel and entertainment complex within Entertainment City on April 8, 2009. BRHI is one of four licensees in Entertainment City.

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. The US\$50 million held in escrow under the Provisional License was released upon issuance of the regular casino gaming license. The Provisional License, as well as the regular license issued to replace it, is co-terminus with PAGCOR's franchise. PAGCOR's franchise will expire on July 11, 2033 and may be renewed when PAGCOR's franchise is renewed by law.

Solaire North, BRHI's second casino resort in the Philippines is covered by the same PAGCOR license.

PEZA Registration

Sureste is a PEZA-registered Tourism Economic Zone Enterprise for the construction, development, management and operation of a hotel and entertainment complex within Entertainment City.

Employees

The Group recruits most of Solaire's gaming, hotel, food and beverage and other staff locally. The Group aims to generate jobs in Metro Manila in support of PAGCOR's policy goals, both directly as Solaire expands and indirectly as Solaire stimulates local tourism.

As of December 31, 2020, the Group employed 5,158 individuals at Solaire, 640 officers and managers, 1,280 supervisors and 3,238 rank and file employees. These employees serve various departments including management and administrative, gaming, hotel operations, food and beverage, property and marketing, among others.

The Group complies with all applicable Philippine labor and employment regulations. The Company currently has in place internal control systems and risk management procedures to monitor compliance with labor, employment and other applicable regulations. Going forward, the Company, through its human resources and legal departments, will continue to monitor all labor issues to ensure compliance with all applicable labor and employment regulations. Approximately 31.1% of the Group's Philippine employees are currently covered by collective bargaining agreements.

Discussion of Risks

Management has identified major business risk factors affecting the Group as follows: (i) General Risks Relating to the Group; (ii) Risks Relating to the Gaming License and Regulation of the Philippine Gaming Industry; (iii) Risks Relating to Future Expansion; (iv) Risks Relating to the Operation of Solaire; and (v) Risks Relating to the Philippines.

General Risks Relating to the Group

Solaire has been operational for eight years and is still subject to significant risks and uncertainties. The Group's short operating history should be considered to determine its future operating results and prospects.

The Group's businesses and assets are in the Philippines and South Korea, and a significant number of its VIP customers are from Greater China, Korea, Singapore, Thailand, Malaysia and other parts of Asia. The gaming business is vulnerable to global economic downturns and pandemics.

Risks Relating to the Gaming License and Regulation of the Philippine Gaming Industry

The Company's gaming operations are dependent on the Gaming License issued by PAGCOR.

Any additional gaming licenses issued by PAGCOR could increase competition and diminish the value of the Company's Gaming License and the Company's business may be adversely affected by policy changes or additional conditions on its Gaming License. In 2018, Landing Resorts Philippines Development Corporation was granted a provisional license by PAGCOR but it was suspended after the lease contract over its project site was cancelled on instruction of President Rodrigo Duterte for violation of Philippine BOT Law.

New regulations or laws on gaming operations may adversely affect the gaming operations of BRHI. For example, smoking ban in casinos may have an adverse impact on customers who are smokers, or a change in tax regime for casinos.

Risks Relating to Future Expansion

The Group's local and international expansion plans and any further plans to expand Solaire may not materialize or be successful.

Risks Relating to the Operation of Solaire

The loss of members of the Solaire's management team may adversely affect the Group's operations.

Solaire faces competition in the Philippines and elsewhere in Asia, and it may have difficulty in competing and gaining the desired market share. The Group also needs to maintain, or develop additional, successful relationships with reputable independent gaming promoters to be successful as the Philippine gaming industry grows.

Solaire's success partly depends on the reputation and integrity of the independent gaming promoters it engages, and the Group may be affected by a lack of probity and integrity of any such operators. There could also be increased regulation or scrutiny on independent gaming promoters.

The Group is exposed to risk on credit extended to its clients. Any default by VIP gaming customers may cause significant volatility in the Group's revenues and cash flows.

Solaire's ability to generate revenues depends to a substantial degree on Manila's development as a tourist and as a gaming destination. Metro Manila's transport infrastructure is a key component for the development of the Philippine's gaming industry.

Solaire requires a substantial number of qualified managers and employees, and is dependent on the Group's ability to recruit, train and retain a sufficient number of such qualified personnel.

Risks Relating to the Philippines

The occurrence of natural catastrophes could adversely affect the Group's business, financial condition or results of operations. In addition, political instability in the Philippines could destabilize the country and may have a negative effect on the Group. Acts of terrorism could also destabilize the country and could have a material adverse effect on the Group's assets and financial condition.

The current campaign of the Duterte Administration against the drug menace have given rise to concerns about extrajudicial killings which have alarmed the U.S. and European Union governments. The approval of the House of Representatives of the House Bill re-imposing the death penalty has led U.S. and EU Governments to warn about imposition of the trade restrictions on the Philippines which could have an adverse impact on the Philippine economy.

The COVID-19 pandemic presents an uncertainty on Solaire's operations in the absence of a viable cure or delay in vaccine deployment and ban on international travel. Metro Manila and other areas in Luzon are currently under GCQ which limits business activities and the movement of people in and out of these areas.

Item 2. Properties

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, 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 agreed to amend the above deed of assignment. Pursuant to the amended deed of assignment and with the consent of PAGCOR, 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 73,542 square meters of PAGCOR land was executed under similar terms and conditions of the original contract of lease. In late 2017, PAGCOR attempted to auction off the 160,359 square meters of land covered by the amended contract of lease. After two failed biddings, Sureste was able to negotiate its acquisition of the said land.

During the first quarter of 2015, the Company signed four real estate sales agreements with several landowners for the purchase of land with an aggregate area of 12.2 hectares located in Muui Island in the Republic of Korea. The property is intended to be developed into a leisure and tourism complex with entertainment facilities and mixed-use developments. The property was acquired under Solaire Korea. Bloomberry also signed a real estate sales agreement for the purchase of the Silmi Island in the Republic of Korea. Silmi Island has an area of 20.96 hectares and is adjacent to the 12.2 hectares property in Muui Island. Silmi Island is also intended to be developed into a leisure and tourism complex with entertainment facilities and mixed use developments. The Silmi Island property was also acquired by Solaire Korea. On March 8, 2016, Solaire Korea established Muui Agricultural Corporation to hold Solaire Korea's investment interest in agricultural land. As of December 31, 2016, Muui Agricultural Corporation owns a total of 33.16 hectares of agricultural land located in the Muui and Silmi Islands.

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.

Item 3. Legal Proceedings

BRHI & Sureste vs. GGAM

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 the 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 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 PSHI at a purchase price equivalent to ₱1.00 per share plus US\$15 million. On December 21, 2012, GGAM exercised its option to purchase 921,184,056 shares in Bloomberry from PSHI 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 PSHI 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 PSHI filed a Counter-Manifestation on impropriety of the 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 PSHI 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 on 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 ₱10,169,871,978.24 for the (921,184,056) GGAM shares in Bloomberry 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.

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. On February 3, 2020, BRHI and Sureste appealed this decision to the Court of Appeals in Singapore. In a decision dated February 16, 2021, the Singapore Court of Appeals denied the appeal of BRHI and Sureste.

On May 29, 2020, Singapore High Court issued a decision dismissing Sureste and BRHI’s petition to set aside/resist enforcement of the Final Award of the Arbitration Tribunal dated September 27, 2019. This case is docketed as OS 1385 in the High Court in Singapore.

The Singapore High Court ruled that the “Constructive Remedy,” which requires Sureste and BRHI to either (1) pay for the Bloomberry shares held by GGAM in exchange for the Bloomberry shares, or (2) take steps to facilitate GGAM’s sale of the Bloomberry shares, was not outside the scope of the parties’ arbitration agreement. The Singapore High Court also rejected the challenges based on the FCPA Findings (referring to the findings of the U.S. Department of Justice and the U.S. Securities and Exchange Commission regarding conduct by two of GGAM’s four executives during their tenure at Las Vegas Sands that violated the U.S. Foreign Corrupt Practices Act) and GGAM’s fraudulent concealment of evidence during the Arbitration. The Singapore High Court likewise denied the argument that GGAM Netherlands, to which the MSA was assigned, was a sham entity established solely to evade U.S. and Philippine taxes, because the Arbitration Tribunal rejected the same argument, and thus, the High Court found that the grant of damages to GGAM Netherlands is not contrary to Singapore public policy. Costs were charged against Sureste and BRHI.

On June 29, 2020, Sureste and BRHI filed a Notice of Appeal to the Singapore Court of Appeal to appeal the Singapore High Court’s decision dated May 29, 2020 in case number OS 1385 dismissing Sureste and BRHI’s petition to set aside/resist enforcement of the Final Award of the Arbitration Tribunal dated September 27, 2019.

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.

Proceedings Related to Money Laundering and the Bangladesh Bank

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 Anti-Money Laundering Council (“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, 2020 and 2019, the balance of this bank account amounting to ₱112.7 million and ₱112.6, respectively, is presented as “Fund held in trust” under the “Prepayments and other current assets” account in the consolidated statements 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 matter jurisdiction 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.

On September 23, 2020, BRHI received the summons in the civil complaint filed by Bangladesh Bank against RCBC and 16 other Philippine companies and individuals (including BRHI) in the New York State Court. The complaint in the State Court is for: conversion/ theft/ misappropriation; aiding and abetting the same; conspiracy to commit the same; fraud (against RCBC); aiding and abetting and conspiracy to commit fraud; conspiracy to commit trespass against chattels; unjust enrichment; and return of money received. On December 9, 2020, BRHI filed its motion to dismiss the case because the court has no jurisdiction over BRHI, the Philippines is the proper forum for the dispute, and the plaintiff’s allegation is insufficient to plead any claim against BRHI under New York Law.

Except for the matters discussed in the preceding paragraphs, neither the Company nor any of its subsidiaries are involved in or the subject of any legal proceedings which, if determined adversely to the Company or the relevant subsidiary's interests, would have a material effect on the business or financial position of the Company or any of its subsidiaries.

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

None

PART II - SECURITIES OF THE REGISTRANT

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

5.1 Market Information

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

As of the latest practicable trading date on January 29, 2021, the share prices of the Company were:

	Price/Share
Opening:	7.56
High:	7.97
Low:	7.40
Closing:	7.97

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

Calendar	Period	High	Low
<u>2019</u>			
	Quarter 1	13.14	9.5
	Quarter 2	13.04	10.20
	Quarter 3	12.14	9.80
	Quarter 4	11.52	9.82
<u>2020</u>			
	Quarter 1	11.32	4.03
	Quarter 2	8.00	5.16
	Quarter 3	8.21	6.00
	Quarter 4	8.95	6.89

5.2 Holders

The number of stockholders of record as of the latest practicable date on December 31, 2020 was 95 excluding shares under PCD Nominees. Shares outstanding as of the same date were 10,959,746,900 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 December 31, 2020:

	Name	No. of Shares Held	% of Total
1	Prime Strategic Holdings, Inc. (formerly Prime Metroline Holdings, Inc.)	5,935,972,444	53.80%
2	PCD Nominee (Non-Filipino)	2,674,660,807	24.24%
3	PCD Nominee (Filipino)	1,197,356,932	10.85%
4	Quasar Holdings, Inc.	921,184,056	8.35%
5	Razon & Co. Inc. (formerly Falcon Investco Holdings Inc.)	225,000,000	2.04%
6	Enrique K. Razon, Jr.	35,953,332	0.33%
7	Thomas Arasi	11,274,150	0.10%
8	Sherafat, Cyrus	5,472,526	0.05%
9	Estella Tuason-Occeña	3,985,100	0.04%
10	Donato C. Almeda	3,462,692	0.03%

	Name	No. of Shares Held	% of Total
11	Alarilla, Jose Eduardo J.	3,254,726	0.03%
12	Laurence Upton	2,693,798	0.02%
13	Lesothea Management Inc.	2,018,256	0.02%
14	Nossahead Management Inc.	2,018,256	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	833,400	0.01%
20	Willy O. Dizon or Nene C. Dizon	640,000	0.01%

As of December 31, 2020, the public ownership level of the Company is at 34.77%.

5.3 Dividends

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 ₱2.7 billion to stockholders on record as of March 23, 2020 and was paid on March 31, 2020.

5.4 Recent Sales of Unregistered or Exempt Securities/ Exempt Transactions

None.

PART III - FINANCIAL INFORMATION

Item 6. 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, 2020.

6.1 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 as its subsidiaries Sureste, BRHI, Bloom Capital B.V., Solaire de Argentina S.A., Solaire Korea and its subsidiaries G&L and Muui, BCTI, and BRJI. 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 its port terminal assets including the proposed Solaire Cruise Center and Yacht Harbor, and a cruise tender including 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. Operations commenced last December 2019. In February 2020, operations in the Port of Salomague were suspended and the lease was given up due to the onset of the COVID-19 pandemic which caused cruise ships to halt operations.

BCTI has terminated the lease with PPA and suspended its port operations in Salomague, Ilocos Sur as cruise ships have temporarily halted 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 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 Muui Agricultural Corporation (Muui) to hold Solaire Korea's investment interest in agricultural land in Muui and Silmi pending its conversion. Solaire Korea owns 90% 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 1,740-seat theatre designed to provide a superior audio-visual experience for a wide range of theatre plays and musicals, concerts, shows and performing

arts. 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, Versace, Cartier, Dior, Yves Saint Laurent, Bvlgari, Salvatore Ferragamo, Givenchy, Prada, Porsche Design, Stefano Ricci, Lukfook Jewelry, and Chow Tai Fook.

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.

Coronavirus pandemic

On January 31, 2020, the World Health Organization (WHO) declared the novel coronavirus acute respiratory disease (now COVID-19) health event as a public health emergency of international concern. 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 to contain the pandemic. 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 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.

The ECQ was originally set to last until April 12, 2020 but was extended three (3) times up to May 15, 2020, particularly for Metro Manila and other high-risk COVID-19 areas in Luzon. On May 16, 2020, the government transitioned Metro Manila from ECQ to "Modified Enhanced Community Quarantine" (MECQ). On June 1, 2020, MECQ in Metro Manila and other areas was relaxed to the "General Community Quarantine" (GCQ). On August 4, 2020, Metro Manila and other areas in Luzon were placed under MECQ and were reverted to GCQ on August 19, 2020.

Last June 2020, relevant authorities allowed Solaire and other integrated resorts in Entertainment City to commence limited dry run gaming operations under GCQ. Such dry run operations, which involve only in-house and select invited guests, are a means for operators to fine tune their services in accordance with new normal protocols. Capital expenditures made related to health, safety, and sanitation totaled over ₱300 million. Solaire is currently not open to the public and maintains an invite-only policy.

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 was temporarily halted.

Construction resumed when Metro Manila was placed under GCQ. Work commenced with limited construction capacity last June 15, 2020.

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. To date, Jeju Sun has not resumed operations and due to the absence of foreign tourists in Jeju Island, management decided to delay the planned reopening to 2021.

6.2 RESULTS OF OPERATIONS

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

Table 6.0 Key Performance Indicators

<i>In thousands except for ratios</i>	For the Year Ended December 31	
	2020	2019
EBITDA	1,430,002	19,830,427
Net Debt to Equity Ratio (D/E)	1.74	1.06
Current Ratio	2.06	2.30
Total Assets	113,454,575	132,694,034
Return on Equity (ROE)	(25.3%)	22.5%

EBITDA is earnings before interest expense, income 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 results of operations for the year ended December 31, 2020, 2019, 2018 and 2017, as derived from the accompanying Audited Financial Statements.

In thousands, except % change data	For the Year Ended December 31												% Change		
	2020			2019			2018			2017 (as restated)*			2020 vs. 2019	2019 vs. 2018	2018 vs. 2017
	Philippines	Korea	Consolidated	Philippines	Korea	Consolidated	Philippines	Korea	Consolidated	Philippines	Korea	Consolidated			
Gross gaming revenues**	₱22,611,673	₱93,090	₱22,704,763	₱59,801,400	₱573,092	₱60,374,492	₱50,972,036	₱484,372	₱51,456,408	₱44,519,462	₱407,075	₱44,926,537	(62.4)	17.3	14.5
PFRS 15 allocation	(1,787,744)	-	(1,787,744)	(4,303,065)	-	(4,303,065)	(3,224,502)	-	(3,224,502)	(2,711,974)	-	(2,711,974)	(58.5)	33.4	18.9
Contra revenue accounts	(6,767,990)	(39,431)	(6,807,420)	(17,335,327)	(261,861)	(17,597,188)	(16,528,766)	(97,694)	(16,626,461)	(15,115,539)	(57,869)	(15,173,408)	(61.3)	5.8	9.6
Net gaming revenues	14,055,940	53,659	14,109,599	38,163,008	311,231	38,474,239	31,218,768	386,678	31,605,445	26,691,949	349,206	27,041,155	(63.3)	21.7	16.9
Non-gaming & other revenues***	3,653,171	25,897	3,679,068	8,024,999	129,017	8,154,016	6,535,541	220,316	6,755,857	5,785,011	261,703	6,046,714	(54.9)	20.7	11.7
Net revenues	17,709,111	79,556	17,788,667	46,188,007	440,248	46,628,255	37,754,309	606,994	38,361,302	32,476,960	610,909	33,087,869	(61.9)	21.6	15.9
Cash operating expenses	(15,175,297)	(474,475)	(15,649,772)	(25,634,085)	(904,175)	(26,538,260)	(22,590,522)	(847,183)	(23,437,705)	(19,903,524)	(869,669)	(20,773,193)	(41.0)	13.2	12.8
Provision for doubtful accounts	(708,893)	-	(708,893)	(259,568)	-	(259,568)	(29,224)	174	(29,050)	32,874	-	32,874	173.1	793.5	(188.4)
EBITDA (LBITDA)	1,824,921	(394,919)	1,430,002	20,294,354	(463,927)	19,830,427	15,134,563	(240,015)	14,894,547	12,606,310	(258,760)	12,347,550	(92.8)	33.1	20.6
Depreciation and amortization	(3,131,564)	(216,891)	(3,348,455)	(3,490,476)	(199,329)	(3,689,805)	(3,437,910)	(191,527)	(3,629,437)	(4,174,509)	(179,343)	(4,353,852)	(9.3)	1.7	(16.6)
Interest, foreign exchange loss & others	(6,133,234)	(483,179)	(6,616,413)	(6,029,880)	(2,025)	(6,031,905)	(3,827,411)	(398,359)	(4,225,770)	(2,176,810)	478,363	(1,698,447)	9.7	42.7	148.8
Benefit from (provision for) income tax	207,060	-	207,060	(23,572)	(164,191)	(187,763)	89,227	37,262	126,489	14,491	(247,124)	(232,633)	(210.3)	(248.4)	(154.4)
Net Income (Loss)	(₱7,232,816)	(₱1,094,989)	(₱8,327,806)	₱10,750,426	(₱829,472)	₱9,920,954	₱7,958,469	(₱792,639)	₱7,165,829	₱6,269,482	(₱206,864)	₱6,062,618	(183.9)	38.4	18.2
Basic Earnings (Loss) Per Share			(₱0.758)			₱0.903			₱0.652			₱0.551			
Diluted Earnings (Loss) Per Share			(₱0.758)			₱0.901			₱0.651			₱0.549			

* Operating results for the year ended December 31, 2017 was 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

6.3 OPERATING RESULTS FOR THE YEAR ENDED DECEMBER 31, 2020 COMPARED WITH 2019

6.3.1 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, 2020 and 2019:

In thousands, except % change data	For the Year Ended December 31						% Change 2020 vs. 2019
	2020			2019			
	Philippines	Korea	Consolidated	Philippines	Korea	Consolidated	
Gaming	P20,823,930	P93,090	P20,917,020	P55,498,335	P573,092	P56,071,427	(62.7)
Hotel, food and beverage	1,628,555	22,309	1,650,864	4,175,113	127,055	4,302,169	(61.6)
Retail and others	1,894,411	3,532	1,897,943	3,559,091	1,830	3,560,920	(46.7)
Interest income	130,205	56	130,261	290,795	132	290,927	(55.2)
Gross revenues*	24,477,101	118,987	24,596,087	63,523,334	702,109	64,225,443	(61.7)
Less contra revenue accounts	6,767,990	39,431	6,807,420	17,335,327	261,861	17,597,188	(61.3)
Net revenues	P17,709,111	P79,556	P17,788,667	P46,188,007	P440,248	P46,628,255	(61.9)

*as defined under PFRS 15

Revenues in 2020 have been impacted by the COVID-19 pandemic which has had negative implications on the global economy and tourism. In response to the COVID-19 pandemic, PAGCOR on March 15, 2020 directed to suspend, for the duration of the quarantine, all casino operations in licensed 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.

In 2020, consolidated gross gaming, non-gaming revenues (including hotel, food and beverage, retail and other), and interest income represented 85.1 percent, 14.4 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 87.3 percent, 12.2 percent and 0.5 percent of gross revenues, respectively. Contra revenue decreased to ₱6.8 billion, down 61.3 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.

6.3.1.1 Gaming

Philippines

As of June 15, 2020, relevant authorities allowed Solaire to commence limited dry run gaming operations under GCQ. Such dry run operations, which involve only in-house and select invited guests, are a means for operators to fine tune their services in accordance with new normal protocols. Solaire is currently not open to the public and maintains an invite-only policy.

In 2020, VIP volumes, mass table drop and slot coin-in posted a decline of 65.2 percent, 62.5 percent and 54.0 percent, respectively, compared to the previous year.

Gaming revenues after PFRS 15 allocation in 2020 decreased by 62.5 percent or ₱34.7 billion as compared to 2019.

Below is the breakdown of gross gaming revenues:

Amounts in millions	2020			2019			Change in Revenue	
	Volume*	Revenue	Hold	Volume*	Revenue	Hold	Amount	%
VIP tables	268,393	8,034	2.99%	771,417	₱26,240	3.40%	(₱18,206)	(69.4)
Mass tables	19,318	7,340	38.0%	51,467	16,747	32.5%	(9,407)	(56.2)
Slots	117,357	7,238	6.2%	255,103	16,814	6.6%	(9,576)	(57.0)
		22,612			59,801		(37,190)	(62.2)
PFRS 15 Allocation		(1,788)			(4,303)		2,515	(58.5)
Total		₱20,824			₱55,498		(₱34,674)	(62.5)

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

VIP revenue was ₱8.0 billion, representing a decrease of 69.4 percent as a result of significant reduction in VIP volume and lower hold rate. The VIP hold rate was 2.99 percent, lower than the 3.40 percent last year but above the normal hold of 2.85 percent. On a hold-normalized basis, VIP revenue would have decreased by 65.2 percent.

Consistent with the lower drop and coin-in volume generated in 2020, mass table and slot revenues declined by 56.2 percent and 57.0 percent, to ₱ 7.3 billion and ₱ 7.2 billion, respectively.

Korea

Jeju Sun registered ₱93.1 million of GGR in the first 81 days of 2020, representing a decrease of 83.8 percent from ₱573.1 million in 2019. The management decided to temporarily cease all operations in response to the COVID-19 pandemic from March 21, 2020.

6.3.1.2 Hotel, Food and Beverage

Philippines

Hotel, food and beverage revenue amounted to ₱1.6 billion in 2020, representing a decrease of ₱2.5 billion or 61.0 percent as compared in 2019. The decrease was primarily due to lower REVPAR and decreased F&B covers that resulted from the closure of Solaire during the second quarter of 2020 and limited operating capacity under GCQ.

Hotel REVPAR declined by 62.6% in 2020 to ₱2,970 from ₱7,948 in 2019. The hotel occupancy rate was 30.2 percent.

Solaire F&B outlets served approximately 922,454 covers in 2020 as compared to 1,965,163 covers for the comparable period in 2019, a decrease of 53.1 percent. Average check decreased by 23.9 percent to ₱877.

In 2020, hotel cash revenues were 52.6 percent as compared to 52.2 percent last year, while non-gaming F&B cash revenues accounted for 47.2 percent of F&B revenues as compared to 53.9 percent in the prior year.

Korea

The hotel and F&B operations of Jeju Sun generated ₱22.3 million of revenue in 2020, 82.4 percent lower than last year.

6.3.1.3 Retail and Others

Philippines

Retail and other revenues amounted to ₱1.9 billion in 2020, representing a decrease of 46.8 percent from ₱3.6 billion in 2019.

Korea

Jeju Sun generated ₱3.5 million of retail and other revenues in 2020 which is higher by 93.0 percent compared to the previous year.

6.3.1.4 Interest Income

Consolidated interest income amounted to ₱130.3 million in 2020, representing a decrease of 55.2 percent from ₱290.9 million in 2019 due to lower average consolidated cash balances during the year.

6.3.2 EXPENSES

Total expenses include: (1) Cash operating expenses; (2) Depreciation and amortization; (3) Provision for doubtful accounts; (4) Interest expense; (5) Foreign exchange losses (gains) - net; and (6) Others.

In 2020, total expenses of the Group decreased by 27.9 percent to ₱26.3 billion.

Total cash operating expenses consist of: (1) Taxes and licenses; (2) Salaries and benefits; (3) Advertising and promotions; (4) Office expenses; (5) Outside services and charges; (6) Utilities; (7) Cost of sales; (8) Rent; (9) Repairs and maintenance; (10) Software and hardware maintenance (11) Communication and transportation and (12) Others.

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

Table 6.3

In thousands, except % change data	For the Year Ended December 31						% Change 2020 vs. 2019
	2020			2019			
	Philippines	Korea	Consolidated	Philippines	Korea	Consolidated	
Cash operating expenses:							
Taxes and licenses	₱5,200,396	₱61,904	₱5,262,300	₱12,826,575	₱68,915	₱12,895,490	(59.2)
Salaries and benefits	3,615,196	314,525	3,929,721	4,095,309	469,503	4,564,813	(13.9)
Advertising and promotions	336,613	12,020	348,633	566,419	6,597	573,015	(39.2)
Office expenses	802,990	8,332	811,322	1,119,645	29,272	1,148,917	(29.4)
Outside services and charges	2,117,776	30,442	2,148,218	1,570,017	261,993	1,832,009	17.3
Utilities	662,003	16,578	678,581	787,532	32,067	819,599	(17.2)
Cost of sales	1,567,588	3,916	1,571,504	3,305,079	11,590	3,316,670	(52.6)
Rent	84,772	1,561	86,334	145,091	1,613	146,704	(41.2)
Repairs and maintenance	131,734	2,624	134,358	241,121	3,585	244,706	(45.1)
Software and hardware maintenance	298,308	4,396	302,704	238,689	5,998	244,687	23.7
Communication and transportation	132,353	4,043	136,396	192,734	10,125	202,859	(32.8)
Others	225,569	14,134	239,702	545,873	2,918	548,791	(56.3)
	15,175,297	474,475	15,649,772	25,634,084	904,175	26,538,259	(41.0)
Depreciation and amortization	3,131,564	216,891	3,348,455	3,490,476	199,329	3,689,805	(9.3)
Provision for doubtful accounts	708,893	-	708,893	259,568	-	259,568	173.1
Interest expense	5,399,452	10,945	5,410,397	5,549,849	12,181	5,562,031	(2.7)
Foreign exchange losses (gains) – net	241,461	(10,769)	230,693	330,401	(10,157)	320,244	(28.0)
Others	492,321	483,002	975,323	149,630	-	149,630	551.8
Total Expenses	₱25,148,988	₱1,174,545	₱26,323,533	₱35,414,008	₱1,105,529	₱36,519,538	(27.9)

6.3.2.1 Cash Operating Expenses

Cash operating expenses decreased by 41.0 percent to ₱15.6 billion. The decline in cash operating expenses were due to lower revenue levels reflecting the impact of the COVID-19 pandemic and the Group's continuous cost management efforts.

Philippines

Solaire cash operating expenses decreased by 40.8 percent from ₱25.6 billion to ₱15.2 billion due to lower: a) gaming taxes which is consistent with the decrease in gaming revenues, b) cost of sales due to decreased promotional items and complimentary items given to patrons and c) salaries and benefits.

Korea

Solaire Korea registered ₱474.5 million of cash operating expenses in 2020 which was a decline of ₱429.7 million from last year. Mostly due to lower gaming promotions and salaries and benefits. Salaries and benefits expenses declined meaningfully as Jeju Sun availed of the government aid to the tourism industry that partially covers the payroll costs of eligible companies.

Taxes and licenses

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

Salaries and benefits

Salaries and wages decreased by 13.9 percent which is attributable to the rationalization of the Group's manpower requirements and the government aid availed by Jeju Sun.

Advertising and promotions

Advertising and promotions expenses decreased by 39.2 percent. This account consists 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.

Office expenses

Office expenses decreased by 29.4 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.

Outside services and charges

Outside services and charges increased by 17.3 percent in 2020 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.

Utilities

Utilities expenses are composed of electricity cost, water charges, fuel costs, gas, sewerage and cost of air conditioning supplies. Utilities expenses decreased by 17.2 percent in 2020.

Cost of sales

Cost of sales was lower by 52.6 percent due to decreased promotional items and complimentary items given to patrons.

Rent

Rent pertains to cost incurred for the usage of leased gaming equipment and overseas marketing offices. Rent expense declined by 41.2 percent mainly due to the waiver of rental charges on the leased gaming equipment during the temporary closure of Solaire under ECQ and reduced rates during the limited dry run gaming operations under GCQ.

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 decreased by 45.1 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. Communication and transportation expenses declined by 32.8 percent.

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.

6.3.2.2 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. Depreciation and amortization declined by 9.3 percent.

6.3.2.3 Provision 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 2020, the Group provided ₱708.9 million for doubtful accounts.

6.3.2.4 Interest Expense

Interest expense decreased by 2.7 percent from ₱5.6 billion in 2019 to ₱5.4 billion in 2020 mainly due to lower bank loan balance.

6.3.2.5 Foreign Exchange Losses (Gains) – Net

Solaire registered a net foreign exchange loss of ₱241.5 million in 2020 as the Philippine Peso appreciated against the US dollar and the Hong Kong dollar. The Philippine peso appreciated from ₱50.635/US\$1 and ₱6.516/HKD1 as of December 31, 2019 to ₱48.023/US\$1 and ₱6.1935 /HKD1 as of December 31, 2020.

Solaire Korea recognized a ₱10.8 million foreign exchange gain in 2020 as the Korean won appreciated against the US dollar.

6.3.2.6 Others

Others amounting to ₱975.3 million in 2020 pertains to the impairment of casino license and goodwill at Jeju Sun, 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.

6.3.3 EBITDA

Philippines

In 2020, Solaire's EBITDA of ₱1.8 billion was 91.0 percent lower compared to 2019. EBITDA margin in 2020 was 10.3 percent as compared to 43.9 percent last year.

Korea

Solaire Korea posted ₱394.9 million LBITDA in 2020, representing an improvement from the ₱463.9 million LBITDA last year.

CONSOLIDATED

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

<i>In thousands, except % change data</i>	For the Year Ended December 31		Change
	2020	2019	
Net Revenue	17,788,667	46,628,255	(61.9%)
EBITDA (LBITDA)	1,430,002	19,830,427	(92.8%)
EBITDA (LBITDA) Margin	8.0%	42.5%	(3,450 bps)
Hold-Normalized EBITDA (LBITDA)*	1,242,155	17,162,089	(92.8%)
Hold-Normalized EBITDA (LBITDA) Margin*	7.1%	39.6%	(3,250 bps)

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

The reported VIP hold in 2020 was 2.99 percent, 14 basis points higher than the 2.85 percent normalized hold. This resulted in the reported EBITDA being 15.1 percent higher than hold-normalized EBITDA of ₱1.2 billion.

6.3.4 PROVISION FOR (BENEFIT FROM) INCOME TAX

In 2020, the Group recognized a ₱207.1 million benefit from income tax as compared to ₱187.8 million provision for income tax in 2019. The turnaround is due to the reversal of deferred tax liabilities as a result of impairment of Jeju Sun's casino license.

6.3.5 NET INCOME (LOSS)

In 2020, the Group posted a consolidated net loss of ₱8.3 billion, compared to last year's consolidated net income of ₱9.9 billion.

6.3.6 EARNINGS (LOSS) PER SHARE

The basic loss per share of ₱0.758 in 2020 was a reversal from the ₱0.903 basic earnings per share reported last year. The diluted loss per share in 2020, after considering the shares granted under the stock incentive plan, was ₱0.758 compared to ₱0.901 diluted earnings per share in 2019.

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

6.4.1 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.

6.4.1.1 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 ₱573.1 million of GGR in 2019, representing an increase of 18.3 percent from ₱484.4 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.

6.4.1.2 Hotel, Food and Beverage

Philippines

Hotel, food and beverage revenue amounted to ₱4.2 billion in 2019, representing an increase of ₱585.8 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 ₱7,948 and ₱8,778, 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 ₱215.2 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 ₱1,152.

Korea

The hotel and F&B operation of Jeju Sun generated ₱127.1 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.

6.4.1.3 Retail and Others

Philippines

Retail and other revenues amounted to ₱3.6 billion in 2019, an increase of 26.9 percent from ₱2.8 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 ₱1.8 million. The retail area was also adversely impacted by renovation works.

6.4.1.4 Interest Income

Consolidated interest income amounted to ₱290.9 million in 2019, representing an increase of 106.2 percent from last year's consolidated interest income of ₱141.1 million in the previous year, mainly due to higher average consolidated cash balances in 2019.

6.4.2 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 ₱36.5 billion.

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

Table 6.4

In thousands, except % change data	For the Year Ended December 31						% Change 2019 vs. 2018
	2019			2018			
	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	4,564,813	3,714,935	552,232	4,267,167	7.0
Advertising and promotions	566,419	6,597	573,015	454,897	6,965	461,862	24.1
Office expenses	1,119,645	29,272	1,148,916	1,063,831	23,077	1,086,908	5.7
Outside services and charges	1,570,017	261,993	1,832,009	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	3,316,670	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

6.4.2.1 Operating Costs and Expenses

Total operating costs and expenses increased by 12.5 percent to ₱30.5 billion.

Philippines

Solaire operating costs and expenses increased by 12.8 percent from ₱26.1 billion to ₱29.4 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 ₱1.1 billion in operating costs which was ₱65.0 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. Depreciation and amortization increased by 1.7 percent.

Salaries and benefits

Salaries and wages increased by 7.0 percent which is attributable to the ₱380.4 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 ₱82.7 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. Communication and transportation expenses increased by 1.3 percent.

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 ₱259.6 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.

6.4.2.2 Interest Expense

Interest expense increased by 21.4 percent from ₱4.6 billion to ₱5.6 billion mainly due to the full year interest impact of the ₱73.5 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 ₱32.1 billion and purchase of PAGCOR land where Solaire is located for ₱40.4 billion, including taxes.

6.4.2.3 Foreign Exchange Losses (Gains) - Net

The Group recognized a net foreign exchange loss in 2019 of ₱320.2 million mainly due to unfavorable effect of the appreciation of Philippine Peso against US dollar and Hong Kong dollar. The Group also reported ₱738.5 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 ₱52.563/US\$1 as of December 31, 2018 to ₱50.635/US\$1 as of December 31, 2019.

6.4.2.4 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.

6.4.3 EBITDA

Philippines

In 2019, Solaire's EBITDA of ₱20.3 billion was 34.1 percent or ₱5.2 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 ₱463.9 million negative EBITDA in 2019 including overhead expenses for Silmi and Muui Islands of ₱53.46 million.

CONSOLIDATED

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

	For the Year Ended December 31		Change
	2019	2018	
<i>In thousands, except % change data</i>			
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 ₱17.2 billion.

6.4.4 PROVISION FOR (BENEFIT FROM) INCOME TAX

In 2019, the Group recognized a ₱187.8 million provision for income tax as compared to ₱126.5 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.

6.4.5 NET INCOME

In 2019, the Group posted a consolidated net income of ₱9.9 billion, representing an increase of 38.4 percent from previous year's consolidated net income of ₱7.2 billion.

Solaire registered net income of ₱10.8 billion, an increase of 35.1 percent from net income of ₱8.0 billion in 2018.

6.4.6 EARNINGS PER SHARE

Basic earnings per share of ₱0.903 in 2019 was 38.5 percent higher than the ₱0.652 reported in 2018. Diluted earnings per share, after considering the shares granted under the stock incentive plan, was ₱0.901 compared to ₱0.651 in 2018.

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

6.5.1 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:

<i>In thousands, except % change data</i>	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 ₱16.6 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.

6.5.1.1 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 ₱6.5 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 ₱15.3 billion and ₱13.9 billion, respectively.

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

Korea

Jeju Sun registered ₱484.4 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.

6.5.1.2 Hotel, Food and Beverage

Philippines

Hotel, food and beverage revenue increased by ₱46.7 million or 1.3 percent in 2018 versus the previous year. Solaire increased its REVPAR by 7.3 percent year-on-year to ₱6,636. 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 ₱1,096.

Korea

The hotel and F&B operation of Jeju Sun generated ₱171.4 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.

6.5.1.3 Retail and Others

Philippines

Retail and other revenues increased by 28.8 percent or ₱626.6 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 ₱48.9 million in 2018.

6.5.1.4 Interest Income

Consolidated interest income increased by 113.2 percent year-on-year to ₱141.1 million, because of higher average consolidated cash balances in 2018. Cash generated from Solaire operations resulted in higher cash balances and increased interest income.

6.5.2 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 ₱31.3 billion.

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

Table 6.5

<i>In thousands, except % change data</i>	For the Year Ended December 31						% Change 2018 vs. 2017
	2018			2017 (as restated)*			
	Philippines	Korea	Consolidated	Philippines	Korea	Consolidated	
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

* 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

6.5.2.1 Operating Costs and Expenses

Total operating costs and expenses increased by 8.0 percent to ₱27.1 billion.

Philippines

Solaire operating costs and expenses increased by 8.4 percent from ₱24.0 billion in the prior year to ₱26.1 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 ₱1.1 billion slightly lower than in 2017 which was ₱1.0 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 ₱389.4 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 ₱48.6 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 ₱465.3 million which was partially offset by Korean operation's ₱3.6 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 ₱29.1 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.

6.5.2.2 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 ₱41.1 billion in incremental debt after the Group secured a ₱73.5 billion Syndicated Loan. The proceeds were used to retire the old debt facilities amounting ₱32.1 billion and to purchase the land where Solaire is located in Entertainment City from PAGCOR amounting to ₱40.4 billion, including taxes.

6.5.2.3 Foreign Exchange Losses (Gains) - Net

The Group recognized a net foreign exchange gain for the year of ₱357.7 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 ₱49.930/US\$1 as of December 31, 2017 to ₱52.563/US\$1 as of December 31, 2018. The Group reported ₱882.2 million net foreign exchange gains in 2017.

6.5.2.4 Others

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

6.5.3 EBITDA

Philippines

In 2018, Solaire generated ₱15.1 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 ₱240.0 million negative EBITDA in 2018.

CONSOLIDATED

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

	For the Year Ended December 31		Change
	2018	2017	
<i>In thousands, except % change data</i>			
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 ₱16.0 billion.

6.5.4 PROVISION FOR (BENEFIT FROM) INCOME TAX

In 2018, the Group recognized a ₱126.5 million benefit from income tax as compared to a ₱232.6 million provision for income tax recognized in 2017.

6.5.5 NET INCOME (LOSS)

The Group reported consolidated net income of ₱7.2 billion in 2018 which was an 18.2 percent or ₱1.1 billion improvement from the ₱6.1 billion net income in 2017.

6.5.6 EARNINGS PER SHARE

Basic earnings per share of ₱0.652 in 2018 was 18.3 percent higher than the prior year's earnings per share of ₱0.551. Diluted earnings per share in 2018 was ₱0.651 as compared to ₱0.549 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.

6.6 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 (now COVID-19) health event as a public health emergency of international concern. 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

to contain the pandemic. 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 three (3) times up to May 15, 2020, particularly for Metro Manila and other high-risk COVID-19 areas in Luzon. On May 16, 2020, the government transitioned Metro Manila from ECQ to “Modified Enhanced Community Quarantine” (MECQ), which is a less restrictive form of quarantine. On June 1, 2020, MECQ in Metro Manila and other areas was relaxed to the “General Community Quarantine” (GCQ). On August 4, 2020, Metro Manila and other areas in Luzon were placed under MECQ and were reverted back to GCQ on August 19, 2020.

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 the coming years.

6.7 FINANCIAL CONDITION

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

Table 6.7 Balance Sheets

<i>In thousands, except % change data</i>	As of December 31			% Change	% Change
	2020	2019	2018	2020 vs 2019	2019 vs 2018
Current assets	₱26,600,168	₱46,400,104	₱40,253,408	(42.7%)	15.3
Total assets	113,454,575	132,694,034	125,648,978	(14.5%)	5.6
Current liabilities	12,884,636	20,175,901	19,000,603	(36.1%)	6.2
Total interest-bearing debt	68,559,294	69,118,770	71,186,920	(0.8%)	(2.9)
Total liabilities	80,560,566	88,663,310	89,087,875	(9.1%)	(0.5)
Total equity*	32,946,812	44,069,049	36,552,125	(25.2%)	20.6

*Total equity attributable to Equity Holders of the Parent Company

<i>In thousands, except % change data</i>	As of December 31		
	2020	2019	2018
Current assets/total assets	23.45%	34.97%	32.04%
Current ratio	2.06	2.30	2.12
Debt-equity ratio ¹	2.45	2.01	2.44
Net debt-equity ratio ²	1.74	1.06	1.44

¹Debt includes all liabilities. Equity includes paid-up capital, equity reserves, share-based payment plan and retained earnings/deficit.

²Net Debt includes all liabilities less cash and cash equivalents and restricted cash (current and noncurrent portion).

Current assets declined by 42.7 percent to ₱26.6 billion as of December 31, 2020 from ₱46.4 billion as of December 31, 2019. The decline was due to the ₱18.5 billion and ₱1.3 billion decrease in cash and cash equivalents and receivables, respectively.

The following summarizes the aging of the Group’s receivables as of December 31, 2020:

<i>In thousands</i>	
Current	₱740,002,491
90 Days	19,919,146
Over 90 Days	2,038,861,576
Total	₱2,798,783,213

Total assets decreased by 14.5 percent to ₱113.5 billion as of December 31, 2020 from ₱132.7 billion as of December 31, 2019. The decline was attributable to the lower level of cash and cash equivalents, decreased casino receivables and impairment of goodwill and Jeju Sun’s casino license. This was partially offset by the addition to property and equipment and increase in advances to contractors.

Current liabilities were lower by 36.1 percent due to the lower levels of outstanding chips and other gaming liabilities, customers’ deposits and gaming taxes payable. These were further reduced by the decrease in holdback liabilities and payables to contractors and suppliers.

Total liabilities decreased by 9.1 percent from ₱88.7 billion as of December 31, 2019 to ₱80.6 billion as of December 31, 2020 due to the 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 relating to the ₱73.5 billion Syndicated Loan Facility, partly offset by the ₱1.5 billion net proceeds from the initial drawdown on the ₱40.0 billion Syndicated Loan Facility secured by BRHI and Sureste in February 2019.

Total equity as of December 31, 2020 amounted to ₱32.9 billion, 25.3 percent lower as compared to ₱44.0 billion reported as of December 31, 2019. The decline was mainly attributed to the ₱2.7 billion cash dividends declared and paid in March 2020, and the ₱8.3 billion net loss recorded in 2020.

6.7.1 MATERIAL VARIANCES AFFECTING THE BALANCE SHEET FOR THE YEAR ENDING DECEMBER 31, 2020

Balance sheet accounts as of December 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 44.2 percent primarily as a result of payment of the following: (a) cash dividends, (b) long-term debt (c) additional acquisition of property and equipment. Cash and cash equivalents was further reduced by Solaire's negative operating cash flows. The movement in cash and cash equivalents will be further discussed in the liquidity section.
2. Receivables decreased by 43.3 percent due to a lower level of casino receivables which is consistent with the decrease in gross gaming revenues and additional provisions for doubtful accounts.
3. Inventories increased by 29.5 percent due to higher inventory levels of operating supplies.

Noncurrent Assets

4. Intangible assets decreased by 53.9 percent due to the impairment of goodwill and Jeju Sun's casino license and impact of foreign exchange translation.
5. Other noncurrent assets increased by 27.6 percent due to additional advances to contractors of Solaire North.

Current Liabilities

6. Payables and other current liabilities decreased by 40.3 percent due to lower levels of outstanding chips and other gaming liabilities, customers' deposits and gaming taxes payable. Payables and other current liabilities were further reduced by the decrease in holdback liabilities and payable to contractors and suppliers.

Noncurrent Liabilities

7. Noncurrent portion of lease liabilities decreased by 65.2 percent mainly due to lease payments, partially offset by the accretion of interest.

Equity

8. Cost of shares held by a subsidiary decreased by 74.9 percent due to the issuance of Bloomberry shares held by BRHI as part of Solaire's rewards program.

9. Treasury shares increased by 53.9 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.
10. Other comprehensive income is mainly due to the net effect of the translation of the financial statements of Solaire Korea and its subsidiaries.
11. Retained earnings decreased by 53.6 percent due to the ₱2.7 billion cash dividends declared and paid in March 2020, and the ₱8.3 billion net loss attributable to equity holders of the parent entity.

6.7.2 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

1. Cash and cash equivalents increased by 14.8 percent as of December 31, 2019 due to higher cash generated by operations.
2. Receivables increased by 9.6 percent, primarily due to higher casino receivables which is consistent with the increase in gross gaming revenues.
3. Prepaid expenses and other current assets increased by 66.2 percent to ₱1.1 billion mainly due to the increase in prepaid taxes and input VAT.

Noncurrent Assets

4. Intangible assets decreased by 7.2 percent mainly due to the impact of foreign exchange translation.
5. 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

6. 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.
7. Income tax payable increased by 63.4 percent to ₱5.9 million due to an increase in non-gaming taxable income.

Noncurrent Liabilities

8. Retirement liability increased by 66.2 percent to ₱639.6 million due to the accrual of pension costs based on the latest actuarial valuation.

Equity

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

10. 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.
11. 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.
12. 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.
13. 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.

6.7.3 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

5. 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.
6. 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.
7. 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

8. 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.
9. 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

10. 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.
11. Retirement liability decreased by 14.4 percent due to a remeasurement gain recognized as a result of the periodic reevaluation of actuarial assumptions.
12. The movement in other noncurrent liabilities mainly represents the effect of foreign exchange translations and increases in deposits received from tenants.

Equity

13. Treasury shares increased by 48.1 percent due to additional acquisition of Bloomberg shares from the secondary market to cover maturing SIP shares.
14. Share-based payment plan increased by 41.7 percent due to the recognition of current period's expense.
15. 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.
16. 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.

6.8 LIQUIDITY AND CAPITAL RESOURCES

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

6.8.1 Liquidity

The table below shows the Group's consolidated cash flows for the years ended December 31, 2020, 2019 and 2018:

Table 6.8.1 Consolidated Cash Flows

<i>In thousands, except % change data</i>	For the Year Ended December 31			% Change	
	2020	2019	2018	2020 vs 2019	2019 vs 2018
Net cash provided by (used in) operating activities	(₱3,913,838)	₱20,683,009	₱22,526,774	(118.9)	(8.2)
Net cash used in investing activities	(5,232,602)	(5,167,989)	(41,853,753)	1.3	(87.7)
Net cash provided by (used in) financing activities	(9,224,481)	(9,823,771)	33,765,585	(6.1)	(129.1)
Effect of exchange rate changes on cash	(149,079)	(285,570)	65,835	(47.8)	(3.8)
Net increase (decrease) in cash and cash equivalents	(18,520,000)	5,405,679	14,504,441	(442.6)	(62.7)
Cash and cash equivalents, beginning	41,871,527	36,465,848	21,961,407	14.8	66.0
Cash and cash equivalents, end	₱23,351,526	₱41,871,527	₱36,465,848	(44.2)	14.8

Cash and cash equivalents decreased due to the payment of cash dividends, servicing the Group's long-term debt and cash flows used in the operations of Solaire and Jeju Sun.

In 2020, the Group posted negative cash flows from operating activities of ₱3.9 billion, compared to ₱20.7 billion positive cash flows generated last year, due to higher working capital requirements coupled with decline in earnings before interest, depreciation and amortization. Cash flows generated by the Group have been significantly impacted by the COVID-19 pandemic.

Cash used in investing activities in 2020 includes payments made in relation to the construction of Solaire North covering advances to contractors and construction projects at Solaire.

In 2020, cash used in financing activities consists primarily of scheduled principal repayments and interest payments on the ₱73.5 billion Syndicated Loan Facility totaling ₱7.5 billion, payment of cash dividends amounting to ₱2.7 billion and purchase of treasury shares amounting to ₱443.0 million. This was partly offset by the ₱1.5 billion net proceeds from the initial drawdown on the ₱40.0 billion Syndicated Loan Facility secured by BRHI and Sureste in February 2019.

6.8.2 Capital Resources

The table below shows the Group's capital sources as of December 31, 2020, 2019 and 2018:

Table 6.8 Capital Sources

<i>In thousands, except % change data</i>	As of December 31			% Change	% Change
	2020	2019	2018	2019 vs 2018	2018 vs 2017
Long-term debt – net	₱68,559,294	₱69,118,770	₱71,186,920	(0.8)	(2.9)
Equity*	32,946,812	44,069,049	36,552,125	(25.2)	20.6
Total Capital	₱101,506,106	₱113,187,819	₱107,739,045	(10.3)	5.1

*Attributable to equity holders of the Parent Company

Total capital decreased by 10.3 percent to ₱101.5 billion as of December 31, 2020 from ₱113.2 billion as of December 31, 2019. The decrease was attributed to the ₱8.3 billion net loss incurred in 2020, ₱2.7 billion cash dividends declared and paid in March 2020 and ₱2.2 billion principal repayment on the ₱73.5 billion Syndicated Loan Facility. The decrease was partly offset by the ₱1.5 billion net proceeds from the initial drawdown on the ₱40.0 billion Syndicated Loan Facility and ₱194.9 million treasury shares acquired, net of issuances in 2020.

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

6.9 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 delay in vaccine deployment and ban on international travel. Metro Manila and other areas in Luzon are currently under GCQ which limits business activities and the movement of people in and out of these areas.

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.

Item 7. Consolidated Financial Statements

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

Item 8. 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.

On June 18, 2020, the Stockholders of Bloomberry re-appointed SGV & Co. as principal accountant to audit its financial statements.

8.1 Information on Independent Accountant

The external auditor in 2020 is the firm SGV & Co. The Company has engaged Ms. Christine Vallejo, partner of SGV & Co., for the audit of the Company's books and accounts in 2020.

8.2 External Audit Fees and Services

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

Table 8.1 Audit Fees

<i>In thousands pesos</i>	For the Year Ended December 31		
	2020	2019	2018
Audit	₱13,589.0	₱12,074.8	₱11,877.7
Tax and others	4,595.5	4,103.5	3,868.6
Total	₱18,184.5	₱16,178.3	₱15,746.3

Tax fees paid to the auditors are for tax compliance and tax advisory services. In 2020, 2019 and 2018, 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.

PART IV- MANAGEMENT AND CERTAIN SECURITY HOLDERS

Item 9. Directors and Executive Officers of the Issuer

The members of the Board of Directors and executive officers of the Group as of March 4, 2021 are:

Office	Name	Citizenship	Age
Chairman of the Board & Chief Executive Officer	Enrique K. Razon Jr.	Filipino	61
Vice Chairman	Jose Eduardo J. Alarilla	Filipino	69
Vice Chairman, Construction and Regulatory Affairs	Donato C. Almeda	Filipino	66
President & Chief Operating Officer	Thomas Arasi	American	63
Director	Christian R. Gonzalez	Filipino	45
Independent Director	Carlos C. Ejercito	Filipino	75
Independent Director	Jose P. Perez	Filipino	74
Executive Vice President, Chief Financial Officer & Treasurer	Estella Tuason-Occea	Filipino	51
Executive Vice President for Casino Marketing	Cyrus Sherafat	American	38
Executive Vice President for International Marketing	Laurence Upton	New Zealander	51
Corporate Secretary & Compliance Officer	Silverio Benny J. Tan	Filipino	64
Assistant Corporate Secretary	Jonas S. Khaw	Filipino	42

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)*, ICTSI Warehousing, Inc., ICTSI Foundation, Inc., Razon Industries, Inc., PSHI, Quasar Holdings Inc., Razon & Co. Inc. (formerly Falcon Investco Holdings Inc.), Achillion Holdings Inc., Collingwood Investment Company Ltd., Bravo International Port Holdings Inc., Proident Management Group, Inc. and Prime Metro Power Holdings Corp; the CEO and the Chairman of Bloomberg, and BRHI; the Chairman of Sureste, Sureste Realty Corporation, WawaJVCo Inc., Pilipinas Golf Tournament Inc., and Australian Terminal Ltd.; the President of Contecon Manzanillo S.A., Tecon Suape, S.A., Tecplata S.A. and Razon & Co. Inc.; a Director A of Contecon Guayaquil S.A.; a Director B of ICTSI Capital B.V., ICTSI (Hongkong) Ltd., Monte Oro Resources and Energy, Inc. (MORE), Yantai International Container Terminals, Limited, 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 American Management Association, the Management Association of the Philippines, the US Philippines Society, the ASEAN Business Club, and Philippines Inc. Mr. Razon was conferred an honorary degree of Doctor of Science in Logistics from the De La Salle University on February 16, 2019.

**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, 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, PSHI, Apex Mining Co. Inc.* MORE, MORE Electric & Power Corporation, International Cleanenvironment Systems Inc., Manila Harbor Center Port Services Inc., The Country Club Inc., and is a director and treasurer of Bloomberg 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, Sureste, 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, PSHI, Prime Metroline Infrastructure Holdings Corporation, WawaJVCo Inc., and Prime Metro Power Holdings Corp. He is the Vice President and Head of Asia Pacific Region & Head of Manila International Container Terminal (MICT) in ICTSI*. 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.; Cavite Gateway Terminal, Inc., Laguna Gateway Inland Container Terminal, Inc., Cordilla Properties Holdings, Inc., the President Commissioner of PT Makassar Terminal Services and ICTSI Jasa Prima; and 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., ICTSI Honduras Ltd., ICTSI (Hong Kong) Ltd., Subic Bay International Terminal Corp., Abbotsford Holdings, Inc., ICTSI Warehousing, Inc., Hijo International Port Services, Inc., International Container Terminal Services (India) Private Limited, and Pakistan International Container Terminal Limited. Mr. Gonzalez is a Director and the Chairman of the Board in both Yantai International Container Terminals, Limited and Victoria International Container Terminal Ltd. He is also the Director of ICTSI Project Delivery Services Co. Pte. Ltd., ICTSI South Asia Pte. Ltd., Asiastar Consultants Limited, Manila North Harbour Port, Inc. and Sureste Properties, Inc. In 2009, Mr. Gonzalez was appointed as the Treasurer of the Board of Trustees of ICTSI Foundation, Inc. In 2010, he was elected a Director of The Country Club.

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 is also a Director, President and Chief Executive Officer of Mount Grace Hospitals, Inc. and its affiliates and subsidiaries. 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 — Executive Vice President, Chief Financial Officer and Treasurer

Ms. Occeña is the Treasurer of BRHI and Sureste and Director and Treasurer of PSHI. 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 Cleanenvironment 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., Industries Philippines Inc., 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. He is the 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

9.1 Significant Employees

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

9.2 Family Relationships

Director Christian R. Gonzales is the nephew of Chairman and Chief Executive Officer, Enrique K. Razon, Jr. There are no other family relationships among the directors and officers listed.

9.3 Involvement in Certain Legal Proceedings

The Company is not aware of any of legal cases, which occurred during the past five years that are material to an evaluation of the ability or integrity of any of its directors, executive officers or controlling person.

Item 10. Executive Compensation

The Group paid compensation in 2020 to the Chief Executive Officer (CEO) and executive officers named below, as a group, amounting to ₱130.2 million.

Name	Office
Enrique K. Razon Jr.	Chairman of the Board & CEO
Jose Eduardo J. Alarilla	Vice Chairman
Donato C. Almeda	Vice Chairman, Construction and Regulatory Affairs
Thomas Arasi	President & Chief Operating Officer
Christian R. Gonzalez	Director
Estella Tuason-Occeña	Executive Vice President, 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
David Batchelor	Senior Vice President for Resort Operations
Silverio Benny J. Tan	Corporate Secretary and 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 2019 and 2020, and estimated to be paid to the CEO and top five (5) highest paid executive officers in 2021 named above (amounts in millions):

	Year	Salary	Bonus & Others	Total
President and Top 5 Executive Officers, as group:	2021 (Estimate)	₱32.1	₱109.1	₱141.2
Enrique K. Razon, Jr. – <i>Chairman & Chief Executive Officer</i> Thomas Arasi – <i>President & Chief Operating Officer</i> Cyrus Sherafat – <i>Executive Vice President for Casino Marketing</i> Laurence Upton – <i>Executive Vice President for International Marketing</i>	2020 (Actual)	34.3	58.7	93.0
David Batchelor – <i>Senior Vice President for Resort Operations</i>	2019 (Actual)	22.4	153.9	176.4

	Year	Salary	Bonus & Others	Total
All Other Officers and Directors, as a group unnamed	2021 (Estimate)	₱25.9	₱22.8	₱48.7
	2020 (Actual)	25.9	11.2	37.1
	2019 (Actual)	29.2	30.5	59.7

The members of the Board are not expected to receive any compensation in 2021. 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 2019, 2020 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. Originally, 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. Shares awarded in May 15, 2020 shall now vest in three years: 25% on the first anniversary date of the award; 25% on the second anniversary date of the award; and the remaining 50% on the third 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).

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

Grant Date	Details		2018		2019		2020		Balance as of December 31, 2020
	No. of Shares	Price per Share	Cancelled	Vested	Cancelled	Vested	Cancelled	Vested	
2017									
April 18*	26,914,402	8.38	60,695	13,313,566	156,370	13,383,771	-	-	-
2018									
May 16*	22,716,446	12.66	-	-	661,659	10,538,925	793,529	10,722,333	-
June 8*	91,068	11.40	-	-	-	44,574	-	46,494	-
August 1*	105,987	9.00	-	-	-	51,876	-	54,111	-
2019									
March 18*	25,465,791	11.62				147,475	50,728	12,342,451	12,925,137
2020									
May 15	66,985,802	5.4	-	-	-	-	-	-	66,985,802
Total	142,279,496		60,695	13,313,566	818,029	24,166,621	844,257	23,165,389	79,910,939

* includes DRIP shares

The stock incentive obligation amounting to ₱268.9 million and ₱304.9 million for 2020 and 2019, respectively were recognized as part of “Salaries and benefits” under “Operating costs and expenses” in the consolidated financial statements.

Item 11. Security Ownership of Certain Beneficial Owners and Management

As of December 31, 2020, the Company does not know of anyone who beneficially owns in excess of 5% of the Company’s shares of stock except as set forth in the table below:

11.1 Security Ownership of Certain Record and Beneficial Owners

Name	Number of Shares	Percentage of Ownership
Enrique K. Razon, Jr. ¹	7,118,109,832	64.95%
PCD Nominee (Non-Filipino)	2,674,660,807	24.24%
PCD Nominee (Filipino)	1,197,356,932	10.85%

¹ Enrique K. Razon, Jr. is the beneficial owner of Prime Metroline Holdings, Inc., Quasar Holdings, Inc. and Razon & Co. Inc. (formerly Falcon Investco Holdings Inc.)

11.2 Security Ownership of Management as of December 31, 2020

Name	Citizenship	Number of Shares	Percentage of Ownership
Enrique K. Razon, Jr. ¹	Filipino	7,118,109,832	64.95%
Thomas Arasi	American	11,274,150	0.10%
Estella Tuason-Occea	Filipino	3,985,100	0.04%
Cyrus Sherafat	American	5,472,526	0.05%
Donato C. Almeda	Filipino	3,462,692	0.03%
Jose Eduardo J. Alarilla	Filipino	3,254,726	0.03%
Laurence Upton	New Zealander	2,693,798	0.02%
Silverio Benny J. Tan	Filipino	212,619	0.00%
Christian R. Gonzalez	Filipino	100,933	0.00%
Carlos C. Ejercito	Filipino	100	0.00%
Jose P. Perez	Filipino	1	0.00%

¹ Enrique K. Razon, Jr. is the beneficial owner of Prime Metroline Holdings, Inc., Quasar Holdings, Inc. and Razon & Co. Inc. (formerly Falcon Investco Holdings Inc.)

11.3 Voting Trust Holders of 5% or More

None

11.4 Changes in Control

None

Item 12. Certain Relationships and Related Transactions

Descriptions and explanations of the related party transactions are disclosed in Note 12, *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.

PART V – CORPORATE GOVERNANCE

Item 13. 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 members of the Board are Construction and Regulatory Affairs 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 2020 Board Meetings are as follows:

Name	02 March	03 March	06 March	20 March	14 April	20 May	22 May	01 June	18 June ¹	30 September	05 November	15 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	P	P
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	P
Jose P. Perez*	P	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 September 2020, 3 December 2020 and 4 December 2020.

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 2020 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 2020
Chairman	Carlos C. Ejercito	6/18/2020	5	5	100%	83 Months
Member	Christian R. Gonzalez	6/18/2020	5	5	100%	83 months
Member	Jose P. Perez	6/18/2020	5	5	100%	20 months

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. Jose Eduardo J. Alarilla, who serves with Mr. Carlos C. Ejercito and Ms. Estella Tuason-Occea 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.

PART VI - EXHIBITS AND SCHEDULES

Item 14. Reports on SEC Form 17-C

The following is a summary of submissions of SEC Form 17-C filed during the year 2020:

Date of Report	Item Reported
06 January 2020	Decision in the case filed in Singapore by BRHI and Sureste against Global Gaming Philippines LLC and GGAM Netherlands BV (GGAM) to set aside and oppose the enforcement of the Partial Award dated 20 September 2016
08 January 2020	Acquisition of BLOOM shares by Bloomberry Resorts & Hotels, Inc. (BRHI)
09 January 2020	Resignation of Officer
22 January 2020	Acquisition of BLOOM shares by Bloomberry Resorts Corporation
23 January 2020	Acquisition of BLOOM shares by Bloomberry Resorts Corporation
24 January 2020	Acquisition of BLOOM shares by Bloomberry Resorts Corporation
27 January 2020	Acquisition of BLOOM shares by Bloomberry Resorts Corporation
28 January 2020	Acquisition of BLOOM shares by Bloomberry Resorts Corporation
29 January 2020	Acquisition of BLOOM shares by Bloomberry Resorts Corporation
31 January 2020	Acquisition of BLOOM shares by Bloomberry Resorts Corporation
03 February 2020	Acquisition of BLOOM shares by Bloomberry Resorts Corporation
04 February 2020	Acquisition of BLOOM shares by Bloomberry Resorts Corporation
05 February 2020	Acquisition of BLOOM shares by Bloomberry Resorts Corporation
06 February 2020	Acquisition of BLOOM shares by Bloomberry Resorts Corporation
10 February 2020	Acquisition of BLOOM shares by Bloomberry Resorts Corporation
11 February 2020	Acquisition of BLOOM shares by Bloomberry Resorts Corporation
12 February 2020	Acquisition of BLOOM shares by Bloomberry Resorts Corporation
13 February 2020	Acquisition of BLOOM shares by Bloomberry Resorts Corporation
18 February 2020	Acquisition of BLOOM shares by Bloomberry Resorts Corporation
19 February 2020	Acquisition of BLOOM shares by Bloomberry Resorts Corporation
20 February 2020	Acquisition and/or Sale of BLOOM Shares by Bloomberry Resorts & Hotels, Inc. (BRHI)
20 February 2020	Acquisition of BLOOM shares by Bloomberry Resorts Corporation
21 February 2020	Acquisition of BLOOM shares by Bloomberry Resorts Corporation
04 March 2020	Press Release of BLOOM in connection with its 4Q2019 and FY2019 financial performance
06 March 2020	Declaration of Cash Dividend
06 March 2020	Notice of Annual Stockholders' Meeting on 16 April 2020
06 March 2020	Increase in the maximum number of shares for the share buyback program of BLOOM
11 March 2020	Acquisition of BLOOM shares by Bloomberry Resorts Corporation
12 March 2020	Acquisition of BLOOM shares by Bloomberry Resorts Corporation
16 March 2020	Filing of Current Report under Section 17 of the Securities and Regulation Code amid COVID-19 Pandemic
19 March 2020	Grant and transfer of shares sourced from treasury shares pursuant to the Stock Incentive Plan (SIP) for employees, officers, and directors of BLOOM and its operating subsidiaries
20 March 2020	Postponement of Annual Stockholders' Meeting to 21 May 2020
20 March 2020	Notice of Annual Stockholders' Meeting on 21 May 2020
23 March 2020	Dismissal of RICO claims filed by Bangladesh Bank in United States District Court for the Southern District of New York against RCBC and other defendants including BRHI
23 March 2020	Payment of Cash Dividends

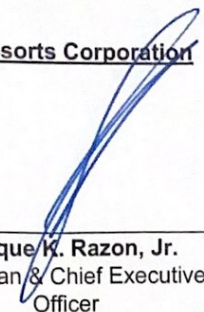
24 March 2020	Acquisition of BLOOM shares by Bloomberry Resorts Corporation
25 March 2020	Acquisition of BLOOM shares by Bloomberry Resorts Corporation
14 April 2020	Press Release - Bloomberry Announces Intent to Broaden Investment Universe
14 April 2020	Postponement of Annual Stockholders' Meeting to 18 June 2020
14 April 2020	Notice of Annual Stockholders' Meeting on 18 June 2020
21 April 2020	Appeal filed by Bangladesh Bank to the United States Court of Appeals for the Second Circuit from the Order of the United States District Court, Southern District of New York dated 20 March 2020 dismissing the RICO claims filed by Bangladesh Bank against RCBC and other defendants including BRHI
24 April 2020	Clarification of News Reports
05 May 2020	Acquisition of BLOOM shares by Bloomberry Resorts Corporation
06 May 2020	Acquisition of BLOOM shares by Bloomberry Resorts Corporation
07 May 2020	Acquisition of BLOOM shares by Bloomberry Resorts Corporation
08 May 2020	Acquisition of BLOOM shares by Bloomberry Resorts Corporation
13 May 2020	Acquisition of BLOOM shares by Bloomberry Resorts Corporation
19 May 2020	Grant and transfer of shares sourced from treasury shares pursuant to the Stock Incentive Plan (SIP) for employees, officers, and directors of BLOOM and its operating subsidiaries
19 May 2020	Acquisition of BLOOM shares by Bloomberry Resorts Corporation
20 May 2020	Acquisition of BLOOM shares by Bloomberry Resorts Corporation
21 May 2020	Acquisition of BLOOM shares by Bloomberry Resorts Corporation
22 May 2020	Notice of Virtual Annual Stockholders' Meeting on 18 June 2020
22 May 2020	Acquisition of BLOOM shares by Bloomberry Resorts Corporation
26 May 2020	Acquisition of BLOOM shares by Bloomberry Resorts Corporation
29 May 2020	Civil Complaint in New York State Court filed by Bangladesh Bank against RCBC and 16 other Philippine persons including BRHI
29 May 2020	Decision by Singapore High Court dated 29 May 2020 dismissing petition by Bloomberry, BRHI and Sureste to set aside/resist enforcement of the Final Award of the Arbitration Tribunal dated 27 September 2019
08 June 2020	Grant and transfer of shares sourced from treasury shares pursuant to the Stock Incentive Plan (SIP) for employees, officers, and directors of BLOOM and its operating subsidiaries
18 June 2020	Results of Annual Stockholders' Meeting
18 June 2020	Results of Organizational Meeting of the Board of Directors
29 June 2020	Appeal by BRHI and Sureste to the Singapore Court of Appeal from the Singapore High Court's Decision dated 29 May 2020 in case number OS 1385 on Petition to Set Aside the Final Award of the Arbitration Tribunal dated 27 September 2019.
03 August 2020	Grant and transfer of shares sourced from treasury shares pursuant to the Stock Incentive Plan (SIP) for employees, officers, and directors of BLOOM and its operating subsidiaries
12 August 2020	Press release of BLOOM in connection with its 2Q2020 financial performance
23 September 2020	Receipt by BRHI of summons in Civil Complaint in New York State Court filed by Bangladesh Bank against RCBC and 16 other Philippine persons including BRHI
10 November 2020	Press release of BLOOM in connection with its 3Q2020 financial performance
21 December 2020	Material Information/Transactions – Bloomberry adds P20B to existing loan facility

SIGNATURES

Pursuant to the requirements of Section 17 of the SRC and Section 177 of the Revised Corporation Code, this report is signed on behalf of the issuer by the undersigned, duly authorized, in the City of Paranaque.

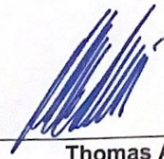
Bloomberry Resorts Corporation
Issuer

By:



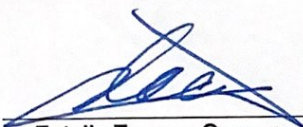
Enrique K. Razon, Jr.
Chairman & Chief Executive Officer

Date: March 4, 2021



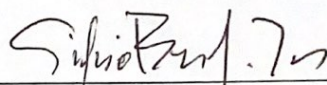
Thomas Arasi
President & Chief Operating Officer

Date: March 4, 2021



Estella Tuason-Occena
Executive Vice President,
Chief Financial Officer &
Treasurer

Date: March 4, 2021



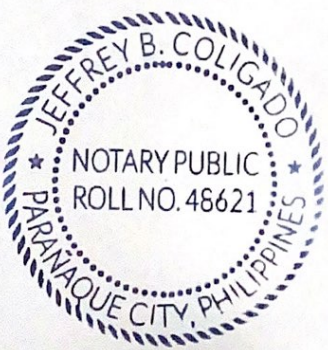
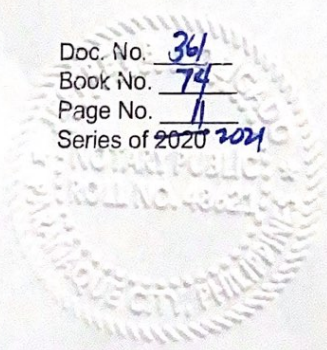
Silverio Benny J. Tan
Corporate Secretary

Date: March 4, 2021

SUBSCRIBED AND SWORN to before me this 4th day of March 2021 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
Silverio Benny J. Tan	EC5225385 P42944188	06 September 2015 04 JAN 2020	Manila NCR EAST

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Book No. 74
Page No. 11
Series of 2020




JEFFREY B. COLIGADO
Commission No. 283-2019
Notary Public, Paranaque City
Until June 30, 2021
1 Asean Avenue, Entertainment City
Tambo, Paranaque City 1701
Roll no. 48621

PTR No. 2575299/ January 06, 2021/Paranaque City
IBP No. 144418/January 06, 2021/Manila II Ch., ...



Bloomberg Resorts Corporation

March 4, 2021

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, 2020 and 2019 and for the three years in the period ended December 31, 2020, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of 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.

Chairman and Chief
Executive Officer


Thomas Arasi

President and Chief
Operating Officer

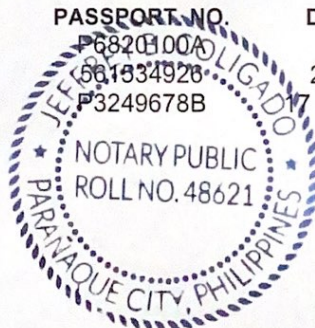

Estella Tuason-Occena

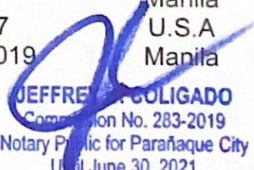
Executive Vice President,
Chief Financial Officer
and Treasurer

SUBSCRIBED AND SWORN to before me this 4th day of March 2021, 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	561534928	23 March 2017	U.S.A
Estella Tuason Occena	P3249678B	17 September 2019	Manila

Doc. No. 360
Page No. 73
Book No. 11
Series of 2020-2021




JEFFREY P. COLIGADO
Commission No. 283-2019
Notary Public for Parañaque City
Until June 30, 2021
1 Asean Avenue, Entertainment City
Tambo, Parañaque City 1701
Roll no. 48621

PTR No. 2575299/ January 06, 2021/Parañaque City
IBP No. 144418/January 06, 2021/Manila II Chapter

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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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

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Department requiring the report

C	R	M	D
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Secondary License Type, If Applicable

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COMPANY INFORMATION

Company's Email Address <div style="border: 1px solid black; padding: 5px; text-align: center;">-</div>	Company's Telephone Number <div style="border: 1px solid black; padding: 5px; text-align: center;">8888-8888</div>	Mobile Number <div style="border: 1px solid black; padding: 5px; text-align: center;">-</div>
No. of Stockholders <div style="border: 1px solid black; padding: 5px; text-align: center;">95</div>	Annual Meeting (Month / Day) <div style="border: 1px solid black; padding: 5px; text-align: center;">Every Third Thursday of April</div>	Fiscal Year (Month / Day) <div style="border: 1px solid black; padding: 5px; text-align: center;">December 31</div>

CONTACT PERSON INFORMATION

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

Name of Contact Person <div style="border: 1px solid black; padding: 5px;">Gerard Angelo Emilio J. Festin</div>	Email Address <div style="border: 1px solid black; padding: 5px;">gerardfestin@solairesort.com</div>	Telephone Number/s <div style="border: 1px solid black; padding: 5px;">8883-8921</div>	Mobile Number <div style="border: 1px solid black; padding: 5px; text-align: center;">-</div>
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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.



INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Bloomberg 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 Bloomberg Resorts Corporation and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2020, 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, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2020 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 applies simplified approach in calculating expected credit loss (ECL). Under this approach, the Group establishes a provision matrix that is based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment. Allowance for doubtful accounts and the provision for doubtful accounts as of and for the year ended December 31, 2020 amounted to ₱1,054.7 million and ₱708.9 million, respectively. The Group's application of the 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), including the impact of coronavirus pandemic, in calculating ECL.

The disclosures in relation to allowance for doubtful accounts using the ECL model 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, 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 and management's assessment of the impact of the coronavirus pandemic on the counterparties, (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, including the impact of coronavirus pandemic.

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.



Recoverability of Goodwill and Casino License

Under PFRS, 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, arising from the acquisition of Golden & Luxury Co., Ltd. in 2015, are allocated to a single cash generating unit (CGU), i.e., casino-hotel business in Korea. As of December 31, 2020, the Group's goodwill and casino license amounted to ₱837.9 million which is considered significant to the consolidated financial statements. In addition, management's process requires significant judgment and is based on assumptions which are subject to higher level of estimation uncertainty due to the current economic conditions which have been impacted by the coronavirus pandemic, specifically revenue growth rates, long-term growth rate and discount rate.

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

Audit Response

We involved our internal specialist to assist in evaluating the methodologies and key assumptions. These assumptions include revenue growth rates, long-term growth rate and discount rate. We compared the key assumptions used against the historical performance of the CGU and other relevant external data, taking into consideration the impact associated with coronavirus pandemic. We tested the parameters used in the determination of the discount rate against market data. 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.

Impairment of Property and Equipment

As a consequence of the coronavirus pandemic, the Group's integrated casino resort business was adversely affected by lower number of gaming patrons and hotel guests' occupancy which significantly impacted the reported revenues. The assessment of the recoverable amount of the property and equipment requires significant judgment and involves estimation and assumptions about revenue growth, long-term growth rate as well as external inputs such as discount rate. In addition, because of the coronavirus pandemic, there is heightened level of uncertainty on the future economic outlook and market forecast. Accordingly, such assessment is a key audit matter in our audit.

The disclosures in relation to property and equipment are included in Notes 3 and 8 to the consolidated financial statements.

Audit Response

We involved our internal specialist in evaluating the methodologies and the assumptions used. These assumptions include revenue growth rate, long-term growth rate as well as external inputs such as discount rate. We compared the key assumptions used such as revenue growth rate against industry



forecasts and with historical information, and long-term growth rate against relevant economic and external data, adjusted to take into consideration the impact associated with coronavirus pandemic. We tested the parameters used in the determination of the discount rate by comparing against market data. 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 property and equipment.

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 and regulations.

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

Audit Response

We involved our internal specialist in 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. 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, 2020 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, 2020, 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. 8534377, January 4, 2021, Makati City

March 4, 2021



BLOOMBERRY RESORTS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2020	2019
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 4 and 20)	₱23,351,526,480	₱41,871,526,847
Receivables (Notes 5, 12, 15, 17 and 20)	1,744,091,830	3,076,691,749
Inventories (Note 6)	394,978,758	305,091,597
Prepayments and other current assets (Notes 7, 17, 18 and 20)	1,109,570,772	1,146,793,642
Total Current Assets	26,600,167,840	46,400,103,835
Noncurrent Assets		
Property and equipment (Notes 2, 8, 11 and 17)	83,913,708,330	82,828,842,675
Intangible assets (Note 9)	837,884,870	1,817,628,692
Other noncurrent assets (Notes 9 and 20)	2,102,813,873	1,647,459,155
Total Noncurrent Assets	86,854,407,073	86,293,930,522
	₱113,454,574,913	₱132,694,034,357
LIABILITIES AND EQUITY		
Current Liabilities		
Payables and other current liabilities (Notes 10, 15, and 20)	₱10,803,881,562	₱18,087,036,301
Current portion of long-term debt (Notes 11 and 20)	2,060,263,054	2,063,995,674
Current portion of lease liabilities (Notes 2 and 17)	18,630,431	18,989,895
Income tax payable	1,860,731	5,879,294
Total Current Liabilities	12,884,635,778	20,175,901,164
Noncurrent Liabilities		
Long-term debt - net of current portion (Notes 11 and 20)	66,499,030,678	67,054,774,758
Lease liabilities - net of current portion (Notes 2 and 17)	17,879,993	51,409,492
Retirement liability (Note 13)	655,363,267	639,587,287
Deferred tax liabilities - net (Note 19)	167,876,674	411,103,020
Other noncurrent liabilities (Notes 17 and 20)	335,779,576	330,533,782
Total Noncurrent Liabilities	67,675,930,188	68,487,408,339
Total Liabilities	80,560,565,966	88,663,309,503
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)	13,185,593,854	13,153,521,809
Equity reserve (Note 2)	(27,138,558)	(27,138,558)
Cost of shares held by a subsidiary (see Note 14)	(653,457)	(2,601,459)
Treasury shares (Note 14)	(556,249,344)	(361,335,424)
Share-based payment plan (Note 14)	271,719,375	283,010,224
Other comprehensive loss (Notes 9 and 13)	(464,489,082)	(491,876,490)
Retained earnings (Note 14)	9,505,031,304	20,482,470,468
Total Equity Attributable to Equity Holders of the Parent Company	32,946,812,317	44,069,048,795
Equity Attributable to Non-controlling Interests	(52,803,370)	(38,323,941)
Total Equity	32,894,008,947	44,030,724,854
	₱113,454,574,913	₱132,694,034,357

See accompanying Notes to Consolidated Financial Statements.



BLOOMBERRY RESORTS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2020	2019	2018
REVENUES			
Gaming (Notes 3, 15 and 18)	₱14,109,599,343	₱38,474,239,085	₱31,605,445,445
Hotel, food and beverage (Notes 3 and 15)	1,650,863,576	4,302,168,511	3,760,663,461
Retail and others (Notes 3, 15 and 17)	1,897,942,754	3,560,920,245	2,854,117,177
	17,658,405,673	46,337,327,841	38,220,226,083
OPERATING COSTS AND EXPENSES (Note 16)	20,654,175,612	30,487,633,077	27,096,192,238
INCOME (LOSS) BEFORE OTHER INCOME (EXPENSES) AND INCOME TAX	(2,995,769,939)	15,849,694,764	11,124,033,845
OTHER INCOME (EXPENSES)			
Interest expense (Notes 10, 11, 16 and 17)	(5,410,396,865)	(5,562,030,773)	(4,581,927,053)
Foreign exchange gains (losses) - net (Note 20)	(230,692,535)	(320,244,329)	357,712,255
Interest income (Notes 4, 5 and 16)	130,261,312	290,927,316	141,076,096
Others (Notes 8, 9, 11 and 16)	(28,268,098)	(149,629,982)	(1,554,869)
	(5,539,096,186)	(5,740,977,768)	(4,084,693,571)
INCOME (LOSS) BEFORE INCOME TAX	(8,534,866,125)	10,108,716,996	7,039,340,274
PROVISION FOR (BENEFIT FROM) INCOME TAX (Notes 18 and 19)	(207,060,349)	187,763,323	(126,489,216)
NET INCOME (LOSS)	(8,327,805,776)	9,920,953,673	7,165,829,490
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that will be reclassified to profit or loss in subsequent years:			
Exchange difference on translation of foreign operations	28,437,408	(510,641,798)	30,831,523
Items that will not be reclassified to profit or loss in subsequent years:			
Remeasurement gain (loss) (Note 13)	79,511,766	(158,964,728)	162,626,262
Unrealized gain (loss) on equity instrument designated at fair value through other comprehensive income (Note 9)	(1,500,000)	1,000,000	8,650,000
Income tax effect	(450,359)	7,223,866	(11,330,536)
	77,561,407	(150,740,862)	159,945,726
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	105,998,815	(661,382,660)	190,777,249
TOTAL COMPREHENSIVE INCOME (LOSS)	(₱8,221,806,961)	₱9,259,571,013	₱7,356,606,739
Net Income (Loss) Attributable To			
Equity holders of the Parent Company	(₱8,312,867,836)	₱9,955,058,446	₱7,188,233,443
Non-controlling interests	(14,937,940)	(34,104,773)	(22,403,953)
	(₱8,327,805,776)	₱9,920,953,673	₱7,165,829,490
Total Comprehensive Income (Loss) Attributable To			
Equity holders of the Parent Company	(₱8,207,327,532)	₱9,297,589,322	₱7,376,543,528
Non-controlling interests	(14,479,429)	(38,018,309)	(19,936,789)
	(8,221,806,961)	₱9,259,571,013	₱7,356,606,739
Earnings (Loss) Per Share on Net Income (Loss) Attributable to Equity Holders of the Parent Company (Notes 21)			
Basic	(₱0.758)	₱0.903	₱0.652
Diluted	(₱0.758)	₱0.901	₱0.651

See accompanying Notes to Consolidated Financial Statements.



BLOOMBERRY RESORTS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

	Equity Attributable to Equity Holders of the Parent Company								Equity		
	Capital Stock (Note 14)	Additional Paid-in Capital (Note 14)	Equity Reserve (Note 2)	Cost of shares held by a subsidiary (Note 14)	Treasury Shares (Note 14)	Share-based Payment Plan (Note 14)	Other Comprehensive Income (Loss) (Notes 9 and 13)	Retained Earnings (Note 14)	Total	Attributable to Non-controlling Interests	Total Equity
Balances at January 1, 2020	₱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 loss	—	—	—	—	—	—	—	(8,312,867,836)	(8,312,867,836)	(14,937,940)	(8,327,805,776)
Remeasurement gain on defined benefit plan (Note 13)	—	—	—	—	—	—	78,152,896	—	78,152,896	458,511	78,611,407
Exchange difference on translation of foreign operations	—	—	—	—	—	—	28,437,408	—	28,437,408	—	28,437,408
Unrealized loss on equity instrument designated at fair value through other comprehensive income (Note 9)	—	—	—	—	—	—	(1,050,000)	—	(1,050,000)	—	(1,050,000)
Total comprehensive income (loss)	—	—	—	—	—	—	105,540,304	(8,312,867,836)	(8,207,327,532)	(14,479,429)	(8,221,806,961)
Dividend declaration (Note 14)	—	—	—	—	—	—	—	(2,742,724,224)	(2,742,724,224)	—	(2,742,724,224)
Share-based payments (Note 14)	—	—	—	—	—	268,890,204	—	—	268,890,204	—	268,890,204
Purchase of treasury shares (Note 14)	—	—	—	—	(443,022,928)	—	—	—	(443,022,928)	—	(443,022,928)
Issuance of treasury shares for share-based payments (Note 14)	—	32,072,045	—	—	248,109,008	(280,181,053)	—	—	—	—	—
Issuance of Bloomberry shares held by a subsidiary (Note 14)	—	—	—	1,948,002	—	—	—	—	1,948,002	—	1,948,002
Remeasurement loss on defined benefit plan transferred to retained earnings	—	—	—	—	—	—	(78,152,896)	78,152,896	—	—	—
Balances at December 31, 2020	₱11,032,998,225	₱13,185,593,854	(₱27,138,558)	(₱653,457)	(₱556,249,344)	₱271,719,375	(₱464,489,082)	₱9,505,031,304	₱32,946,812,317	(₱52,803,370)	₱32,894,008,947
Balances at January 1, 2019	₱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



	Equity Attributable to Equity Holders of the Parent Company								Equity		
	Capital Stock (Note 14)	Additional Paid-in Capital (Note 14)	Equity Reserve (Note 2)	Cost of shares held by a subsidiary (Note 14)	Treasury Shares (Note 14)	Share-based Payment Plan (Note 14)	Other Comprehensive Income (Loss) (Note 9 and 13)	Retained Earnings (Deficit) (Note 14)	Total	Attributable to Non-controlling Interests	Total Equity
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

See accompanying Notes to Consolidated Financial Statements.



BLOOMBERRY RESORTS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax	(P8,534,866,125)	P10,108,716,996	P7,039,340,274
Adjustments for:			
Interest expense (Notes 10, 11, 16 and 17)	5,410,396,865	5,562,030,773	4,581,927,053
Depreciation and amortization (Notes 8, 9, 16 and 17)	3,348,455,212	3,689,805,227	3,629,437,211
Impairment loss (Note 16)	947,055,242	-	-
Unrealized foreign exchange losses (gains) - net	229,405,305	318,785,842	(334,675,921)
Share-based payment expense (Note 14)	268,890,204	304,927,918	220,722,540
Interest income (Notes 4, 5 and 16)	(130,261,312)	(290,927,316)	(141,076,096)
Net change in retirement liability (Note 13)	93,793,482	109,220,378	96,244,140
Loss (gain) on sale of property and equipment - net (Notes 8 and 16)	2,681,838	2,701,962	(5,855,215)
Other expenses (Notes 8, 9, 11 and 16)	28,893,098	149,629,982	1,554,869
Operating income before working capital changes	1,664,443,809	19,954,891,762	15,087,618,855
Decrease (increase) in:			
Receivables	1,236,751,020	(349,346,770)	(473,918,006)
Inventories	(89,887,161)	(13,518,266)	29,263,035
Prepayments and other current assets	37,222,870	(456,765,340)	436,579,213
Increase (decrease) in:			
Payables and other current liabilities	(6,884,315,656)	1,297,295,338	7,329,925,919
Other noncurrent liabilities	(9,479,987)	(24,507,527)	36,645,877
Net cash generated from (used for) operations	(4,045,265,105)	20,408,049,197	22,446,114,893
Interest received	137,306,922	307,358,641	118,975,737
Income taxes paid	(5,879,621)	(32,399,112)	(38,316,865)
Net cash provided by (used in) operating activities	(3,913,837,804)	20,683,008,726	22,526,773,765
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of:			
Property and equipment (Notes 8 and 22)	(4,676,683,072)	(4,112,548,954)	(43,801,076,692)
Subsidiary (Note 1)	-	(22,687,000)	-
Decrease (increase) in:			
Other noncurrent assets	(582,702,689)	(1,024,930,567)	(313,162,938)
Restricted cash	-	-	2,250,906,354
Proceeds from disposal of property and equipment	26,783,073	1,462,600	9,580,561
Purchase of subsidiary's shares from non-controlling interest holder (Note 1)	-	(9,284,838)	-
Net cash used in investing activities	(5,232,602,688)	(5,167,988,759)	(41,853,752,715)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of:			
Interest (Notes 17 and 22)	(5,253,055,428)	(5,439,251,345)	(3,604,051,545)
Long-term debt principal (Notes 11 and 22)	(2,205,000,000)	(2,205,000,000)	(33,455,867,500)
Short-term borrowing (Notes 10 and 22)	(45,468,920)	(74,720,879)	(80,451,753)
Lease liabilities principal (Note 17)	(17,416,267)	(18,996,100)	-
Dividend payment (Note 14)	(2,743,274,745)	(1,654,901,193)	(1,101,821,109)
Net proceeds from availment of loans (Note 11)	1,499,554,012	-	72,206,053,556
Acquisitions of:			
Treasury shares (Note 14)	(443,022,928)	(437,570,012)	(189,006,694)
Parent Company's shares by a subsidiary (Note 14)	-	-	(9,269,647)
Decrease in lease liabilities (Note 17)	(18,744,767)	-	-
Issuance of Parent Company's shares by a subsidiary (see Note 22)	1,948,002	6,668,188	-
Net cash provided by (used in) financing activities	(9,224,481,041)	(9,823,771,341)	33,765,585,308
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS			
	(149,078,834)	(285,569,736)	65,834,621
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(18,520,000,367)	5,405,678,890	14,504,440,979
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR (Note 4)			
	41,871,526,847	36,465,847,957	21,961,406,978
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)			
	P23,351,526,480	P41,871,526,847	P36,465,847,957

See accompanying Notes to Consolidated Financial Statements.



BLOOMBERRY RESORTS CORPORATION AND SUBSIDIARIES

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 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, 2020 and 2019, Prime Strategic Holdings, Inc. (“PSHI”, formerly Prime Metroline Holdings, Inc.) 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 4, 2021.

b. Subsidiaries of Bloomberry

Sureste Properties, Inc. (“Sureste”) and Bloomberry Resorts and Hotels Inc. (“BRHI”)
On February 6, 2012, PSHI 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. 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”)

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, 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.

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.

Coronavirus pandemic

On January 31, 2020, the World Health Organization (“WHO”) declared the novel coronavirus acute respiratory disease (now COVID-19) health event as a public health emergency of international concern. 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 to contain the pandemic. 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 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.



The ECQ was originally set to last until April 12, 2020 but was extended three (3) times up to May 15, 2020, particularly for Metro Manila and other high-risk COVID-19 areas in Luzon. On May 16, 2020, the government transitioned Metro Manila from ECQ to “Modified Enhanced Community Quarantine” (MECQ). On June 1, 2020, MECQ in Metro Manila and other areas was relaxed to the “General Community Quarantine” (GCQ). On August 4, 2020, Metro Manila and other areas in Luzon were placed under MECQ and were reverted to GCQ on August 19, 2020.

In June 2020, relevant authorities allowed Solaire and other integrated resorts in Entertainment City to commence limited dry run gaming operations under GCQ. Such dry run operations, which involve only in-house and select invited guests, are means for operators to fine tune their services in accordance with new normal protocols. Capital expenditures made related to health, safety, and sanitation totaled over ₱400 million. Solaire is currently not open to the public.

Throughout the year, management executed various parts of a comprehensive action plan to address financial risks associated with the pandemic. From a financial perspective, BRHI and Sureste requested to amend the ₱73.5 billion Syndicated Loan Facility to allow for an Additional Facility in the principal amount of ₱20.0 billion which will be used to supplement Solaire’s capital expenditure and working capital requirements and other general corporate purposes. BRHI and Sureste also requested the deferment of covenant testing for both the amended ₱73.5 billion and ₱40.0 billion Syndicated Loan Facilities until June 30, 2022.

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 was temporarily halted. Construction resumed when Metro Manila was placed under GCQ. Work commenced with limited capacity last June 15, 2020.

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.

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. To date, Jeju Sun has not resumed operation and due to the continued slowdown of tourist arrivals in Jeju Island, management decided to delay the planned reopening in 2021.



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, 2020 and 2019, direct and indirect subsidiaries of Bloomberry include:

	Effective Percentage of Ownership			
	2020		2019	
	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	–
Bloomberry Resorts Japan, Inc.*	100	–	100	–
Solaire Korea	100	–	100	–
G&L (through Solaire Korea)	10	86	10	86
Muui (through Solaire Korea)*	–	90	–	90

*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 as at January 1, 2020. Unless otherwise indicated, adoption of these new standards did not have an impact on the consolidated financial statements of the Group.

- Amendments to PFRS 3, *Business Combinations, Definition of a Business*

The amendments to PFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments may impact future periods should the Group enter into any business combinations.

These amendments may apply to future business combinations of the Group.

- Amendments to PFRS 7, *Financial Instruments: Disclosures* and PFRS 9, *Financial Instruments, Interest Rate Benchmark Reform*

The amendments to PFRS 9 provide a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument.



- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*

The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.”

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

- Conceptual Framework for Financial Reporting issued on March 29, 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the standard-setters in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The revised Conceptual Framework includes new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

- Amendments to PFRS 16, *COVID-19-related Rent Concessions*

The amendments provide relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:

- The rent concession is a direct consequence of COVID-19;
- The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
- There is no substantive change to other terms and conditions of the lease.

A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment. The Group did not apply this practical expedient.



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, 2021

- Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):

- Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
- Relief from discontinuing hedging relationships
- Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

The Group shall also disclose information about:

- The about the nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
- Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

The amendments are effective for annual reporting periods beginning on or after January 1, 2021 and apply retrospectively, however, the Group is not required to restate prior periods.

Effective beginning on or after January 1, 2022

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential ‘day 2’ gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.



- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*

The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

- Amendments to PAS 37, *Onerous Contracts - Costs of Fulfilling a Contract*

The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

- *Annual Improvements to PFRSs 2018-2020 Cycle*

- Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent’s date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

- Amendments to PFRS 9, *Financial Instruments, Fees in the ‘10 per cent’ test for derecognition of financial liabilities*

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.



The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

○ Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

Effective beginning on or after January 1, 2023

▪ Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

▪ 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, 2023, with comparative figures required. Early application is permitted.

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 and 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

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
- 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, 2020 and 2019.

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, 2020 and 2019.

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, 2020 and 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 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, 2020 and 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.

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 when and only 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;
- The Group has transferred substantially all the risks and rewards of the asset and either (a) has neither transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the or 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.

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 and tenants' security deposits as of December 31, 2020 and 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 December 31, 2020 and 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 and tenants' security deposits as of December 31, 2020 and 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.

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 and construction in progress, 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 of assets. When the carrying amount of an asset or 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 and other license fees

Being a PAGCOR licensee, BRHI is required to pay license fees on its gross gaming and non-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 2020, 2019 and 2018 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 complimentary items 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 unlikelihood 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.

The Group did not provide any extension or reduction of payment, except for a very few casino patrons, as a result of the COVID-19 pandemic. Management has considered the impact of the COVID-19 pandemic on its ECL calculation and assessed the impact to be not significant.

Provision for doubtful accounts recognized in 2020, 2019 and 2018 amounted to ₱708.9 million, ₱259.6 million and ₱29.1 million, respectively. The carrying amount of receivables amounted to ₱1,744.1 million and ₱3,076.7 million as of December 31, 2020 and 2019, respectively (see Note 5).

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 land and construction in progress) amounted to ₱34,041.2 million and ₱34,267.1 million as of December 31, 2020 and 2019, 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 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.

As a consequence of the coronavirus pandemic, the Group's integrated casino resort business was severely affected by the temporary suspension of casino operations, lower number of gaming patrons and hotel guests' occupancy which significantly impacted the reported revenues. The Group has



considered the COVID-19 impact and assessed that an indicator for impairment of its property and equipment exists. Accordingly, property and equipment has been subjected to impairment testing.

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 recognized an impairment loss on its goodwill and casino license amounting to ₱947.1 million and is presented under operating costs and expenses in the 2020 consolidated statement of comprehensive income (see Notes 9 and 16). No impairment was recognized in 2019 and 2018.

As of December 31, 2020 and 2019, the carrying values of nonfinancial assets subject to impairment review are as follows:

	2020	2019
Property and equipment (see Note 8)	₱83,913,708,330	₱82,828,842,675
Casino license and goodwill (see Note 9)	837,884,870	1,817,628,692
Advances to contractors (see Note 9)	1,074,293,175	567,297,580
Investment in a joint venture (see Note 9)	7,693,008	122,320,353
Operating equipment (see Note 9)	17,528,241	11,292,163
	₱85,851,107,624	₱85,347,381,463

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 ₱655.4 million and ₱639.6 million as of December 31, 2020 and 2019, 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 ₱252.2 million and ₱241.6 million as of December 31, 2020 and 2019, respectively (see Note 19). The Group's unused tax losses and MCIT for which no deferred tax assets have been recognized amounted ₱10,087.6 million and ₱8,941.3 million as of December 31, 2020 and 2019, 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:

	2020	2019
Cash on hand	₱3,707,067,583	₱4,582,915,730
Cash in banks	11,740,550,333	23,776,292,838
Temporary cash investments	4,265,186,195	9,958,926,580
Debt collateral accounts (see Note 11)	3,638,722,369	3,553,391,699
	₱23,351,526,480	₱41,871,526,847

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, 2020 and 2019, 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 ₱3.1 million in 2018 (see Note 16).

Interest income earned from cash and cash equivalents amounted to ₱129.5 million, ₱289.7 million and ₱136.5 million in 2020, 2019 and 2018, respectively (see Note 16).

5. Receivables

This account consists of:

	2020	2019
Gaming (see Notes 15 and 18)	₱2,356,543,968	₱2,968,098,245
Hotel (see Note 15)	21,011,609	175,721,909
Receivables from related party	145,540,340	138,019,000
Receivables from officers and employees (see Note 12)	107,278,729	136,090,061
Others (see Notes 12 and 17)	168,408,567	79,073,716
	2,798,783,213	3,497,002,931
Less allowance for doubtful accounts	1,054,691,383	420,311,182
	₱1,744,091,830	₱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 (see Note 12). Interest income earned from receivables from officers and employees amounted to ₱0.8 million, ₱1.2 million and ₱1.5 million in 2020, 2019 and 2018, respectively (see Note 16).

Accrued interest, presented as part of “Others”, pertains to interest from temporary cash investments 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:

	2020	2019
Balance at beginning of year	₱420,311,182	₱315,186,426
Provision (see Note 16)	708,892,699	259,568,360
Write-off	(62,558,289)	(141,742,474)
Revaluation	(11,954,209)	(12,701,130)
Balance at end of year	₱1,054,691,383	₱420,311,182

6. Inventories

This account consists of:

	2020	2019
At cost:		
Operating supplies	₱261,719,505	₱188,333,215
Food and beverage	99,866,977	107,066,137
Retail merchandise	33,392,276	9,692,245
	₱394,978,758	₱305,091,597

Inventories charged to cost of sales amounted to ₱1,571.5 million, ₱3,316.7 million and ₱2,679.5 million for the years ended December 31, 2020, 2019 and 2018, respectively (see Note 16).

7. Prepayments and Other Current Assets

This account consists of:

	2020	2019
Input VAT - net	₱238,207,612	₱34,518,742
Advances to suppliers (see Note 12)	224,692,129	238,792,057
Advances to cultural foundation (see Notes 12 and 18)	163,708,471	71,232
Fund held in trust (see Note 18)	112,741,765	112,598,297
Prepaid insurance	106,504,718	89,860,385
Prepaid maintenance	52,229,155	45,176,312
Promo merchandise	47,129,615	28,355,816

(Forward)



	2020	2019
Security deposits classified as current (see Note 17)	₱44,908,811	₱45,633,347
Prepaid taxes	38,964,031	479,590,100
Prepaid rent	6,417,647	11,803,850
Others	74,066,818	60,393,504
	₱1,109,570,772	₱1,146,793,642

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.

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.

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).

Promo merchandise pertains to items to be provided by the Group to its patrons as giveaways at different marketing events.

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).

Prepaid taxes represent the advance payments made by the Group for withholding taxes, real property taxes and other taxes.

Others include advances for dues and subscription, consulting services and other prepayments.



8. Property and Equipment

This account consists of:

												2020											
	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	₱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												
Additions	-	808,943,051	402,344,037	770,979,198	223,539,195	76,978,172	1,533,677	1,167,637,112	4,081,744	1,240,039,253	4,696,075,439												
Disposal/retirement	-	(2,881,644)	(2,236,099)	(19,246,152)	(22,694,385)	(64,313,537)	(197,138,772)	(18,907,844)	(28,640,724)	-	(356,059,157)												
Reclassification from construction in progress	-	(87,795,734)	-	-	12,523,932	-	-	4,612,048	-	70,659,754	-												
Adjustments due to lease modification	-	-	-	-	-	-	-	-	(1,961,021)	-	(1,961,021)												
Translation adjustment	16,443,491	11,277,650	(117,223,684)	1,157,341	2,333,258	86,165	493	14,916	-	-	(85,910,370)												
Balances at end of year	47,379,249,889	32,577,145,680	9,679,236,046	4,700,837,938	4,824,493,123	1,247,929,503	40,049,523	9,098,503,013	66,213,832	2,506,118,895	112,119,777,442												
Accumulated Depreciation																							
Balances at beginning 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												
Depreciation (see Notes 16 and 17)	1,290,333	824,551,918	962,790,884	486,255,094	221,040,003	107,834,878	8,756,119	703,971,484	21,743,863	-	3,338,234,576												
Disposal/retirement	-	(270,577)	(1,546,635)	(15,932,526)	(17,476,442)	(64,313,537)	(197,138,772)	(18,561,237)	(11,354,520)	-	(326,594,246)												
Translation adjustment	-	215,223,647	(115,939,996)	53,201,211	2,004,712	4,163,911	208,646	(3,223,225)	-	-	155,638,906												
Balances at end of year	8,049,302	7,452,602,380	5,898,692,506	3,092,016,546	4,174,777,542	509,552,894	12,782,735	7,024,859,152	32,736,055	-	28,206,069,112												
	₱47,371,200,587	₱25,124,543,300	₱3,780,543,540	₱1,608,821,392	₱649,715,581	₱738,376,609	₱27,266,788	₱2,073,643,861	₱33,477,777	₱2,506,118,895	₱83,913,708,330												
												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	₱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												



Construction in progress represents costs incurred in the development of Solaire North as well as improvement of Solaire and Jeju Sun properties. Costs incurred mainly include raw materials procurement, general construction works, architectural design services, engineering consultancy and construction supervision services, interior design services, excavation costs and capitalized interest charges on long-term debt.

For the year ended December 31, 2020, amortization of debt issue costs and interest charges amounting to ₱4.9 million and ₱10.4 million, respectively, were capitalized as part of “Property and equipment” account (see Note 11). Average interest capitalization rate used ranges from 8.2% to 8.5%, which is the EIR of the specific borrowings.

As of December 31, 2020 and 2019, BRHI’s and Sureste’s property and equipment under mortgage have carrying values of ₱76.4 billion and ₱74.7 billion, respectively (see Note 11).

9. Intangible and Other Noncurrent Assets

a. Intangible Assets

This account consists of:

	Casino License	Goodwill	Total
Cost			
At January 1, 2019	₱1,813,538,400	₱432,440,827	₱2,245,979,227
Translation adjustment	(130,913,600)	(31,216,535)	(162,130,135)
As at December 31, 2019	1,682,624,800	401,224,292	2,083,849,092
Translation adjustment	7,700,800	1,836,267	9,537,067
As at December 31, 2020	1,690,325,600	403,060,559	2,093,386,159
Accumulated impairment loss			
At January 1, 2019	–	286,933,200	286,933,200
Translation adjustment	–	(20,712,800)	(20,712,800)
As at December 31, 2019	–	266,220,400	266,220,400
Impairment loss (see Note 16)	817,062,151	129,993,091	947,055,242
Translation adjustment	35,378,579	6,847,068	42,225,647
As at December 31, 2020	852,440,730	403,060,559	1,255,501,289
Net book value			
As at December 31, 2019	₱1,682,624,800	₱135,003,892	₱1,817,628,692
As at December 31, 2020	₱837,884,870	₱–	₱837,884,870



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.

As of December 31, 2020, as there were no available recent sale transactions to determine recoverable amount based on fair value less cost of disposal ("FVLCD"), the recoverable amount of the CGU has been determined based on value-in-use ("VIU") calculation. This 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. Cash flows beyond the five-year period are extrapolated using the estimated growth rate stated below.

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 44.5% for the next 5 years. *Long-term growth rate* of 1% is applied based on independent economic and industry analysis data. A post-tax *discount rate* of 11.15% 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.

As discussed in Note 1, in response to the COVID-19 situation in South Korea, the operations of Jeju Sun has been suspended since March 2020 and due to the continued slowdown of tourist arrivals in Jeju Island, management decided to delay the planned reopening in 2021. Management has considered this COVID-19 impact in the financial forecast used in the VIU calculation.

As of December 31, 2019, the CGU's recoverable amount has been determined based on FVLCD calculation which is higher than the 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.

The Group recognized an impairment loss on its goodwill and casino license in 2020 amounting to ₱947.1 million, primarily due to the COVID-19 impact, and is presented under operating costs and expenses in the 2020 consolidated statement of comprehensive income (see Note 16). No impairment was recognized in 2019 and 2018.



b. Other Noncurrent Assets

This account consists of:

	2020	2019
Advances to contractors	₱1,074,293,175	₱567,297,580
Prepaid debt issue costs (see Note 11)	589,426,770	565,527,318
Creditable withholding tax	322,436,412	270,451,477
Security deposits classified as noncurrent	59,429,296	77,109,761
Investment in club shares	24,500,000	26,000,000
Operating equipment	17,528,241	11,292,163
Investment in and advances to a joint venture	7,693,008	122,320,353
Others	7,506,971	7,460,503
	₱2,102,813,873	₱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 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.

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 2020, 2019 and 2018, amounted to ₱16.5 million, ₱12.9 million and ₱21.9 million, respectively. Amortization amounted to ₱10.2 million, ₱16.7 million and ₱13.8 million for the years ended December 31, 2020, 2019 and 2018, respectively (see Note 16).

Investment in a joint venture represents the Group’s 49% ownership in Falconer Aircraft Management, Inc (“FAMI”). In 2020 and 2019, the share in the net loss of a joint venture amounting to ₱115.6 million and ₱98.4 million, respectively, was recorded as part of “Others” under other income (expenses) account in the consolidated statements of comprehensive income (see Note 16).



Investment in and advances to FAMI consist of:

	2020	2019
Advances intended for equity subscription	₱7,693,008	₱122,320,353
Investment in shares of stock	-	-
	₱7,693,008	₱122,320,353

**Excess of share in net loss of FAMI over investment cost amounting to ₱115.6 million and ₱88.6 million in 2020 and 2019, respectively, was presented as deduction to the Group's advances intended for equity subscription.*

The movements in this account follow:

	2020	2019
Cost:		
Balance at beginning and end of year	₱9,800,000	₱9,800,000
Advances:		
Balance at beginning and end of year	210,941,127	115,149,998
Additional advances	1,000,000	95,791,129
	211,941,127	210,941,127
Accumulated equity share:		
Balance at beginning of year	(98,420,774)	-
Share in net loss (see Note 16)	(115,627,345)	(98,420,774)
	(214,048,119)	(98,420,774)
	₱7,693,008	₱122,320,353

A summary of the financial information of the joint venture follows:

	2020	2019
Total current assets	₱98,787,723	₱138,277,222
Total noncurrent assets	775,518,900	1,149,626,507
Total current liabilities	55,053,234	38,527,514
Total noncurrent liabilities	1,341,084,880	1,590,701,494
Total equity	(521,831,491)	(280,707,395)
Net revenue	130,621,160	64,447,560
Total comprehensive loss	(235,974,174)	(200,858,723)

The following table presents the reconciliation between the share in FAMI's equity and the carrying value of investment in shares of stock of FAMI:

	2020	2019
FAMI's equity	(₱521,831,491)	(₱280,707,395)
Effective ownership	49%	49%
Equity share in net assets of FAMI	(255,697,431)	(137,546,623)
Share in net loss from previous year	48,925,849	48,925,849
Excess of share in net loss applied to advances	206,771,582	88,620,774
Carrying value of investment in a joint venture	₱-	₱-



10. Payables and Other Current Liabilities

This account consists of:

	2020	2019
Customers' deposits (see Note 15)	₱3,634,383,944	₱4,824,151,916
Outstanding chips and other gaming liabilities (see Note 15)	2,959,006,047	7,781,914,096
Payable to contractors and suppliers (see Note 12)	915,983,960	1,180,571,865
Gaming taxes payable (see Notes 12 and 18)	455,456,092	970,346,782
Retention payable	257,538,721	214,701,565
Tenants' security deposits classified as current (see Note 17)	51,352,514	39,960,188
Output VAT and other taxes payable	48,042,760	48,139,932
Accrued expenses:		
Interest	977,684,506	976,122,544
Advertising and promotions	620,023,347	531,230,409
Outside services and charges	316,665,442	435,904,200
Rent (see Notes 2 and 17)	44,701,227	29,611,633
Utilities	42,848,615	50,306,810
Repairs and maintenance	35,964,087	37,425,504
Salaries and benefits (see Note 12)	25,914,241	101,127,522
Communication and transportation	6,989,806	15,699,842
Others	411,326,253	483,653,348
Holdback liability (net of indemnification asset)	-	318,535,145
Short-term borrowing	-	47,633,000
	₱10,803,881,562	₱18,087,036,301

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, 2020 and 2019 amounted to ₱3,554.1 million and ₱4,712.6 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.

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, 2020 and 2019 amounting to ₱2,203.1 million and ₱6,395.4 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 ₱264.1 million and ₱382.9 million as of December 31, 2020 and 2019, respectively; junket program rebates amounting to ₱164.5 million and ₱774.1 million as of December 31, 2020 and 2019, respectively; progressive jackpot liability amounting to ₱277.5 million and ₱184.1 million as of December 31, 2020 and 2019, respectively; and slot payout voucher amounting to ₱49.8 million and ₱45.4 million as of December 31, 2020 and 2019, 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.



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.

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.

Other accrued expenses include accrual for insurance and other expenses.

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.

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 ₱10.9 million, ₱12.2 million and ₱17.6 million in 2020, 2019 and 2018, respectively (see Note 16). Principal amount paid in 2020, 2019 and 2018 amounted to ₱48.5 million, ₱74.7 million and ₱77.3 million, respectively.

Payables and other current liabilities are normally settled within one year.

11. Long-term Debt

This account consists of:

	2020	2019
Principal:		
₱73.5 billion syndicated loan facility	₱67,987,500,000	₱70,192,500,000
₱40.0 billion syndicated loan facility	1,900,000,000	-
	69,887,500,000	70,192,500,000
Less unamortized debt discount	1,328,206,268	1,073,729,568
	68,559,293,732	69,118,770,432
Less current portion of long-term debt*	2,060,263,054	2,063,995,674
	₱66,499,030,678	₱67,054,774,758

*Net of unamortized debt discount of ₱144.7 million and ₱141.0 million as of December 31, 2020 and 2019, respectively.

The movements in unamortized debt discount follow:

	2020	2019
Unamortized debt discount at beginning of year	₱1,073,729,568	₱1,210,580,314
Additions	400,445,988	-
Amortization	(145,969,288)	(136,850,746)
Unamortized debt discount at end of year	₱1,328,206,268	₱1,073,729,568



Future repayment of the principal follows:

	2020	2019
Within one year	₱2,205,000,000	₱2,205,000,000
After one year but not more than five years	18,045,500,000	12,862,500,000
Beyond five years	49,637,000,000	55,125,000,000
	₱69,887,500,000	₱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 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 10 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.

On December 21, 2020, BRHI and Sureste signed with the lenders an amendment to the ₱73.5 billion Syndicated Loan Facility for an additional facility in the principal amount of ₱20.0 billion. The additional facility will be available for two years from the signing of the amendment agreement and can be drawn as needed to save on interest payments.



Any amount borrowed will be payable quarterly within five years from initial drawdown, as follows:

Repayment Date (Quarter from Initial Drawdown Date)	Principal Repayment on each Repayment Date (Percentage of the Principal Amount of the Drawdown)
8th to 12th	4.0%
13th to 16th	5.0%
17th to 20th	15.0%

The additional funding, if drawn, will be used to support the cash flow requirements of Solaire, partially finance capital expenditures for the improvement and refurbishment of existing facilities at Solaire, and partially finance BRHI's working capital requirements and other general corporate purposes. Interest payments on the loan will be based on a higher of the average of PHP BVAL three-month reference rates plus spread of 2.25% which will be reduced to 1.75% if the benchmark rate is 1.5% per annum or higher and minimum interest rate of 4.0% per annum divided by 0.95, calculated on a quarterly basis.

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, 2020 and 2019, the original facility had been fully drawn. Outstanding long-term debt, net of unamortized debt discount, amounted to ₱68,559.3 million and ₱69,118.8 million as of December 31, 2020 and 2019, respectively. Loan principal amounting to ₱2,205.0 million was paid each in 2020 and 2019.

b. ₱40.0 Billion Syndicated Loan Facility

On February 11, 2019, Sureste and BRHI (the "Borrower") entered into an aggregate of ₱40.0 billion (₱27.0 billion for BRHI and ₱13.0 billion for Sureste) 10-year combined loan facility in the principal amount of ₱40.0 billion (₱27.0 billion for BRHI and ₱13.0 billion for Sureste) 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 (each a "Lender", and collectively, the "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 engineering, design, procurement, construction fit-out costs, interest during construction, taxes and duties, financing fees and costs, legal and consulting costs related to development, financing, construction and fit-out of the gaming facilities and hotel, entertainment, convention, dining and retail facilities, together with related support facilities of Vertis Project (Solaire North).



The ₱40.0 Billion Syndicated Loan Facility is payable over ten years in 28 consecutive quarterly installments commencing on the 39th month from the initial drawdown date as follows:

Repayment Date (Month from Initial Drawdown Date)	Installment Date for Each Facility Payment Date (Percentage of the Total Principal Amount Drawn)
39th, 42nd, 45th and 48th	0.25%
51st, 54th, 57th and 60th	0.25%
63rd, 66th, 69th and 72nd	1.25%
75th, 78th, 81st and 84th	2.5%
87th, 90th, 93rd and 96th	3.25%
99th, 102nd, 105th and 108th	7.5%
111th, 114th, 117th and 120th	10%

BRHI and Sureste shall pay interest on the unpaid principal amount of each advance at the applicable interest rate on each interest payment date for the period then ending. The loan bears a floating interest rate based on higher of the average of closing PHP BVAL reference rate with a tenor of three months and the prevailing BSP 28-day term deposit facility rate, plus spread of 1.75%. BRHI and Sureste have a one-time option to convert the floating interest rate to the fixed interest rate exercisable at any time after the full drawdown.

BRHI and Sureste are obliged to pay on each date of drawdown a commitment fee equivalent to 0.5% per annum based on the undrawn portion of the commitment.

The ₱40.0 Billion Syndicated Loan Facility provides that BRHI and Sureste are permitted to make optional prepayments anytime until maturity. Upon prepayment, BRHI and Sureste shall pay the principal, accrued interest and penalty based on the amount prepaid in the following percentages: (i) 1% for years 1 to 3 from the initial borrowing date; (ii) 0.5% for year 4; and (iii) .25% for year 5.

The embedded prepayment option on the ₱40.0 billion Syndicated Loan Facility was assessed as clearly and closely related to the loan, thus, not subject for bifurcation.

The initial drawdown amounting to ₱1.9 billion (₱1.3 billion for BRHI and ₱617.5 million for Sureste) was made on November 6, 2020. Outstanding long-term debt, net of unamortized debt discount, amounted to ₱1,504.5 million as of December 31, 2020. Related prepaid debt issue costs representing documentary stamp tax on the undrawn balance of the loan facility, amounting to ₱589.4 million and ₱565.5 million as of December 31, 2020 and 2019, respectively, is presented under “Other noncurrent assets” account in the statements of financial position (see Note 9).

All legal and professional fees, including commitment fee, incurred in relation to the loan totaling ₱1,694.4 million and ₱1,293.9 million as of December 31, 2020 and 2019, respectively, was capitalized. Debt issue costs were amortized using EIR method. For the year ended December 31, 2020, amortization of debt issue costs and interest charges amounting to ₱4.9 million and ₱10.4 million, respectively, were capitalized as part of “Property and equipment” account in the statement of financial position (see Note 8).



In 2020, 2019 and 2018, borrowing costs related to Group's loan facilities recognized as expense in the consolidated statements of comprehensive income amounted to ₱5,380.6 million, ₱5,528.2 million and ₱4,553.1 million, respectively. This comprises of interest expense amounting to ₱5,239.5 million, ₱5,391.3 million and ₱4,217.2 million and amortization of debt discount amounting to ₱141.1 million, ₱136.9 million and ₱335.9 million in 2020, 2019 and 2018, 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 billion and ₱40.0 billion Syndicated Loan Facilities contain certain restrictive covenants that requires BRHI and Sureste 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, net of liabilities backed by cash divided by total equity) and debt service coverage ratio (originally computed as net income, excluding non-cash other income, plus interest expense; depreciation and amortization divided by current portion of long-term debt and interest expense).

In 2020, BRHI's and Sureste's lenders granted the: (a) deferment of financial covenant testing on the audited annual financial statements for the years 2020, 2021 and 2022, and unaudited interim financial statements for September 30, 2020 and the years 2021 and 2022; (b) amendment of definition of debt service coverage ratio to net income (excluding non-cash other income) plus interest expense; depreciation and amortization and cash and cash equivalents less liabilities backed by cash divided by current portion of long-term debt and interest expense; and (c) waiver of the negative covenant on incurrence of additional liens.

As of December 31, 2020 and 2019, BRHI and Sureste are in compliance with these debt covenants.

Collateral

Under the ₱73.5 billion Syndicated Loan Facilities, collateral includes the following:

i) Assignment of Debt Service Reserve Account

To ensure the payment by Sureste/BRHI of the Loan, Sureste/BRHI shall convey, assign, transfer, set over and confirmed unto the Security Trustee the rights, title and interest of Sureste/BRHI in its Debt Service Reserve Account ("DSRA") required to be maintained by Sureste/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 Sureste/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, 2020 and 2019, the Group's debt collateral account related to the ₱73.5 billion Syndicated Loan Facility amounted to ₱3,600.3 million and ₱3,553.4 million, respectively.

ii) Assignment of Project Agreements

Sureste/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 Sureste/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. Sureste/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. Sureste/BRHI shares, and the Additional Pledged Shares, whether now owned or existing or hereafter acquired.

Under ₱40.0 billion Syndicated Loan Facilities, collateral includes the following:

i) Assignment of Debt Service Reserve Account

To ensure the payment by Sureste/BRHI of the Loan, Sureste/BRHI shall convey, assign, transfer, set over and confirmed unto the Security Trustee the rights, title and interest of Sureste/BRHI in its DSRA required to be maintained by Sureste/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 Sureste/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, 2020, the Group's debt collateral account related to the ₱40.0 billion Syndicated Loan Facility amounted to ₱38.4 million.

ii) Assignment of Vertis Project Agreements

Sureste/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 Vertis 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 Vertis 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 Sureste/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. Present Vertis Real Assets, and future real assets, i.e. the Vertis hotel and gaming facilities; 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. Sureste shareholders, pledges, hypothecates, delivers and grants 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:

Related Party	Nature/Terms of Transaction	Transaction Amounts			Outstanding Receivable (Payable)	
		2020	2019	2018	2020	2019
Eaglesight Investments Limited*	Aircraft lease and maintenance reimbursements; payable within 1 month; noninterest-bearing (see Note 10)	₱211,847,460	₱228,574,680	₱228,018,420	₱-	₱-
Bloomberry Cultural Foundation**	1. 2% of non-junket gaming revenue; unsecured; payable within one year; noninterest-bearing (see Notes 10 and 18)	237,936,721	538,698,822	521,434,684	(21,265,816)	(35,261,547)
	2. Noninterest-bearing and unsecured advances (to be settled within 1 year); no impairment (see Notes 7 and 18)	(164,326,620)	(162,150)	(13,937,640)	(164,326,620)	37,912
Officers and employees	Interest-bearing and unsecured cash advances to be settled through salary deduction within 1 year; no impairment (see Note 5)	1,120,955	2,187,394	249,020	6,943,045	8,064,000
Other affiliates*	1. Aircraft maintenance reimbursements; noninterest-bearing (see Note 5)	311,440,750	356,721,369	-	106,526,467	138,019,000
	2. Aircraft maintenance reimbursements; noninterest-bearing (see Note 10)	70,320,168	181,894,185	84,333,031	(188,797,559)	(146,404,968)
	3. Noninterest-bearing and unsecured cash advances to be settled through liquidation; no impairment (see Note 7)	-	-	(16,477,310)	-	1,646,624
Key management personnel	1. Short-term employee benefits	130,162,788	236,062,166	254,591,506	-	-
	2. Retirement benefits	1,951,107	1,265,123	1,870,645	(11,851,513)	(10,069,285)

*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, 2020, 2019 and 2018:

	2020	2019	2018
Retirement expense:			
Current service cost	₱121,110,828	₱84,722,692	₱114,406,350
Interest cost	25,039,683	19,383,356	19,826,985
Past service cost	(32,791,154)	16,022,689	-
Balance at end of year	₱113,359,357	₱120,128,737	₱134,233,335



	2020	2019	2018
Retirement liability:			
Balance at beginning of year	₱639,587,287	₱384,884,739	₱449,557,616
Retirement expense	113,359,357	120,128,737	134,233,335
Benefits paid	(19,565,875)	(10,908,359)	(37,989,195)
Remeasurement loss (gain)	(79,511,766)	158,964,728	(162,626,262)
Translation adjustment	1,494,264	(13,482,558)	1,709,245
Balance at end of year	₱655,363,267	₱639,587,287	₱384,884,739
Changes in the present value of defined benefit obligation:			
Balance at beginning of year	₱639,587,287	₱384,884,739	₱449,557,616
Current service cost	121,110,828	84,722,692	114,406,350
Interest cost	25,039,683	19,383,356	19,826,985
Past service cost	(32,791,154)	16,022,689	–
Benefits paid	(19,565,875)	(10,908,359)	(37,989,195)
Remeasurement loss (gain) in other comprehensive income:			
Experience adjustments	(25,291,624)	30,154,233	(90,577,502)
Changes in demographic assumptions	–	782,265	(18,578,370)
Changes in financial assumptions	(54,220,142)	128,028,230	(53,470,390)
Translation adjustment	1,494,264	(13,482,558)	1,709,245
Balance at end of year	₱655,363,267	₱639,587,287	₱384,884,739

The principal assumptions used in determining the Group's retirement liability as of December 31, 2020 and 2019 are shown below:

	2020				2019			
	Sureste	BRHI	G&L	Solaire Korea	Sureste	BRHI	G&L	Solaire Korea
Discount rate	4.03%	5.06%	2.08%	2.24%	5.11%	5.08%	1.95%	2.27%
Future salary rate increase	5.00%	5.00%	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 12% at age 18 decreasing to 0% at age 60		A scale ranging from the age 30 decreasing to retirement		A scale ranging from 12% 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:

Plan Year	Expected Benefit Payments	
	2020	2019
Less than one year	₱16,002,042	₱12,568,248
More than one year to five years	40,348,418	44,168,961
More than five years to 10 years	207,238,635	197,557,404
More than 10 years to 15 years	462,120,955	566,647,788
More than 15 years to 20 years	575,599,971	723,575,627
More than 20 years	3,116,739,526	4,195,826,849

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%	(P14,056,340)
Actual - 1.00%	17,318,679
Salary increase rate	
Actual + 1.00%	17,399,190
Actual - 1.00%	(14,375,340)

b. BRHI

	Effect on Present Value of Obligation
Discount rate	
Actual + 1.00%	(P45,072,921)
Actual - 1.00%	55,179,618
Salary increase rate	
Actual + 1.00%	56,239,499
Actual - 1.00%	(46,675,644)

c. G&L

	Effect on Present Value of Obligation
Discount rate	
Actual + 1.00%	(P18,344,053)
Actual - 1.00%	21,636,568
Salary increase rate	
Actual + 1.00%	20,973,349
Actual - 1.00%	(18,183,164)

d. Solaire Korea

	Effect on Present Value of Obligation
Discount rate	
Actual + 1.00%	(P125,597)
Actual - 1.00%	145,084
Salary increase rate	
Actual + 1.00%	144,421
Actual - 1.00%	(127,354)

The latest actuarial valuation report is as of December 31, 2020.



14. Equity

Capital Stock

Capital stock consists of:

	2020		2019	
	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	10,959,746,900	10,476,748,881	10,999,346,901	10,671,662,801

The rollforward of the outstanding number of common shares follows:

	Shares	Amount	Shares	Amount
Balance at beginning of year	10,999,346,901	₱10,671,662,801	11,013,711,155	₱10,847,592,050
Net movement in treasury shares	(39,600,001)	(194,913,920)	(14,364,254)	(175,929,249)
Balance at end of year	10,959,746,900	₱10,476,748,881	10,999,346,901	₱10,671,662,801

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. Originally, 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. Shares awarded in May 15, 2020 shall now vest in three years: 25% on the first anniversary date of the award; 25% on the second anniversary date of the award; and the remaining 50% on the third 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 the Group are shown below:

	Number of Shares Granted	Fair Value per Share at Grant Date
May 16, 2018*	22,716,446	12.66
June 8, 2018*	91,068	11.40
August 1, 2018*	105,987	9.00
March 18, 2019*	25,465,791	11.62
May 15, 2020*	66,985,802	5.40

*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:

	2020	2019	2018
Balance at beginning of year	35,955,554	35,578,643	36,520,911
Stock awards granted	67,965,031	25,361,561	22,204,383
Stock awards vested	(23,165,389)	(24,166,621)	(22,756,055)
Stock awards of resigned/terminated employees	(844,257)	(818,029)	(390,596)
	79,910,939	35,955,554	35,578,643

Total compensation expense on the stock awards recognized in 2020, 2019 and 2018 as part of “Salaries and benefits” under “Operating costs and expenses” in the consolidated statements of comprehensive income amounted to ₱268.9 million, ₱304.9 million and ₱220.7 million, respectively. Reduction in share-based payment plan and treasury shares arising from the issuance of treasury shares for vested stock awards amounted to ₱280.2 million and ₱248.1 million, respectively, in 2020; ₱248.3 million and ₱261.6 million, respectively, in 2019; and ₱154.1 million and ₱128.8 million, respectively, in 2018. Such issuance of treasury shares resulted to increase in APIC amounting to ₱32.1 million and ₱25.3 million in 2020 and 2018, respectively, and decrease in APIC amounting to ₱13.4 million in 2019

The stock incentive obligation recognized as “Share-based payment plan” in the consolidated statements of financial position amounted to ₱271.7 million and ₱283.0 million as of December 31, 2020 and 2019, respectively.

Treasury Shares

The movement in treasury shares follows:

	2020		2019		2018	
	Shares	Amount	Shares	Amount	Shares	Amount
Balance at beginning of year	33,651,324	₱361,335,424	19,287,070	₱185,406,175	22,503,225	₱125,192,149
Acquisition	62,765,390	443,022,928	38,530,875	437,570,012	19,539,900	189,006,694
Issuance for share-based payments	(23,165,389)	(248,109,008)	(24,166,621)	(261,640,763)	(22,756,055)	(128,792,668)
Balance at end of year	73,251,325	₱556,249,344	33,651,324	₱361,335,424	19,287,070	₱185,406,175

In 2020, 2019 and 2018, a total of 23,165,389, 24,166,621 and 22,756,055 treasury shares, respectively, were reissued for vested stock awards.



Set out below is Bloomberg's track record of issuance of its securities:

Date of Approval	Number of Shares		Issue/ Offer Price
	Authorized	Issued/ Subscribed	
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, 2020 and 2019, Bloomberg has total shareholders of 95 and 94, 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 60,900 and 242,900 Bloomberg shares owned by BRHI amounting to ₱0.7 million and ₱2.6 million as of December 31, 2020 and 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 ₱2,742.7 million to stockholders on record as of March 23, 2020 and was paid on March 31, 2020. The Parent Company has no outstanding dividends payable as of December 31, 2020.

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 as 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:

	2020	2019	2018
Types of goods or services:			
Gaming	₱14,109,599,343	₱38,474,239,085	₱31,605,445,445
Hotel, food and beverage	1,650,863,576	4,302,168,511	3,760,663,461
Retail and others*	1,386,311,309	2,963,240,044	2,325,260,940
Total revenue from contracts with customers	₱17,146,774,228	₱45,739,647,640	₱37,691,369,846

**Excluding rent income amounting to ₱511.6 million, ₱597.7 million and ₱528.9 million in 2020, 2019 and 2018, respectively.*

	2020	2019	2018
Geographical segments:			
Philippines	₱17,067,274,130	₱45,299,531,531	₱37,084,376,237
Korea	79,500,098	440,116,109	606,993,609
Total revenue from contracts with customers	₱17,146,774,228	₱45,739,647,640	₱37,691,369,846

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 retail goods are sold.

Contract Balances

	2020	2019
Trade receivables:		
Gaming (see Note 5)*	₱1,301,852,585	₱2,547,787,063
Hotel (see Note 5)	21,011,609	175,721,909
Contract liabilities:		
Outstanding chips liabilities (see Note 10)	2,203,067,304	6,395,416,210
Customers' deposits (see Note 10)	3,554,095,949	4,712,565,777

**Net of allowance for doubtful accounts amounting to ₱1,054.7 million and ₱420.3 million as of December 31, 2020 and 2019, respectively.*

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, 2020 and 2019.

The Group identified its outstanding chips liabilities and customers' deposits as contract liabilities as of December 31, 2020 and 2019. 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, 2020	₱2,203,067,304	₱3,554,095,949	₱5,757,163,253
December 31, 2019	6,395,416,210	4,712,565,777	11,107,981,987
	(₱4,192,348,906)	(₱1,158,469,828)	(₱5,350,818,734)

	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

16. Income and Expenses

a. Operating Costs and Expenses

This account consists of:

	2020	2019	2018
Taxes and licenses (see Notes 12 and 18)	₱5,262,299,758	₱12,895,490,434	₱11,052,836,019
Salaries and benefits (see Notes 13 and 14)	3,929,721,293	4,564,812,712	4,267,167,292
Depreciation and amortization (see Notes 8, 9 and 17)	3,348,455,212	3,689,805,227	3,629,437,211
Outside services and charges	2,148,218,087	1,832,009,360	1,512,541,760
Cost of sales (see Note 6)	1,571,503,733	3,316,669,538	2,679,529,314
Impairment loss (see Note 9)	947,055,242	-	-
Office expenses	811,321,635	1,148,916,267	1,086,908,423
Provision for allowance for doubtful accounts (see Note 5)	708,892,699	259,568,360	29,050,229
Utilities	678,580,917	819,599,187	902,798,592
Advertising and promotions (see Notes 17 and 18)	348,633,157	573,015,484	461,862,589
Software and hardware maintenance	302,703,684	244,687,001	222,566,612
Communication and transportation (see Note 12)	136,396,113	202,859,007	200,183,581
Repairs and maintenance	134,358,323	244,706,207	183,329,375
Rent (see Note 17)	86,333,580	146,703,921	332,361,060
Others	239,702,179	548,790,372	535,620,181
	₱20,654,175,612	₱30,487,633,077	₱27,096,192,238

Office expenses mainly consist of supplies amounting to ₱446.5 million, ₱693.9 million and ₱663.8 million; team member expenses amounting to ₱225.6 million, ₱356.0 million and ₱332.6 million; and insurance expense amounting to ₱139.2 million, ₱99.0 million and ₱90.5 million in 2020, 2019 and 2018, respectively.



b. Interest Expense

Sources of the Group's interest expense are as follows:

	2020	2019	2018
Long-term debt (see Note 11)	₱5,380,589,573	₱5,528,177,637	₱4,553,093,008
Amortization of tenants' security deposit (see Note 17)	14,725,781	16,584,815	11,277,081
Short-term borrowing (see Note 10)	10,945,186	12,181,366	17,556,964
Accretion of interest on lease liabilities (see Note 17)	4,136,325	5,086,955	—
	₱5,410,396,865	₱5,562,030,773	₱4,581,927,053

c. Interest Income

Sources of the Group's interest income are as follows:

	2020	2019	2018
Cash and cash equivalents (see Note 4)	₱129,481,527	₱289,734,354	₱136,477,340
Receivables from officers and employees (see Note 5)	779,785	1,192,962	1,509,153
Restricted cash (see Note 4)	—	—	3,089,603
	₱130,261,312	₱290,927,316	₱141,076,096

d. Other Income (Expenses) - Others

This account consists of:

	2020	2019	2018
Share in net loss of a joint venture (see Note 9)	(₱115,627,345)	(₱98,420,774)	₱—
Excess of acquisition cost over fair value of net assets acquired (see Note 1)	—	(51,209,208)	—
Gain from liabilities forgiven	86,734,247	—	—
Others	625,000	—	(1,554,869)
	(₱28,268,098)	(₱149,629,982)	(₱1,554,869)

Gain from liabilities forgiven resulted from the derecognition of G&L's liability pursuant to a compromise agreement with G&L's previous owner.



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 statements of financial position and the movements during the year:

	2020			
	Land	Building	Gaming Equipment	Total
Cost				
Balances at January 1, 2020	₱36,763,186	₱47,919,752	₱8,050,895	₱92,733,833
Additions	-	4,081,744	-	4,081,744
Adjustments	-	-	(1,961,021)	(1,961,021)
Termination	(19,386,793)	(3,164,057)	(6,089,874)	(28,640,724)
Balances at December 31, 2020	17,376,393	48,837,439	-	66,213,832
Accumulated Depreciation				
Balances at January 1, 2020	2,820,932	14,685,658	4,840,122	22,346,712
Depreciation	2,738,846	17,755,265	1,249,752	21,743,863
Termination	(2,100,588)	(3,164,058)	(6,089,874)	(11,354,520)
Balances at December 31, 2020	3,459,190	29,276,865	-	32,736,055
	₱13,917,203	₱19,560,574	₱-	₱33,477,777
	2019			
	Land	Building	Gaming Equipment	Total
Cost				
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:

	2020	2019
At beginning of year	₱70,399,387	₱31,897,591
Additions	4,081,744	57,497,896
Interest expense (see Note 16)	4,136,325	5,086,955
Adjustment due to lease modification	(1,961,021)	-
Termination	(18,593,419)	-
Payments	(21,552,592)	(24,083,055)
As at end of year	36,510,424	70,399,387
Less current portion	18,630,431	18,989,895
	₱17,879,993	₱51,409,492

The Group has no lease contracts that contain variable payments.

The following are the amounts recognized in the consolidated statements of comprehensive income:

	2020	2019
Depreciation expense of right-of-use assets included in property and equipment (see Notes 8 and 16)	₱21,743,863	₱21,054,259
Interest expense on lease liabilities (see Note 16)	4,136,325	5,086,955
Expenses relating to short-term leases and low-value assets (see Note 16)	89,500,247	165,703,921
	₱115,380,435	₱191,845,135

Shown below is the maturity analysis of the undiscounted lease payments:

	2020	2019
1 year	₱20,926,675	₱24,141,526
more than 1 years to 2 years	4,438,635	21,275,587
more than 2 years to 3 years	3,218,297	6,045,291
more than 3 years to 4 years	3,379,220	6,089,207
more than 5 years	11,185,633	32,462,685

Lease with PAGCOR

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 as part of “Rent expense” account under operating costs and expenses in the 2018 consolidated statement of comprehensive income (see Note 16).

Lease of SM Arena

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 ₱3.2 million, ₱19.0 million and ₱19.0 million in 2020, 2019 and 2018, 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, 2020 and 2019.

Other Leases

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 ₱86.3 million, ₱146.7 million and ₱110.9 million in 2020, 2019 and 2018, respectively (see Note 16).

Security deposits related to the leases discussed above amounted to ₱16.6 million and ₱17.6 million as of December 31, 2020 and 2019, 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 ₱511.6 million, ₱597.7 million and ₱528.9 million in 2020, 2019 and 2018, 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 ₱6.3 million and ₱6.8 million as of December 31, 2020 and 2019, respectively (see Note 5).

Tenants’ security deposits classified as noncurrent, presented under “Other noncurrent liabilities”, amounted to ₱315.5 million and ₱300.8 million as of December 31, 2020 and 2019, respectively.

These are carried at amortized cost using the EIR method. Discount amortization, included as part of the “Interest expense” account in the consolidated statements of comprehensive income, amounted to ₱14.7 million, ₱16.6 million and ₱11.3 million in 2020, 2019 and 2018, respectively (see Note 16).

Tenants’ security deposit classified as current amounting to ₱51.4 million and ₱40.0 million as of December 31, 2020 and 2019, respectively, is presented under “Payables and other current liabilities” in the consolidated statements of financial position (see Note 10).



Unearned rent amounting to ₱17.9 million and ₱29.4 million as of December 31, 2020 and 2019, 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 ₱12.7 million, ₱19.3 million and ₱11.1 million in 2020, 2019 and 2018, 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, 2020 and 2019 are as follows:

	2020	2019
Within one year	₱519,815,661	₱540,206,438
Beyond one year but not later than five years	693,563,737	1,198,845,111
	₱1,213,379,398	₱1,739,051,549

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.
 - 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 ₱237.9 million, ₱538.7 million, ₱521.4 million in 2020, 2019, and 2018, respectively. Outstanding amount payable to BCF as of December 31, 2020 and 2019, presented as part of “Gaming taxes payable”, amounted to ₱21.3 million and ₱35.3 million, respectively. Furthermore, the Group has advances to BCF amounting to ₱163.7 million and ₱0.1 million as of December 31, 2019 and 2018, presented as part of “Prepayments and other current assets” account, respectively, 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, 2020 and 2019, BRHI and Sureste have 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 ₱4,920.0 million, ₱12,698.8 million and ₱10,873.4 million for the years ended December 31, 2020, 2019 and 2018, respectively (see Note 16). Outstanding amount payable to PAGCOR and BCF, presented as “Gaming taxes payable”, amounted to ₱455.5 million and ₱954.1 million as of December 31, 2020 and 2019 (see Note 10).

- b. The Group has entered into the following significant contracts related to the Solaire North Project:

HABITUS DESIGN PTE, LTD.

In June 2018, Sureste has engaged Habitus Design Pte, Ltd. (“Habitus”) to lead the Master Concept Design as well as design management consultancy services for the Solaire North Project with an agreed original contract amounting to US\$3.65 million (₱175.3 million). Based on the original contract period, their services expire on December 2020 but was extended until December 2021. As of December 31, 2020, Sureste has effectively paid US\$3.58 million (₱171.9 million) to Habitus Design Pte, Ltd.

PBD JOINT VENTURE

On December 12, 2019, Sureste has entered into a contract agreement with PRIME BMD - DMCI Joint Venture for the General Construction delivery of Solaire North Project. The contract price of ₱5.5 billion, VAT-inclusive, includes a re-measurable component of the general contract works and a lumpsum component of the enabling works. Target completion is on December 2022. As of December 31, 2020, Sureste has effectively paid ₱1.6 billion to PBD Joint Venture.

- c. 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 presented as contra-revenue for the years ended December 31, 2020, 2019 and 2018 amounted to ₱3,323.0 million, ₱10,028.9 million and ₱9,873.9 million, respectively. Receivable from junket operators as of December 31, 2020 and 2019 amounted to ₱2,109.0 million and ₱2,230.2 million, respectively (see Note 5).
- d. 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 PSHI 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 PSHI 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 PSHI 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 PSHI 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 PSHI 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.

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. On February 3, 2020, BRHI and Sureste appealed this decision to the Court of Appeals in Singapore. In a decision dated February 16, 2021, the Singapore Court of Appeals denied the appeal of BRHI and Sureste.



On May 29, 2020, Singapore High Court issued a decision dismissing Sureste and BRHI's petition to set aside/resist enforcement of the Final Award of the Arbitration Tribunal dated September 27, 2019. This case is docketed as OS 1385 in the High Court in Singapore.

The Singapore High Court ruled that the "Constructive Remedy," which requires Sureste and BRHI to either (1) pay for the BRC shares held by GGAM in exchange for the BRC shares, or (2) take steps to facilitate GGAM's sale of the BRC shares, was not outside the scope of the parties' arbitration agreement. The Singapore High Court also rejected the challenges based on the FCPA Findings (referring to the findings of the U.S. Department of Justice and the U.S. Securities and Exchange Commission regarding conduct by two of GGAM's four executives during their tenure at Las Vegas Sands that violated the U.S. Foreign Corrupt Practices Act) and GGAM's fraudulent concealment of evidence during the Arbitration. The Singapore High Court likewise denied the argument that GGAM Netherlands, to which the MSA was assigned, was a sham entity established solely to evade U.S. and Philippine taxes, because the Arbitration Tribunal rejected the same argument, and thus, the High Court found that the grant of damages to GGAM Netherlands is not contrary to Singapore public policy. Costs were charged against Sureste and BRHI.

On June 29, 2020, Sureste and BRHI filed a Notice of Appeal to the Singapore Court of Appeal to appeal the Singapore High Court's decision dated May 29, 2020 in case number OS 1385 dismissing SPI and BRHI's petition to set aside/resist enforcement of the Final Award of the Arbitration Tribunal dated September 27, 2019 docketed as CA98. The parties filed the required submissions, and the hearing on this appeal is set on a date between April 5-16, 2021, the exact date to be fixed later by the Singapore Court of Appeal.

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 4, 2021, 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, 2020 and 2019 as the Partial Award and Final Award cannot be enforced in the Philippines (where assets of BRHI and Sureste 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.



- 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, 2020 and 2019, the balance of this bank account amounting to ₱112.7 million and ₱112.6 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*. 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.

On September 23, 2020, BRHI received the summons in the civil complaint filed by Bangladesh Bank against RCBC and 16 other Philippine companies and individuals (including BRHI) in the New York State Court. The complaint in the State Court is for: conversion/ theft/ misappropriation; aiding and abetting the same; conspiracy to commit the same; fraud (against RCBC); aiding and abetting and conspiracy to commit fraud; conspiracy to commit trespass against chattels; unjust enrichment; and return of money received.

On December 9, 2020, BRHI filed its motion to dismiss the case because the Court has no jurisdiction over BRHI, the Philippines is the proper forum for the dispute and plaintiff’s allegation is insufficient to plead any claim against BRHI under New York law.

Except for the matters discussed in the preceding paragraphs, neither the Company nor any of its subsidiaries are involved in or the subject any legal proceedings which, if determined adversely to the Company or the relevant subsidiary’s interests, would have a material effect on the business or financial position of the Company or any of its subsidiaries.

19. Income Taxes

- a. Provision for income tax consists of:

	2020	2019	2018
Current	₱1,861,058	₱34,681,096	₱40,317,130
Deferred	(208,921,407)	153,082,227	(166,806,346)
	(₱207,060,349)	₱187,763,323	(₱126,489,216)

In 2020, 2019 and 2018, provision for current income tax represents Bloomberry’s MCIT and Sureste’s 5% Gross Income Tax (“GIT”).



The reconciliation of provision for (benefit from) 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:

	2020	2019	2018
Provision for (benefit from) tax at statutory tax rate of 30%	(₱2,560,459,840)	₱3,032,615,099	₱2,111,802,082
Tax effects of:			
Income subject to final tax, non-taxable income and non-deductible expenses	368,595,693	2,503,745,246	641,069,033
Net movement in unrecognized deferred income tax assets and other adjustments	1,984,803,798	(5,348,597,022)	(2,879,360,331)
	(₱207,060,349)	₱187,763,323	(₱126,489,216)

- b. The components of the Group's recognized net deferred tax liabilities are as follows:

	2020	2019
Deferred tax assets:		
NOLCO	₱213,429,476	₱212,457,132
Retirement liability	28,944,328	20,118,159
MCIT	5,208,955	5,389,740
Capitalized interest on option	1,795,625	1,813,047
Points accrual	1,762,496	1,578,288
Unrealized foreign exchange loss	1,061,217	216,911
	252,202,097	241,573,277
Deferred tax liabilities:		
Excess of fair value over carrying value of net assets acquired in business combination	(289,755,733)	(521,740,439)
Capitalized rent	(85,261,983)	(82,038,771)
Capitalized interest	(41,761,055)	(45,147,087)
Unrealized gain on investment in club shares	(3,300,000)	(3,750,000)
	(₱167,876,674)	(₱411,103,020)

- 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:

	2020	2019
NOLCO	₱10,081,748,034	₱8,935,629,417
MCIT	5,814,490	5,634,125
	₱10,087,562,524	₱8,941,263,542



- d. On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of “Bayanihan to Recover As One Act” which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

As of December 31, 2020, Bloomberry and Sureste incurred NOLCO before taxable year 2020 which can be claimed as deduction from the regular taxable income for the next three (3) consecutive taxable years, as follows:

Year Incurred	Availment Period	Amount	Applied	Expired	Balance
2019	2020-2022	₱1,155,582,252	₱-	₱-	₱1,155,582,252
2018	2019-2021	1,685,038,040	-	-	1,685,038,040
2017	2018-2020	2,635,726,995	-	2,635,726,995	-
Totals		₱5,476,347,287	₱-	₱2,635,726,995	₱2,840,620,292

As of December 31, 2020, Bloomberry and Sureste incurred NOLCO in taxable year 2020 which can be claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years pursuant to the Bayanihan to Recover As One Act, as follows:

Year Incurred	Availment Period	Amount	Applied	Expired	Balance
2020	2021-2025	₱2,799,754,164	₱-	₱-	₱2,799,754,164

As of December 31, 2020, 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	Availment Period	Amount	Applied	Expired	Balance
2020	2021-2030	₱351,738,745	₱-	₱-	₱351,738,745
2019	2020-2029	784,270,234	-	-	784,270,234
2018	2019-2028	648,305,653	-	-	648,305,653
2017	2018-2027	295,060,271	-	-	295,060,271
2016	2017-2026	1,107,799,568	60,687,200	-	1,047,112,368
2015	2016-2025	1,520,788,344	531,434,340	-	989,354,004
2013	2014-2023	4,316,977	-	-	4,316,977
2011	2012-2021	651,953,353	-	-	651,953,353
2010	2011-2020	639,395,959	-	-	639,395,959
Totals		₱6,003,629,104	₱592,121,540	₱-	₱5,411,507,564

As of December 31, 2020, the Bloomberry and Sureste’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
2020	2023	₱1,777,409	₱-	₱-	₱1,777,409
2019	2022	7,305,132	-	-	7,305,132
2018	2021	1,940,904	-	-	1,940,904
2017	2020	1,597,045	-	1,597,045	-
Totals		₱12,620,490	₱-	₱1,597,045	₱11,023,445



- e. 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% 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, 2020 and 2019:

	2020		2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Financial assets at amortized cost -				
Security deposits classified as noncurrent ⁽¹⁾	₱59,429,296	₱59,383,576	₱77,109,761	₱76,662,438
Equity instrument designated at fair value through OCI -				
Investment in club shares	24,500,000	24,500,000	26,000,000	26,000,000
	83,929,296	83,883,576	103,109,761	102,662,438
Financial Liabilities				
Other financial liabilities:				
Long-term debt	68,559,293,732	86,012,051,077	69,118,770,432	81,899,276,954
Tenants’ security deposit ⁽²⁾	315,498,532	349,509,300	300,795,023	320,860,719
	68,874,792,264	86,361,560,377	69,419,565,455	82,220,137,673
	(₱68,790,862,968)	(₱86,277,676,801)	(₱69,316,455,694)	(₱82,117,475,235)

⁽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 (73.5B Syndicated Loan). The estimated fair value is based on the discounted value of future cash flows using the applicable BVAL rate of 2.8% and of 4.4% as of December 31, 2020 and 2019, respectively.

Fixed Rate Long-term Debt (40 B Syndicated Loan). The estimated fair value is based on the discounted value of future cash flows using the applicable BVAL rate of 3.0% as of December 31, 2020.

Tenants' Security Deposits. The estimated fair value is based on the discounted value of future cash flows using the applicable BVAL rates ranging from 1.7% to 3.0% and 3.4% to 4.5% as of December 31, 2020 and 2019, 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, 2020 and 2019 based on fair value measurement hierarchy.

		Level 1	Level 2	Level 3	Total
Asset measured at fair value -					
Investment in club shares	2020	₱24,500,000	₱-	₱-	₱24,500,000
	2019	26,000,000	-	-	26,000,000
Assets and liabilities for which fair value is disclosed:					
Security deposits classified as noncurrent	2020	-	59,383,576	-	59,383,576
	2019	-	76,662,438	-	76,662,438
Long-term debt	2020	-	-	86,361,560,377	86,361,560,377
	2019	-	-	81,899,276,954	81,899,276,954
Tenants' security deposits	2020	-	-	349,509,300	349,509,300
	2019	-	-	320,860,719	320,860,719

In 2020 and 2019, 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 2020, 2019 and 2018 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).

	2020	2019	2018
Increase by 2%	₱108,207,987	₱111,240,615	₱91,638,541
Decrease by 2%	(108,207,987)	(111,240,615)	(91,638,541)

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 (₱230.7 million), (₱320.2 million) and ₱357.7 million in 2020, 2019 and 2018, 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, 2020, 2019 and 2018:

Currency	2020	2019	2018
USD	48.023	50.635	52.600
HKD	6.194	6.516	6.734
EUR	58.690	56.351	60.311
SGD	36.120	37.491	38.471
AUD	36.397	35.257	37.070
JPY	0.463	0.463	0.475
GBP	64.623	65.993	66.733



The Group's foreign currency-denominated monetary assets and liabilities as of December 31, 2020, 2019 and 2018, and their Philippine peso equivalent follow:

	Original Currency							Peso Equivalent
	USD	HKD	EUR	SGD	AUD	JPY	GBP	
December 31, 2020								
Financial assets:								
Cash and cash equivalents	8,060,513	651,141,622	472,934	13,503,140	2,027,230	1,934,346,646	-	₱5,905,243,510
Receivables	-	7,374,775	-	-	-	-	-	45,679,356
Financial liabilities -								
Payables and other current liabilities	(1,214,984)	(23,025,431)	-	-	(37,562)	-	-	(202,349,635)
Net foreign currency - denominated financial assets	6,845,529	635,490,966	472,934	13,503,140	1,989,668	1,934,346,646	-	₱5,748,573,231
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 (liabilities)	5,907,710	773,989,362	284,893	13,805,525	21,220	1,704,063,646	(76,900)	₱6,876,169,531

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, 2020, 2019 and 2018. 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, 2020							
Increase by 3%	₱9,864,955	₱118,086,931	₱832,695	₱14,632,003	₱2,172,538	₱26,868,075	₱-
Decrease by 3%	(9,864,955)	(118,086,931)	(832,695)	(14,632,003)	(2,172,538)	(26,868,075)	-
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

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 ₱23,351.5 million and ₱41,871.5 million as of December 31, 2020 and 2019, 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, 2020 and 2019 based on contractual undiscounted payments:

2020						
	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	₱3,707,067,583	₱-	₱-	₱-	₱-	₱3,707,067,583
Cash in banks	11,740,550,333	-	-	-	-	11,740,550,333
Temporary cash investments	4,265,186,195	-	-	-	-	4,265,186,195
Debt collateral accounts	3,638,722,369	-	-	-	-	3,638,722,369
Receivables:						
Gaming	2,356,543,968	-	-	-	-	2,356,543,968
Hotel	21,011,609	-	-	-	-	21,011,609
Receivables from officers and employees	107,278,729	-	-	-	-	107,278,729
Others	313,948,907	-	-	-	-	313,948,907
Security deposits	44,908,811	59,429,296	-	-	-	104,338,107
	₱26,195,218,504	₱59,429,296	₱-	₱-	₱-	₱26,254,647,800
Financial liabilities:						
Other gaming liabilities:						
Junket program rebates	₱164,543,191	₱-	₱-	₱-	₱-	₱164,543,191
Liability for customer loyalty	264,099,684	-	-	-	-	264,099,684
Progressive jackpot liability	277,499,075	-	-	-	-	277,499,075
Slot payout voucher and tickets liability	49,796,793	-	-	-	-	49,796,793
Customers' deposits	80,287,995	-	-	-	-	80,287,995
Payable to contractors and suppliers	915,983,960	-	-	-	-	915,983,960
Retention payable	257,538,721	-	-	-	-	257,538,721
Accrued expenses:						
Interest	977,684,506	-	-	-	-	977,684,506
Outside services and charges	316,665,442	-	-	-	-	316,665,442
Advertising and promotions	620,023,347	-	-	-	-	620,023,347
Salaries and benefits	25,914,241	-	-	-	-	25,914,241
Utilities	42,848,615	-	-	-	-	42,848,615
Repairs and maintenance	35,964,087	-	-	-	-	35,964,087
Rent	44,701,227	-	-	-	-	44,701,227
Communication and transportation	6,989,806	-	-	-	-	6,989,806
Others	411,326,253	-	-	-	-	411,326,253
Tenants' security deposits	51,352,514	315,498,532	-	-	-	366,851,046
Long-term debt						
Principal	2,205,000,000	2,205,000,000	2,940,000,000	5,531,500,000	57,006,000,000	69,887,500,000
Interest	8,157,837,172	7,932,466,791	7,632,204,970	7,278,942,955	20,689,129,772	51,690,581,660
Lease Liabilities	20,926,675	4,438,635	3,218,297	3,379,220	11,185,633	43,148,460
	₱14,926,983,304	₱10,457,403,958	₱10,575,423,267	₱12,813,822,175	₱77,706,315,405	₱126,479,948,109
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



	2019					Total
	Within 1 Year	1–2 Years	2–3 Years	3–4 Years	More than 4 Years	
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	531,230,409	–	–	–	–	531,230,409
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	483,653,348	–	–	–	–	483,653,348
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
Lease liabilities	24,141,526	21,275,587	6,045,291	6,089,207	32,462,685	90,014,296
	₱13,421,147,140	₱7,550,317,357	₱7,082,660,531	₱6,910,382,186	₱75,270,976,812	₱110,235,484,026

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, 2020 and 2019 for which the net maximum exposure is not equal to the gross maximum exposure.

	Gross Maximum Exposure		Net Maximum Exposure*	
	2020	2019	2020	2019
Cash and cash equivalents:				
Cash in banks	₱11,740,550,333	₱23,776,292,838	₱11,708,249,253	₱20,926,097,675
Temporary cash investments	4,265,186,195	9,958,926,580	4,263,686,195	9,957,926,580
Debt collateral accounts	3,638,722,369	3,553,391,699	3,628,722,369	3,552,891,699
	₱19,644,458,897	₱37,288,611,117	₱19,600,657,817	₱34,436,915,954

*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:

	2020					Total
	Premium HKD	Casual Junket HKD	Premium PHP	Casual Junket PHP	Fixed Junket PHP	
ECL rate	5.20%	0.00%	0.03%	0.00%	0.05%	
Estimated total gross carrying amount at default	₱45,675,669	₱–	₱33,786,754	₱475,052,589	₱715,000,000	₱1,269,515,012



	2019					Total
	Premium HKD	Casual Junket HKD	Premium PHP	Casual Junket PHP	Fixed Junket PHP	
ECL rate	0.89%	0.07%	1.85%	0.00%	0.12%	
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

	2018					Total
	Premium HKD	Casual Junket HKD	Premium PHP	Casual Junket PHP	Fixed Junket PHP	
ECL rate	0.89%	0.07%	1.85%	0.00%	0.12%	
Estimated total gross carrying amount at default	₱95,240,440	₱307,583,437	₱636,721,284	₱455,864,861	₱990,194,469	₱2,485,604,491

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, 2020 and 2019.

	2020	2019
Cash and cash equivalents:		
Cash in banks	₱11,740,550,330	₱23,776,292,838
Temporary cash investments	4,265,186,195	9,958,926,580
Debt collateral accounts	3,638,722,369	3,553,391,699
Receivables:		
Gaming	2,356,543,968	2,968,098,245
Hotel	21,011,609	175,721,909
Receivables from officers and employees	107,278,729	136,090,061
Others	313,948,907	217,092,716
Security deposits	104,338,107	122,286,073
	₱22,547,580,214	₱40,907,900,121

The tables below show the credit quality of the Group's financial assets based on their historical experience with the corresponding third parties:

	2020				Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Credit Impaired		
High	₱20,191,036,246	₱-	₱-		₱20,191,036,246
Moderate	-	1,301,852,585	-		1,301,852,585
Low	-	-	1,054,691,383		1,054,691,383
Gross carrying amount	20,191,036,246	1,301,852,585	1,054,691,383		22,547,580,214
ECL	-	-	1,054,691,383		1,054,691,383
Carrying amount	₱20,191,036,246	₱1,301,852,585	₱-		₱21,492,888,831

	2019				Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Credit Impaired		
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

As of December 31, 2020 and 2019, 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 ₱32,946.8 million and ₱44,069.0 million as of December 31, 2020 and 2019, 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:

	2020	2019	2018
(a) Net income (loss) attributable to equity holders of the Parent Company	(₱8,312,867,836)	₱9,955,058,446	₱7,188,233,443
(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	(33,651,324)	(19,287,070)	(22,503,225)
Weighted average number of:			
Treasury shares acquired in 2020	(47,487,553)	-	-
Treasury shares issued for vested stock awards in 2020	16,469,516	-	-
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
(c) Weighted average number of treasury shares	(64,669,361)	(14,161,293)	(12,029,666)
(d) Weighted average number of issued shares, net of treasury shares [(b)+(c)]	10,968,328,864	11,018,836,932	11,020,968,559
Unvested stock awards at beginning of year	11,945,908	10,593,992	13,374,260
Weighted average number of:			
Stock awards granted in 2020	42,710,265	-	-
Stock awards granted in 2019	-	20,011,314	-
Stock awards granted in 2018	-	-	13,903,805
(e) Weighted average number of stock awards granted	54,656,173	30,605,306	27,278,065
Basic earnings per share (a)/(d)	(₱0.758)	₱0.903	₱0.652
Diluted earnings per share (a)/[(d)+(e)]	(₱0.758)	₱0.901	₱0.651

For the year ended December 31, 2020, 54,656,173 stock awards granted as of December 31, 2020 were excluded from the computation of diluted loss per share as its effect would have been anti-dilutive.



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, 2020, 2019 and 2018, except for the following:

- The Group recognized share-based payment accruals amounting to ₱268.9 million, ₱304.9 million and ₱220.7 million in 2020, 2019 and 2018, respectively (see Note 14).
- Treasury shares were reissued for vested stock awards amounting to ₱248.1 million, ₱261.6 million and ₱128.8 million in 2020, 2019 and 2018, respectively (see Note 14).
- In 2020, 182,000 Bloomberry shares held by a subsidiary with a carrying value of ₱1.9 million were reissued to non-controlling interest holders (see Note 14).
- In 2020, the Group recognized additional right-of-use assets amounting to ₱4.1 million. In 2019, the Group recognized right-of-use assets at initial recognition of the lease at adoption amounting to ₱208.6 million and addition during the year amounting to ₱4.2 million (see Note 8).

The changes in the Group's liabilities arising from financing activities are as follows:

	January 1, 2020	Cash Flows	Reclassification from Current to Non-current	Additions/ Issuances	Interest Expense ^e	Translation Adjustment	December 31, 2020
Current portion of long-term debt	₱2,063,995,674	(₱2,209,750,000)	₱2,209,750,000	₱-	(₱3,732,620)	₱-	₱2,060,263,054
Long-term debt - net of current portion	67,054,774,758	1,504,304,012	(2,209,750,000)	-	149,701,908	-	66,499,030,678
Lease liabilities	70,399,387	(40,297,359)	-	2,120,723	4,136,325	151,348	36,510,424
Interest payable	976,122,544	(5,248,919,103)	-	-	5,088,224,034	-	815,427,475
Short-term borrowing	47,633,000	(45,468,920)	-	-	-	(2,164,080)	-
Dividend payable	550,519	(2,743,274,745)	-	2,742,724,226	-	-	-
Treasury shares	(361,335,424)	(443,022,928)	-	248,109,008	-	-	(556,249,344)
Parent Company's shares by a subsidiary	(2,601,459)	1,948,002	-	-	-	-	(653,457)
Total liabilities from financing activities	₱69,849,538,999	(₱9,224,481,041)	₱-	₱2,992,953,957	₱5,238,329,647	(₱2,012,732)	₱68,854,328,830

	January 1, 2019	Cash Flows	Reclassification from Current to Non-current	Additions/ Issuances	Interest Expense ^e	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
Dividend payable	1,478,712	(1,654,901,193)	-	1,653,973,000	-	-	550,519
Treasury shares	(185,406,175)	(437,570,012)	-	261,640,763	-	-	(361,335,424)
Parent Company's shares by a subsidiary	(9,269,647)	6,668,188	-	-	-	-	(2,601,459)
Total liabilities from financing activities	₱72,162,865,844	(₱9,823,771,341)	₱-	₱1,973,111,659	₱5,545,445,958	(₱8,113,121)	₱69,849,538,999

	January 1, 2018	Cash Flows	Reclassification from Current to Non-current	Additions/ Issuances	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	41,785,095,839	(2,205,000,000)	-	165,185,523	-	69,118,770,432
Lease liabilities	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
Dividend payable	-	(1,101,821,109)	-	1,103,299,823	-	-	1,478,712
Treasury shares	(125,192,149)	(189,006,694)	-	128,792,668	-	-	(185,406,175)
Parent Company's shares by a subsidiary	-	(9,269,647)	-	-	-	-	(9,269,647)
Total liabilities from financing activities	₱32,548,259,650	₱33,765,585,308	₱-	₱1,232,092,491	₱4,581,927,053	₱3,103,753	₱72,130,968,253



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, 2020, 2019 and 2018 are as follows:

	Philippines			Korea			Eliminations			Consolidated		
	2020	2019	2018	2020	2019	2018	2020	2019	2018	2020	2019	2018
Consolidated EBITDA	₱1,824,920,916	₱20,294,354,532	₱15,229,735,360	(₱394,919,089)	(₱463,927,225)	(₱240,015,782)	₱-	₱-	(₱95,172,426)	₱1,430,001,827	₱19,830,427,307	₱14,894,547,152
Depreciation and amortization (see Note 16)	(3,131,563,809)	(3,490,475,939)	(3,437,910,407)	(216,891,403)	(199,329,288)	(191,526,804)	-	-	-	(3,348,455,212)	(3,689,805,227)	(3,629,437,211)
Interest expense (see Note 16)	(5,399,451,679)	(5,564,899,605)	(4,564,370,089)	(93,768,528)	(115,986,413)	(112,711,094)	82,823,342	118,855,245	95,154,130	(5,410,396,865)	(5,562,030,773)	(4,581,927,053)
Foreign exchange gains (losses) - net (see Note 20)	(715,899,701)	(330,400,835)	738,513,857	566,603,731	10,156,506	(380,801,602)	(81,396,565)	-	-	(230,692,535)	(320,244,329)	357,712,255
Impairment loss (see Note 9)	-	-	-	(947,055,242)	-	-	-	-	-	(947,055,242)	-	-
Other income (expenses) (see Note 16)	(115,002,345)	(149,629,982)	(1,554,869)	86,734,247	-	-	-	-	-	(28,268,098)	(149,629,982)	(1,554,869)
Benefit from (provision for) income tax (see Note 19)	207,060,349	(23,572,344)	89,227,666	-	(164,190,979)	37,261,550	-	-	-	207,060,349	(187,763,323)	126,489,216
Consolidated net income (loss)	(₱7,329,936,269)	₱10,735,375,827	₱8,053,641,518	(₱999,296,284)	(₱933,277,399)	(₱887,793,732)	₱1,426,777	₱118,855,245	(₱18,296)	(₱8,327,805,776)	₱9,920,953,673	₱7,165,829,490

	Philippines			Korea			Eliminations			Consolidated		
	2020	2019	2018	2020	2019	2018	2020	2019	2018	2020	2019	2018
Revenue	₱17,491,442,063	₱45,793,595,880	₱37,613,303,605	₱79,500,097	₱440,116,109	₱606,922,478	₱87,463,513	₱103,615,852	₱-	₱17,658,405,673	₱46,337,327,841	₱38,220,226,083
Operating costs and expenses	(19,015,753,801)	(29,384,128,292)	(26,057,656,043)	(691,366,569)	(1,103,504,785)	(1,038,536,195)	-	-	-	(19,707,120,370)	(30,487,633,077)	(27,096,192,238)
Other income (expenses):												
Interest expense	(5,399,451,679)	(5,564,899,605)	(4,564,370,089)	(93,768,528)	(115,986,413)	(112,711,094)	82,823,342	118,855,245	95,154,130	(5,410,396,865)	(5,562,030,773)	(4,581,927,053)
Foreign exchange gains (losses) - net	(715,899,701)	(330,400,835)	738,513,857	566,603,731	10,156,506	(380,801,602)	(81,396,565)	-	-	(230,692,535)	(320,244,329)	357,712,255
Interest income	217,668,845	394,411,005	236,177,391	55,980	132,163	71,131	(87,463,513)	(103,615,852)	(95,172,426)	130,261,312	290,927,316	141,076,096
Impairment loss (see Note 9)	-	-	-	(947,055,242)	-	-	-	-	-	(947,055,242)	-	-
Others	(115,002,345)	(149,629,982)	(1,554,869)	86,734,247	-	-	-	-	-	(28,268,098)	(149,629,982)	(1,554,869)
Benefit from (provision for) income tax	207,060,349	(23,572,344)	89,227,666	-	(164,190,979)	37,261,550	-	-	-	207,060,349	(187,763,323)	126,489,216
Consolidated net income (loss)	(₱7,329,936,269)	₱10,735,375,827	₱8,053,641,518	(₱999,296,284)	(₱933,277,399)	(₱887,793,732)	₱1,426,777	₱118,855,245	(₱18,296)	(₱8,327,805,776)	₱9,920,953,673	₱7,165,829,490

The assets and liabilities of the Group's reportable geographical segments as of December 31, 2020 and 2019 are as follows:

	Philippines		Korea		Total		Eliminations		Consolidated	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Assets:										
Segment assets	₱287,686,931,544	₱302,908,705,156	₱6,383,983,115	₱7,510,876,411	₱294,070,914,659	₱300,374,525,602	(₱180,616,339,746)	(₱177,725,547,210)	₱113,454,574,913	₱132,694,034,357
Deferred tax assets - net	-	-	126,441,881	125,865,836	126,441,881	125,865,836	(126,441,881)	(125,865,836)	-	-
Total assets	₱287,686,931,544	₱302,908,705,156	₱6,510,424,996	₱7,636,742,247	₱294,197,356,540	₱300,500,391,438	(₱180,742,781,627)	(₱177,851,413,046)	₱113,454,574,913	₱132,694,034,357
Liabilities:										
Segment liabilities	₱90,027,760,120	₱95,594,206,658	₱9,443,103,404	₱9,923,266,222	₱99,470,863,524	₱105,517,472,880	(₱19,078,174,232)	(₱17,265,266,397)	₱80,392,689,292	₱88,252,206,483
Deferred tax liabilities - net	49,789,362	56,672,664	-	-	49,789,362	56,672,664	118,087,312	354,430,356	167,876,674	411,103,020
Total liabilities	₱90,077,549,482	₱95,650,879,322	₱9,443,103,404	₱9,923,266,222	₱99,520,652,886	₱105,574,145,544	(₱18,960,086,920)	(₱16,910,836,041)	₱80,560,565,966	₱88,663,309,503



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, 2020 and 2019 and for each of the three years in the period ended December 31, 2020, included in this Form 17-A, and have issued our report thereon dated March 4, 2021. 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. 8534377, January 4, 2021, Makati City

March 4, 2021



INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

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BLOOMBERRY RESORTS CORPORATION

Schedule A. Financial Assets
December 31, 2020

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
		<div data-bbox="981 555 1245 628" style="border: 1px solid black; padding: 5px;">Not Applicable</div>			

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, 2020

Name and Designation of Debtor	Beginning Balance	Additions	Deductions			Current	Non-current	Ending Balance
			Amount Collected	Amount Written-Off	Others			
Bloomberry Resorts Corporation	₱38,726,309	₱619,055	(₱9,500,635)	₱-	₱779,785	₱30,624,514	₱-	₱30,624,514
Sureste Properties, Inc.	34,579,608	57,623,313	(61,192,485)	-	-	31,010,436	-	31,010,436
Bloomberry Resorts and Hotels Inc.	62,725,888	70,229,864	(87,378,867)	-	-	45,576,885	-	45,576,885
	₱136,031,805	₱128,472,232	(₱158,071,987)	₱-	₱779,785	₱107,211,835	-	₱107,211,835

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, 2020

Name and Designation of Debtor	Beginning Balance	Additions	Deductions			Current	Non-current	Ending Balance
			Amount Collected	Amount Written-Off	Others			
Solaire Korea Co., Ltd.	P6,363,084,384	P389,846,887	P-	P-	(P619,735,228)	P223,205,088	P5,909,990,955	P6,133,196,043
G&L Co., Ltd.	2,732,194,616	466,313,758	-	-	(237,954,824)	1,643,765,243	1,316,788,307	2,960,553,550
Bloomberry Capital B.V	10,397,853	-	-	-	(409,553)	9,988,300	-	9,988,300
	P9,105,676,853	P856,160,645	P-	P-	(P858,099,605)	P1,876,958,631	P7,226,779,262	P9,103,737,893

BLOOMBERRY RESORTS CORPORATIONSchedule D. Long-term Debt
December 31, 2020

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	₱67,987,500,000	₱2,205,000,000	₱65,782,500,000	See Note 11 to the Audited Consolidated Financial Statements
BRHI - Philippine peso-denominated term loans	1,282,500,000	-	1,282,500,000	
Sureste - Philippine peso-denominated term loans	617,500,000	-	617,500,000	
	69,887,500,000	2,205,000,000	67,682,500,000	
Less: Unamortized Debt Issue Cost	(1,328,206,268)	(144,736,946)	(1,183,469,322)	
	₱68,559,293,732	₱2,060,263,054	₱66,499,030,678	

BLOOMBERRY RESORTS CORPORATION

Schedule E. Indebtedness to Related Parties (Long-term Loans from Related Companies)
December 31, 2020

Name of Related Party	Beginning Balance	Ending Balance
<div data-bbox="862 475 1008 549" style="border: 1px solid black; padding: 2px; display: inline-block;">NONE</div>		

BLOOMBERRY RESORTS CORPORATIONSchedule F. Guarantees of Securities of Other Issuers
December 31, 2020

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, 2020

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	10,959,746,900*	-	7,082,156,500	66,409,977	3,811,180,423

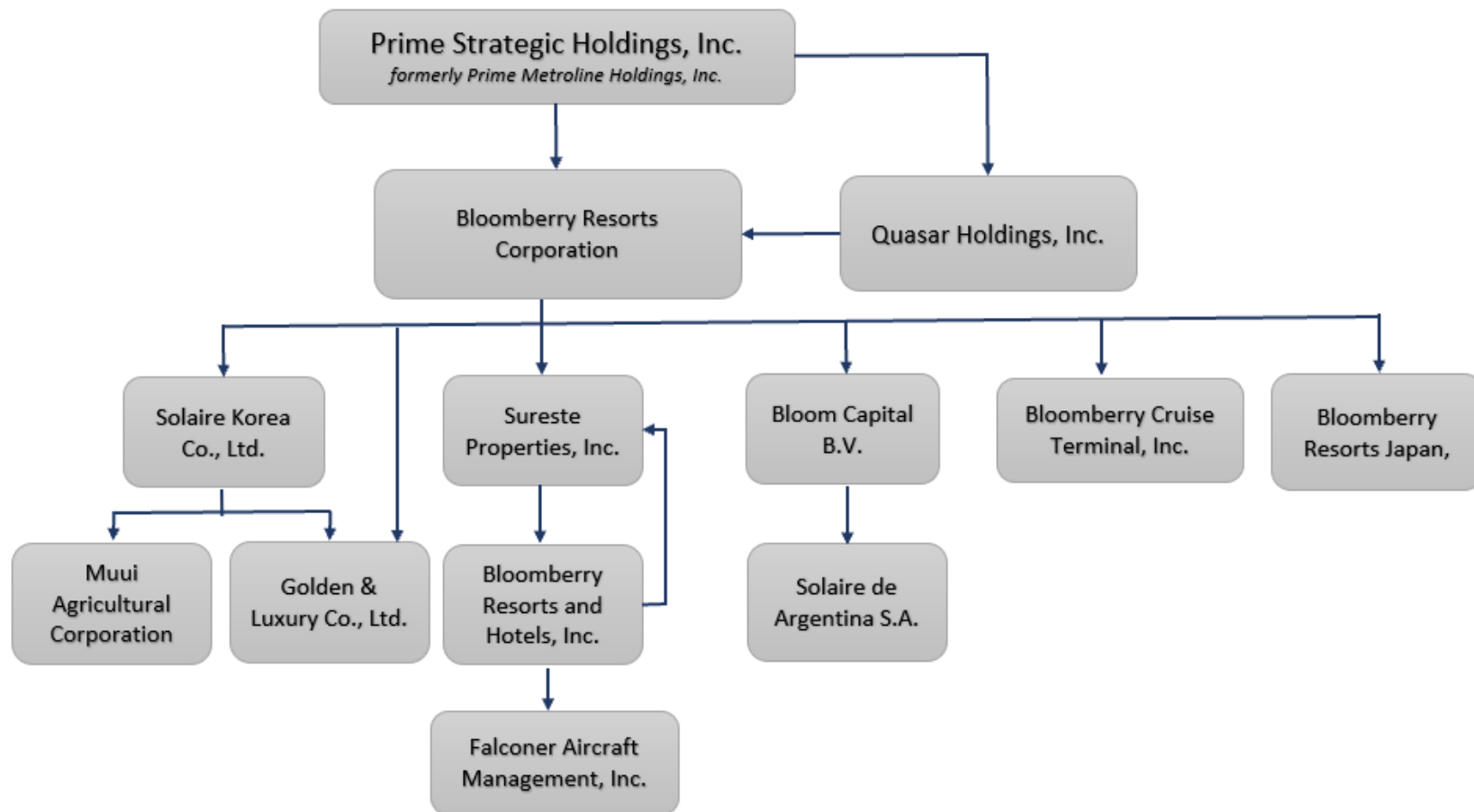
*Net of treasury shares.

BLOOMBERRY RESORTS CORPORATIONSchedule H. Reconciliation of Retained Earnings Available for Dividend Declaration
December 31, 2020

		Amount
Unappropriated retained earnings, beginning		₱6,384,310,269
Adjustments: (see adjustments in previous years' reconciliation)		(1,298,715,140)
Unappropriated retained earnings, as adjusted to available for dividend distribution, beginning		₱5,085,595,129
Add: Net income (loss) actually earned/realized during the period		
Net loss during the year closed to retained earnings	(833,209,303)	
Net income (loss) actually earned/realized during the period		(833,209,303)
Less:		
Dividend declaration during the year		(2,742,724,224)
Treasury Shares (acquisition net of issuances during the year)		(194,913,920)
Unappropriated retained earnings available for dividend, as adjusted, ending		₱1,314,747,682

BLOOMBERRY RESORTS CORPORATION

Schedule I. Map of Relationships
December 31, 2020



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, 2020 and 2019 and for each of the three years in the period ended December 31, 2020, included in this Form 17-A, and have issued our report thereon dated March 4, 2021. 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 PFRSs. The components of these financial soundness indicators have been traced to the Company's financial statements as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020 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. 8534377, January 4, 2021, Makati City

March 4, 2021



BLOOMBERRY RESORTS CORPORATION

Schedule J. Financial Soundness Indicators

December 31, 2020

Ratio	Formula	Current Year	Prior Year
Current ratio	Current Assets/Current Liabilities	2.06	2.30
Quick ratio	Liquid Assets*/Current Liabilities	1.95	2.23
Solvency ratios	Total Assets/Total Liabilities	1.41	1.50
Debt ratio	Total Debt/Total Assets	0.71	0.67
Debt-to-equity ratio	Total Liabilities/Total Equity	2.45	2.01
Interest Coverage	Earnings Before Interest and Taxes (EBIT) / Interest Charges	(0.58)	2.82
Asset-to-equity ratio	Total Assets/Total Equity	3.45	3.01
Net Profit Margin	Net Profit / Sales	(46.8%)	21.3%
Return on assets	Net Income/Total Assets	(7.3%)	7.5%
Return on Equity	Net Income / Total Stockholders' Equity	(25.3%)	22.5%
Price/Earnings Ratio	Price Per Share / Earnings Per Common Share	(10.7)	12.5

** Cash and cash equivalents plus receivables*

Annex: Sustainability Reporting

Bloomberry Resorts Corporation (PSE Ticker: BLOOM, hereinafter “Bloomberry” or the “Company”) first published its Sustainability Report (SR) in 2020 (covering the year 2019) in compliance with the issuance of the Securities and Exchange Commission (SEC) Memorandum Circular No. 04-2019 (the “MC”). The Company issued its 2019 SR as an Annex to its SEC Form 17-A using the reporting template of the MC and subsequently issued a full report using the Global Reporting Initiative’s (GRI) Sustainability Reporting Standards. A copy of the Company’s SR can be accessed on its official website:

<https://bloomberry.ph/sustainability>

The Company indicated below the portions of its SR which address the major portions of the Reporting Template for the SEC’s and its stockholders’ easy reference.

SEC Reporting Template Section	Solaire Sustainability Report 2020
Materiality Process	<i>Sustainability for Solaire</i>
Economic	<i>Creating Value for Society</i> and <i>Towards Excellence in Governance</i>
Environment	<i>A Thriving Environment</i>
Social	<i>Valuing our Customers</i> and <i>The Solaire Team</i>
United Nations Sustainable Development Goals	<i>Solaire and the UN Sustainable Development Goals</i>



BloombergBerry Resorts Corporation

March 4, 2021

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 parent company financial statements including the schedules attached therein, as of and for the years ended December 31, 2020 and 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 parent company financial statements that are free from material misstatement, whether due to fraud or error.


In preparing the parent company 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 parent company 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 parent company 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.

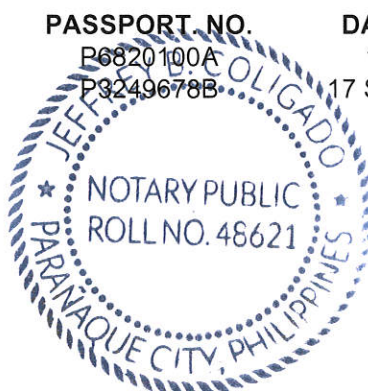

Enrique K. Razon, Jr.
Chairman and Chief Executive Officer


Estella Tuason-Occena
Executive Vice President, Chief Financial Officer and Treasurer

SUBSCRIBED AND SWORN to before me this 4th day of March 2021, 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
Estella Tuason Occena	P3249678B	17 September 2019	Manila

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Page No. 73
Book No. 11
Series of 2020 2021




JEFFREY B. COLIGADO
Commission No. 283-2019
Notary Public for Paranaque City
Until June 30, 2021
1 Asean Avenue, Entertainment City
Tambo, Paranaque City 1701
Roll no. 48621
PTR No. 2575299/ January 06, 2021/Paranaque City
IBP No. 144418/January 06, 2021/Manila II Chapter

Bloomberry Resorts Corporation
*(A Subsidiary of Prime Strategic
Holdings, Inc. formerly Prime Metroline
Holdings, Inc.)*

Parent Company Financial Statements
December 31, 2020 and 2019

and

Independent Auditor's Report

FS FOR FILING WITH SEC

AFTER THE BIR HAS DULY STAMPED "RECEIVED."

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 S u b s i d i a r y o f P r i m e M e t r o l i
n e H o l d i n g s , I n c .)

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

A A F S

Department requiring the report

C R M D

Secondary License Type, If Applicable

N A

COMPANY INFORMATION

Company's Email Address

-

Company's Telephone Number

8888-8888

Mobile Number

-

No. of Stockholders

95

Annual Meeting (Month / Day)

Every Third Thursday of April

Fiscal Year (Month / Day)

December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person

Gerard Angelo Emilio J. Festin

Email Address

gerardfestin@solaireresort.com

Telephone Number/s

8883-8921

Mobile Number

-

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 the receipt of Notices of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies

BUREAU OF REVENUE
REGULAR LT AUDIT DIVISION III

RECEIVED
MAR 05 2021

LARGE TAXPAYERS SERVICE

JACOB C. SALAZAR
ADMINISTRATIVE ASSISTANT I



INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Bloomberry Resorts Corporation

Report on the Audit of the Parent Company Financial Statements

Opinion

We have audited the parent company financial statements of Bloomberry Resorts Corporation (a subsidiary of Prime Strategic Holdings, Inc.) (the Company), which comprise the parent company statements of financial position as at December 31, 2020 and 2019, and the parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for the years then ended, and notes to the parent company financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended 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 Parent Company Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the parent company 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.

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

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

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



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

Auditor's Responsibilities for the Audit of the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company 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 parent company 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 parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the parent company financial statements, including the disclosures, and whether the parent company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



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

Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010

Our audits were conducted for the purpose of forming an opinion on the parent company financial statements taken as a whole. The supplementary information required under Revenue Regulations No. 15-2010 in Note 17 to the parent company financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of Bloomberry Resorts Corporation. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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. 8534377, January 4, 2021, Makati City

March 4, 2021



BLOOMBERRY RESORTS CORPORATION
(A Subsidiary of Prime Strategic Holdings, Inc. formerly Prime Metroline Holdings, Inc.)
PARENT COMPANY STATEMENTS OF FINANCIAL POSITION

	December 31	
	2020	2019
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 4 and 13)	₱3,338,814,223	₱4,154,916,658
Receivables (Notes 5, 9 and 13)	682,589,170	7,739,329,100
Other current assets	9,619,814	7,547,506
Total Current Assets	4,031,023,207	11,901,793,264
Noncurrent Assets		
Investments in subsidiaries (Note 6)	22,757,340,017	22,488,449,813
Due from related parties (Notes 9 and 13)	7,226,779,264	1,641,382,064
Office and transportation equipment (Note 7)	9,001,713	11,219,103
Total Noncurrent Assets	29,993,120,994	24,141,050,980
	₱34,024,144,201	₱36,042,844,244
LIABILITIES AND EQUITY		
Current Liabilities		
Accrued expenses and other current liabilities (Notes 8 and 13)	₱263,105,902	₱409,575,616
Income tax payable (Note 12)	1,777,409	2,096,176
Due to related parties (Notes 9 and 13)	6,991,069,939	5,112,915,248
Total Current Liabilities	7,255,953,250	5,524,587,040
Noncurrent Liabilities		
Subscription payable (Notes 6 and 9)	1,875,000	1,875,000
Total Liabilities	7,257,828,250	5,526,462,040
Equity (Note 10)		
Capital stock	11,032,998,225	11,032,998,225
Additional paid-in capital	13,209,470,954	13,177,398,910
Treasury shares	(556,249,344)	(361,335,424)
Share-based payment plan	271,719,375	283,010,224
Retained earnings	2,808,376,741	6,384,310,269
Total Equity	26,766,315,951	30,516,382,204
	₱34,024,144,201	₱36,042,844,244

See accompanying Notes to Parent Company Financial Statements.



BLOOMBERRY RESORTS CORPORATION
(A Subsidiary of Prime Strategic Holdings, Inc. formerly Prime Metroline Holdings, Inc.)
PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2020	2019
REVENUE		
Interest income (Notes 4, 5 and 9)	₱88,693,116	₱105,088,773
Dividend income (Note 9)	–	5,439,408,000
	88,693,116	5,544,496,773
EXPENSES (Note 11)	557,177,562	339,392,239
INCOME (LOSS) BEFORE OTHER INCOME (EXPENSE) AND INCOME TAX	(468,484,446)	5,205,104,534
OTHER INCOME (EXPENSE)		
Foreign exchange losses - net (Note 13)	(363,572,448)	(337,644,192)
Others	625,000	–
INCOME (LOSS) BEFORE INCOME TAX	(831,431,894)	4,867,460,342
PROVISION FOR CURRENT INCOME TAX (Note 12)	1,777,409	2,096,176
NET INCOME (LOSS)	(833,209,303)	4,865,364,166
OTHER COMPREHENSIVE INCOME	–	–
TOTAL COMPREHENSIVE INCOME (LOSS)	(₱833,209,303)	₱4,865,364,166
Basic/Diluted Earnings (Loss) Per Share (Note 15)		
Basic	(₱0.076)	₱0.442
Diluted	(₱0.076)	₱0.440

See accompanying Notes to Parent Company Financial Statements.



BLOOMBERRY RESORTS CORPORATION
(A Subsidiary of Prime Strategic Holdings, Inc. formerly Prime Metroline Holdings, Inc.)
PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	Capital Stock (Note 10)	Additional Paid-in Capital (Note 10)	Treasury Shares (Note 10)	Share-based Payment Plan (Note 10)	Retained Earnings	Total
Balances at January 1, 2020	₱11,032,998,225	₱13,177,398,910	(₱361,335,424)	₱283,010,224	₱6,384,310,269	₱30,516,382,204
Net loss	-	-	-	-	(833,209,303)	(833,209,303)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	(833,209,303)	(833,209,303)
Issuance of treasury shares for share-based payments (Note 10)	-	32,072,044	248,109,009	(280,181,053)	-	-
Share-based payments (Note 10)	-	-	-	268,890,204	-	268,890,204
Acquisition of treasury shares (Note 10)	-	-	(443,022,929)	-	-	(443,022,929)
Dividend declaration (Note 10)	-	-	-	-	(2,742,724,225)	(2,742,724,225)
Balances at December 31, 2020	₱11,032,998,225	₱13,209,470,954	(₱556,249,344)	₱271,719,375	₱2,808,376,741	₱26,766,315,951
Balances at January 1, 2019	₱11,032,998,225	₱13,190,772,187	(₱185,406,175)	₱226,349,784	₱3,172,919,103	₱27,437,633,124
Net income	-	-	-	-	4,865,364,166	4,865,364,166
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	4,865,364,166	4,865,364,166
Issuance of treasury shares for share-based payments (Note 10)	-	(13,373,277)	261,640,763	(248,267,486)	-	-
Share-based payments (Note 10)	-	-	-	304,927,926	-	304,927,926
Acquisition of treasury shares (Note 10)	-	-	(437,570,012)	-	-	(437,570,012)
Dividend declaration (Note 10)	-	-	-	-	(1,653,973,000)	(1,653,973,000)
Balances at December 31, 2019	₱11,032,998,225	₱13,177,398,910	(₱361,335,424)	₱283,010,224	₱6,384,310,269	₱30,516,382,204

See accompanying Notes to Parent Company Financial Statements.



BLOOMBERRY RESORTS CORPORATION
(A Subsidiary of Prime Strategic Holdings, Inc. formerly Prime Metroline Holdings, Inc.)
PARENT COMPANY STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	(₱831,431,894)	₱4,867,460,342
Adjustments for:		
Unrealized foreign exchange losses - net (Note 13)	363,572,448	337,644,192
Interest income (Notes 4, 5 and 9)	(88,693,116)	(105,088,773)
Depreciation (Notes 7 and 11)	4,350,063	3,864,001
Dividend income (Notes 6 and 9)	–	(5,439,408,000)
Operating loss before working capital changes	(552,202,499)	(335,528,238)
Decrease (increase) in:		
Receivables	146,628,205	(20,968,046)
Other current assets	(2,072,308)	(2,085,812)
Increase (decrease) in:		
Accrued expenses and other current liabilities	(138,083,193)	(11,551,290)
Due to related parties (Notes 9 and 13)	3,560,471,081	3,834,495,613
Net cash generated from operations	3,014,741,286	3,464,362,227
Income tax paid	(2,096,176)	(1,940,904)
Interest received	447,645	279,959
Net cash provided by operating activities	3,013,092,755	3,462,701,282
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in due from a related party (Note 14)	(623,730,408)	(1,295,049,433)
Purchase of office and transportation equipment (Note 7)	(2,132,673)	(3,791,072)
Additions to investments in subsidiaries (Note 6)	–	(23,312,000)
Net cash used in investing activities	(625,863,081)	(1,322,152,505)
CASH FLOWS FROM FINANCING ACTIVITIES		
Acquisition of treasury shares (Note 10)	(443,022,929)	(437,570,012)
Payment of cash dividends (Notes 8 and 10)	(2,743,274,746)	(1,654,901,193)
Net cash used in financing activities	(3,186,297,675)	(2,092,471,205)
EFFECT OF FOREIGN EXCHANGE RATE		
CHANGES ON CASH	(17,034,434)	(672,746)
NET INCREASE (DECREASE) IN CASH	(816,102,435)	47,404,826
CASH AT BEGINNING OF YEAR	4,154,916,658	4,107,511,832
CASH AT END OF YEAR	₱3,338,814,223	₱4,154,916,658

See accompanying Notes to Parent Company Financial Statements.



BLOOMBERRY RESORTS CORPORATION
(A Subsidiary of Prime Strategic Holdings, Inc. formerly Prime Metroline Holdings, Inc.)

NOTES TO PARENT COMPANY FINANCIAL STATEMENTS

1. Organization and Business

Bloomberry Resorts Corporation (referred to as “Bloomberry” or the “Company”), was incorporated in the Philippines and registered with the Securities and Exchange Commission (“SEC”) on May 3, 1999. The Company’s primary purpose is to subscribe, acquire, hold, sell, assign or dispose of 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 Company has lawful interest.

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

As of December 31, 2020 and 2019, Prime Strategic Holdings, Inc. (“PSHI” formerly Prime Metroline Holdings, Inc.) is the Company’s parent company.

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

The parent company financial statements have been approved and authorized for issuance by the Board of Directors (“BOD”) on March 4, 2021.

2. Summary of Significant Accounting Policies and Disclosures

Basis of Preparation

The parent company financial statements have been prepared under the historical cost basis. The parent company financial statements are presented in Philippine Peso, the functional and presentation currency of the Company, and all values are rounded to the nearest peso, except when otherwise indicated.

Bloomberry’s parent company financial statements, which are prepared for submission to the SEC and Bureau of Internal Revenue (“BIR”), have been prepared in conformity with Philippine Financial Reporting Standards (“PFRS”). 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 Company also prepares and issues consolidated financial statements for the same period as the parent company financial statements in accordance with PFRS 10, *Consolidated Financial Statements*. The consolidated financial statements can be obtained at its registered office address (see Note 1).



Changes in Accounting Policies and Disclosures

The Company's accounting policies are consistent with those of the previous financial year, except for the adoption of the following new accounting pronouncements effective as at January 1, 2020.

Unless otherwise indicated, adoption of these new standards did not have an impact on the financial statements of the Company.

- Amendments to PFRS 3, *Business Combinations, Definition of a Business*

The amendments to PFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs.

These amendments may impact future periods should the Company enter into any business combinations.

- Amendments to PFRS 7, *Financial Instruments: Disclosures* and PFRS 9, *Financial Instruments, Interest Rate Benchmark Reform*

The amendments to PFRS 9 provide a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*

The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.”

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

- Conceptual Framework for Financial Reporting issued on March 29, 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the standard-setters in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.



The revised Conceptual Framework includes new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

▪ Amendments to PFRS 16, *COVID-19-related Rent Concessions*

The amendments provide relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:

- The rent concession is a direct consequence of COVID-19;
- The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
- There is no substantive change to other terms and conditions of the lease.

A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

The amendments are effective for annual reporting periods beginning on or after June 1, 2020. Early adoption is permitted.

These amendments have no impact on the parent company financial statements.

Standards Issued But Not Yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Company does not expect that the future adoption of the said pronouncements will have a significant impact on its parent company financial statements. The Company intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2021

▪ Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform - Phase 2*

The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):

- Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
- Relief from discontinuing hedging relationships
- Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component



The Company shall also disclose information about:

- The about the nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
- Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

The amendments are effective for annual reporting periods beginning on or after January 1, 2021 and apply retrospectively, however, the Company is not required to restate prior periods.

These amendments have no impact on the parent company financial statements.

Effective beginning on or after January 1, 2022

▪ Amendments to PFRS 3, *Reference to the Conceptual Framework*

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential ‘day 2’ gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively.

▪ Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*

The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

▪ Amendments to PAS 37, *Onerous Contracts - Costs of Fulfilling a Contract*

The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.



The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

▪ *Annual Improvements to PFRSs 2018-2020 Cycle*

- *Amendments to PFRS 1, First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted.

- *Amendments to PFRS 9, Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities*

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

These amendments are not expected to have material impact on the Company.

- *Amendments to PAS 41, Agriculture, Taxation in fair value measurements*

The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted.



Effective beginning on or after January 1, 2023

▪ Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively.

The Company is currently assessing the impact the amendments will have on current practice.

▪ 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, 2023, with comparative figures required. Early application is permitted.

The amendments are not applicable to the Company since the Company has no 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 Company.

The Company has not early adopted the previously mentioned pronouncements. The Company continues to assess the impact of the above new pronouncements effective subsequent to December 31, 2020 on its parent company financial statements in the period of initial application. Additional disclosures required by these new pronouncements will be included in the parent company financial statements when these pronouncements are adopted.

Significant Accounting Policies

Current versus Noncurrent Classification

The Company presents assets and liabilities in the parent company 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 12 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 Company classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

Cash and Cash Equivalents

Cash includes cash on hand and in banks. 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 Company and earn interest at the prevailing short-term investment rates.



Fair Value Measurement

Fair value related disclosures for financial instruments where fair values are disclosed are summarized in Note 13.

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. A fair value measurement assumes 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 Company.

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 Company 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 parent company 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 parent company financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing 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

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 amortized cost, fair value through other comprehensive income (“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 Company’s business model for managing them. The Company 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 that are attributable to the acquisition of the financial assets.

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 Company’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 Company 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 Company. The Company 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 (“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 Company’s cash and cash equivalents, receivables and due from a related party are included in this category as of December 31, 2020 and 2019.



Financial assets at fair value through OCI (debt instruments)

The Company 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.

As of December 31, 2020 and 2019, the Company has no financial assets at FVOCI.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company 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 Company 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.

As of December 31, 2020 and 2019, the Company has no financial assets at FVOCI.

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 parent company statement of financial position at fair value with net changes in fair value recognized in the parent company statement of comprehensive income.

The Company has not designated any financial assets at FVPL.



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 when:

- The rights to receive cash flows from the asset expires
- The Company 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;
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the or asset.

When the Company 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 Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company 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 Company 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 Company could be required to repay.

Impairment of financial assets

The Company recognizes ECLs 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 Company 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).



The Company applies a general approach in calculating ECLs. The Company 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 financial assets since initial recognition.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. 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 Company's financial liabilities include accrued expenses and other current liabilities (excluding statutory payables) and due to related parties.

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. 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 profit or loss.

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 parent company has not designated any financial liability as at fair value through profit or loss.

The Company has no financial liability at FVPL as of December 31, 2020 and 2019.

Loans and borrowings

This is the category most relevant to the Company. 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 profit or loss.



This category includes accrued expenses and other current liabilities (excluding statutory payables) and due to related parties as of December 31, 2020 and 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 profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the parent company 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 Company 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 Company and all of the counterparties.

Prepaid Expenses

Prepaid expenses, presented as part of "Other current assets" account, in the parent company statement of financial position are carried at cost and are amortized on a straight-line basis over the period of expected usage, which is equal to or less than 12 months or within the normal operating cycle.

Office and Transportation Equipment

Office and transportation equipment are carried at cost, excluding the costs of day-to-day servicing, less accumulated depreciation, amortization and any impairment in value.

The initial cost of office and transportation equipment comprises its purchase price and any directly attributable costs in bringing the office and transportation equipment to its working condition and location for its intended use. Expenditures incurred after the office and transportation equipment have been put into operations, are normally charged to 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 office and transportation equipment beyond its originally assessed standard of performance, such expenditures are capitalized as additional costs of office and transportation 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 parent company statement of comprehensive income of such period.

The useful lives and depreciation method are reviewed at least at each financial year-end to ensure that the periods and method of depreciation is consistent with the expected pattern of economic benefits from items of office and transportation equipment.

Depreciation is computed using the straight-line method over the following estimated useful lives of the assets:

Office furniture and fixtures	5 years
Transportation equipment	5 years
Office and communication equipment	3 years



Investments in Subsidiaries

Investment in subsidiaries (entity over which the Company controls) is accounted for under the cost method of accounting in the parent company financial statements. The investment is carried in the parent company statement of financial position at cost less any impairment in value. The Company recognizes income from the investment only to the extent that the Company receives distributions from accumulated profits of the subsidiaries arising after the date of acquisition.

Distributions received in excess of such profits are regarded as recovery of investment and are recognized as a reduction of the cost of the investment.

Impairment of Nonfinancial Assets

The Company assesses at each reporting date whether there is any indication that its nonfinancial assets may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Company makes a formal estimate of the recoverable amount. Recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is assessed as part of the cash generating unit to which it belongs. Where the carrying amount of an asset 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 assessments of the time value of money and the risks specific to the asset. In determining fair value less cost of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

An impairment loss is charged to operations in the year in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is charged to the revaluation increment of the said asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. 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. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation and amortization expense is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

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.

Treasury shares are the 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 parent company statement of comprehensive income on the purchase, sale, reissuance or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration upon reissuance or cancellation of shares is recognized as additional paid-in capital.



Retained earnings represent the Company's cumulative net earnings, net of dividends declared.

Share-based Payment Plan

Certain qualified officers and employees of the Company and subsidiaries receive remuneration for their services in the form of equity shares of the Company ("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 Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in profit or loss 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.

The cost of the Company's equity-settled transaction with the employees of its subsidiary is recognized as a contribution from the Company and is presented as part of "Investments in subsidiaries".

Foreign Currency Transactions and Translations

The parent company financial statements are presented in Philippine Peso. The Philippine Peso is the currency of the primary economic environment in which the Company operates. Transactions in foreign currencies are initially recorded in the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional closing rate of exchange prevailing at the end of the reporting period. All differences are recognized in the parent company statement of comprehensive income.

Revenue

Revenue is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

The following specific recognition criteria must also be met before revenue is recognized:

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 in bank, receivables from officers and employees and due from related parties.

Dividend income

Revenue is recognized when the Company's right to receive the payment is established, which is generally when the board of directors approved the dividend declaration.



Costs and Expenses

Costs and expenses are recognized in the parent company statement of comprehensive income upon utilization of the service or at the date they are incurred.

Provisions

Provisions are recognized when the Company 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 Company 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 parent company 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.

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.

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 income 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) with respect to 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, carryforward benefit of unused tax credits from unused net operating loss carry-over ("NOLCO") and excess minimum corporate income tax ("MCIT") over regular corporate income tax 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) with respect to 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)

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 taxation 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.
- When receivables and payables 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 receivables or payables in the parent company statement of financial position.

Contingencies

Contingent liabilities are not recognized in the parent company 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 parent company financial statements but are disclosed in the notes to parent company 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 Company's financial position at the end of the reporting period (adjusting events) are reflected in the parent company financial statements. Post year-end events that are not adjusting events are disclosed in the notes to parent company financial statements when material.

Earnings (Loss) Per Share

The Company 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 Company 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 Company'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 Company 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. Such business segment is the basis upon which the Company reports its operating segment information.

The Company's performance is not measured as a standalone entity but on a consolidated basis.

On a consolidated basis, management monitors operating results based on geographical locations separately for the purpose of making decision about resource allocation and performance assessment. Financial information on segment reporting is presented in Note 16.

3. **Management's Use of Judgments, Estimates and Assumptions**

The preparation of the parent company financial statements in conformity with PFRS requires the Company 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 Company'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 parent company financial statements.

Definition of Default and Credit-Impaired Financial Assets. The Company 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, i.e. principal and/or interest, which is consistent with the Company'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 Company, for economic or contractual reasons relating to the borrower's financial difficulty
 - 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 Company 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 Company's ECL calculation.



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 Company 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.

The carrying amount of receivables and due from a related party amounted to ₱682.6 million and ₱7,226.8 million, respectively, as of December 31, 2020; and ₱7,739.3 million and ₱1,641.4 million, respectively, as of December 31, 2019.

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 parent company financial statements within the next financial year are discussed as follows:

Impairment of Nonfinancial Assets. An impairment review is performed when certain impairment indicators are present. Nonfinancial assets are subject to annual impairment test or whenever there is a strong indication that the assets will be impaired. The Company recognizes an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is computed using the value in use approach or based on the fair values using the latest sales price available in the market. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

Management is required to make estimates and assumptions to determine the recoverable amounts. While the Company believes that the assumptions used are reasonable and appropriate, these estimates and assumptions can materially affect the parent company 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 Company's financial condition and results of operations.

There were no impairment losses recognized for the years ended December 31, 2020 and 2019.

The carrying values of nonfinancial assets subject to impairment review are as follows:

	2020	2019
Investments in subsidiaries (see Note 6)	₱22,755,465,017	₱22,486,574,813
Office and transportation equipment (see Note 7)	9,001,713	11,219,103
	₱22,764,466,730	₱22,497,793,916

Recognition of Deferred Tax Assets. The Company reviews the carrying amounts at the end of each reporting period and reduce these 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 Company's assessment on the recognition of deferred tax assets on deductible temporary differences, unused NOLCO and excess MCIT 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 Company will generate sufficient taxable income to allow all or part of its deferred tax assets to be utilized.

In 2020 and 2019, the Company did not recognize deferred tax asset on unused NOLCO and MCIT since management believes that it is not probable that taxable profit will be available against which this deferred tax asset can be utilized. The Company has NOLCO and excess MCIT for which no deferred tax assets have been recognized amounting to ₱430.8 million and ₱5.8 million, respectively, as of December 31, 2020; and ₱526.1 million and ₱5.6 million, respectively, as of December 31, 2019 (see Note 12).

4. Cash and Cash Equivalents

This account consists of:

	2020	2019
Cash on hand	₱194,500	₱194,500
Cash in banks	121,969,723	149,722,158
Temporary cash investments	3,216,650,000	4,005,000,000
	₱3,338,814,223	₱4,154,916,658

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 Company and earn interest at the prevailing short-term investment rates.

Interest income earned from cash and cash equivalents amounted to ₱0.4 million and ₱0.3 million in 2020 and 2019, respectively.

5. Receivables

This account consists of:

	2020	2019
Due from related parties (see Note 9)	₱1,883,244,581	₱7,464,294,789
Receivables from officers and employees (see Note 9)	30,624,513	38,590,759
Dividend receivable (see Notes 9 and 13)	-	1,604,912,387
Others	46,460,882	30,519,391
	1,960,329,976	9,138,317,326
Less allowance for doubtful accounts (see Note 9)	1,277,740,806	1,398,988,226
	₱682,589,170	₱7,739,329,100

Receivables from officers and employees primarily pertain to cash advances which are normally settled within one year through salary deduction (see Note 9). Interest income earned from receivables from officers and employees recognized in the parent company statements of comprehensive income amounted to ₱0.8 million and ₱1.2 million in 2020 and 2019, respectively.



The following table shows the rollforward of allowance for doubtful accounts:

	2020	2019
Allowance for doubtful accounts, beginning	₱1,398,988,226	₱1,398,988,226
Revaluation	(121,247,420)	-
Allowance for doubtful accounts, ending	₱1,277,740,806	₱1,398,988,226

6. Investments in Subsidiaries

This account consists of:

	2020	2019
Sureste	₱19,685,942,721	₱19,417,052,517
Solaire Korea	2,793,904,457	2,793,904,457
G&L	252,299,983	252,299,983
BRJ	22,687,000	22,687,000
BCTI	2,500,000	2,500,000
Bloom Capital B.V.	5,856	5,856
	₱22,757,340,017	₱22,488,449,813

a. Sureste Properties, Inc. (“Sureste”)

Sureste and its wholly owned subsidiary, BRHI, operate an integrated casino, hotel and entertainment complex which commenced commercial operations in March 2013.

In February 2012, PSHI sold 58,654,967 Sureste shares or equivalent to 100% of its ownership interest in Sureste to the Company for ₱1 per share or an aggregate amount of ₱5,865.5 million. In 2020 and 2019, the Company recognized additional investment in Sureste for stock awards granted to employees of Sureste and its subsidiary, BRHI, amounting to ₱268.9 million and ₱304.9 million, respectively (see Notes 9 and 10). As of December 31, 2020 and 2019, total additional equity in Sureste amounted to ₱13,820.4 million and ₱13,551.5 million, respectively. As of December 31, 2020 and 2019, the Company effectively owns 100% of the outstanding shares of Sureste.

Sureste declared dividends to the Company amounting to nil and ₱5,439.4 million in 2020 and 2019, respectively.

b. Solaire Korea Co., Ltd. (“Solaire Korea”)

In December 2014, Solaire Korea was established by Bloomberry to hold the Company’s investment in the leisure and entertainment business in the Republic of Korea for ₱90.1 million. In 2015, the Company made additional equity in Solaire Korea amounting to ₱2,703.8 million. On March 8, 2016, Solaire Korea subscribed to 80% of the outstanding shares in Muui Agricultural Corporation. As of December 31, 2020 and 2019, the Company has 100% ownership interest in Solaire Korea.



c. Golden & Luxury Co., Ltd. (“G&L”)

G&L is a hotel and casino operator in Jeju Island 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 additional 18.97% of G&L bringing its ownership in G&L to 96.23%. On August 20, 2015, Bloomberry acquired 10.00% direct ownership in G&L from Solaire Korea for ₱252.3 million. As of December 31, 2020 and 2019, the Company effectively owns 96.23% of the outstanding shares of G&L.

d. Bloom Capital B.V.

Bloom Capital B.V is a financial holding entity incorporated in the Netherlands as a private company with limited liability under the Dutch law in November 2013. On November 21, 2013, the Company subscribed to 60% of the capital stock of Bloom Capital B.V. at par value of EUR10 (₱585.58) per share or an aggregate amount of EUR60 (₱3,513). On October 23, 2014, the Company acquired the remaining 40% shares of Bloom Capital B.V. at a consideration amounting to ₱2,343. As of December 31, 2020 and 2019, the Company has 100% ownership interest in Bloom Capital B.V.

e. 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. The Company subscribed to 100% of the capital stock of BCTI at par value of ₱1 per share or an aggregate amount of ₱2.5 million. Out of the total subscription, ₱0.6 million was paid by the Company and the remaining balance of ₱1.9 million is presented as subscription payable to BCTI (see Note 9).

f. Bloomberry Resorts Japan (“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.

7. Office and Transportation Equipment

	2020			
	Office Furniture and Fixtures	Transportation Equipment	Office and Communication Equipment	Total
Cost				
Balance at beginning of year	₱1,064,769	₱16,584,390	₱3,282,588	₱20,931,747
Additions	558,153	1,270,000	304,520	2,132,673
Balance at end of year	1,622,922	17,854,390	3,587,108	23,064,420
Accumulated Depreciation				
Balance at beginning of year	₱604,210	₱6,950,270	₱2,158,164	₱9,712,644
Depreciation (see Note 11)	315,391	3,301,697	732,975	4,350,063
Balance at end of year	919,601	10,251,967	2,891,139	14,062,707
	₱703,321	₱7,602,423	₱695,969	₱9,001,713



2019				
	Office Furniture and Fixtures	Transportation Equipment	Office and Communication Equipment	Total
Cost				
Balance at beginning of year	₱671,920	₱13,803,140	₱2,665,615	₱17,140,675
Additions	392,849	2,781,250	616,973	3,791,072
Balance at end of year	1,064,769	16,584,390	3,282,588	20,931,747
Accumulated Depreciation				
Balance at beginning of year	390,120	4,016,818	1,441,705	5,848,643
Depreciation (see Note 11)	214,090	2,933,452	716,459	3,864,001
Balance at end of year	604,210	6,950,270	2,158,164	9,712,644
	₱460,559	₱9,634,120	₱1,124,424	₱11,219,103

8. Accrued Expenses and Other Current Liabilities

This account consists of:

	2020	2019
Accrued outside services and charges	₱144,806,000	₱322,799,882
Provision for contingencies	111,602,149	81,067,156
Statutory payables	2,924,993	1,189,504
Accrued professional fees	1,989,122	2,865,307
Dividends payable	-	550,521
Others	1,783,638	1,103,246
	₱263,105,902	₱409,575,616

Accrued expenses and dividends payable are normally settled within one year.

Provision for contingencies consists substantially of probable claims involving the Company. The timing of cash outflow of these provisions is uncertain as it depends upon the outcome of the Company's negotiations which are currently ongoing with the parties involved. Disclosure of additional details beyond the present disclosure may seriously prejudice the Company's position and negotiating strategy. Thus, as allowed by PAS 37, only general descriptions were provided. In 2020 and 2019, additional provision for contingencies amounted to ₱30.5 million, and nil, respectively.

Statutory payables consist of withholding taxes payable and dues to various government agencies which are normally settled the following year.

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 Company; (b) subsidiaries; and (c) individuals owning, directly or indirectly, an interest in the voting power of the Company that give them significant influence over the Company and close members of the family of any such individual.

Related party receivables and payables are generally settled in cash.



Related party balances are as follows:

Related Party	Nature/Terms of Transaction	Transaction Amounts		Outstanding Receivable (Payable)	
		2020	2019	2020	2019
Sureste, <i>subsidiary</i>	Additional investment through shared-based payment plan (see Notes 6 and 10)	₱268,890,204	₱304,927,926	₱-	₱-
	Dividend income (see Note 5 and 6)	-	5,439,408,000	-	1,604,912,387
	Noninterest-bearing and unsecured cash advances;	1,136,209,444	2,282,578,796	(473,573,260)	(942,276,203)
BRHI, <i>subsidiary through Sureste</i>	Noninterest-bearing and unsecured cash advances	2,346,857,634	1,551,916,815	(6,517,496,679)	(4,170,639,045)
Solaire Korea, <i>subsidiary</i>	Noninterest-bearing and unsecured cash advances; no impairment (see Note 5)	(60,452,270)	-	114,033,191	174,485,461
	Interest-bearing at 1% per annum and unsecured loan (see Note 5):				
	Principal	-	-	106,663,375	4,727,410,188
	Interest	26,409,796	44,190,610	2,508,521	219,297,511
	Interest-bearing at 1% per annum and unsecured loan - net of current portion:				
Principal	101,433,892	23,953,182	5,860,557,073	1,220,538,121	
Interest	23,368,579	16,620,612	49,433,884	21,353,103	
G&L, <i>subsidiary</i>	Noninterest-bearing and unsecured cash advances; no impairment (see Note 5)	(16,951,733)	14,334,154	109,506,436	126,458,169
	Interest-bearing at 3% per annum and unsecured loan (with impairment allowance of ₱1,278.0 million and ₱1,399 million in 2020 and 2019, respectively) (see Note 5):				
	Principal	-	-	1,525,971,073	2,152,170,364
	Interest	29,757,183	42,804,630	8,287,117	54,075,244
	Interest-bearing at 3% per annum and unsecured loan - net of current portion:				
Principal	343,652,588	23,953,182	1,285,726,831	365,750,074	
Interest	7,952,060	-	31,061,476	33,740,765	
Bloom Capital B.V., <i>subsidiary</i>	Noninterest-bearing and unsecured cash advances; no impairment (see Note 5)	-	-	9,988,300	10,397,853
BCTI, <i>Subsidiary</i>	Subscription payable (see Note 6)	-	-	(1,875,000)	(1,875,000)
Bloomerry Resorts Japan., <i>subsidiary</i>	Noninterest-bearing and unsecured cash advances; no impairment (see Note 5)	6,285,950	-	6,285,950	-
Key management personnel	Interest-bearing and unsecured cash advances to be settled through salary deduction within 1 year (see Note 5)	-	3,000,000	7,251,394	7,251,394
Total due from related parties*				₱1,883,244,581	₱7,464,294,789
Total subscription payable**				(₱1,875,000)	(₱1,875,000)
Total dividend receivable*				₱-	₱1,604,912,387
Total receivables from officers and employees*				₱7,251,394	₱7,251,394
Total due from a related party - net of current portion**				₱7,226,779,264	₱1,641,382,064
Total due to related parties**				(₱6,991,069,939)	(₱5,112,915,248)

*Presented under "Receivables" account

**Presented separately in the parent company statements of financial position

Other information on related party transactions follows:

- a. In 2020, the Company's payable to Solaire Korea and G&L amounting to ₱60.5 million and ₱17.0 million, respectively, was offset against the Company's receivable from Solaire Korea and G&L, reducing the Company's receivable from Solaire Korea and G&L to ₱114.0 million and ₱109.5 million, respectively, as of December 31, 2020.
- b. In 2020, loan advances to Solaire Korea and G&L amounting to ₱4,620.7 million and ₱626.2 million, respectively, were renewed and reclassified from current to noncurrent portion.



- c. In 2019, the Company's payable to Sureste and BRHI amounting to ₱2,282.6 million and ₱1,551.9 million, respectively, was offset against the Company's dividend receivable from Sureste amounting to ₱5,439.4 million (as partial settlement of Sureste's dividend receivable from BRHI), reducing the Company's payable to Sureste and BRHI to ₱942.3 million and ₱4,170.6 million, respectively, as of December 31, 2019. In 2020, the remaining balance of dividend receivable from Sureste amounting to ₱1,604.9 million was offset against the Company's outstanding payable to Sureste, reducing the Company's payable to Sureste to ₱473.6 million as of December 31, 2020.
- d. In 2020 and 2019, compensation paid to key management personnel amounted to ₱11.7 million and ₱7.2 million, respectively.

10. Equity

Capital Stock

Capital stock consists of:

	2020		2019	
	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	10,959,746,900	10,476,748,881	10,999,346,901	10,671,662,801

The rollforward of the outstanding number of common shares follows:

	Shares	Amount	Shares	Amount
Balance at beginning of year	10,999,346,901	₱10,671,662,801	11,013,711,155	₱10,847,592,050
Net movement in treasury shares	(39,600,001)	(194,913,920)	(14,364,254)	(175,929,249)
Balance at end of year	10,959,746,900	₱10,476,748,881	10,999,346,901	₱10,671,662,801

Stock Incentive Plan

The Stockholders of Bloomberry approved on June 25, 2012 a Stock Incentive Plan ("SIP") for directors, officers, and employees of Bloomberry, Sureste and BRHI (herein referred to as the "Group"), effective for a period of 10 years unless extended by the BOD. The Participants to the SIP are: permanent and regular employees of the Company or its affiliates with at least one year tenure; officers and directors of the Company; officers and directors of affiliates of the Company; and other persons who have contributed to the success and profitability of the Company 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 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. Originally, 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. Shares awarded in May 15, 2020 shall now vest in three years: 25% on the first anniversary date of the award; 25% on the second



anniversary date of the award; and the remaining 50% on the third 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 the Company, 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 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
May 16, 2018*	22,716,446	₱12.66
June 8, 2018*	91,068	11.40
August 1, 2018*	105,987	9.00
March 18, 2019*	25,465,791	11.62
May 15, 2020*	66,985,802	5.40

*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:

	2020	2019
Balance at beginning of year	35,955,554	35,578,643
Stock awards granted	67,965,031	25,361,561
Stock awards vested	(23,165,389)	(24,166,621)
Stock awards of resigned/terminated employees	(844,257)	(818,029)
Balance at end of year	79,910,939	35,955,554

Amount recognized for stock awards granted to certain officers and employees of the Company’s subsidiaries in 2020 and 2019 amounting to ₱268.9 million and ₱304.9 million, respectively, are recognized as part of “Investments in subsidiaries” (see Note 6). Reduction in share-based payment plan and treasury shares arising from the issuance of treasury shares for vested stock awards amounted to ₱280.2 million and ₱248.1 million, respectively, in 2020; and ₱248.3 million and ₱261.6 million, respectively, in 2019. Such issuance of treasury shares resulted to increase in additional paid-in capital amounting to ₱32.1 million in 2020 and decrease in additional paid-in capital amounting to ₱13.4 million in 2019.

The stock incentive obligation recognized as “Share-based payment plan” in the parent company statements of financial position amounted to ₱271.7 million and ₱283.0 million as of December 31, 2020 and 2019, respectively.



Treasury Shares

The movement in treasury shares follows:

	2020		2019	
	Shares	Amount	Shares	Amount
Balance beginning of year	33,651,324	₱361,335,424	19,287,070	₱185,406,175
Acquisitions	62,765,390	443,022,929	38,530,875	437,570,012
Issuance for share-based payments	(23,165,389)	(248,109,009)	(24,166,621)	(261,640,763)
Balance at end of year	73,251,325	₱556,249,344	33,651,324	₱361,335,424

In 2020 and 2019, a total of 23,165,389 and 24,166,621 treasury shares, respectively, were reissued for vested stock awards.

Set out below is Bloomberg's track record of issuance of its securities:

Date of Approval	Number of Shares		Issue/ Offer Price
	Authorized	Issued/ Subscribed	
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, 2020 and 2019, Bloomberg has total shareholders of 95 and 94, 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).

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 ₱2,742.7 million to stockholders on record as of March 23, 2020 and was paid on March 31, 2020.

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.



11. Expenses

This account consists of:

	2020	2019
Outside services and charges	₱311,943,853	₱172,433,738
Taxes and licenses	91,917,665	2,468,006
Salaries and benefits	61,645,794	80,449,970
Communication and transportation	61,204,650	56,455,279
Depreciation (see Note 7)	4,350,063	3,864,001
Advertising and promotions	1,642,170	1,913,058
Office, insurance and other expenses	667,124	2,568,451
Utilities	652,551	1,056,547
Others	23,153,692	18,183,189
	₱557,177,562	₱339,392,239

12. Income Taxes

The Company's provision for current income tax in 2020 and 2019 represents MCIT.

The reconciliation of provision for income tax computed at statutory income tax rate to actual provision for income tax as shown in the parent company statements of comprehensive income follows:

	2020	2019
Income tax computed at statutory tax rate of 30%	(₱249,429,567)	₱1,460,238,103
Tax effects of:		
Change in unrecognized deferred tax assets	241,085,133	172,198,715
Nondeductible expenses	10,256,137	2,732,418
Interest income subject to final tax	(134,294)	(83,988)
Dividend income	-	(1,631,822,400)
Others	-	(1,166,672)
	₱1,777,409	₱2,096,176

The components of the Company's recognized deferred tax assets and liability are as follows:

	2020	2019
Deferred tax assets:		
NOLCO	₱97,949,844	₱157,839,347
Unrealized foreign exchange loss	26,618,125	7,805,800
Allowance for impairment	-	63,508,796
MCIT	-	5,634,125
	124,567,969	234,788,068
Deferred tax liability:		
Unrealized foreign exchange gain	(124,567,969)	(234,788,068)
	₱-	₱-



The Company has the following temporary differences, NOLCO and MCIT, for which no deferred tax asset was recognized:

	2020	2019
Allowance for impairment loss	₱1,277,740,806	₱584,327,536
NOLCO	430,836,230	526,131,156
Unrealized foreign exchange loss - net	109,576,738	-
Provision for contingencies	95,320,820	-
MCIT	5,814,489	5,634,125
	₱1,919,289,083	₱1,116,092,817

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of “Bayanihan to Recover As One Act” which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

As of December 31, 2020, the Company has incurred NOLCO before taxable year 2020 which can be claimed as deduction from the regular taxable income for the next three (3) consecutive taxable years, as follows:

Year Incurred	Availment period	NOLCO Applied Previous Year/s Amount	NOLCO Applied Current Year	NOLCO Expired	Balance
2019	2020 -2022	₱229,354,273	₱-	₱-	₱229,354,273
2018	2020 -2021	119,517,551	-	-	119,517,551
2017	2020	177,259,332	-	(177,259,332)	-
		₱526,131,156	₱-	(₱177,259,332)	₱348,871,824

As of December 31, 2020, the Company has incurred NOLCO in taxable year 2020 which can be claimed as deduction from the regular taxable income for the next 5 consecutive taxable years pursuant to the Bayanihan to Recover As One Act, as follows:

Year Incurred	Availment period	NOLCO Applied Previous Year/s Amount	NOLCO Expired	NOLCO Applied Current Year	NOLCO Unapplied
2020	2021 - 2025	₱408,463,888	₱-	₱-	₱408,463,888

As of December 31, 2020, 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
2020	2023	₱1,777,409	₱-	₱-	₱1,777,409
2019	2022	2,096,176	-	-	2,096,176
2018	2021	1,940,904	-	-	1,940,904
2017	2020	1,597,045	-	(1,597,045)	-
		₱7,411,534	₱-	(₱1,597,045)	₱5,814,489



13. Financial Assets and Liabilities and Financial Risk Management Objectives and Policies

Fair Value

The carrying values of cash, receivables, accrued expenses and other current liabilities (except statutory payables) and due to related parties approximate the fair values at reporting date due to the relatively short-term nature of the transactions.

The estimated fair value of due from a related party amounted to ₱7,248.8 million and ₱6,104.2 million as of December 31, 2020 and 2019, respectively, based on the discounted value of future cash flows using the applicable BVAL rates ranging from 2.08% to 2.78% for December 31, 2020 and BVAL rates ranging from 3.47% to 3.63% for December 31, 2019.

Offsetting of Financial Assets and Financial Liabilities

The following table set forth the offsetting of financial assets and liabilities recognized as of December 31, 2020:

	Gross amount of recognized financial assets and liabilities	Gross amounts of recognized financial assets and liabilities set off in the parent company statements of financial position	Net amount presented in the parent company statements of financial position
December 31, 2020			
Assets:			
Due from related parties	₱1,960,648,584	(₱77,404,003)	₱1,883,244,581
Dividends receivable	1,604,912,387	(1,604,912,387)	–
Liability -			
Due to related parties	8,673,386,329	(1,682,316,390)	6,991,069,939
December 31, 2019			
Asset -			
Dividends receivable	5,439,408,000	(3,834,495,611)	1,604,912,387
Liability -			
Due to related parties	8,947,410,861	(3,834,495,611)	5,112,915,248

Financial Risk Management Objectives and Policies

The Company's principal financial instruments consist of cash. The Company has other financial assets and financial liabilities such as receivables, due from a related party, accrued expenses and other current liabilities (excluding statutory payables) and due to related parties.

The main risks arising from the Company's financial instruments are 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.

Foreign Exchange Risk

Foreign exchange risk is the risk that the value of the Company's financial instrument will fluctuate due to changes in foreign exchange rate. The Company has recognized in the parent company statements of comprehensive income net unrealized foreign exchange losses on the revaluation of its US Dollar-denominated cash in banks and due from related parties (including due from related parties classified as current presented under "Receivables" account) amounting to ₱363.6 million and ₱337.6 million in 2020 and 2019, respectively.



The Company's foreign currency-denominated monetary assets as of December 31, 2020 and 2019 and their Philippine Peso equivalents follow:

	USD	Peso Equivalent
December 31, 2020		
Financial assets:		
Cash in banks	\$1,407,360	₱67,581,427
Due from related parties*	189,707,786	9,109,767,884
Net foreign currency-denominated financial assets	\$191,115,146	₱9,177,349,311

*Including due from related parties classified as current presented under "Receivables" account and due from a related party presented separately in the noncurrent section of the parent company statements of financial position

	USD	Peso Equivalent
December 31, 2019		
Financial assets:		
Cash in banks	\$1,348,503	₱68,288,192
Due from related parties*	179,802,797	9,105,213,640
Net foreign currency-denominated financial assets	\$181,151,300	₱9,173,501,832

*Including due from related parties classified as current presented under "Receivables" account and due from a related party presented separately in the noncurrent section of the parent company statements of financial position

In the revaluation of its foreign currency-denominated financial assets, the Company used the exchange rate of ₱48.02 and ₱50.64 as of December 31, 2020 and 2019, respectively.

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rates, with all other variables held constant, of the Company's income or loss before income tax as at December 31, 2020 and 2019. There is no other impact on the Company's equity other than those affecting income or loss before income tax.

	2020	2019
Increase by 3%	₱275,328,285	₱275,205,055
Decrease by 3%	(275,328,285)	(275,205,055)

The change in currency rate is based on the Company's best estimate of expected change considering historical trends and experiences. Positive change in currency reflects a weaker peso against foreign currency. On the other hand, a negative change in currency rate reflects a stronger 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 Company's objective is to maintain a balance between continuity of funding and flexibility. In managing its liquidity risk, the Company monitors and maintains a level of cash deemed adequate by the management to finance the Company's operations.

As part of its liquidity strategy, the Company will set aside cash to ensure that financial obligations will be met as they fall due.



The table below summarizes the maturity profile of the Company's financial assets and liabilities as of December 31, 2020 and 2019 based on contractual undiscounted payments:

2020					
	Within 1 Year	1-2 Years	2-3 Years	3-4 Years	Total
Financial assets:					
Cash and cash equivalents					
Cash on hand	₱194,500	₱-	₱-	₱-	₱194,500
Cash in banks	121,969,723	-	-	-	121,969,723
Temporary cash investment	3,216,650,000	-	-	-	3,216,650,000
Receivables:					
Due from related parties	1,883,244,581	-	-	-	1,883,244,581
Receivables from officers and employees	30,624,513	-	-	-	30,624,513
Others	46,460,882	-	-	-	46,460,882
Due from a related party - net of current portion:					
Principal	-	1,220,095,844	5,520,116,191	406,071,867	7,146,283,902
Interest	-	50,200,325	25,685,584	4,609,453	80,495,362
	5,299,144,199	1,270,296,169	5,545,801,775	410,681,320	12,525,923,463
Financial liabilities:					
Accrued expenses and other current liabilities:					
Accrued outside services and charges	₱144,806,000	₱-	₱-	₱-	₱144,806,000
Provision for contingencies	111,602,149	-	-	-	111,602,149
Accrued professional fees	1,989,122	-	-	-	1,989,122
Others	1,783,638	-	-	-	1,783,638
Due to related parties	6,991,069,939	-	-	-	6,991,069,939
Subscription payable	1,875,000	-	-	-	1,875,000
	7,141,523,699	-	-	-	7,141,523,699
	(₱1,842,379,500)	₱1,270,296,169	₱5,545,801,775	₱410,681,320	₱5,384,399,764
2019					
	Within 1 Year	1-2 Years	2-3 Years	3-4 Years	Total
Financial assets:					
Cash and cash equivalents					
Cash on hand	₱194,500	₱-	₱-	₱-	₱194,500
Cash in banks	149,722,158	-	-	-	149,722,158
Temporary cash investment	4,005,000,000	-	-	-	4,005,000,000
Receivables:					
Due from related parties	7,464,294,789	-	-	-	7,464,294,789
Dividend receivable	1,604,912,387	-	-	-	1,604,912,387
Receivables from officers and employees	38,590,759	-	-	-	38,590,759
Others	30,519,391	-	-	-	30,519,391
Due from a related party - net of current portion:					
Principal	-	1,570,072,258	49,956,703	-	1,620,028,961
Interest	-	21,067,471	285,632	-	21,353,103
	13,692,724,824	1,591,139,729	50,242,335	-	14,934,616,048
Financial liabilities:					
Accrued expenses and other current liabilities:					
Accrued outside services and charges	₱322,799,882	₱-	₱-	₱-	₱322,799,882
Accrued professional fees	2,865,307	-	-	-	2,865,307
Dividends payable	550,521	-	-	-	550,521
Others	1,103,246	-	-	-	1,103,246
Due to related parties	5,112,915,248	-	-	-	5,112,915,248
Subscription payable	1,875,000	-	-	-	1,875,000
	5,442,109,204	-	-	-	5,442,109,204
	₱7,851,124,780	₱1,591,139,729	₱50,242,335	₱-	₱9,821,700,800

Credit Risk

Credit risk is the risk that the Company will incur a loss because its customers or counterparties failed to discharge their contractual obligations. The Company trades only with recognized, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant. The Company does not offer credit terms without the specific approval of the management. There is no significant concentration of credit risk.



Credit Risk Exposures. With respect to credit risk arising from the other financial assets of the Company, which comprise cash in banks, trade and other receivables, and refundable deposits, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The table below shows gross maximum exposure to the Company's credit risk without considering the effects of collateral, credit enhancements and other credit risk mitigation techniques:

	2020	2019
Cash and cash equivalents:		
Cash in banks	₱121,969,723	₱149,722,158
Temporary cash investment	3,216,650,000	4,005,000,000
Receivables:		
Due from related parties	1,883,244,581	7,464,294,789
Receivables from officers and employees	30,624,513	38,590,759
Dividends receivable	-	1,604,912,387
Others	46,460,882	30,519,391
Due from a related party - net of current portion:		
Principal	7,146,283,904	1,220,538,121
Interest	80,495,360	21,353,103
	₱12,525,728,963	₱14,934,421,547

The tables below show the credit quality of the Company's financial assets based on their historical experience with the corresponding third parties:

	2020			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Credit Impaired	
High	₱11,247,988,157	₱-	₱-	₱11,247,988,157
Moderate	-	-	-	-
Low	-	-	1,277,740,806	1,277,740,806
Gross carrying amount	11,247,988,157	-	1,277,740,806	12,525,728,963
ECL	-	-	(1,277,740,806)	(1,277,740,806)
Carrying amount	₱11,247,988,157	₱-	₱-	₱11,247,988,157

	2019			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Credit Impaired	
High	₱13,535,433,321	₱-	₱-	₱13,535,433,321
Moderate	-	-	-	-
Low	-	-	1,398,988,226	1,398,988,226
Gross carrying amount	13,535,433,321	-	1,398,988,226	14,934,421,547
ECL	-	-	(1,398,988,226)	(1,398,988,226)
Carrying amount	₱13,535,433,321	₱-	₱-	₱13,535,433,321

Capital Management

The primary objective of the Company's capital management is to ensure that the Company has sufficient funds in order to support its business, pay existing obligations and maximize shareholder value. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To manage or adjust the capital structure, the Company may obtain advances from stockholders, return capital to shareholders or issue new shares.

The Company considers equity as its capital, which amounted to ₱26,766.3 million and ₱30,516.4 million as of December 31, 2020 and 2019, respectively.



14. Note to Parent Company Statements of Cash Flows

The Company's material non-cash investing and non-cash financing activity-related transactions for the years ended December 31, 2020 and 2019 are the following:

- a. The Company recognized additional contribution to its subsidiaries for stock awards granted to certain officers and employees of the Company's subsidiaries amounting to ₱268.9 million and ₱304.9 million in 2020 and 2019, respectively (see Note 10).
- b. Treasury shares were reissued for vested stock awards amounting to ₱248.1 million and ₱261.6 million in 2020 and 2019, respectively (see Note 10).
- c. In 2020, the Company's payable to Solaire Korea and G&L amounting to ₱60.5 million and ₱17.0 million, respectively, was offset against the Company's receivable from Solaire Korea and G&L, reducing the Company's receivable from Solaire Korea and G&L to ₱114.0 million and ₱109.5 million, respectively, as of December 31, 2020.
- d. In 2020, loan advances to Solaire Korea and G&L amounting to ₱4,620.7 million and ₱626.2 million, respectively, were renewed and reclassified from current to noncurrent portion.
- e. In 2019, the Company's payable to Sureste and BRHI amounting to ₱2,282.6 million and ₱1,551.9 million, respectively, was offset against the dividend receivable from Sureste amounting to ₱5,439.4 million, (as partial settlement of Sureste's dividend receivable from BRHI), reducing the Company's payable to Sureste and BRHI to ₱942.3 million and ₱4,170.6 million, respectively, as of December 31, 2019. In 2020, the remaining balance of dividend receivable from Sureste amounting to ₱1,604.9 million was offset against the Company's outstanding payable to Sureste, reducing the Company's payable to Sureste to ₱473.6 million as of December 31, 2020.

The changes in the Company's dividends payable arising from financing activities are as follows:

	2020	2019
Balance at beginning of year	₱550,521	₱1,478,714
Dividend declaration	2,742,724,225	1,653,973,000
Cash flows	(2,743,274,746)	(1,654,901,193)
Balance at end of year	₱-	₱550,521

15. Basic/Diluted Earnings Per Share

The following table presents information necessary to calculate earnings per share:

	2020	2019
(a) Net income (loss)	(₱833,209,303)	₱4,865,634,166
(b) Weighted average number of issued shares	11,032,998,225	11,032,998,225
Treasury shares at beginning of year	(33,651,324)	(19,287,070)
Weighted average number of:		
Treasury shares issued for vested stock awards in 2020	16,469,516	-
Treasury shares acquired in 2020	(47,487,553)	-
Treasury shares issued for vested stock awards in 2019	-	16,132,000
Treasury shares acquired in 2019	-	(11,006,223)
(c) Weighted average number of treasury shares	(64,669,361)	(14,161,293)

(Forward)



	2020	2019
(d) Weighted average number of issued shares, net of treasury shares [(b)+(c)]	₱10,968,328,864	₱11,018,836,932
Unvested stock awards at beginning of year	11,945,909	10,593,992
Weighted average number of:		
Stock awards granted in 2020	42,710,265	-
Stock awards granted in 2019	-	20,011,314
(e) Weighted average number of stock awards granted	54,656,174	30,605,306
Basic earnings (loss) per share (a)/(d)	(₱0.076)	₱0.442
Diluted earnings (loss) per share (a)/[(d)+(e)]	(₱0.076)	₱0.440

16. 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, mark-to-market gain/loss, depreciation and amortization and non-recurring expense such as impairment loss.



The results of the Group's reportable geographical segments for the years ended December 31, 2020 and 2019 are as follows:

	Philippines			Korea			Eliminations			Consolidated		
	2020	2019	2018	2020	2019	2018	2020	2019	2018	2020	2019	2018
Consolidated EBITDA	₱1,824,920,916	₱20,294,354,532	₱15,229,735,360	(₱394,919,089)	(₱463,927,225)	(₱240,015,782)	₱-	₱-	(₱95,172,426)	₱1,430,001,827	₱19,830,427,307	₱14,894,547,152
Depreciation and amortization (see Note 16)	(3,131,563,809)	(3,490,475,939)	(3,437,910,407)	(216,891,403)	(199,329,288)	(191,526,804)	-	-	-	(3,348,455,212)	(3,689,805,227)	(3,629,437,211)
Interest expense (see Note 16)	(5,399,451,679)	(5,564,899,605)	(4,564,370,089)	(93,768,528)	(115,986,413)	(112,711,094)	82,823,342	118,855,245	95,154,130	(5,410,396,865)	(5,562,030,773)	(4,581,927,053)
Foreign exchange gains (losses) - net (see Note 20)	(715,899,701)	(330,400,835)	738,513,857	566,603,731	10,156,506	(380,801,602)	(81,396,565)	-	-	(230,692,535)	(320,244,329)	357,712,255
Impairment loss (see Note 9)	-	-	-	(947,055,242)	-	-	-	-	-	(947,055,242)	-	-
Other income (expenses) (see Note 16)	(115,002,345)	(149,629,982)	(1,554,869)	86,734,247	-	-	-	-	-	(28,268,098)	(149,629,982)	(1,554,869)
Benefit from (provision for) income tax (see Note 19)	207,060,349	(23,572,344)	89,227,666	-	(164,190,979)	37,261,550	-	-	-	207,060,349	(187,763,323)	126,489,216
Consolidated net income (loss)	(₱7,329,936,269)	₱10,735,375,827	₱8,053,641,518	(₱999,296,284)	(₱933,277,399)	(₱887,793,732)	₱1,426,777	₱118,855,245	(₱18,296)	(₱8,327,805,776)	₱9,920,953,673	₱7,165,829,490

	Philippines			Korea			Eliminations			Consolidated		
	2020	2019	2018	2020	2019	2018	2020	2019	2018	2020	2019	2018
Revenue	₱17,491,442,063	₱45,793,595,880	₱37,613,303,605	₱79,500,097	₱440,116,109	₱606,922,478	₱87,463,513	₱103,615,852	₱-	₱17,658,405,673	₱46,337,327,841	₱38,220,226,083
Operating costs and expenses	(19,015,753,801)	(29,384,128,292)	(26,057,656,043)	(691,366,569)	(1,103,504,785)	(1,038,536,195)	-	-	-	(19,707,120,370)	(30,487,633,077)	(27,096,192,238)
Other income (expenses):												
Interest expense	(5,399,451,679)	(5,564,899,605)	(4,564,370,089)	(93,768,528)	(115,986,413)	(112,711,094)	82,823,342	118,855,245	95,154,130	(5,410,396,865)	(5,562,030,773)	(4,581,927,053)
Foreign exchange gains (losses) - net	(715,899,701)	(330,400,835)	738,513,857	566,603,731	10,156,506	(380,801,602)	(81,396,565)	-	-	(230,692,535)	(320,244,329)	357,712,255
Interest income	217,668,845	394,411,005	236,177,391	55,980	132,163	71,131	(87,463,513)	(103,615,852)	(95,172,426)	130,261,312	290,927,316	141,076,096
Impairment loss (see Note 9)	-	-	-	(947,055,242)	-	-	-	-	-	(947,055,242)	-	-
Others	(115,002,345)	(149,629,982)	(1,554,869)	86,734,247	-	-	-	-	-	(28,268,098)	(149,629,982)	(1,554,869)
Benefit from (provision for) income tax	207,060,349	(23,572,344)	89,227,666	-	(164,190,979)	37,261,550	-	-	-	207,060,349	(187,763,323)	126,489,216
Consolidated net income (loss)	(₱7,329,936,269)	₱10,735,375,827	₱8,053,641,518	(₱999,296,284)	(₱933,277,399)	(₱887,793,732)	₱1,426,777	₱118,855,245	(₱18,296)	(₱8,327,805,776)	₱9,920,953,673	₱7,165,829,490

The assets and liabilities of the Group's reportable geographical segments as of December 31, 2020 and 2019 are as follows:

	Philippines		Korea		Total		Eliminations		Consolidated	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Assets:										
Segment assets	₱287,686,931,544	₱302,908,705,156	₱6,383,983,115	₱7,510,876,411	₱294,070,914,659	₱300,374,525,602	(₱180,616,339,746)	(₱177,725,547,210)	₱113,454,574,913	₱132,694,034,357
Deferred tax assets - net	-	-	126,441,881	125,865,836	126,441,881	125,865,836	(126,441,881)	(125,865,836)	-	-
Total assets	₱287,686,931,544	₱302,908,705,156	₱6,510,424,996	₱7,636,742,247	₱294,197,356,540	₱300,500,391,438	(₱180,742,781,627)	(₱177,851,413,046)	₱113,454,574,913	₱132,694,034,357
Liabilities:										
Segment liabilities	₱90,027,760,120	₱95,594,206,658	₱9,443,103,404	₱9,923,266,222	₱99,470,863,524	₱105,517,472,880	(₱19,078,174,232)	(₱17,265,266,397)	₱80,392,689,292	₱88,252,206,483
Deferred tax liabilities - net	49,789,362	56,672,664	-	-	49,789,362	56,672,664	118,087,312	354,430,356	167,876,674	411,103,020
Total liabilities	₱90,077,549,482	₱95,650,879,322	₱9,443,103,404	₱9,923,266,222	₱99,520,652,886	₱105,574,145,544	(₱18,960,086,920)	(₱16,910,836,041)	₱80,560,565,966	₱88,663,309,503



17. Supplementary Information Required Under Revenue Regulation No. 15-2010

On November 25, 2010, the BIR issued Revenue Regulation (“RR”) No. 15-2010 which prescribes additional procedural and/or documentary requirements in connection with the preparation and submission of parent company financial statements accompanying the tax returns. Under the said RR, companies are required to disclose, in addition to the disclosures mandated under PFRS and such other standards and/or conventions that may heretofore be adopted, in the notes to the parent company financial statements, information on taxes, duties and license fees paid or accrued during the taxable year.

Value-added Tax (“VAT”)

The Company is not subject to VAT on its sales of goods and/or services. The amount of VAT passed on from its purchases of goods or service is recognized as part of the cost of goods/asset acquired or as part of the expense item, as applicable.

Withholding Taxes

The Company remitted the following withholding taxes in 2020:

	<u>Amount</u>
Expanded withholding tax	₱491,794
Withholding tax on compensation and benefits	16,807,204
Final withholding tax	204,035,083

Documentary Stamp Tax

The Company has no documentary stamp taxes paid for the year ended December 31, 2020.

Other Taxes and Licenses

Other taxes and licenses in 2020 are as follows:

	<u>Amount</u>
License -	
PSE listing fees	₱2,000,000
National tax -	
BIR annual registration	500
Local taxes:	
Business Permit	38,093
Others	535,178
	<u>₱2,573,771</u>

Tax Assessments and Cases

There is no significant update on the Petition for Review filed by the Company to the Court of Tax Appeals (CTA) last October 18, 2019 and Answer to Petition for Review filed to CTA last January 20, 2020. Moreover, there is no settlement for deficiency taxes during the year ended December 31, 2020. The Company believes the assessment is without merit, and if required, will dispute the assessment in court. The Company has yet to receive response from the BIR.

Others

The Company has no transactions in 2020 that were subject to the following taxes:

- Tariff fees
- Excise taxes
- Customs duties and taxes

